

ISSUING DEPARTMENT INPUT DOCUMENT

CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION

New
 OTR
 Sole Source
 Bid Waiver
 Emergency
 Previous Contract/Project No. EPPRFP-00214

Contract
 Re-Bid
 Other – Access of Other Entity Contract
 LIVING WAGE APPLIES: YES NO

Requisition No./Project No.: EPPRFP-01683
 TERM OF CONTRACT 5 YEAR(S) WITH 0 YEAR(S) OTR

Requisition /Project Title: ACTUARIAL STUDIES AND RELATED SERVICES

Description: Please see attached Scope of Services

Issuing Department: ISD
 Contact Person: Joseph Odilon
 Phone: 305-375-3062

Estimate Cost: 110,000

Funding Source:
 GENERAL
 FEDERAL
 OTHER X

ANALYSIS

| | | | | |
|--|--|--|--|--|
| Commodity Codes: | 94612 | | | |
| Contract/Project History of previous purchases three (3) years Check here <input type="checkbox"/> if this is a new contract/purchase with no previous history. | | | | |
| | <u>EXISTING</u> | <u>2ND YEAR</u> | <u>3RD YEAR</u> | |
| Contractor: | | | | |
| Small Business Enterprise: | | | | |
| Contract Value: | | | | |
| Comments: | | | | |

Continued on another page (s): YES NO

RECOMMENDATIONS

| | Set-Aside | Subcontractor Goal | Bid Preference | Selection Factor |
|------------|--|--|--|--|
| SBE | | | | |

Basis of Recommendation:

| | |
|---|--|
| Signed: | Date sent to SBD: |
| | Date returned to SPD: |

2.0 SCOPE OF SERVICES

2.1 **Background**

Miami-Dade County (County) serves a population exceeding 2.5 million people with a work force of approximately 25,000 employees dedicated to providing the best services possible. For over 30 years, the County has self-funded and self-administered programs in place for Workers' Compensation (WC), General Liability (GL) and Automobile Liability (AL). The County's Risk Management Division (RMD) of the Internal Services Department (ISD) administers the WC program in accordance with Florida State Statute (FSS) 440 and GL and AL self-insurance programs in accordance with FSS 768.28. FSS 768.28 currently limits tort claims to \$200,000 per person and \$300,000 per occurrence without a specific act of the Florida Legislature in the form of a claims bill. The County's self-insurance program also includes police professional claims that do not fall within the parameters of FS 768.28.

The County has approximately thirty-five operating departments and/or cost centers that participate in the County's self-insurance programs. A count of recent claims can be found in Attachment 1, Approximate Claim Counts. In order to comply with the Governmental Accounting Standards Board Statement (GASB) No. 10, Federal Emergency Management Agency (FEMA) annually filed rates, and the requirements of the County's external auditors, actuarial studies are required to be performed by a third party vendor on the County's behalf self-insured programs as of September 30th of each year. The selected Proposer shall provide services and associated reports that comply with all facets and reporting requirements of GASB No.10 through the life of the contract.

2.2 **Minimum Qualification Requirement**

The minimum qualification requirements for this Solicitation are:

The selected Proposer shall have at least one key person that is primarily responsible for the completion of the actuarial studies outlined herein that is a member in good standing and holds the designation of Property and Casualty Actuary granted by the American Academy of Actuaries.

2.3 **Services to Be Provided**

The selected Proposer shall perform annual actuarial studies and provide related actuarial services for an estimation of outstanding liabilities for unpaid claims from self-insured exposures arising from the County's WC, GL, and AL programs. The services shall consist of the following:

A. Review

Development – The selected Proposer shall conduct a review of the County's historical loss, paid loss and reported claim count experience by line of insurance coverage, including a comparison to insurance industry benchmarks and practices, to develop appropriate loss and claim development factors.

B. Analysis

The selected Proposer shall conduct an analysis of each line of financial exposure associated with WC, GL, and AL, by accident year and by department and/or cost center. Police professional claims shall be included in the GL actuarial services and reports. WC reserves shall be capped at a 5-year expected loss and is modified annually, as needed. Such analysis shall include the following components:

1. Ultimate Loss Projection – An estimation of ultimate losses based on the results of various independent projection methods developed by the Selected Proposer.

