

Request For Qualifications (RFQu)

Florida Commission on Hurricane Loss Projection Methodology

State Board of Administration of Florida

Professional Team Actuarial Consulting Services

Issue Date: May 13, 2019

Response Deadline: May 30, 2019 2:00 p.m. ET

Designated Contact:

Ramona Worley
State Board of Administration of Florida
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Purpose of the RFQu:

Section 627.0628, Florida Statutes, created the Florida Commission on Hurricane Loss Projection Methodology (Commission) for the purpose of developing standards and reviewing hurricane computer simulation models used in the development of residential property insurance rates, flood computer simulation models used in the development of personal residential property insurance rates, and the calculation of probable maximum loss levels. The Commission has developed a process for the review of all computer simulation models submitted for acceptability under the hurricane and flood standards. The Process for Determining the Acceptability of a Computer Simulation Hurricane Model, the Hurricane Standards, the Process for Determining the Acceptability of a Computer Simulation Flood Model, and the Flood Standards are published in the Commission's *Hurricane Standards Report of Activities* and *Flood Standards Report of Activities* which are available on the Commission website, www.sbafla.com/methodology, under "Commission Documents."

Modeling organizations that produce a computer simulation hurricane or flood model (model) have trade secrets regarding the design and construction of that model and are unwilling to reveal those trade secrets to the Commission during the public meetings that the Commission holds. The modeling organizations are willing to reveal all of their trade secrets if that information can remain confidential and within their control. Since certain trade secret information might otherwise become publicly available in a Commission meeting, the Commission has authorized a Professional Team to thoroughly review the models on-site at the modeling organization on behalf of the Commission.

The Professional Team consists of individuals having professional credentials in the following disciplines (each area being represented by one or more individuals): Meteorology, Hydrology, Structural Engineering, Coastal Engineering, Actuarial Science, Statistics, and Computer/Information Science. The work of the Commission and the role of the Professional Team are described in the *Hurricane Standards Report of Activities* and the *Flood Standards Report of Activities*.

Scope of Services:

The State Board of Administration (SBA) is seeking a qualified actuarial consultant (hereinafter referred to as Respondent) to participate as a member of the Professional Team and to provide actuarial consulting services to the Commission. A Respondent should be prepared to provide, at a minimum, the services described in the *Hurricane Standards Report of Activities* and the *Flood Standards Report of Activities*. Specifically, Professional Team members, as assigned or directed by SBA staff, may be required to:

1. Participate in preparations and discussions with the Commission, SBA staff, and other Professional Team members prior to on-site reviews at the modeling organization to evaluate the compliance of the model with the Hurricane Standards as provided in the *Hurricane Standards Report of Activities* and with the Flood Standards as provided in the *Flood Standards Report of Activities*. The on-site review is conducted in conjunction with the Process for Determining the Acceptability of a Computer Simulation Hurricane Model also provided in the *Hurricane Standards Report of Activities* and the Process for Determining the Acceptability of a Computer Simulation Flood Model also provided in the *Flood Standards Report of Activities*.
2. Study, review, and develop an understanding of responses and materials provided to the Commission by the modeling organizations.
3. Participate with the Commission, SBA staff, and other Professional Team members in developing, reviewing, and revising model tests and evaluations and on-site review questions.
4. While on-site, verify, evaluate, and observe the techniques and assumptions used in the model for each member's area of expertise.
5. Identify and observe how various assumptions affect the model so as to identify to the Commission various sensitive components/aspects of the model.
6. Discuss the model with the modeling organization's professional staff to gain a clear understanding and confidence in the operation of the model and its description as provided to the Commission.
7. Participate in the administration of on-site tests at the modeling organization.
8. Participate in the preparation of written reports and presentations to the Commission.

9. Participate as needed in Commission meetings.
10. Cooperate and work with other Professional Team members and SBA staff in accomplishing the goals of the Commission.
11. Perform other work associated with the Commission's responsibilities, as required.
12. Provide consulting services to the Florida Hurricane Catastrophe Fund (FHCF) on an "as needed" basis as requested by the SBA.

