



MEMORANDUM

Date: January 20, 2016

To: LaTrice Grier, Assistant Director Vendor Relationship Management

From: Bill Atwood, Senior Internal Auditor

cc: See Distribution

Subject: Interim Report – Sinkhole Managed Repair Program (Engineer’s Insurance Coverage)

Background

Beginning in March 2014 Citizens created the Sinkhole Managed Repair Program (SMRP) to form a network of approved contractors for below ground stabilization for sinkhole claims. The SMRP also utilizes engineers contracted through the Sinkhole Geotechnical Engineering Services program to provide sinkhole remediation evaluation and repair monitoring services.

Management requested that the OIA perform an audit of the SMRP, including the monitoring by the sinkhole engineers. This was to provide assurance that the programs were properly functioning and to provide guidance for future managed repair programs.

As part of the audit, OIA engaged Rogers, Gunther, Vaughn Insurance, Inc. (RGVI) as consultants to assist in reviewing the insurance coverage requirements for both the SMRP contractors and the Geotechnical Engineers. At OIA’s request RGVI expedited the portion of their review related to the engineers. This was to accommodate Citizens schedule for preparing a new Sinkhole Engineering Services solicitation. On December 18, 2015, RGVI provided a report on their observations and recommendations related to the insurance coverage required for the Geotechnical Engineers. (Copy Attached). RGVI’s observations and recommendations were discussed in a meeting that included RGVI, Claims Senior Management, Vendor Relationship Management, Legal Services, Enterprise Vendor Management, Purchasing and OIA Management.

Summary of Consultant Recommendations and Management’s Actions

RGVI observed that insurance coverage requirements for Geotechnical Engineers could be improved by including more insurance coverage requirement details to ensure that the engineering firms and Citizens were adequately indemnified. Their recommendations included additional language related to insurance carrier ratings, maximum deductibles, additional insured endorsements, automobile liability coverage, extended coverage for professional liability and subcontractor’s insurance requirements.

Management welcomed RGVI’s recommendations and incorporated them in a solicitation addendum which was published on December 23, 2015.

This is an interim report for the Sinkhole Managed Repair Program audit. The final report will include the RGVI analysis of SMRP contractor insurance requirements and any other findings that are identified by OIA related to the overall Sinkhole Managed Repair Program.

We would like to thank management for their cooperation and assistance during the audit.

Distribution:

Barry Gilway, Chief Executive officer
Jay Adams, Chief Claims Officer
Dan Sumner, Chief Legal Officer & General Counsel
Christine Turner Ashburn, VP-Communications, Legislative, & External Affairs
Mark Casteel, Vice President, Assistant General Counsel
Amy McGuinness, Senior Counsel Claims and Litigation
Bert Rasmussen, Senior Counsel Claims and Litigation
Stephen Guth, Vice President Vendor Management
Veronica McCrackin, Manager Purchasing
Brandi Cortes, Senior Vendor Relationship Administration
Keri Dennis, Supervisor Vendor Relationship Administration
Gregory Bickford, Contract Analyst
Bruce Meeks, Inspector General