

# Executive Summary

Actuarial and Underwriting Committee Meeting, March 12, 2025

Board of Governors Meeting, March 12, 2025

## Business Process Outsourcing (BPO) – Underwriting Production Services

### Topic

On July 10, 2024, the Board of Governors approved an additional \$28,518,476 in spending authority for the Business Process Outsourcing (BPO) – Underwriting Production Services contract bringing the total authorized spend amount to \$74,451,583 for the eight-year contract ending October 2027.

During this meeting, Chair Beruff requested staff to return to the March 12, 2025, Actuarial and Underwriting Committee meeting, with a report summarizing budget versus actual expenses against the new contract spend.

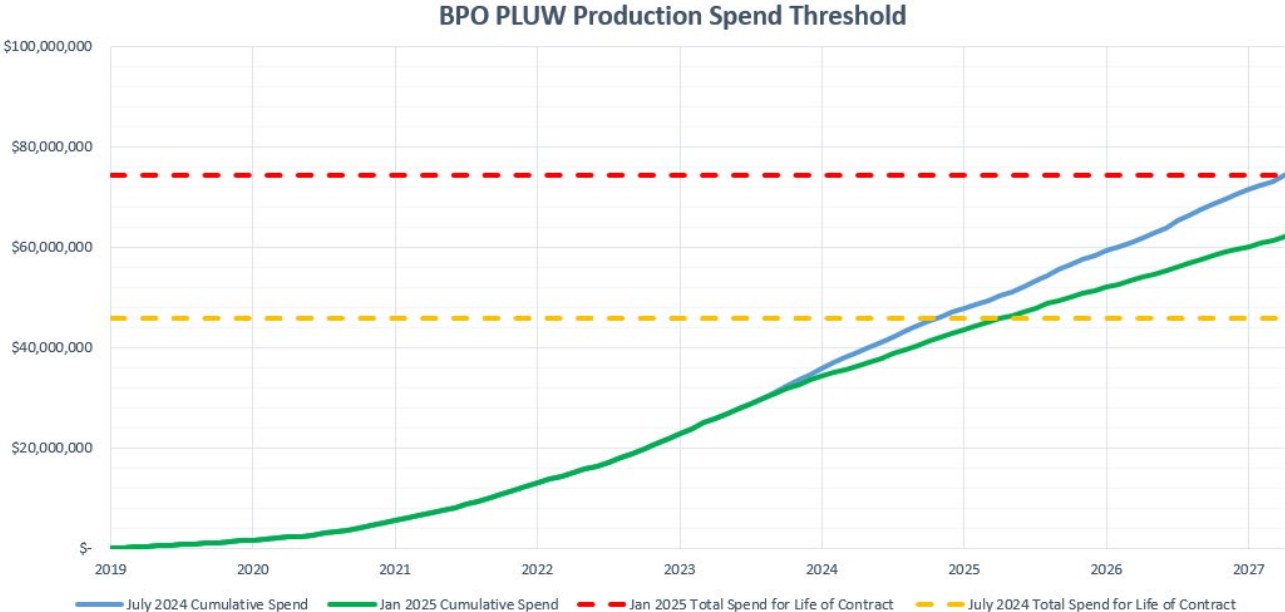
The table below compares 2024 projections with our latest estimates, showing actual spending through the end of 2024 and projected spending through October 2027, considering a reduced policies-in-force forecast due to depopulation. This results in an estimated \$13,635,033 reduction in spending by the end of the contract term.

Year	Underwriting Activities		Annual Spend		Variance
	July 2024 Projection	March 2025 Projection	July 2024 Projection	March 2025 Projection	
2019	42,735	42,735	\$423,021	\$423,021	
2020	159,395	159,395	\$1,849,900	\$1,849,900	
2021	390,677	390,677	\$4,839,584	\$4,839,584	
2022	639,944	639,944	\$8,004,317	\$8,004,317	
2023	909,282	909,282	\$10,931,204	\$10,931,204	
2024	1,024,088	793,908	\$13,229,398	\$10,397,918	(\$2,831,480)
2025	884,521	710,844	\$11,747,961	\$9,442,142	(\$2,305,819)
2026	944,204	605,573	\$12,825,706	\$8,226,646	(\$4,599,060)
2027 (Jan-Oct)	765,700	484,019	\$10,600,492	\$6,701,818	(\$3,898,674)
<b>Total</b>	<b>5,760,546</b>	<b>4,736,377</b>	<b>\$74,451,583</b>	<b>\$60,816,550</b>	<b>(\$13,635,033)</b>

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The graph below illustrates the changes in spend projections referenced above.



The final graph below illustrates 2024 actual spend and projected spend through 2025 with updated policies-in-force forecasts.