Qualifications:

1. The Respondent must accept and enter into a written services contract as supplied by the SBA. Final language will be negotiated in the contract negotiation phase unless the SBA elects otherwise in its sole discretion.
2. A successful Respondent must agree to maintain confidentiality of all trade secret data reviewed.
3. The Respondent must be available to travel and to attend meetings. Estimated travel is 14-16 weeks throughout the year for several days which includes on-site reviews and meetings every other year.
4. The Respondent must have the following credentials:
 - University level degree and Professional Actuarial designation
 - Knowledge of property and casualty insurance market
 - Hurricane and flood insurance loss damage assessment after an event preferred
 - Familiarity with catastrophe computer simulation models

Additional Information:

The SBA shall not be liable or responsible for any expense incurred by an individual or firm in preparing and submitting a response to this RFQu, any expense incurred as a result of the selection process, or the cost of any services performed prior to the execution of a contract.

The SBA reserves the right to reject any and all responses. The SBA, in its sole discretion, reserves the right to amend or withdraw this RFQu at any time and for any reason. Issuance of this RFQu in no way constitutes a commitment by or obligation of the SBA to enter into any contract, and the SBA may, in its sole discretion, reject all responses to this RFQu for any reason whatsoever. The SBA contemplates entering into a contract with the selected Respondent.

Note: The contract will be with the SBA, not the Commission. By law, the Commission is assigned to the SBA, and the SBA, as a cost of administration of the FHCF, provides for travel expenses, and staff support for the Commission. See s. 627.0628(2)(a) and (f), Florida Statutes.

The term of the contract is anticipated to be for up to 5 years. The contract will be subject to annual review of rates if there are significant changes in the scope of services or other circumstances that may warrant a review. The contract will be subject to termination by the SBA upon written notice given under the terms and conditions of the contract.

Any information submitted in conjunction with this RFQu will become the property of the SBA and will be a public record pursuant to Chapter 119, Florida Statutes, absent a clear statutory exemption.

The SBA retains sole discretion to decide not to utilize the services of the selected Respondent or to terminate the selection process prior to any Respondent being selected without cause and without penalty.

Response Requirements:

In response to this RFQu, identify the Respondent's name and principal address. Provide the name, telephone number, and email address of a person authorized to represent the Respondent regarding all matters related to the proposal.

Please submit 5 bound copies of your response and an electronic copy of your response on a CD or USB flash drive in PDF format no later than 2:00 P.M. ET on May 30, 2019. Submit your response to the SBA at the delivery address provided at the end of this document. Facsimile and electronic transmissions are not acceptable. All responses must be submitted in a sealed envelope or box and must be marked "RFQu for Commission Actuarial Consulting Services." The SBA accepts no responsibility whatsoever for failure to deliver or late delivery by postal or commercial courier services. Failure by the postal or commercial courier services to meet the response deadline may result in disqualification.

The response must include the following items in the order listed below. In your response, restate each item in bold typeface using no smaller than a 12 point font, with the response in non-bold typeface directly below. Any omitted or incomplete responses may eliminate a Respondent from evaluation.

A. The Respondent and Qualifications

1. Briefly describe the Respondent's background/work history.
2. Describe the Respondent's credentials, specific experience conducting the services requested in the Scope of Services, and any special expertise and information related to actuarial consulting services. Provide a resume as an attachment.
3. If you currently do not have a contract with the SBA to provide actuarial consulting services, list three 3 references (name, phone number, e-mail address, and description of services provided) whom the SBA may contact.
4. The Respondent is expected to stay current with property insurance and catastrophe modeling trends and developments in the actuarial science field. Describe how the Respondent will accomplish this task.

B. Availability

1. Indicate the level of commitment and availability to the SBA to conduct on-site reviews and attend meetings, considering other work commitments unrelated to the Commission.

