

ACTION ITEM

Claims Committee Meeting, June 12, 2019
Board of Governors Meeting, June 19, 2019

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| CONTRACT ID: | Commercial Adjusting Services RFP 15-0018 – Contract Amendment VENDORS: BRADLEY STINSON & ASSOCIATES, INC., BRIGHTCLAIM, LLC, QUALITY ASSURANCE ADJUSTING SERVICES, INC. AND NATIONAL CATASTROPHE ADJUSTERS, LLC |
| BUDGETED | Yes. |
| CONTRACT AMOUNT | <p>The Board of Governors approved an initial contract spend of \$16,800,000 on September 30, 2015. An additional \$15,000,000 was approved on September 26, 2018.</p> <p>This Action Item is not requesting additional funds. The requested contract amendment is expected to increase costs by approximately \$750,000 to \$1,000,000 for a major catastrophe response. Citizens has spent \$17,660,304.57 under these contracts as of April 2019.</p> |
| CONTRACT HISTORY | <p>These contracts are the result of RFP 15-0018 for Commercial Adjusting Services. The contracts were approved by the Board of Governors on September 30, 2015.</p> <p>In September 2017, the Board of Governors approved an amendment to increase the contract fee schedules by approximately eighteen percent, in order to align the rates with Citizens' other adjusting services contracts. The contracts were also temporarily amended to provide further rate increases in response to Hurricane Irma, including additional compensation that was specific to the first seven days of catastrophe deployment. These additional rate changes were implemented under the Board of Governor's emergency authorization for Hurricane Irma in September 2017, and they were removed from the contracts effective November 2017.</p> |
| CONTRACT TERM(S) | The current contract has a four-year base term, with three optional one-year renewal terms. |
| PURPOSE/SCOPE | <p>This Action Item seeks approval to amend the commercial adjusting contracts to augment compensation for the first seven days of a commercial adjuster's catastrophe deployment. The same compensation arrangement has already been included in Citizens' Non-Litigated and Catastrophe Adjusting Services Contracts approved in 2017, and Citizens is now seeking to add it to the Commercial Adjusting Services Contracts.</p> <p>The requested amendment establishes a seven day compensation minimum for each adjuster deployed in a catastrophe, unless the deployment is ended for reasons attributable to the adjuster or vendor. This minimum compensation is based on the adjuster's daily rate fee. For field adjusters, this minimum compensation is in addition to volume-dependent compensation such as fees based on gross claim amount.</p> <p>This amendment also revises language relating to the "Team Adjusting Model", in order to more closely align the language with Citizens' team adjusting practices. The amendment specifies that Citizens may require field team adjusting as part of the team adjusting model, which involves the assignment of multiple field adjusters for one claim with the vendor responsible for staffing all field roles for each team/claim. The</p> |

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| | amendment also removes language indicating that adjusting teams will consist of desk and field adjusters from a single vendor, as this is not consistent with Citizens practices. |
| PROCUREMENT METHOD | These contracts were competitively procured pursuant to Request for Proposals (RFP) 15-0018 for Commercial Adjusting Services. Currently, there are four remaining vendors contracted to perform services under RFP 15-0018. |
| RECOMMENDATION | Staff recommends the Citizens' Claims Committee approve and recommends the Board of Governors: a) Approve the proposed contractual amendments as set forth in this Action Item for Commercial Adjusting Services, RFP 15-0018; and b) Authorize staff to take any appropriate or necessary actions consistent with this Action Item. |
| CONTACTS | Jay Adams, Chief Claims Officer |