



REQUEST FOR INFORMATION

FOR A

MORTGAGE INSURANCE UNDERWRITING SOLUTION

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Solicitation File Number:
RFx000506

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1. INTRODUCTION

Canada Mortgage and Housing Corporation (CMHC) is the Government of Canada’s National Housing Agency with a mandate to help Canadians gain access to a wide choice of quality, affordable homes. It is a Crown Corporation, with a Board of Directors, reporting to Parliament through the Minister of Families, Children and Social Development. The Minister responsible for Canada Mortgage and Housing Corporation is the Honourable Ahmed Hussen.

CMHC has approximately 2,000 employees located at its National Office in Ottawa and at various Business Centres throughout Canada. The Business Centre areas are divided into five regions: Atlantic; Quebec; Ontario; British Columbia; and Prairies & Territories.

A comprehensive Company profile of CMHC can be found at www.cmhc-schl.gc.ca

2. DEFINITIONS SUMMARY

CMHC	Canada Mortgage and Housing Corporation
RFI	Request for Information
RFP	Request for Proposal
Respondents	Suppliers submitting a response to the RFI
Proponents	Suppliers submitting a proposal to an RFP
Industry	Potential suppliers of the requested solution
“Solution”	Third-party cloud-based mortgage underwriting system and services available from industry
“Homeowner Business Transformation Project (HBT)”	CMHC’s mortgage homeowner insurance underwriting system and services transformation project

3. BACKGROUND

Annually, CMHC processes a thousands of homebuyer mortgage insurance applications submitted by various lenders. Currently, these applications are processed through a proprietary mortgage underwriting system built on mainframe technology. The current system encompasses transactional underwriting, portfolio (pool-based) underwriting, claims and servicing and other related administrative activities.

CMHC has begun a Transformation Project to improve and transform its homebuyer mortgage underwriting system and services, which will include, but not be limited to, migrating to a cloud-based environment and streamlining and improving the following activities:

- CMHC business processes;
- risking and decisioning functions;
- the client experience.



As part of CMHC's HBT Transformation Project, this Request for Information is being issued to explore the market for a cost-effective, off-the-shelf mortgage underwriting servicing solution, the "Solution", in order that CMHC may achieve the desired improvements and outcomes of the HBT Transformation Project.

4. PURPOSE

CMHC intends to identify suitable third-party Solutions and assess the feasibility of integrating these Solutions into CMHC's current Transformation Project. CMHC is particularly interested in Solutions that would provide workflows for a transactional-based underwriting process, including the receipt of mortgage insurance submissions, auto-decisioning, data validation, transaction queuing and prioritization, and management of underwriter-reviewed workflows. The ideal Solution would serve as a workbench interface for both internal underwriters and clients (lenders). Although a mortgage insurance transactional underwriting workflow solution is the main focus of this RFI, CMHC is also interested in learning from Industry how other aspects of a Respondent's Solution could assist in CMHC's overall transformation process (e.g., servicing).

5. OBJECTIVES AND REQUIREMENTS

CMHC is gathering information from Industry for a potential Solution that would meet the criteria set out in Annex A. Criteria are categorized as "mandatory", which must be met and "rated" which would be allotted points but are not necessarily compulsory. Mandatory and rated criteria may be included in a future RFP process, if pursued. The criteria is also for Respondent's to determine if their Solutions would meet the identified criteria and explain how in their responses.

The preferred Solution would allow CMHC to leverage its own decision rules engine for decisioning processing functionality (retaining control over rules, strategies, model deployment as well as data integration). However, CMHC welcomes responses for Solutions that have their own integrated decisioning processing technology.

The RFI includes functional requirements that arise as a result of the bundling of decisioning capabilities with a Respondent's overall Solution. (These requirements are noted where applicable.)

Repondents are welcome to submit responses even if their Solutions do not meet on all the stated requirements in Annex A. CMHC may use Respondent's responses to assist in defining requirements should a formal Request for Proposal (RFP) be pursued.

6. PROCUREMENT STRATEGY

CMHC will contemplate a future RFP process if the result of this RFI is able to demonstrate that a third-party Solution would be a feasible option for supporting the migration of its homebuyer insurance business. The results of this RFI may also be used to guide future



procurement activities in the event that an off-the-shelf underwriting or servicing capability is required elsewhere within CMHC.

Responses submitted under this RFI are non-binding. The issuance of the RFI is not to be considered in any way as a commitment by CMHC or as authority to undertake any work described under this Section.

The main purpose of this RFI is to obtain feedback from Respondents regarding requirements, solutions, technologies and trends, etc. as outlined in Sections 3 and 4 above.

