

State of Washington Office of the Insurance Commissioner

RFP S2506: Rate Factor Study

Addendum 1: Questions & Answers

A note to prospective applicants: As mentioned in Section 1.1 of the RFP (Purpose and background), the report described in the RFP is responsive to a mandate by the WA Legislature. The authorizing legislation did not provide answers to many of the questions below. For undefined terms, calculations, and timelines, vendors should propose definitions, methods, and plans necessary to successfully complete the legislative report, as described in the RFP.

1. Definitions

- 1.1. How does the OIC define the following terms: sex, national origin, ethnicity, and socioeconomic status? **Answer: Vendors should define the terms in a manner that supports successful completion of the report described in the RFP.**
- 1.2. How does the OIC define “eligibility for coverage” and “availability of insurance”?
Answer: “Eligibility for coverage” refers to underwriting guidelines, or the criteria that a consumer must meet to qualify for insurance coverage. “Availability of insurance” refers to the condition that a certain type of insurance policy is offered by an insurer and if those policies are broadly accessible to Washington consumers.
- 1.3. How does the OIC define “disparate impact”? Does this refer to premium per coverage limit? Are there any statistical or effect size thresholds? How is it calculated/determined? **Answer: “Disparate impact” is defined in section 1.7 of the RFP. Vendors should propose a method to evaluate whether rate factors have a disparate impact on Washington residents.**
- 1.4. How does the OIC define “personal insurance” as it relates to the scope of this RFP? Is it limited to property and auto insurance only or does it include additional lines of insurance, such as health or life insurance? (Related: If a line of insurance does not rely on credit for rating, is the department still interested in analysis on this segment?) **Answer: “Personal insurance” is defined in section 1.7 of the**

RFP. The authorizing legislation does not specify which lines of personal insurance should be included in the report. Vendors should include in their proposal what information they will collect and analyze, including which lines of personal insurance will be studied, to accomplish the objectives described in the RFP.

2. Data call

2.1. Can the OIC clarify the process for the data call and collection? **Answer: A data call is another name for a request for information from insurance companies.**

The process for this data call is as follows:

- **The vendor will develop the questions and design a template for the data call, in coordination with the OIC.**
- **The vendor sends out the data call requests to the insurance carriers. The OIC's authorization to collect data to understand and study insurance market conditions extends to the vendor for the purposes of this RFP for the duration of the contract.**
- **Carriers will submit the completed data call templates to the vendor.**
- **The vendor is responsible for following up directly with the carriers regarding any questions about data submission. The OIC can assist with follow-up as needed.**

2.2. What is the procedure for following up with companies regarding questions about the data? **Answer: The vendor is responsible for following up directly with the carrier regarding any questions about data submission. The OIC can assist with follow-up as needed.**

2.3. How will the OIC support or facilitate participation in the data call to ensure completeness and quality? **Answer: Carriers are obligated by law to respond to data calls issued on behalf of the OIC.**

2.4. When does the OIC expect the data call to begin?

Answer: Based on the timeline provided in the RFP, the vendor should propose a schedule for the data call necessary to accomplish the objectives as described in the RFP.

2.5. Is it permissible for the data call to include personally identifiable information (PII) such as insured's first name, last name, dwelling address, and credit information?

Answer: Yes. If the data call includes PII, the vendor is responsible for the security of the data, as described in the RFP.

- 2.6. Can the vendor request confidential information filed by the insurance carrier with the OIC (underwriting guidelines, detailed information about how credit is used, etc.)?

Answer: The OIC would consider this request, after further discussion with the vendor and a legal review from the OIC's legal department.

- 2.7. For the data call, is the OIC seeking to target a specific percentage of market share for each line of business? How many insurers will data be collected from? Will it be the same pool of insurance companies for all lines of business, or will it be different companies for different lines of business? Will the OIC provide the list of carriers and contact information of the carriers to be included in the data call?