2. Estimated Liability for Outstanding Claims - Undiscounted – An estimation of outstanding liabilities as the difference between ultimate losses and paid losses.
3. Estimated Liability for Outstanding Claims – Discounted for anticipated investment income
4. Funding recommendations to set aside as a margin for contingencies, to include various confidence levels (CL)
5. Analysis of Change in Estimated Liability for Outstanding Claims from Prior Fiscal Year

C. Loss Rates Calculations

1. The selected Proposer shall provide the County loss rates for the Self-Insurance General Liability Program to encompass the following CLs:
 - a. Expected
 - b. Marginally Acceptable (70% CL)
 - c. Low (75% CL) (Target (80% CL))
 - d. High (85% CL)
 - e. Conservative (90% CL)

These loss rates shall be calculated as the ultimate loss per \$1000 of budget.

2. The selected Proposer shall provide the County loss rates for the Self-Insurance Auto Liability Program to encompass the following CLs:
 - a. Expected
 - b. Marginally Acceptable (70% CL)
 - c. Low (75% CL)
 - d. Target (80% CL)
 - e. High (85% CL)
 - f. Conservative (90% CL)

These loss rates shall be calculated as the ultimate loss per \$1000 composite exposure (vehicle count).

3. The selected Proposer shall provide the County loss rates for the Self-Insurance Worker's Compensation Program to encompass the following CLs:
 - a. Expected
 - b. Marginally Acceptable (70% CL)
 - c. Low (75% CL)
 - d. Target (80% CL)
 - e. High (85% CL)
 - f. Conservative (90% CL)

These loss rates shall be calculated as the ultimate loss per \$100 of annualized payroll.

2.4 Meetings

The selected Proposer and appropriate County staff shall participate in as many meetings as deemed necessary by the County, to present the findings or assumptions of the actuarial studies. These meetings

shall be conducted typically via conference calls; however, the selected Proposer shall attend on-site meetings at the request of the County at no additional cost.

2.5 Reports

Results of the analysis and rate loss calculations shall be presented in written actuarial reports. Reports shall include the following:

1. Executive Summary presenting a summary of the findings, including the analysis and recommendations, and
2. Technical Appendix containing the details of analysis that support the findings.

Due to the complex structure of the County, the reports must be subdivided among the lines of self-insurance exposure and departments and/or cost centers as outlined in Attachment 2. As noted in Attachment 2, separate reports shall be generated for GL and AL for the Miami-Dade Water and Sewer Department (WASD).

A. Draft Report

The selected Proposer shall issue comprehensive Draft Reports inclusive all County departments and/or cost centers (excluding WASD) for WC, AL, and GL, and separate Draft Reports for the WASD GL and AL in electronic format, containing conclusions and recommendations, by November 7 of each year. Upon submission of the Draft Reports, the selected Proposer shall advise the County of any concerns and/or questions regarding the Draft Reports that may require review or revision.

B. Final Report

Once all concerns and/or questions have been adequately addressed, the County shall provide written acceptance of the Draft Reports for all County departments and/or cost centers as well as separate acceptance for the WASD GL and AL Draft Reports. The selected Proposer shall then conduct a final quality review of all Draft Reports and shall provide an electronic copy and nine (9) original hard copies of all Final Reports to the County within one week of written acceptance of the Draft Reports. The selected Proposer shall either hand deliver or provide hard copies via standard ground shipping.

2.6 Additional Optional Services

The County may, in its sole discretion, request that the selected Proposer provide additional optional services which are related to, but not included in the services outlined above. Such services may include, but are not limited to:

A. Special Reports

The preparation of special reports outside of those listed in Section 2.5 at the request of the County as may be required by RMD, the County Attorney's Office, or other County department.

B. Additional Services

Any other additional work that may arise from changes in GASB requirements, Federal, State, or Local requirements, efficiency reviews, benchmarking studies, research, training, or other additional work.