7. REVIEW OF THE RFI

CMHC reserves the right to request additional information for clarification during the review of the responses to this RFI, and/or to consider a subsequent modification of the response put forward by a Respondent.

CMHC will perform a review of responses submitted and incorporate it as it deems appropriate in the development of an RFP.

No payment will be made by CMHC for any costs incurred and associated with the preparation and submission by the Respondent of responses to this RFI. All costs are the sole responsibility of the Respondent.

8. NO OBLIGATION

The issuance of this RFI does not create an obligation for CMHC to issue a subsequent competitive procurement process and does not bind CMHC legally or otherwise, to enter into any agreement or to accept any suggestions from Respondents.

This RFI process is not a bid solicitation and a contract will not result from this request.

9. CONFIDENTIALITY

Information provided by Respondents through their RFI response is subject to the Access to Information Act. Respondents should identify any submitted information that is to be considered as either company confidential or proprietary. CMHC will not reveal any designated confidential or proprietary information.

10. INFORMATION WILL NOT BE RETURNED

The RFI response and any accompanying information or documentation provided by a Respondent will not be returned.

11. INFORMATION IN RFI ONLY AN ESTIMATE

CMHC makes no representation, warranty or guarantee as to the accuracy of the information contained in the RFI or issued by way of addenda. Any quantities shown or data contained in



this RFI, or provided by way of addenda, are estimates provided only as general background information.

12. LANGUAGE

RFI responses are to be provided in one of the two official languages of Canada (English or French).

13. GOVERNING LAW

This RFI process will be governed by and construed in accordance with the laws of the province of Ontario and the federal laws of Canada applicable therein.

14. RFI RESPONSE OBJECTIVES

This RFI is being posted on buyandsell.com to allow industry to review the RFI requirements and provide feedback. The responses received will be used to assist CMHC in finalizing its requirements and to develop achievable objectives and deliverables for obtaining the goods and/or services required through a future RFP process. CMHC is not committed in any way to issuing a future RFP.

15. TERMS OF REFERENCE

If there are any questions relating to the requirements as provided, Respondents should direct their inquiries to Christine Brown, CMHC Procurement Services at the following e-mail address:

ccbrown@cmhc-schl.gc.ca; and to

ProcurementSourcing_Sourcesd'approvisionnement@cmhc-schl.gc.ca

Answers to questions may be posted on Buy and Sell unless they are of proprietary or confidential in nature;

CMHC requests that the RFI responses, including all supporting documentation, are to be sent electronically to the following e-mail address:

1 ebid@cmhc-schl.gc.ca and ccbrown@cmhc-schl.gc.ca

2 The subject line of the transmission must state: **RFx000506 – RFI MORTGAGE INSURANCE UNDERWRITING SOLUTION.**

3 Please also indicate the number of emails submitted e.g. 1/1 or 1/3, 2/3 and 3/3 as applicable.

4 RFI responses sent to any other e-mail address will not be considered.

5 Your RFI response must be **received** at the exact location specified above, on or before the submission deadline set as:

6 **May 11, 2021, on or before 2:00 pm EST.**



- 7 RFI responses arriving late will be automatically rejected, and the sender will be so notified by email.
- 8 CMHC reserves the right to request supporting details and validate any information, qualifications and capabilities provided by the Respondent(s);
- 9 CMHC reserves the right to cancel this RFI at any point and/or refrain from issuing a RFP;
- 10 Neither this RFI nor any subsequent selection process will in any way impose an obligation or responsibility on CMHC (i) to execute any contract with any Respondent and (ii) for any costs incurred by a Respondent to respond to this RFI. By submitting a response to this RFI, Respondents waive any right to seek costs or damages or any other remedy against CMHC with respect to this RFI or any subsequent RFP or other selection process.

16. RFI RESPONSE

The Respondent's RFI response should include the following items:

- 1 A statement outlining the Respondent's feedback for items described in Sections 3, 4 and 5, as well as how the Respondent's Solution would meet the criteria set out in Annex A.
- 2 In addition, CMHC is also looking for the following information:
 - 2.1 Describe the licensing options available for CMHC. Consider access to the Solution made either manually or programmatically via APIs; user includes CMHC employees (internal users) and CMHC clients (external users).
 - 2.2 Suggested implementation strategies;
 - 2.3 Training options;
 - 2.4 Estimated timeframe to implement your Solution;
 - 2.5 Describe company history;
 - 2.6 Describe similar clients to CMHC;
- 3 The Respondent's company name, address, contact person and email address.