Answer: The vendor is responsible for the data call strategy, including which carriers to survey, to obtain the data necessary to accomplish the objectives as described in the RFP. The OIC can assist the vendor by providing contact information for the carriers from the National Association of Insurance Commissioners database.

- 2.8. How many fields will need to be collected as part of the data call?

Answer: The vendor is responsible for developing a data call to carriers, including what data to collect, to obtain the data necessary to accomplish the objectives as described in the RFP.

- 2.9. Are there any preferred or mandated data security standards or certifications the contractor must comply with beyond those stated? **Answer: No.**

3. Credit based insurance score (CBIS)

- 3.1. Please describe, at a high level, the source and format of the rating factor information expected to be utilized for the scope of work. Are we limited to using the company specific CBIS or can we append the scores from commonly used vendors? **Answer: The authorizing legislation does not specify the source or format of the rating factor used in the report. Vendors should propose a study design, including rating factor source and format, necessary to accomplish the objectives as described in the RFP.**

3.2. Will credit reports be provided? Insurance carriers use a variety of credit models in different ways, and some models may not be compatible. **Answer: Vendors are responsible for collecting credit information and, if there is incompatibility between models, strategizing how to analyze the information in a way that accomplishes the objectives as described in the RFP.**

3.3. What “alternatives” to the CBIS would be acceptable? Are methods that mitigate the disproportionate impacts potential “alternatives” or do the “alternatives” need to eliminate CBIS altogether? **Answer: The legislative mandate does not limit the “alternatives” to the CBIS that may be considered. The potential alternatives could include elimination or mitigation of the impacts of the CBIS on Washington consumers.**

4. Analysis

4.1. Will this be an industry study or will the OIC review company rating plans and underwriting decisions of individual companies? Could you please clarify whether the analysis of credit-based rate factors should aggregate credit information across multiple insurance carriers, or if the evaluation is expected to be conducted separately for each individual carrier? **Answer: The legislative mandate was for an industry study, evaluating the impact of credit history, credit-based insurance scoring models, and other factors that may have a disparate impact on Washington consumers. Vendors should propose a study design, including how the information will be presented, necessary to accomplish the objectives as described in the RFP.**

4.2. What if losses vary across different groups? Is it acceptable to investigate disparate impact after controlling for “traditional rating variables” such as coverage limits, driver age, driver record, vehicle cost, and vehicle age? **Answer: Yes, vendors are permitted to investigate disparate impacts after controlling for “traditional rating variables,” if the proposal meets the requirements in the RFP.**

4.3. Should the analysis include:

- Projections of future consumer impacts based on potential policy changes;
- Scenario testing or sensitivity analyses to evaluate the robustness of alternative rate factors; or
- Benchmark against other states or national data?

Answer: Vendors should propose a study design to accomplish the objectives as described in the RFP. The study design may include any of these elements.

4.4. What are the expectations regarding the documentation and transparency of the analytical methods used? **Answer: The final report is expected to provide enough documentation and detail for the legislature, the OIC, and the public to understand how the analysis was conducted.**

4.5. Are there any imputation methods considered unacceptable to the OIC? **Answer: No.**

4.6. What does the OIC expect related to:

- Report format;
- Level of detail for presenting the analysis;
- Imputation methods for demographic data;
- Granularity in actuarial analysis (e.g., by demographic group, geography, product type); or
- Metrics or key performance indicators of rate factors and their consumer impacts?

Answer: Beyond what is described in the RFP, the OIC does not have specific expectations related to how the study is performed, except that it accomplishes the objectives as described in the RFP.

