

MARYLAND AUTOMOBILE INSURANCE FUND
1215 East Fort Avenue Suite 400
Baltimore, Maryland 21230

Request for Proposal

Actuarial Services
Pricing
August 19, 2024

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Introduction:

The Maryland Automobile Insurance Fund (Maryland Auto) is an independent state agency created by the legislature of Maryland in 1972, that commenced operations on January 1, 1973. Maryland Auto provides Private Passenger Auto (43,000 policies) and Commercial Auto (2,000 policies) insurance coverage to Maryland residents only who are unable to obtain it from private insurance carriers. Policy terms are twelve-months.

Part I - General Information

- A. Purpose:** Maryland Auto is soliciting proposals from qualified Actuaries to provide property and casualty rate making and pricing services only. See Part II for additional information concerning the scope of services sought. Maryland Auto will evaluate submitted proposals according to criteria put forth in Part III of this document.
- B. Minority Business:** Maryland Auto encourages minority business enterprises to respond to this solicitation.

C. Background:

This Request For Proposal (“RFP”) is representative of current rate making services provided. Historically, actuarial services have been provided by one actuary with Maryland Auto management oversight. Actuarial services are completed for calendar year 2024. The next annual rate changes are scheduled for fourth quarter 2025. Procedurally, Maryland Auto provides data exports for actuarial analysis, via Microsoft Excel, typically available 10 to 14 days after the quarter end.

D. Contract Administration and Issuing Office:

Issuing Office

Maryland Automobile Insurance Fund
1215 East Fort Avenue Suite 400
Baltimore, Maryland 21230

Contract Administration

Paul Deter, Senior Director, Maryland Auto

- E. Closing Date:** Maryland Auto must receive responses to this request for proposal no later than **Friday, September 27, 2024 at 5:00pm EST.**

F. Questions: Please submit all questions related to this Request for Proposal to Responses@marylandauto.net. Maryland Auto will post answers to questions offerors ask related to this Request for Proposal on eMaryland Marketplace and the Maryland Auto website <https://www.mymarylandauto.com/site/rfp-resource-center/> on Fridays September 6 through September 20. The deadline for all questions shall be Wednesday of each week during the request for proposal at 5:00pm EST. The final due date for questions shall be Wednesday, September 18, 2024 at 5:00pm EST.

Part II – Scope of Services

The Insured Division financial statements are prepared in accordance with the National Association of Insurance Commissioners (NAIC) “Accounting Practices and Procedures Manual” subject to any deviations prescribed or permitted by the Maryland Insurance Administration (MIA). Fiscal year for the Insured Divisions is calendar year, December 31st.

Actuarial services required include:

- 1) Three-year contract period
- 2) Price change recommendations are required annually for Private Passenger Auto and Commercial Auto by coverages and as needed on occasion when market conditions necessitate. The anniversary date of the last annual rate change is generally the target for the subsequent year’s rate change. Reinsurance pricing is not applicable.
- 3) Pricing is based on traditional rate adequacy considerations for liability and physical damage coverages. However, Maryland Auto also imposes a proprietary Affordability capping process to determine final rates.
- 4) Two to three meetings with key personnel at Maryland Auto to review analysis prior to implementation.
- 5) Formal reports and exhibits to support written recommendations, including rate change impact analysis and affordability summaries.
- 6) Rate filing, rate change specifications and system testing support to implement rate changes.

In providing actuarial services, other responsibilities would include attending (virtually) all rate filing meetings as well as any special meetings Maryland Auto requires.

Additional actuarial support may also be required for special projects/initiatives as they occur on an as needed basis. Special projects would be covered under a separate engagement pursuant to terms agreed to in advance by the Actuary and Maryland Auto.

Part III - Submission

All submissions must provide clear, direct and comprehensive responses to requested information below. Submissions must adhere to the following format and be submitted in accordance with the proposal date specified in Part 1-D. Maryland Auto will **not** grant requests for extensions. Maryland Auto will **not** consider any late requests for modification or withdrawal.

You may submit your response by email. **Please do not submit electronic responses through eMaryland Marketplace or on the Maryland Auto website. Instead, responses may be emailed to Responses@marylandauto.net.** Responses by email must contain the phrase "Actuarial Services" in the subject line.

In your submission, incorporate a response to each of the following, as applicable:

1. Company Background

- Company Name
- Company Address
- Years in business
- Relevant professional certifications and designations
- Relevant experience
- List of other services provided in actuarial capacity
- Contact name, Phone number, e-mail
- Parent Company Name and Address
- Financial report

2. **Market differentiators:** Please identify for Maryland Auto why your company is the vendor we should select for this engagement and identify how your company differentiates itself from your competitors.

3. **Samples of Work:** This section must include descriptive information indicating how each firm and/or business entity has participated in providing services like those requested in this RFP. In addition, actual samples of work should show methodologies employed in property and casualty pricing and rate making.

