

CONSENT ITEM

Actuarial and Underwriting Committee Meeting, March 10, 2020
Board of Governors Meeting, March 25, 2020

CONTRACT ID	Business Process Outsourcing (BPO) – Inbound and Outbound Call Center Services Contract Amendment #1 for Temporary Pricing Adjustments Contract Number – 18-17-0013-01 Vendor – Y&Y Holdings, LLC (“Agility Marketing”)
BUDGETED	Yes. Funding was included in the 2020 Annual Operating Budget.
CONTRACT AMOUNT	The temporary increase in pricing requested under this Consent Item is not expected to increase the original contract amount of \$47,850,803 (distributed among 7 vendors). This Consent Item will result in additional costs of approximately \$150,000, which will be absorbed within the original contract amount.
CONTRACT HISTORY	<p>The contract was approved by the Board on December 13, 2017 and entered into with Y&Y Holdings, LLC (“Agility Marketing”) on January 31, 2018. The vendor was awarded as the vendor for First Notice of Loss/Claim Inquiry calls (24x7x365 support), and as the first-ranked contingent vendor for Tier I calls. The vendor was also awarded a contract to serve on a panel of vendors for Catastrophe Response and Outbound calls to the extent those services become needed. This Consent Item only seeks to amend pricing related to First Notice of Loss/Claim Inquiry and Tier I calls.</p> <p>On February 11, 2020, the vendor advised Citizens that it could no longer provide the services at the contracted prices due to unforeseen increases in labor costs that were beyond their reasonable control.</p> <p>The vendor offered to continue services at the contracted rates through March 31, 2020. Starting April 1, 2020, the vendor advised that the rates would need to increase to the levels set forth below in this Consent Item.</p> <p>Due to Y&Y Holdings’ unwillingness to continue providing services at the contracted price, Citizens intends to pursue favorable pricing for these services through other vendors who received a contract award under ITN No. 17-0013. The contract award under ITN No. 17-0013 provides for primary and contingent vendors in a ranked order. As the handling of First Notice of Loss/Claim Inquiry and Tier I support calls is critical to Citizens’ ability to meet the needs of our policyholders should a loss occur, Citizens’ staff has begun working on transition plans to identify the contingent vendors who are willing to provide these services at a more favorable price.</p>
CONTRACT TERM(S)	The contract has a five (5) year base term through January 30, 2023, with available renewal options of an additional three (3) year renewal term, and then a final two (2) year renewal term.

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PURPOSE/SCOPE	<p>This Consent Item seeks approval from the Board for an amendment to allow for a temporary price adjustment in the contract with Y&Y Holdings, LLC (“Agility Marketing”). The price adjustment will allow Citizens the time necessary to transition the services to a new vendor at more favorable pricing. The temporary price adjustments are as follows:</p> <table border="1" data-bbox="370 512 1534 766"><thead><tr><th>Call Type</th><th>Current Price Per Call (range depends on monthly volume)</th><th>Proposed Price Per Call (flat price)</th></tr></thead><tbody><tr><td>Tier I</td><td>\$3.95 - \$4.17</td><td>\$8.40</td></tr><tr><td>First Notice of Loss/Claim Inquiry</td><td>\$5.21 - \$5.50</td><td>\$9.40</td></tr></tbody></table> <p>The term for the temporary price adjustments would be April 1, 2020 to June 30, 2020. The impact of the price adjustments is estimated not to exceed \$150,000 over the three (3) month period. The impact could vary depending on actual call volumes, the occurrence of a CAT event, and the speed in which Citizens’ staff can transition the services to another contingent vendor, if necessary.</p> <p>The panel for Tier I call vendors includes four (4) vendors. The panel for First Notice of Loss/Claim Inquiry call vendors includes four (4) other vendors. Citizens’ staff will work with the Vendor Management and Purchasing Departments to determine which vendor(s) are best suited to provide the services.</p>	Call Type	Current Price Per Call (range depends on monthly volume)	Proposed Price Per Call (flat price)	Tier I	\$3.95 - \$4.17	\$8.40	First Notice of Loss/Claim Inquiry	\$5.21 - \$5.50	\$9.40
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PROCUREMENT METHOD	<p>This contract was originally procured pursuant to Invitation to Negotiate (ITN) No. 17-0013. The ITN resulted in the award of primary contracts to the top ranked vendors and included the right for Citizens to pursue additional contracts with contingent vendors, in ranked order, in the event additional vendors are needed due to volume, performance, or it is otherwise in Citizens’ best interest.</p> <p>Y&Y Holdings, LLC (“Agility Marketing”) is the primary awarded vendor for First Notice of Loss/Claim Inquiry calls and the first ranked contingent vendor for Tier I calls. MacNeill Group, Inc. is the primary awarded vendor for Tier I calls.</p>									
RECOMMENDATION	<p>Citizens Actuarial and Underwriting Committee recommends that Citizens Board of Governors:</p> <ul style="list-style-type: none">a) Approve a contract amendment for the period of April 1, 2020 to June 30, 2020 for temporary pricing adjustments described above for Y&Y Holdings, LLC (“Agility Marketing”), not to exceed \$150,000, as further set forth in this Consent Item; andb) Authorize staff to take any appropriate or necessary actions consistent with this Consent Item.									
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