4.7. Will the OIC provide any baseline data or previous studies to support the analysis, or is the contractor expected to source all data independently? **Answer: Baseline data does not exist for this analysis. The OIC can brainstorm information sources with the successful vendor, but the vendor is responsible for data and information collection necessary to complete the project.**

5. Budget and contract

5.1. Does the OIC have a preference for the vendor to be based in Washington? Could the vendor be located outside of the US, under the supervision of US based credentialed individuals? **Answer: Vendors are required to meet the minimum qualifications and other contractor requirements in the RFP. Beyond that, the OIC does not have a preference of where the vendor is located.**

- 5.2. Is any travel anticipated to be required, and, if so, should travel expenses be included in the budget proposal? **Answer: Vendors are not required to travel to fulfill the RFP requirements.**
- 5.3. Should travel expenses and data licensing costs be included in the budget proposal? **Answer: As specified in Section 3.5B. (Cost Proposal (Scored) > Identification of Costs (Scored)) of the RFP, “(Vendors are required to) Submit a fully loaded budget including staff costs and any expenses necessary to accomplish the tasks and to produce the deliverables under the contract.”**
- 5.4. Regarding data collection, can our budget proposal provide ranges for the cost of that component based on the number of data elements? **Answer: Yes.**
- 5.5. Can the data collection be a separate contract? Would the entity responsible for collection serve as a subcontractor to the entity responsible for the analysis or directly contract with the OIC? **Answer: Vendors may apply to fulfill a discrete objective provided in Section 1.2. If the vendor is applying to fulfill a discrete objective, the vendor’s proposal should include their proposed contracting arrangement in their proposal.**
- 5.6. If the data collection is separated from the actuarial analysis component, which entity is responsible for imputation of additional detail? Will the data be anonymized prior to being sent for actuarial analysis if collection is done by a separate entity? **Answer: If the vendor is applying to fulfill a discrete objective, the vendor’s proposal should include the functions they would perform and how they would work with other vendors to produce the report described in the RFP.**
6. Proposal submission
- 6.1. Is the “cover submittal letter” referenced on page 10 of the RFP the same as the “letter of submittal” referenced on page 17 of the RFP? **Answer: Yes.**
- 6.2. Where in our proposal should we include Exhibit D: Business Certification Form? **Answer: Exhibit D is not required as part of the proposal. It is included in the RFP for informational purposes only as part of the sample contract.**

6.3. RFP section 2.7 states that “the OIC will not give preference in the evaluation of proposals” for minority, women-owned, and veteran-owned business participation. However, Section 3.4 states a 5-point preference will be given. Can this be clarified? **Answer: Yes, section 2.7 states that “The OIC will not give preference in the evaluation of proposals or require a minimum level of participation as a condition for receiving an award, and proposals will not be rejected or considered non-responsive on that basis. This means that while an extra 5 points is given to OMWBE certified vendors, certification is not required to be awarded the contract.**

6.4. Do the minimum qualifications in Section 1.4 need to be addressed within the proposal? **Answer: Yes, most of the minimum requirements in section 1.4 should be included within the Proposal Contents. Some are already built into the required information such as the requirement to be licensed in the US which is requested in the Letter of Submittal, but others like professional experience and credentials should be addressed in relevant sections such as in the Management Proposal subsections.**

6.5. RFP page 17 lists five headings that should be organization of our bid: 1) Letter of Submittal, including signed Certifications and Assurances); 2) Technical Proposal; 3) Management Proposal; 4) Experience/Related Information; and 5) Cost Proposal. However, Section 3.3 Management Proposal appears to include Experience and Related Information within that section of proposal requirements. Please confirm whether “Experience/Related Information” should be a separate section from the Management Proposal, or whether it should be a subsection of the Management Proposal. **Answer: Experience/Related information should be a subsection of the Management Proposal.**

7. Other

7.1. Will the report be made public? **Answer: Yes, the final report will be submitted to the Legislature and available on their website for public consumption.**

7.2. Are there any specific challenges or risks related to the analysis that the OIC anticipates and would like the contractor to address proactively? **Answer: Two challenges vendors should consider are: a) Producing a robust analysis and a meaningful Legislative report within the allotted time frame and b) Securely collecting and managing the information collected with the data call.**

7.3. Can the OIC provide the list of firms they have used in the past, including copies of the reports and fees for these projects? **Answer: Yes, several OIC actuarial reports are available on the OIC website:**

<https://www.insurance.wa.gov/about-us/reports/legislative-and-commissioner-reports>