Annex A

The Solution's Technical and Functional Criteria:

TABLE 1

ITEM NO.	CATEGORY	SOLUTION MANDATORY REQUIREMENTS
1.	Data & Analytics Data Deployment	Must allow for the integration of new data elements or external data streams into production. ¹
2.	Data Analytics Model Deployment	Must allow for the deployment of models into production. ¹
3.	Data & Analytics Installation	The system must be able to load data from existing legacy systems.
4.	Data Analytics Rules and Strategy Deployment	Must allow for the deployment business rules and strategies into production. ¹
5.	Interaction Management Lender Administration	Must, for lenders approved as a client, grant a lender access based on permissions specified in the lender profile.
6.	Interaction Management Origination	Must be able to automatically ingest, process and reply to lender submissions via system-to-system/api-based lender interaction.
7.	Interaction Management Origination	Must be able to detect whether an application is a re-submission of a previous submission and link with prior related records.
8.	Interaction Management Origination	Must be able to perform validation of incoming transactional insurance submissions in realtime, including data and form validation, against established rules (e.g., product qualification criteria, including eligible product type). May include ability to do rule-based data transformation (e.g., reformatting postal codes). Must allow for the deployment of those validation/transformation rules. ¹
9.	Interaction Management Origination	Must allow for tracking of post-closing conditions and activities, including approvals of progress advances (e.g., for funding property enhancements).
10.	Interaction Management Origination	Must allow for the management of access by lenders and employees. The system should use a roles-based access control model.

¹ Only a requirement where we are unable to leverage our own DMP

11.	Interaction Management Lender Communication	Must have messaging capabilities with the lenders (via email and through system-to-system API messaging) to communicate in respect of submissions (both automated messages or those initiated by underwriters reviewing a submission).
12.	Risking & Decisioning Transactional Underwriting	Must allow for the automatic assessment of risk of insurance submissions based on assessments of borrowers, property, applications, market conditions and additional future entities. ¹
13.	Risking & Decisioning Transactional Underwriting	Must be able to access and integrate in realtime additional external data sources in realtime, including credit bureau, property assessment systems, etc., via API or other methods. ¹
14.	Risking & Decisioning Transactional Underwriting	Must be able to process auto-approvals and auto-declines of insurance applications and convey messages about reasons for auto-declines.
15.	Risking & Decisioning Transactional Underwriting	Must be able to send submissions (those not auto-decisioned) to underwriting processing queues, allow for and prioritization of submissions and include information to assist underwriters in review of submissions.
16.	Risking & Decisioning Transactional Underwriting	Must provide an employee workbench to allow employees to review/process/approve/decline applications. Should include indications of the risk associated with the submission, easy access to the information necessary for the assessment of risks and an ability to request clarification/additional information for the submission from lenders.
17.	Risking & Decisioning Transactional Underwriting	Must be able to automatically communicate application decisions to lenders by system-to-system APIs or via portal queue, including information on reasons for decline. Should have ability to report changes that could be made to make mortgage eligible, if applicable (e.g., with a lower debt-service ratio).
18.	Risking & Decisioning Transactional Underwriting	Must provide employees with prioritized view of insurance submissions for review, processing and the approve/decline applications, including communicating with lenders on submissions.
19.	Risking & Decisioning Transactional Underwriting	Must allow for automation of queue management of insurance submissions, including ability to prioritize submissions based on a range of criteria. Should have ability to modify rules governing queue priorities.
20.	Risking & Decisioning Transactional Underwriting	Must allow for application risk and pricing review post decisions (whether automated or manually assessed), including re-risking of submission with additional information.

21.	Fulfillment Funds	Must allow for batch and real-time assessment of entities against external fraud verification systems. ¹
22.	Fulfillment Funds	Must be able to calculate premiums, fees, taxes and other amounts for applications transactions.
23.	Fulfillment Funds	Must be able to adjust and reconcile premium, fees, taxes as a result of changes in loan details.
24.	Administration Operations Maintenance	Must provide for the management of access rights and authorities, including financial authorities for internal users. May integrate into existing Active Directory access rights management system and internal financial authority systems.
25.	Administration Document and Record	Must be able to upload, capture and store documentation, and be able to associate documents with files and allow for easy retrieval.
26.	Administration Document and Record	Must track and store details of all interactions and data for audit & oversight activities, including logging user interactions.
27.	Administration Document and Record	Must allow for longer-term storage and review of documents, in particular for legal/compliance/audit purposes, with ability to update based on changes to retention and privacy policies. The system should be able to work with SharePoint as a document repository.
28.	Administration Document and Record	Must allow for the disposal of documents in accordance with laws, policies and guidelines.
29.	Administration Performance Manager	Must be able to track, monitor and report on inspections and appraisals, including process effectiveness.
30.	Administration Access Rights & Role Definition	Must allow user access to features to be controlled with granularity in The Solution. Describe how security roles are created and assigned to internal and external users.
31.	Administration User Experience	Must have the ability to support both English and French languages in the user interface and reports.
32.	Administration Records Mgmt.	Must be able to archive content including the body, text, attachments and data fields (visible and hidden). These documents must be readable. The system should ideally be able to work with Sharepoint.
33.	Technology Performance & Business Continuity	Must be available at a commercially reasonable response time (99.9% of the time during hours of availability over a month).
34.	Technology Performance & Business Continuity	Must have and ability to support 100 concurrent users.

