



MARYLAND
AUTO INSURANCE

Questions by Potential Submitters
Actuarial Pricing

The following documents questions and answers which have been raised by potential submitters during the RFP period September 9 – September 13, 2024.

1. Please describe the consideration given to MBE/ WBE firms in the proposal process. Will the same consideration be given whether the MBE/WBE is the primary contractor or a subcontractor?

All submissions will be evaluated equally. However, we do to the extent feasible, try to retain Minority Business Enterprise (MBE) and Women Business Enterprise (WBE) firms in all of our contracting. We highly encourage participation in this RFP by MBE and WBE Vendors.

2. Is it anticipated that the current firm providing actuarial services will be responding to this RFP?

No. Our current actuary consultant is retiring.

3. What have been the annual actuarial fees and annual hours for the ratemaking services over the last 3 years?

Maryland Auto will not provide this information during this stage in the process.

4. What is the anticipated timeline of the pricing work during 2025 given the scheduled rate changes for PPA in 3Q25 and CA in 4Q25?

Rate filing implementation period is 120 days prior to effective date. Actuarial work is completed during the first 60 days.

5. What is the current annual fee amount and fee structure for services within the scope of the RFP?

Maryland Auto will not provide this information during this stage in the process.

6. Could you please provide a copy and scoring of the proposal of the last successful proposer?

Maryland Auto will not provide this information during this stage in the process.

7. For what reasons has Maryland Auto issued the current RFP?

Retirement of current consultant.

8. Is the scope of work within this RFP different than the scope of work currently being provided by the incumbent?

The scope of the work will remain the same.

9. Will Maryland Auto share the evaluation sheet and perform a debriefing if requested at the end of the process?

Maryland Auto will not share the evaluation sheet but is available for a debriefing at the end of the process if requested.

10. What is the deadline for the final report to be received?

Bids are due no later than September 27, 2024, at 5:00 pm EST.

11. How many years of data are available, e.g., all the way back to 1973? What level of detail will be provided, e.g. policy level exposure at vehicle level with ISO Class codes, VIN numbers, and driver license information?

Primary weighting and use of data is three years for Private Passenger Auto and five years for Commercial Auto. All pricing variables are available and provided through SQL queries.

12. What is the purpose of 'Affordability capping' in your current ratemaking approach?

To provide affordable rates for lower income households.

13. Could you please elaborate on what you mean by "affordability summaries"?

Rate change recommendations include a proprietary affordability component for the State of Maryland purposes that will be shared at a later point as appropriate in the RFP process.

14. Will 'meetings with key personnel at Maryland Auto' be in person, and if yes at which location and roughly for how long?

Yes, all meetings can be conducted virtually.

15. What exactly do you mean by 'traditional rate adequacy considerations? Is bidder required to follow the same existing approach, or is it possible to deviate?

Other ratemaking methodologies are permitted.

16. Could you please elaborate on expected involvement concerning “system testing support”?

For system testing, future rates provided by the Actuarial Services vendor are implemented internally by Maryland Auto into its rating system. Underwriting affirms the rate change via rate scenarios (dependent on type of rate changes) developed jointly with the actuary.