

Questions by Potential Bidders

Actuarial Services RFP

The following documents questions and answers which have been raised by potential bidders during the RFP period May 26-June 8, 2023.

1. What is the proposed contract period for providing these actuarial services?
The contract period is to be determined but generally expected to be subject to annual renewal.

2. Who is the current actuarial services vendor?
 - a. For how long has this vendor provided actuarial services?
 - b. At what cost does this vendor provide the actuarial services?Maryland Auto will not disclose this information during this stage in the process.

3. What are the timelines for the actuarial services?
 - a. When are the 12/31/2023 actuarial reserve reports due?
 - b. When are the quarterly analyses of Loss and LAE reserves due?
 - c. How long does it take to receive the underlying data?Actuarial analysis as of 12/31/2023 includes multiple components with various due dates in order to meet statutory and regulatory requirements.

The signed Statement of Actuarial Opinion is due on or before March 1, 2024. The full reserve report/study is due at the same time as the Statement of Actuarial Opinion or shortly thereafter. In order to comply with audit deadlines, reserve calculations and a draft statement of actuarial opinion are due on or before February 3, 2024.

Quarterly analysis of Loss and LAE reserves are generally due a month following the quarter end.

Data is submitted to the actuary for analysis within a week and a half of quarter end for quarterly analyses. Additional data components that are required for analysis at year end may be provided within two weeks after year end.

4. What additional actuarial support may be needed?
No additional services are needed by Maryland Auto at this time. However, Maryland Auto would like to understand additional services the actuary is or firm is able to provide in the event additional needs arise.
5. For pricing:
 - a. Should we include hourly rates?
 - b. Should we provide an annual total not-to-exceed cost or an expected cost?
 - c. For how many years should we provide pricing information?

Bidders may include whichever cost structure believed to be relevant for pricing purposes. A “not-to-exceed” cost is preferred to be included in submissions.

Only pricing information for one year of services is required, though bidders may feel free to providing pricing information for up to five years.

6. Who is the current actuary?
Refer to question 2 and response above.
7. Who were the actuaries for the previous three years?
Refer to question 2 and response above.
8. What fees were charged by the actuaries?
Refer to question 2 and response above.
9. Is the actuary required to attend any in person meetings?
Virtual attendance to meetings is acceptable.
10. Can Maryland Auto provide the name of its current contractor, the term of the current contract, the Scope of Work of the current contract, and the value of that contract on an annual basis? In other words, does the scope of the RFP mirror that of the prior/current contract?
The scope of core services sought through this RFP are by and large the same as recent actuarial services received. Also refer to questions 2 and 8 and responses.
11. Is the previous actuarial work product public information or can it be made available for review?
Previous actuarial work product will not be made available for review as a part of this RFP.
12. Can you provide insight as to why Maryland Auto is seeking actuarial services? Is the current contract expiring or is it due to other reasons?
Maryland Auto’s current actuarial services provider is retiring.
13. Is the RFP for a single year or a multi-year contract?
Refer to question 1 and response.
14. Can you provide the current fee structure for actuarial services?
The current fee structure is an annual fee.
15. Can we obtain a copy of the most recent actuarial reserve study and Statement of Actuarial Opinion?
Refer to question 11 and response.
16. What actuarial firm is currently providing the services requested? If the contract has expired, which firm previously provided the actuarial services sought?
Refer to questions 2 and 12 and responses above.

17. How long has the current actuarial firm been providing the services outlined? If the contract has expired, how long did the previous actuary provide the actuarial services sought?
The current actuarial firm has provided the services outlined for over 10 years.
18. Which actuarial firms have provided the last five evaluations and what were the total fees charged?
Refer to questions 2 and 17 and responses above.
19. Why has the request for services been made at this point in time?
Refer to question 12 and response above.
20. When will data be made available to the awarded contractor?
Data can be made available to the awarded bidder within two weeks of contract execution.
21. With regard to Part III. 1. (Company Background), Financial Report? What is the state specifically asking for?
A high-level financial picture of the organization is requested.
22. With regard to Part III. 3. (Samples of Work), is the State looking for a redacted work sample, or more of a technical description/work plan of the methods and procedures the awarded actuarial firm will use to complete the analyses?
An example of a final work product in conjunction with a technical description/work plan of the methods and procedures is preferable.
23. What is the length of the proposed contract?
Refer to question 1 and response above.
24. How long have the current actuaries been providing their service?
Refer to question 2 and response above.
25. Can we get a copy of the proposal of the last successful bidder?
No.
26. Will you share the Evaluation Sheet and perform a debriefing if requested at the end of the process?
Maryland Auto will provide written feedback on bidder submission and interview, if applicable, upon request following conclusion of the RFP selection process.
27. What weights will be given to each of the evaluation criteria? What weight will be given to price?
Weights assigned to the evaluation criteria range from 5% - 30%. Price and value is weighted approximately 25% in the first round of evaluation of bidders.