35.	Technology Security, Compliance, & Risk	Must have the ability to integrate with CMHC's Active Directory.
36.	Technology Security, Compliance, & Risk	Must have mechanisms to protect data and only allow access to authorized users. Data includes databases, files or other content containing information used by the system.
37.	Technology Security, Compliance, & Risk	Must provide proof, to the satisfaction of CMHC of the implementation of one of the following security control guidelines: (i) ISO 27001, (ii) ITSG-33 or (iii) equivalent guideline for a Protected B environment.
38.	Technology Infrastructure	Must not require mainframe hosting nor mainframe hosted components.
39.	Technology Infrastructure	Must be scalable to increased volumes of archived data/files
40.	Technology Infrastructure	Must be scalable to increased usage and access
41.	Technology Data Residency and Access	<p>Must store all data at rest in Canada at all times (data must reside in Canada during all stages of all processes).</p> <p>For technical data related to the platform or data stored within the platform (i.e. metadata) which has been confirmed not to contain any form of business or confidential data (as defined and solely at the discretion of CMHC): This may be stored outside of Canada – any proponents who feel they meet this exception should declare and provide sufficient details as part of their response.</p>
42.	Technology Data Residency and Access	All data must remain in Canada in the proposed hosting environment. All data stored in the proposed hosting environment can only be accessed (including access for the purpose of technical and operational support) by individuals residing in countries where Canada has a bilateral agreement on security.
43.	Technology Data Residency and Access	Must process all data in transit within the geographical boundaries of Canada, for data which transits outside of Canada encryption during transit details should be provided to CMHC including all geographical locations/countries where it is possible for the encrypted traffic to transit as part of normal and emergency operations of the solution.

TABLE 2

ITEM NO.	CATEGORY	SOLUTION RATED REQUIREMENTS
1.	Data & Analytics Reporting	May allow users to create and manage reports related to regulatory and supervisory bodies.
2.	Data & Analytics Reporting	May allow users to create and manage reports related to business and risk performance.
3.	Data & Analytics Reporting	Should have ability to create and store reports related to operational activities (e.g., number of applications received, applications pending, length of time pending, etc.).
4.	Data & Analytics Reporting	Should have ability to create and management reports related to exceptions to underwriting policy.
5.	Interactional Mgmt. Origination	Should allow lenders or own employees (on behalf of lenders) to submit or edit details of an insurance submission via a portal.
6.	Interactional Mgmt. Ancillary Services	Should allow for messages-based interaction with other systems based on work-flow events (e.g., ability of system to request an appraisal from a third party system and receive and process information returned).
7.	Interactional Mgmt. Insurance and Loan management	Should allow for post-approval insurance policy management, including portability (transferring mortgage to a new home), switching (renewing mortgage with a new lender), changes of borrowers, changes to title, partial or full releases of security, release or replacement of covenants, confirmation of insurance. Some changes may require automated re-risking of loans.
8.	Interactional Mgmt. Lender Communication and Reporting	Should provide lenders with managed views of inventory of submissions, their status, and ability to review details.
9.	Interactional Mgmt. Lender Communication and Reporting	May provide lenders with performance and quality assurance reporting.
10.	Interactional Mgmt. Lender Communication and Reporting	Should allow employees to handle exceptions to underwriting policies, including reviewing and processing exceptions requests and documenting reasons granted/denied.

