

INTERNAL AUDIT

Claims Payment Platform
Project Engagement

November 23, 2020





Advisory Memorandum

Background

Previously, Citizens only option to provide claims-related payments to policyholders was through the issuance of a physical check. The Company's catastrophic response to hurricanes Irma and Michael highlighted the opportunity to provide a more convenient and customer friendly method of making electronic disbursements for Coverage D, also known as additional living expenses (ALAE), as well as other claim payment types to policyholders.

In support of Citizens' strategic initiative to expand self-service and customer engagement, a cross-functional team ("Claims Payment Platform Project Team") was established, and program management was utilized to ensure project organization and proper governance.

JPMorgan (JPM) was selected through the competitive solicitation process to provide an electronic funds transfer (EFT) payment platform. The claims payment platform will be implemented using a phased approach. Phase one of the platform will provide the ability to initiate and execute ALAE payments during catastrophe response that is fully integrated with Guidewire. Phase two will enable Guidewire-integrated electronic claim payments for additional coverage types (both in catastrophe response and in everyday operations). Phase Two enhancements are tentatively scheduled to be implemented in 2021.

Objectives and Scope

Internal Audit (IA) provided advisory services in support of the project through consultative advice related to controls of project management, as well as confirm the effective and timely escalation and handling of project issues. IA also reviewed user access and permissions developed during the project, as well as 3rd party vendor controls.

Results

The Claims Payment Platform program management approach established critical success factors necessary to achieve a positive outcome, to determine the processes performed as expected, and incorporated key performance indicators to track Claims Payment Platform Project Team performance. The Claims Payment Platform Team comprised a cross-functional group with clearly defined roles and responsibilities to execute tasks. The program management approach provided visibility, an opportunity for resolution on topics of discussion, and allowed the team to align activities.

Training of internal staff has included webinars and job aids. Development of new processes necessary to ensure readiness to offer convenience and customer friendly electronic ALAE payments to policyholders during catastrophe response operations included:

- Data Modeling for the various touchpoints impacted by ETF payments
- Guidewire systems enhancements, including the creation of new screens to capture policyholder ETF preference in ClaimCenter
- Development of a Business System User Access Process Document that established system access protocols for the Claims Payment Platform application



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Phase one was successfully implemented in September 2020. Overall, we noted that adequate processes are in place to support and ensure the effective completion of the project. Specifically, we observed that:

- Identified risks were escalated as appropriate to project stakeholders
- Workgroup meetings occurred regularly, and routinely showcased effective cross-departmental collaboration
- Processes related to user system access roles and permissions appears to be appropriately designed with adequate segregation of duties, and principals such as 'least privileged access' were followed

IA also reviewed the latest available JPM Access Online Service Organization Controls (SOC) report noting no material exceptions.

We would like to thank the project team and management for utilizing IA advisory services.



Distribution

Addressee(s) Angela Lockwood, Director – Business Analysis Financial Services

Addressee(s) **Business Leaders:**
Barry Gilway, President/CEO/Executive Director
Jennifer Montero, Chief Financial Officer
Jay Adams, Chief, Claims
Christine Turner Ashburn, Chief, Communications, Legislative & External Affairs
Mark Kagy, Acting Inspector General

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*Completed by Michael Walton, Internal Audit Manager
Under the Direction of Joe Martins, Chief of Internal Audit*