

Executive Summary

Actuarial and Underwriting Committee Meeting, December 15, 2020

Board of Governors Meeting, December 16, 2020

Business Process Outsourcing (BPO) – Call Center Services

Topic

Citizens is requesting approval to enter into contracts for Business Process Outsourcing (BPO) – Call Center Services with eight (8) vendors as identified in the table below.

History

In 2017-2018, Citizens competitively procured and contracted with nine (9) vendors for call center services. Only five (5) of those vendors are currently active or have provided services during recent catastrophe events. The contracts are set to expire in 2023.

During the March and June 2020 Board of Governors meetings, Citizens staff requested temporary pricing adjustments for two active contracted vendors, Y&Y Holdings, LLC and MacNeill Group, Inc. Due to rapid changes in the call center industry, including the COVID-19 response, technology, and various pricing models, Citizens advised the Board of Governors that a new solicitation would be released to identify new vendors and more scalable approaches in handling catastrophe response and daily incoming call operations.

On July 30, 2020, Citizens released an ITN for these services. Forty-five (45) vendors submitted responses and twenty-five (25) of them were advanced to negotiations. The negotiations team focused on those vendors who could best serve the following call types at reasonable, competitive prices:

- First Notice of Loss (FNOL)/Claims Inquiry calls, which are handled 24x7x365 days per year and may include (i) filing an FNOL on behalf of a policyholder, agent or third party, and (ii) handling basic follow-up questions regarding an existing claim.
- Tier I calls, which are basic incoming calls from either policyholders, agents, or mortgage companies regarding policy-specific information or billing questions.
- Tier II calls, which are comprised of more technical and specialized information, including risk-based underwriting decisions.
- CAT Response calls, which consist of filing an FNOL or assisting with basic Claim Inquiry calls during a declared catastrophe event. Volumes are expected to be elevated at this time, with the vendor being able to provide support within 72 hours of a formal notification by Citizens.

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Awarded vendors were recommended based on best value, which includes price, call center capacity, prior relevant experience, quality of personnel and resources, methods of delivering the services, and other contractual terms for the services. The contract awards are as follows:

<u>Vendor Name</u>	<u>Call Types (Ranking)</u>	<u>Minimum Invoice</u>
MacNeill Group, Inc.	Tier I (Primary) Tier II (Primary) FNOL/Claim Inquiry & Catastrophe Response (Contingent)	N/A
Xceedance, LLC	Tier I (Contingent) Tier II (Contingent)	N/A
TMONE, LLC d/b/a Mass Markets	FNOL/Claim Inquiry & Catastrophe Response (Primary) Tier I (Contingent) Tier II (Contingent)	\$60,000 Annually
Etech Global Services, LLC	FNOL/Claim Inquiry & Catastrophe Response (Contingent)	\$24,000 Annually
Cognosante, LLC	Catastrophe Response (Contingent)	N/A
Rose International, Inc.	Catastrophe Response (Contingent)	N/A
Hexaware Technologies, Inc.	Catastrophe Response (Contingent)	N/A
Gatestone & Co. International, Inc.	Catastrophe Response (Contingent)	N/A

The initial contract term will be five (5) years, with no renewal terms. Citizens does not guarantee activating support with any particular vendor nor guarantee volume of work under these contracts. However, to ensure availability, readiness, and competitive pricing in the event of a CAT, Citizens staff negotiated a minimum annual invoice amount as set forth in the table above.

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A comparison of current rates under Citizens' existing contracts vs. the 2021 rates under the new contracts is as follows:

Call Types	Current Primary Contract (2020)	New Primary Contract (2021)	Estimated # of Calls (Annual)	Estimated 5-Year Spend (including annual price adjustments)
FNOL / Claim Inquiry	\$9.40 per call	\$6.10 per call	99,000	\$3,095,730
Tier I	\$6.65 per call	\$6.65 per call	357,000	\$12,714,945
Tier II	\$6.88 per call	\$8.70 per call	102,000	\$4,708,432
CAT Response	Pricing Determined Annually via Task Order	Same	30,000	\$6,951,826
Total				\$27,470,933

Citizens will initially assign work to vendors based on the primary ranking. As Citizens' needs and vendor capabilities evolve over time, Citizens may reallocate the work to the next-ranked vendors based on reasonable, business justifications.

Citizens expects that the pricing set forth in each contract shall not exceed pricing provided to other clients supporting comparable volumes and services. Final contract language with each vendor will be drafted with the assistance of the Vendor Management Office and the Legal Department.

