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95833

**CALIFORNIA TRANSIT SYSTEMS JOINT POWERS AUTHORITY
dba CALIFORNIA TRANSIT INDEMNITY POOL (CalTIP)**

REQUEST FOR PROPOSAL

FOR

ACTUARIAL EVALUATION
Liability and Vehicle Physical Damage Programs

EXPERIENCE RATING
Liability Program

RETURN PROPOSALS TO:

CalTIP
Attn: Chrissy Mack, ARM, CalTIP General Manager
Chrissy.mack@sedgwick.com
and
Attn: Maria De Leon, CalTIP Member Services Coordinator
Maria.deleon@sedgwick.com

DEADLINE FOR RESPONSES: Monday, October 3, 2022, 5:00 p.m. PDT

**REQUEST FOR PROPOSAL TO PROVIDE
ACTUARIAL EVALUATIONS OF
LIABILITY AND VEHICLE PHYSICAL DAMAGE PROGRAMS
AND
LIABILITY PROGRAM EXPERIENCE RATING**

NOTICE IS HEREBY GIVEN that the California Transit Systems Joint Powers Authority dba California Transit Indemnity Pool (CalTIP) is soliciting proposals from qualified firms to provide recommended member contribution rates for the prospective program year(s) for each program and to provide ultimate loss projections for the prior program years.

BASIS OF AWARD: CalTIP reserves the right to award a contract, or make no award, whichever is in the best interests of CalTIP. CalTIP also reserves the right to negotiate the terms and conditions of any contract resulting from this solicitation. Final award, if any, will be made by the CalTIP Oversight Committee.

EVALUATION CRITERIA: All proposals received by the closing date and time will be evaluated by CalTIP, which will review and judge the merit of the proposals received in accordance with all criteria and specifications contained in this Request for Proposal (RFP) document.

It is CalTIP's intent to create a short list of qualified firms from the proposals received in accordance with all criteria and specifications contained in the RFP document. Additional information may be required from the firms on the short list.

COSTS INCURRED BY PROPOSERS: All expenses involved with the preparation and submission of the proposal to CalTIP, or any work performed in connection therewith, shall be borne by the proposer(s). No payment will be made for any responses received, or for any other effort required of or made by the proposer(s) prior to the commencement of work as defined by a written agreement approved by the CalTIP Oversight Committee.

September 8, 2022

TO: PROSPECTIVE BIDDERS

SUBJECT: REQUEST FOR PROPOSAL TO PROVIDE ACTUARIAL SERVICES

PURPOSE:

The California Transit Systems Joint Powers Authority dba California Transit Indemnity Pool (CalTIP) is seeking proposals from qualified firms to provide actuarial services for its Liability and Vehicle Physical Damage Programs.

DESCRIPTION OF ORGANIZATION:

CalTIP is a joint powers authority formed in 1987 by transit agencies throughout California to provide a pooled approach to insurance pursuant to the California Government Code. CalTIP currently maintains pooled coverage programs for its members for liability and vehicle physical damage.

CalTIP's program year runs from May 1 to April 30.

Membership

CalTIP consists of 34 transit agencies located throughout the state of California. These transit agencies range from stand-alone transit districts, joint powers authorities, and departments of cities and counties.

Liability Program

CalTIP's pooled and reinsurance/excess coverage, combined with various self-insured retention (SIR) options, provides general liability, auto liability, and public officials' errors & omissions coverage.

- Member Self-Insured Retention (SIR) - Members select an SIR that best fits their agency. The SIR options are: \$0 (first dollar, prefunded \$10,000 layer), \$25,000, \$50,000, \$100,000, \$250,000, or \$350,000 per occurrence.
- Pooled Program Layer - CalTIP self-funds the first \$2 million of coverage per occurrence. That amount is inclusive of the member's SIR.
- Reinsurance/Excess Insurance - CalTIP purchases reinsurance and excess insurance for those losses that exceed CalTIP's pooled layer. All members receive \$4 million of reinsurance above the \$2 million pooled layer, for a total of \$6 million in coverage. Members have the option of purchasing higher coverage limits through excess insurance for a total of \$10 million or \$25 million in coverage per occurrence. All members currently purchase either \$10 million or \$25 million in coverage.

Vehicle Physical Damage Program

CalTIP's Vehicle Physical Damage (VPD) Program provides members with comprehensive and collision coverage. The program is structured to include both self-funded (pooled) and purchased coverage. CalTIP self-funds the first layer up to \$100,000 per occurrence with members selecting from various deductible options per vehicle. Excess insurance is purchased for losses exceeding \$100,000 with an aggregate stop-loss that is equal to the five highest deductibles of any vehicles involved in a multi-vehicle loss.