C. Protection of Confidential Information

1. Any trade secret information made available to the selected Respondent, which is received or reviewed while performing on-site reviews on behalf of the Commission, is confidential. The strict confidentiality of any trade secret information made available while performing on-site reviews shall be maintained. This confidentiality shall not expire upon termination of the awarded contract, but shall survive unless and until written permission is received from the SBA and the modeling organization owning the model to release or disseminate the information to individuals outside the SBA. Describe the Respondent's capability to comply with the SBA's expectation of maintaining confidentiality.

D. Litigation

1. Provide information on any litigation or administrative proceeding, as it relates to providing actuarial consulting services requested in this RFQ, to which the Respondent was a party, within the last 5 years.
2. Provide information on any other litigation or administrative proceeding which could impact the Respondent's ability to provide actuarial consulting services to the SBA.
3. Is the Respondent currently being or has it been investigated by the Florida Department of Financial Services, the Attorney General of the State of Florida, or any other court or regulatory body, within the last 5 years? If yes, please explain.
4. Describe any disciplinary action taken or pending against the Respondent during the past 3 years with state regulatory bodies or professional organizations.

E. Insurance

1. Describe the levels of coverage for errors and omissions insurance or professional liability insurance the Respondent carries. List the insurance carriers, insurance type and coverage amounts.

F. Work Relationships/Conflicts of Interest

1. List and describe the Respondent's professional or financial relationships involving the SBA over the past 5 years.
2. List and describe the Respondent's professional or financial relationships with any of the modeling organizations associated with the Commission model review process for the past 5 years. Modeling organizations currently participating in the Commission model review process are AIR Worldwide, Applied Research Associates, CoreLogic, Florida Public Hurricane Loss Model, Karen Clark & Company, and Risk Management Solutions.
3. Indicate whether the Respondent has provided actuarial consulting services to the SBA within the last 5 years.
4. If the Respondent has provided actuarial consulting services to the SBA within the last 5 years, is the Respondent currently under contract with the SBA to provide actuarial consulting services? If the answer to this question is no, provide the circumstances

surrounding the termination of the contractual relationship between the SBA and the Respondent.

5. Explain in detail any potential conflict of interest or appearance of a conflict that would be created if the Respondent was selected to provide actuarial consulting services for the SBA. Include any potential conflict of the Respondent, any potential conflict of any affiliated, subsidiary, or parent organizations of the Respondent, any potential conflict of a principal or officer or other key personnel of the Respondent, and any other client relationships that might impact services to the SBA.

A conflict is generally defined to mean a situation in which regard for a private interest tends to lead to disregard of a public duty or interest, and for purposes of this RFQ, specifically includes any current or ongoing professional or financial relationship and any stock ownership or other direct or indirect ownership interest other than through a mutual fund.

6. The Respondent must disclose within its proposal whether the Respondent, any officer, director, employee, or agent is also a current or former employee of the SBA.

G. Other Information

1. The SBA contemplates that the contract will not include binding arbitration provisions, such as those typically found in Alternative Dispute Resolution Procedures. Indicate the Respondent's position related to this provision.

H. Fee Proposal

1. Submit an hourly rate for actuarial consulting services, exclusive of travel costs. The SBA will reimburse travel costs in accordance with state travel guidelines in Section 112.061, Florida Statutes.
2. Indicate whether the fee is negotiable or non-negotiable. Respondents are encouraged to provide the SBA with their most competitive price. The SBA reserves the right to negotiate concurrently or separately with competing Respondents any time after the finalists are selected.
3. The fee proposal is for informational purposes only and will not be a factor in the selection process. Fees will be negotiated prior to awarding of a contract.

Responses should be mailed to:

BY OVERNIGHT DELIVERY OR CERTIFIED MAIL:

Ramona Worley
State Board of Administration of Florida
1801 Hermitage Boulevard, Suite 100
Tallahassee, Florida 32308

BY U.S. MAIL:

Ramona Worley
State Board of Administration of Florida
P.O. Box 13300
Tallahassee, Florida 32317-3300

Any questions should be emailed to the designated contact: ramona.worley@sbafla.com.

Do not contact the SBA or Commission staff regarding this RFQu. Direct all correspondence during the proposal process to the designated contact, Ramona Worley.