4. **References:** Please provide three (3) references, listing company name and address, contact name, phone, e-mail for each company, and a brief description of the services you provided.

5. **Pricing:** Include all pricing information (fixed costs, hourly rates, estimated billable hours, etc.) for services in your response. Bidders should include a cost structure relevant for

three-year pricing purposes. Cost must be clearly stated. Total price must contain all direct and indirect costs, including out-of-pocket expenses.

Evaluation Criteria

Submissions will be evaluated on, but not limited to the following general criteria:

- Experience and qualifications of respondent
- Ability to comply with technical requirements as identified in this RFP
- Pricing and value of service
- Information provided by references
- Organization, completeness, and quality of proposal
- Stability of company

Part IV - Terms of the Contract

The following terms are required in any final agreement reached between Maryland Auto and an offeror. Please review the terms in advance of a submission.

- A. The Offeror whose proposal is accepted hereunder shall enter into agreements embodying the terms hereof and such other terms as are required by law and the winning RFP (the "Contract").
- B. Notwithstanding any other provisions of this RFP or in the attached exhibits to the contrary, each Contract will include the following general provisions.
 1. Conflict. To the extent any of the following provisions conflict with the provisions of Actuarial Consulting Agreement, the parties expressly acknowledge that these Additional Contract Provisions are controlling.
 2. Integration; Contract Modification – This Contract constitutes the entire agreement between the parties and supersedes all communications between them prior to the execution of this Contract, whether written or oral, with reference to the subject matter of this Contract. This Contract shall not be modified except by a written instrument executed by both parties.
 3. Non-hiring of Maryland Automobile Insurance Fund (Client) Employees - No employee of Client whose duties as such employee includes matters relating to or affecting the subject matter of the Contract, shall, become or be an employee of the party or parties hereby contracting with Client.
 4. Maryland Law Governs - This Contract shall be interpreted and enforced according to the Laws of the State of Maryland.

5. Nondiscrimination - Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other characteristic forbidden as a basis for discrimination by applicable laws.
6. Contingent Fee Prohibition – Contractor warrants that it has not employed or retained any person, partnership, corporation, or other entity, other than a bona fide employee or agent working for Contractor, to solicit or secure this Contract, and that it has not paid or agreed to pay any person, partnership, corporation, or other entity, other than a bona fide employee or agent, any fee or other consideration contingent on the making of this Contract. For breach or violation of this warranty, Client may terminate this Contract without liability or deduct from the Contract price or consideration or otherwise recover the full amount of such fees, commission, percentage, brokerage fee, gift or contingent fee.
7. Termination -
 - a. Termination for Default - If Contractor fails to fulfill its obligations under this Contract properly and on time, or otherwise violates any provision of this Contract, Client may terminate this Contract by written notice to Contractor. The notice shall specify the act or omission relied on as cause for termination. All finished or unfinished work products provided by Contractor shall, at Client's option, become the property of Client. Client shall pay Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, less the amount of damages caused by Contractor's breach. If the damages are more than the compensation payable to Contractor then Contractor will remain liable after termination, and Client can affirmatively collect damages.
 - b. Termination of Contract for Convenience - This Contract may be terminated by Client, in whole or in part, whenever Client determines that termination is in the best interest of Client. In the event of such termination for convenience, Client shall pay all reasonable costs associated with this Contract that Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, Contractor shall not be reimbursed for any anticipatory profits that have not been earned as of the date of termination.
 - c. Termination by Notice - In addition to any other termination provision of the Contract, both the Contractor and Maryland Auto may terminate the Contract upon 30 days written notice by certified mail to the principal office of the other.
8. Record Keeping - The Contractor shall maintain and retain all records and other documents relating to this Contract for a period of three (3) years from the date of final payment under the Contract, and will make the documents available for

inspection and audit to such persons and officials as may be authorized by Maryland Auto from time to time.

9. Legal; Severability - In the event that any part or portion of this Contract shall be deemed void, voidable, unenforceable, or contrary to applicable statutory, or regulatory law, or shall have been omitted contrary to the requirements of such law, by appropriate judicial or regulatory authority, then all other provisions hereof shall be unaffected thereby and shall remain in full force and effect. In such an event, if one party requests the other party, both parties shall endeavor to agree to: a) such substitute language to the Contract as shall best evidence their original intent hereunder if there is no material harm thereby caused to the other party; and b) such new language as shall best comply with all applicable requirements of law.
10. Assignment - This agreement shall not be assigned by either contracting party without the prior written consent of the other party.
11. Indemnification - Maryland Auto shall not assume any obligation to indemnify, hold harmless, or pay attorney's fees that may arise from or in any way be associated with the performance or operation of this Agreement.
12. Maryland's Public Information Act - This Agreement is subject to the Maryland Public Information Act, General Provisions Article, Sections 4-101 to 601 of the Annotated Code of Maryland.