- Vehicle Deductibles - Members select a per vehicle deductible. The deductible options are: \$500, \$1,000, \$2,500, \$5,000, and \$10,000. Vehicles with an actual cash value of \$50,000 or greater may only select a deductible of \$5,000 or \$10,000.
- Pooled Program Layer - CalTIP self-funds the first \$100,000 of coverage, per occurrence, over the member's selected deductible. Coverage is provided on an actual cash value basis.
- Excess Insurance - CalTIP purchases excess insurance for losses exceeding \$100,000 for a total of \$20 million in coverage. Coverage is provided on a replacement cost basis.

This Program is optional, and 27 members currently participate.

SCOPE OF SERVICES:

The overall objective of the annual evaluation being requested in this RFP is to provide CalTIP with recommended member contribution rates for the prospective program year(s) for each program and to provide ultimate loss projections for the prior program years. For the review of prior liabilities, CalTIP will provide a listing of withdrawn members.

ACTUARIAL EVALUATION:

The ultimate goals of the evaluation are to:

Liability Program:

- Determine funding levels and funding rates required for the May 1, 2023, to April 30, 2024, fiscal year at expected, 80%, 85%, 90%, and 98% confidence levels for both composite, revenue and non-revenue mileage for all member SIRs: \$0 (Prefunded \$10k), \$25,000, \$50,000, \$100,000, \$250,000, and \$350,000. CalTIP currently utilizes a 1% discount rate but would require proposers to provide adjustment factors to provide discounting at various alternative discount rates.
- Provide rates for the confidence levels noted above for the following funding levels at both full and present value: \$2 million, \$2.25 million, and \$2.5 million, all excess of members' SIRs.

Vehicle Physical Damage Program:

- Determine funding levels and funding rates required for the May 1, 2023, to April 30, 2024, fiscal year at expected, 70%, 75%, 80%, 85%, 90%, and 98% confidence levels for Actual Cash Values. CalTIP currently utilizes a 1% discount rate but would require proposers to provide adjustment factors to provide discounting at various alternative discount rates.
- Provide rates for the confidence levels noted above for the following funding levels, at both full and present value, for all member deductibles: \$500, \$1,000, \$2,500, \$5,000, and \$10,000 at both the \$100,000 and \$250,000 SIRs.

Both Programs:

- Project the outstanding liability to include case reserves, development of known claims, and claims that have yet to be reported (IBNR). ULAE is to be estimated.
- Determine the short-term and long-term outstanding liability.
- Project Estimated Financial Position.
- Provide additional analysis between the current report and prior report. Analysis should include changes in claims incurred, claims paid, and ultimate loss.
- Provide best practice recommendations.
- Affirm GASB Statement No. 10 Compliance: Provide a statement affirming that the conclusions in the actuarial study are consistent with GASB Statement No. 10.

To achieve these goals, the evaluation is to comment on areas that include, but are not necessarily limited to, the following:

- Program Structure - Underwriting Standards
- Pricing
- Loss Probability

EXPERIENCE RATING:

The ultimate goals of the Rating are:

1. To generate premium sufficient to cover CalTIP's risk funding needs.
2. To charge premium in an equitable way that rewards members with better-than-expected loss experience and provides incentives for all members to improve risk management practices.

Below is a grid showing the experience rating parameters, historically and currently:

Parameter	Board Approved				
	Prior	2020/21	2021/22	2022/23	2023/24 →
Years Included - Miles/Losses	Three	Four	Four	Four	Four
Loss Cap	\$50,000	\$250,000	\$250,000	\$250,000	\$250,000
Counts > \$50,000	N/A	25% Weight	25% Weight	25% Weight	25% Weight
Cap Change from Prior	N/A	+/- 15%	+/- 20%	+/- 25%	None

ADDITIONAL SERVICES:

Annually meet with CalTIP’s General Manager, Finance Manager, and Investment Advisor to review discount rating.

INFORMATION PROVIDED:

The successful proposer will be provided with the following exposure data:

1. Exposure Data (Provided by February 1st):

A list of members that will include:

- a. Member's name
- b. Mileage for the current and prior program years
- c. Vehicle values on an actual cash basis for the current and prior program years

2. Claims Data (Provided by February 1st):

Electronic loss runs in Excel format containing:

- a. Name of member sustaining the loss
- b. Claim # and Claimant Name
- c. Location (city, county, region)
- d. Type of loss
- e. Date of loss
- f. Amount paid
- g. Amount of primary reserves
- h. Current status (closed or open)

Prior actuarial analyses have been conducted by Aon.

ASSISTANCE AVAILABLE TO PROPOSER:

The firm selected to conduct this evaluation will be provided a copy of necessary exposure and loss data on file with CalTIP.

