

Executive Summary

Actuarial and Underwriting Committee Meeting, December 3, 2024

Board of Governors Meeting, December 4, 2024

Replacement Cost Estimating Services

Topic

This Action Item requests approval to contract with CoreLogic Spatial Solutions, Inc. (“CoreLogic”) for replacement cost estimating services. This service facilitates a critical part of underwriting, to determine the estimated cost to rebuild using similar materials and construction techniques used when the home was built originally. Approval is requested for a five (5) year base term with one (1) three-year optional renewal term then one (1) two-year optional renewal term, for an amount not to exceed \$3,348,580 for the life of the contract.

History

Citizens’ Underwriting Department uses replacement cost estimating (RCE) services to establish the amount of coverage at issuance for residential underwriting, and to evaluate the accuracy of requested building coverage amounts at issuance for commercial underwriting. The RCE service is integrated with Citizens’ Policy Administration System and calculates insurance-based replacement values for various types of properties. The information provided by this service is used by approximately 240 underwriters (a combination of internal underwriters and external, vendor-provided underwriters), as well as approximately 12,400 agents when they request policy quotes through Citizens’ Clearinghouse (if eligible for a Citizens policy) or PolicyCenter. An average of 1.8 million replacement cost valuations are completed annually.

CoreLogic has provided RCE services to Citizens since 2021. Following a competitive solicitation process, CoreLogic was selected to continue providing RCE services. The newly negotiated contract will lower costs by 24% compared to the current contract.

Recommendation

The recommendation is listed in the attached Action Item.

Replacement Cost Estimating Services

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Purpose/Scope	This Action Item seeks approval to contract with CoreLogic Spatial Solutions, Inc. for replacement cost estimating services. Citizens' Underwriting Department uses replacement cost estimation (RCE) services to establish the amount of coverage at issuance for residential underwriting, and to evaluate the accuracy of requested building coverage amounts at issuance for commercial underwriting. The RCE service is integrated with Citizens' Policy Administration System and calculates insurance-based replacement values for various types of properties.
Contract ID	Replacement Cost Estimating Services ITN 24-0003 CoreLogic Spatial Solutions, Inc.
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The estimated cost for this contract is a budgeted expense and will be included in future annual operating budgets.
Procurement Method	On April 16, 2024, Citizens issued Invitation to Negotiate (ITN) 24-0003 for Replacement Cost Estimating Services. Two responses were timely submitted and independently scored by members of an Evaluation Committee. On July 11, 2024, the Evaluation Committee met in a public meeting and recommended moving both vendors to the negotiation phase of the ITN process. On September 17, 2024, the Negotiation Team met in a public meeting and voted to award CoreLogic Spatial Solutions, Inc.

Replacement Cost Estimating Services

<p>Contract Amount</p>	<p>Approval is requested for an amount not to exceed \$3,348,580 across the 5-year base, 3-year optional renewal, and 2-year optional renewal terms.</p> <ul style="list-style-type: none"> • \$1,481,322 for 5-year base term • \$999,762 for optional 3-year renewal term • \$717,496 for optional 2-year renewal term • \$150,000 for professional and ancillary services
<p>Contract Terms</p>	<p>The contracts include a 5-year initial base term with one 3-year optional renewal term then one 2-year optional renewal term.</p>
<p>Committee Recommendation</p>	<p>Staff proposes that the Actuarial and Underwriting Committee review, and if approved recommend the Board of Governors:</p> <ol style="list-style-type: none"> a) Authorize the Replacement Cost Estimating Services contract with CoreLogic Spatial Solutions, Inc., for an initial term of five (5) years, with one (1) three-year optional renewal term then one (1) two-year optional renewal term, for an amount not to exceed \$3,348,580 as set forth in the Action Item, and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<p>Board Recommendation from Committee</p>	<p>If approved at its December 3, 2024, meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <ol style="list-style-type: none"> a) Authorize the Replacement Cost Estimating Services contract with CoreLogic Spatial Solutions, Inc., for an initial term of five (5) years, with one (1) three-year optional renewal term then one (1) two-year optional renewal term, for an amount not to exceed \$3,348,580 as set forth in the Action Item, and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
<p>Contacts</p>	<p>Jay Adams, Chief Insurance Officer</p>