28. By division, how many coverages is the auto line of business separated into for the purpose of the actuarial analysis (i.e. BI, PD, UM, CL, etc)?
Historically, the Insured Division coverages separated for purposes of actuarial analysis is 13. The Uninsured Division consists of bodily injury liability.
29. What dollar amount of reserves were held for the 2022 fiscal year-end analysis by coverage?
The Insured Division aggregate loss and lae reserves as of December 31, 2022 were approximately \$53M. The Uninsured Division aggregate loss and lae reserves as of December 31, 2022 were approximately \$7M.
30. Is the analysis separated out by accident years or accident quarters?
Analysis is separated out by accident years.
31. How many accident years/quarters does Maryland Auto require for each actuarial analysis?
The most recent 10 accident years are required for each actuarial analysis.
32. Approximately how many policyholders does Maryland Auto have?
There are approximately 30,500 policies in force as of April 30, 2023.
33. What format is the data available in?
Data is available in Microsoft Excel. The data triangles by accident year and coverage are provided by Maryland Auto at the end of each quarter.
34. Did the prior actuary find that historical data was credible enough to use for the purposes of establishing a loss development pattern?
Yes.
35. Does Maryland Auto need Schedule P, Part 3 assistance on a quarterly basis?
No.
36. If awarded the contract, will the prior actuarial report be made available?
The prior actuarial report will be made available to the RFP awardee should the former actuary agree to its release.
37. The RFP asked for financial reports. Can you provide more detail on what specific reports are requested?
Refer to question 21 and response above
38. The RFP asked for samples of work but the description below sounds more like a summary of methodologies commonly used. Can you expound on what is requested by samples of work?
Refer to question 22 and response above.

39. We understand the Uninsured Division does not follow NAIC requirements, but is a Statement of Actuarial Opinion document needed for the Uninsured Division (in addition to the formal actuarial report narrative)?

A signed Statement of Actuarial Opinion is needed for the Uninsured Division.

40. For the Insured Division, how many different segments are used in the analysis? For example, is the analysis conducted at the annual statement line of business level, which would be three segments (private passenger auto liability, commercial auto liability, and auto physical damage)? Or is the analysis conducted at a more granular level, such as: bodily injury liability, property damage liability, medical payments, personal injury protection, uninsured motorist, underinsured motorist, collision, and comprehensive, which totals eight analysis segments? Or somewhere between three and eight segments? Analysis has historically been conducted based on coverage type, i.e. bodily injury, property damage, uninsured motorist, etc. There are 8 coverages for personal auto and 5 for commercial auto. Personal auto includes rental reimbursement and towing/labor but with minimal development and therefore limited analysis is required.

41. Similar to the above question, for the Uninsured Division, how many different segments will be used in the analysis?

The Uninsured Division consists of bodily injury liability.

42. Within the analysis is DCC combined with loss (i.e., Loss & DCC), or is DCC analyzed separately from loss?

Losses and loss adjustment expenses are analyzed separately.

43. Are the quarterly analyses as of 3/31, 6/30, and 9/30 full analyses that include the same level of granularity as the year-end analysis as of 12/31, or are they abbreviated analyses (e.g. actual vs. expected loss development tests)?

The quarterly analyses as of 3/31, 6/30, and 9/30 include a full set of calculations and analyses. No written report is required for quarterly analyses.

44. Over the most recent ten years have there been any significant shifts in limit profiles, aggregate exposure, average premiums per vehicle, claim frequency, claim severity, or LAE costs?

Numerous factors listed above have experienced fluctuations over the most recent ten years to varying degrees.

45. For the annual Board of Trustees meeting and the annual Audit Committee meeting, will the scope of our presentation be just the analysis results, or would you like us to present any educational topics such as Actuarial 101 to help board members better consume and question our analysis?

Additional topics or presentations outside of the required materials may be of interest and would be at the Board's discretion.

46. Could you please provide more detail regarding what you would like to see for the Financial Report in the Company Background section of our submission?

Refer to question 21 and response above.

47. For the Samples of Work section of our submission, could you please clarify whether you would like to see just a description of services/methodologies, just a sample work product, or both?

Refer to question 22 and response above.

48. Is data available in Microsoft Excel or other machine-readable electronic format?

Data is available in Microsoft Excel.

49. Can you provide Maryland Auto's most recent financials for both the Insured and Uninsured Divisions? If this is not feasible, can you provide any insight on the amount of Maryland Auto's unpaid claims liabilities?

Maryland Auto will not provide financials at this stage in the bidding process. Refer to question 29 and response above.

50. Will Maryland Auto provide a copy of the most recent actuarial reserve study and Statement of Opinion to the winning contract?

Refer to question 11 and response above.

51. Does Maryland Auto underwrite commercial auto in addition to private passenger auto?

Yes.