PROPOSAL REQUIREMENTS:

Each proposer shall submit a complete proposal with all information requested. The content of the proposal will be as follows:

Scope and Approach

Describe the specific areas you will address and the specifications and standards you will use to properly evaluate funding requirements and projections of loss. Identify the timing of each major task and requirements for data or assistance from CalTIP.

Consultant Corporate Data

This section should include:

1. A description of at least two similar or related contracts under which the proposer has provided services within the last year.
2. A brief description of the experience and qualifications of the proposed staff member(s) who will be conducting the actuarial study and their philosophy or approach to actuarial studies.
3. A brief description of the organization.
4. A list of references including joint powers authorities, transit agencies, and/or government agencies.
5. A description of whether or not the proposer has had contracts that have been canceled prior to expiration or contracts not renewed after the initial contract period within the past three years. Explain circumstances/reasons for the cancellation and/or non-renewal.
6. A description of any conflict of interest that would prohibit or affect the proposer in carrying out the services for which a proposal is being submitted.
7. A sample contract that would be entered into between the parties.

Work Product

This section should include:

1. A sample report presenting the findings of the actuarial studies.
2. A sample presentation to present the findings to the Finance & Administration Committee and the Board of Directors.

Compensation

This section should contain an itemized breakdown of all costs relating to the contents of the proposal and the compensation required to accomplish the full performance of all tasks outlined in the proposal. This includes:

1. Travel expenses.
2. Fee to conduct an actuarial study of the Liability Program.
3. Fee to conduct an experience rating study for the Liability Program.
4. Fee to conduct an actuarial study of the Vehicle Physical Damage Program.
5. Fee for presentation at a CalTIP Finance & Administration Committee meeting via a virtual platform in March.
6. Fee for presentation at an in-person CalTIP Board of Directors meeting in April in Sacramento.
7. Fees for a one-year engagement and fees for a three-year engagement.

Include, at a minimum, the following Fee Schedule based on a one-year and a three-year engagement:

Proposed Fees for Actuarial Services			
	2023/24	2024/25	2025/26
1. Liability Program Actuarial Study			
2. Liability Program Experience Rating			
3. Vehicle Physical Damage Program Actuarial Study			
4. Travel Expenses			
5. Other fees (please describe)			

All proposals shall remain firm for at least 90 days from the deadline for submitting the RFP.

Insurance Requirements

Proposers shall have and maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at its own cost and expense; all insurance endorsements required below and shall provide evidence of such insurance and endorsements to CalTIP prior to commencing work.

Workers' Compensation	Statutory limits
Employers' Liability	\$1,000,000 each accident
General Liability	\$2,000,000 per occurrence
Professional Liability	\$1,000,000 per occurrence or claim, \$2,000,000 aggregate
Automobile Liability	\$1,000,000

SELECTION PROCESS AND SELECTION TIMELINE:

In order to obtain a comprehensive actuarial report of the liability and VPD exposures presented to CalTIP, the Oversight Committee desires to secure the services of an actuary that has demonstrated high-level experience in these areas. This is not a selection process that will be determined solely on the lowest cost proposed. Selection of the actuary will be based on the individual's understanding of the objectives and approach of the evaluation, the qualifications and references of the actuary, the work product, and the fee for services.

- A. **DEADLINE:** All proposals must be received **no later than 5:00 p.m. PDT on October 3, 2022.** Proposals shall be submitted via email to Chrissy Mack, CalTIP General Manager, and Maria De Leon, CalTIP Member Services Coordinator, at chrissy.mack@sedgwick.com and maria.deleon@sedgwick.com. It is the responsibility of the respondent to see that any proposal submitted via email is received no later than the specified date and time. CalTIP is not responsible for the non-delivery or any electronic failure preventing the delivery of proposals. Late proposals will be rejected. All proposals, whether selected or rejected, shall become the property of CalTIP.
- B. **INQUIRIES:** Questions regarding this RFP should be directed to: Chrissy Mack, CalTIP General Manager, at (916) 244-1177 or chrissy.mack@sedgwick.com. CalTIP will provide the question and responses to all firms who receive this RFP.
- C. **TIMELINE:**

October 3, 2022	Proposals Due
Week of October 10, 2022	Telephone Interviews (if deemed necessary)
October 20, 2022	Review of Proposals and Selection by Oversight Committee
No later than October 28, 2022	Inform Proposers of Selection

CalTIP reserves the right to cancel and/or modify the above dates at any time. CalTIP reserves the right to reject any and all proposals; to waive any informality, defect, or irregularity in a proposal; to alter the selection process in any way; to postpone the selection process for its own convenience at any time; to accept or reject any individual that a firm proposes to use; and/or to decide whether or not to enter into an engagement with any firm. Nothing in this RFP shall be construed to obligate CalTIP to negotiate or enter into an engagement with any particular firm. This RFP shall not be deemed to be an offer to enter into an agreement of any kind.