

EXECUTIVE SUMMARY

Recommendation to Approve First Renewal and Additional Spending Authority 18-004V – Casualty Actuarial Services

Introduction

Responsible: Procurement & Warehousing Services (PWS)

This request is to approve the recommendation to exercise the first renewal option for Request for Proposal (RFP) 18-004V – Casualty Actuarial Services with AMI Risk Consultants, Inc. This RFP was approved for an award on April 18, 2017, at the Regular School Board Meeting for three (3) years from May 17, 2017 through May 31, 2020 and provides an option to renew the contract for two (2) additional one (1) year periods. This request is to exercise the first of two (2) renewal options from June 1, 2020 through May 31, 2021.

The additional spending authority being requested is \$7,500.

Goods/Services Description

Responsible: Risk Management

The School Board of Broward County, Florida, selected AMI Risk Consultants through an RFP process to perform estimated funding requirements on outstanding casualty claim liabilities as of June 30, 2017. Funding requirements are for liabilities retained on losses and allocated loss adjustment expenses. This estimate is a compliance requirement with the Government Accounting Standard Board Statement Number 10. AMI has recently provided estimated funding requirements for Fiscal Years (FY) 2019/2020 and prospective FY 2020/2021. AMI has also advised the School Board on estimated alternative Self-Insured Retention levels (SIR), estimated cash flow requirements for paid losses as well as allocated loss adjustment expenses for FY 2019/2020 and 2020/2021, both at a seventy-five (75) percent and fifty (50) percent confidence level. The funding requirement will encompass case reserves for incurred but not reported claims and credit for future income derived from interest payments.

AMI calculates loss reserves based upon historical loss development information by accident years and types of coverages. Coverages include workers' compensation, general liability, automobile liability, property, and automobile physical damage. Broward Schools provides AMI with payroll data for its workers' compensation calculations, full-time student enrollment for its general liability calculations, number of vehicles for its automobile liability calculations, and property value for automobile physical damage calculations.

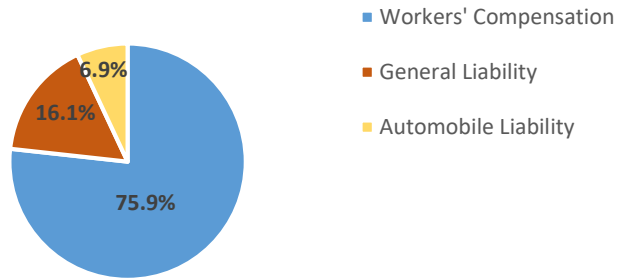
Claims are not settled immediately; therefore, reserves used to fund future payments earn investment income prior to paying out claims. AMI estimates historical loss rates by accident year, which entails ultimate losses divided by appropriate exposure. Additionally, AMI extrapolates historical loss rates to FY 2019/2020 and 2020/2021. The loss rate is then multiplied by projected exposures.

Projected ultimate losses for FY 2019/2020 at the discounted confidence level for all coverages and accident years combined is \$18.4 million.

On the next page, you will find a pie chart which provides a breakdown of reserves into allocated claim categories.

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Total Estimated Reserves



**Procurement Method
 Responsible: PWS**

The procurement method chosen is through a competitive solicitation, which is required by Purchasing Policy 3320, Part II, Rule D, and Florida Administrative Code 6A-1.012(7).

This solicitation was released on November 16, 2016 through Demandstar, and proposals were opened on January 10, 2017, where three hundred and twenty-eight (328) vendors were notified, and fourteen (14) vendors downloaded the solicitation. Two (2) Proposers, AMI Risk Consultants, Inc., and SGRisk, LLC submitted responses to the solicitation. The evaluation meeting was held on January 27, 2017, and the Evaluation Committee recommended AMI Risk Consultants, Inc. for the award.

**Financial Impact
 Responsible: PWS and Risk Management**

The total appending authority estimated for the renewal period is \$7,500, as demonstrated in the breakdown below:

Historical Spending	
Year 2017 - 2018 - Flat Fee	\$ 7,500
Year 2018-2019 - Flat Fee	\$ 7,500
Year 2019-2020 - Flat Fee	\$ 7,500
Total	\$ 22,500
Unused Authorized Spending	\$ 0
First Renewal Year 2020-2021 - Flat Fee	\$ 7,500
Total Spending Authority	\$ 30,000

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Financial Impact Table			
Action	Date	Term (Years)	Amount
Original Spending Authority Request	4/18/2017	3	\$ 22,500
First Amendment + Additional Spending Authority	3/3/2020	1	\$ 7,500
New total contract amount		4	\$ 30,000

The estimated financial impact to the District is \$7,500 for an additional year. The contract award amount was \$22,500. The request is to increase the spending authority by \$7,500, bringing the new contract value to \$30,000. The funding source will come from the District's General Fund.

If this service was rebid, there would be a ten (10) percent increase in price. The cost avoidance would be \$750 for the year.

The financial impact represents an estimated contract value; however, the amount authorized will not exceed the contract award amount.