11.	Interactional Mgmt. Lender Communication and Reporting	Should provide means for lenders to appeal or request reviews of decisions, including providing written considerations, and for authorized senior underwriters to assess and action those requests.
12.	Risking & Decisioning Transactional Underwriting	May provide additional risk or scoring capabilities. Please indicate if the system provides other value-added application scoring mechanisms not mentioned above.
13.	Risking & Decisioning Transactional Underwriting	May allow lender to simulate changes to loan parameters that would allow approval of insurance.
14.	Risking & Decisioning Transactional Underwriting	May provide ability for lenders to submit details on mortgage loan details and obtain risking/scoring results (i.e., not for insurance purposes) via automated messaging. Risking may be on parameters such as borrower, property, overall application, etc. May also include recording submission for future insurability. (Purpose is to provide integration with CMHC's low ratio product offering).
15.	Risking & Decisioning Fraud Management	May offer own batch or real-time fraud assessment system.
16.	Fulfillment Funds	Should be able to interact with CMHC's ERP Microsoft Dynamics for Operations for Premiums and Fees Processing including managing AR/AP/GL and reconciliation of loans/premiums.
17.	Fulfillment Document Issuance	Should be able to generate documents automatically or on demand (e.g., a Certificate of Insurance), and/or work with a document creation platform.
18.	Administration Performance Mgmt.	Should allow for operational performance reporting in support of day-to-day operational activities, including performance around access to external/third party information sources.
19.	Administration Access Rights & Role Definition	Should provide single sign-on ability for users. If not, the Solution should provide two-factor authentication for users.
20.	Administration Access Rights & Role Definition	Should provide delegation and control of authority of users in the system (such as a ceiling on the amount of mortgage a user may approve.)
21.	Administration Access Rights & Role Definition	Should allow delegation of access to allow one user to another in their absence.
22.	Administration Environment Maintenance	Should have the ability for configurations to be promoted from one environment to another.
23.	Administration Environment Maintenance	Should have a process for continued maintenance and improvement. Please describe the process of the

		Solution's product enhancement. How is client input solicited and prioritized?
24.	Administration Internal Data Mgmt.	Should provide end-to-end data flow tracability for troubleshooting purposes.
25.	Administration User Experience	Should have a web based user interface. Please describe the technology for the user interface.
26.	Technology Performance & Business Continuity	Should be able to populate test environments with test data that can simulate specific test conditions.
27.	Technology Performance & Business Continuity	Should have a Recovery Time Objective (RTO) of 2 hours. RTO is defined as the period of time following an outage incident within which services must be resumed.
28.	Technology Security, Compliance, & Risk	Should provide integration with Azure AD B2C for external user access control.
29.	Technology Security, Compliance, & Risk	Should support encryption of confidential customer data in all environments as applicable to CMHC Security Policies.
30.	Technology Security, Compliance, & Risk	Should allow for the ongoing testing for security vulnerabilities. Please describe how the solution is tested for security vulnerability (ex. SQL Injection).
31.	Technology Integration	Should have the ability to exchange information with a third party system as part of its process. (Examples: Credit bureaus, Appraisal companies, other MLI service providers)
32.	Technology Integration	Should have mechanisms to maintain resiliency of integration or, in case of error, allow for troubleshooting, recovery and resolution.
33.	Technology Integration	Should have mechanisms to allow recovery from errors so that submissions from lenders are not lost or lender system are informed to resubmit.
34.	Technology Integration	Should have the ability to access/reference internal and external data sources (e.g. Bank of Canada rates, Corporate Reference Data).
35.	Technology Integration	Should have the ability to integrate with an existing system of record to retrieve data that will be used to supplement the lender provided data during any of the decisioning/adjudication processes.

36.	Technology Integration	Should have the ability to integrate with internal and external systems via REST/SOAP APIs.
37.	Technology Integration	CMHC uses Microsoft Exchange online and Outlook for e-mail. The vendor must describe how the system integrates with e-mail.
38.	Technology Integration	May allow for integration with Microsoft Dynamics CRM. Please describe how the system can integrate with a CRM.
39.	Technology Integration	May allow for integration with Enterprise Resource Planning platforms. CMHC uses Microsoft Dynamics for Finance and Operations for its ERP. Please describe the integration with financial systems.
40.	Technology Integration	May allow for integration with Microsoft Teams for collaboration. Please describe the integration with Teams.
41.	Technology Integration	May allow for integration with Microsoft Office 365. Please describe any integration with Office 365.
42.	Technology Infrastructure	Should have a product roadmap to provide improved capability that extends at least two years into the future. Describe how many years into the future the roadmap and strategy extend as well as the commitment by the company to achieve the roadmap. Describe the past achievements of the roadmap.
43.	Technology Infrastructure	Should be hosted on cloud based infrastructure whether SaaS or in CMHC's Azure Tenant. Describe how all components of the system are hosted.