Recommendation

If approved at its December 15th meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:

- a) Approve BPO-Call Center Services contracts with the vendors listed below for a term of five (5) years, in a collective amount not to exceed \$27,470,933, as set forth in this Action Item:
 - MacNeill Group, Inc.
 - Xceedance, LLC
 - TMONE, LLC d/b/a Mass Markets
 - Etech Global Services, LLC
 - Cognosante, LLC
 - Gatestone & Co. International, Inc
 - Hexaware Technologies, Inc.,
 - Rose International, Inc.
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

ACTION ITEM

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<input checked="" type="checkbox"/> Contract – New <input type="checkbox"/> Committee or Board Minutes	
<input type="checkbox"/> Contract – Amendment of Contract Terms <input type="checkbox"/> Product Changes	
<input type="checkbox"/> Contract – Additional Spend <input type="checkbox"/> Other _____	
Contract ID	Business Process Outsourcing (BPO) – Call Center Services RECOMMENDED VENDORS: EIGHT (8) VENDORS LISTED IN PROCUREMENT METHOD SECTION BELOW
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <p>Funding for these contracts is included in the 2021 Annual Operating Budget and will be included in subsequent budgeting years.</p>
Procurement Method	<p>On July 30, 2020, Citizens issued ITN No.: 20-0035 for BPO-Call Center Services. Forty-five (45) responses were received and twenty-five (25) vendors were advanced to negotiations. On November 5, 2020, the negotiation team recommended an award of contracts to the following vendors:</p> <p><u>Tier I Calls (Basic Support 8am-5:30pm Monday through Friday):</u></p> <ol style="list-style-type: none"> 1. MacNeill Group, Inc. (Primary) 2. Xceedance, LLC (Contingent) 3. TMONE, LLC d/b/a Mass Markets (Contingent) <p><u>Tier II Calls (Specialized Support 8am-5:30pm Monday through Friday):</u></p> <ol style="list-style-type: none"> 1. MacNeill Group, Inc. (Primary) 2. Xceedance, LLC (Contingent) 3. TMONE, LLC d/b/a Mass Markets (Contingent) <p><u>First Notice of Loss/Claims Inquiry, Catastrophe Response Calls (24x7x365):</u></p> <ol style="list-style-type: none"> 1. TMONE, LLC d/b/a Mass Markets (Primary) 2. Etech Global Services, LLC (Contingent) 3. MacNeill Group, Inc. (Contingent) <p><u>Catastrophe Response Calls Only (as needed):</u></p> <ul style="list-style-type: none"> • Cognosante, LLC (Contingent) • Gatestone & Co. International, Inc. (Contingent) • Hexaware Technologies, Inc. (Contingent) • Rose International, Inc. (Contingent)
Contract Amount	<p>The contract amount over five (5) years is estimated at, and shall not exceed, \$27,470,933, as follows:</p> <ul style="list-style-type: none"> • <u>Tier I / Tier II / First Notice of Loss/Claims Inquiry Services: \$20,519,107</u> (based on estimated volumes, call durations, and need for value-added services).

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	<ul style="list-style-type: none">• <u>Catastrophe Response Call Services: \$6,951,826</u> (based on estimated resource requirements, annual Mock CAT Readiness exercises, minimum annual commitments, activation fees and training costs). <p>The requested contract amounts are derived from best estimates of future policy counts and impacts from catastrophe events. Additional spending authority may be requested as needed due to unforeseen events.</p>
Contract Term(s)	The contracts will have a five (5) year term, terminable by Citizens without cause upon 90 days' notice. The contracts do not have a renewal term.
Purpose/Scope	<p>Citizens has established an outsourcing operational model to ensure appropriate scalability for catastrophe response needs, market fluctuations as well as greater overall business continuity. Citizens currently has five (5) vendors who either provide daily call center services or have provided services during recent catastrophe events. Those contracts were procured in 2017 and are set to expire in 2023.</p> <p>Due to rapid changes in the call center industry, including technology and various pricing models, Citizens decided to release a new solicitation ahead of schedule to identify new vendors and more scalable approaches in handling catastrophe response and daily incoming call operations. This Action Item is the result of that procurement.</p>
Recommendation	<p>If approved at its December 15th meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <p>a) Approve BPO-Call Center Services contracts with the vendors listed below for a term of five (5) years, in an amount not to exceed \$27,470,933, as set forth in this Action Item:</p> <ul style="list-style-type: none">• MacNeill Group, Inc.• Xceedance, LLC• TMONE, LLC d/b/a Mass Markets• Etech Global Services, LLC• Cognosante, LLC• Gatestone & Co. International, Inc• Hexaware Technologies, Inc., and• Rose International, Inc. <p>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</p>
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