

ACTION ITEM

Actuarial and Underwriting Committee Meeting, June 19, 2017
Board of Governors Meeting, June 20, 2017

CONTRACT ID:	Coverage Forms, Insurance Rules and Rating Services Contract Number: 17-16-0011-00 Recommended vendor: Verisk Insurance Solutions, Insurance Services Office, Inc.
BUDGETED ITEM	Yes
CONTRACT AMOUNT	<p>The Contract Amount is based on an initial 5-year base term and an optional 5-year renewal.</p> <p>The actual contract expenditure is dependent on annual Citizens direct written premium (DWP), with adjustments for annual increases or decreases. Cost is projected based on the Citizens expected premium growth scenario presented to the Board in March 2017 and extrapolated for the 10-year contract period. The expected cost for the entire 10-year Contract Term is \$18,000,000. This estimate assumes premium change does not exceed a decrease of 10% or increase of 15% in any given year.</p> <p>Because of the possibility that Florida market conditions will deteriorate further, and related market changes result in DWP increases beyond current projections, staff has also projected a maximum growth scenario and requests approval for a maximum contract expenditure of \$30,000,000, which would still represent a savings of \$2M over the 10-year contract term as compared to the current expiring contract.</p> <p>In the unlikely event that this maximum projected growth is exceeded, an updated request for approval will be presented to the Board.</p>
PURPOSE / SCOPE	Provide a comprehensive set of Coverage Forms, Rules, Rating Plans, and related services to support all of Citizens' personal and commercial lines product offerings.
CONTRACT TERM(S)	The Contract Term will be a 5-year base term, and, at Citizens' discretion, the contract permits one optional 5-year renewal term.
PROCUREMENT METHOD	On August 10, 2016, Citizens released Invitation to Negotiate No. 16-0011 for Coverage Forms, Insurance Rules and Rating Services. Responses were due October 18, 2016. Two responses met Citizens' mandatory requirements and were evaluated by the Evaluation Committee. Two respondents were recommended at a public meeting to move forward to negotiations. After negotiations with both vendors, the Negotiation Committee recommended at a public meeting that the award of the Coverage Forms, Insurance Rules and Rating Services contract be made to Insurance Services Office, Inc.

RECOMMENDATION	Citizens staff recommends the Actuarial & Underwriting committee approve and recommend that the Board: a) Approve the recommended award and resulting contract, including renewal periods for Coverage Forms, Insurance Rules and Rating Services ITN.16-0011 to Verisk Insurance Solutions; b) Authorize staff to take any appropriate or necessary actions consistent with this Coverage Forms, Insurance Rules and Rating Services Action Item; c) Approve this Action Item not to exceed \$30,000,000.
CONTACTS	Steve Bitar, Chief of Underwriting and Agency Services