



REQUEST FOR INFORMATION (RFI)
No. 19-0009
FOR
Operational Assessment Services – Claims Case Management

Refer ALL Inquiries to Legal Officer:

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This is a Request for Information (RFI) issued by Citizens Property Insurance Corporation ("Citizens"). This information is sought for planning purposes only. This RFI is not a solicitation and will not result in a contract, nor does it create any obligation on the part of Citizens. Citizens may use the information obtained through this RFI process in future solicitations.

I. COMPANY HISTORY

In 2002, the Florida Legislature created Citizens, a not-for-profit governmental entity, whose public purpose is to provide insurance to applicants who are not able to purchase coverage in the private insurance market.

Citizens is governed by Section 627.351(6) Florida Statutes and operates pursuant to a Plan of Operation that is approved by the Financial Services Commission of the State of Florida. Citizens operations are supervised by a Board of Governors whose members are appointed by the Governor, Chief Financial Officer, President of the Senate, and Speaker of the House. Additional information about Citizens can be found at: <https://www.citizensfla.com/about-us>.

II. PURPOSE

Citizens is issuing this Request for Information (“RFI”) to obtain input from consulting professionals regarding their capabilities and recommended approaches for conducting an end-to-end claims management assessment (from claims handling process through litigation management process). Citizens may procure consultative services to assess Citizens’ claims handling processes and to provide substantive recommendations that will enhance policyholder experience and reduce loss adjustment expense (“LAE”) including specific recommendations for optimally managing cost drivers including litigation expenses and contracted independent adjusting services without increasing the overall cost of claims.

As Florida’s residual carrier for property-casualty insurance, if Citizens’ surplus is depleted, Florida law authorizes Citizens to levy assessments on most Florida property-casualty insurance policyholders until any deficit is eliminated. This and other important financial responsibilities drive Citizens’ commitment to quality customer service and sound financial management. To those ends, Citizens has successfully shed risk to the private market: Through depopulation and other efforts, Citizens has reduced its policies-in-force to less than 450,000 in late-2018 from a high of 1,472,391 in 2011.

While at the same time as reducing its policies-in-force, Citizens has experienced a significant increase in LAE; however, this increase is not unique to Citizens. As well-documented by such organizations as the Florida Office of Insurance Regulation, Florida Chamber of Commerce, Florida Association of Insurance Agents, Insurance Information Institute, and others, Florida-based property-casualty insurers are facing unprecedented increases in LAE associated with represented and litigated claims. Despite a policy count reduction of more than 56% since 2013, the number of lawsuits filed against Citizens grew from 9,146 in 2013 to 11,143 in October of 2018. Private insurance companies have seen litigation nearly triple to 53,160 cases during that same period.

The intent of this RFI is to gather information and better understand vendor capabilities and approaches. Consultants and advisors with significant experience or specialization in property

and casualty claim adjustment, claim administration, and claim litigation are encouraged to provide a response to this RFI.

Citizens may use the information obtained through this RFI process to make decisions regarding future solicitations. Citizens' goals for this RFI include the following:

- Identify approaches for assessing current operational cost drivers in the execution of end-to-end claims management, including litigation expenses and independent adjusting services.
- Identify processes that may contribute to increased litigation or increased litigation cost and vendor approaches for completing an assessment and making recommendations.
- Obtain information regarding vendor capabilities.
- Collect fee structures for the potential scopes of work (and the divisible parts of those scopes of work) as identified by vendors responding to this RFI. Understand priority order of divisible parts of any recommended scopes of work, timeframes for completion, and potential return on investment.
- Understand internal resource requirements for Citizens to complete the vendor recommended project scopes.
- Learn about emerging analytic capabilities that can be used to improve claims processing and litigation outcomes.
- Obtain sufficient information to determine whether a single solicitation or multiple solicitation approach will be used and, if multiple, be able to prioritize individual projects.

Vendors are encouraged to provide detailed responses to the specific questions and requests listed in Attachment A, see Section VI. Vendors are encouraged to provide sufficient information and details to fully explain the value of their services and approach. At Citizens' request, additional information may be provided directly to Citizens staff through demonstrations or discussions, see Section V.

This RFI process and subsequent related activities are being conducted at the express direction of the Chief Legal officer and General Counsel. Vendor responses will be used as input and strategy relative to Citizens claim processes and litigation. Therefore, all related responses and information submitted to Citizens will be considered as privileged, confidential and exempt from public disclosure to the extent provided by law.

III. CALENDAR OF EVENTS

Listed below are the important events and dates for this RFI. Any change to this calendar, modifications to this RFI, or other important notices will be noted by the posting of an addendum on the purchasing section of Citizens' website: <https://www.citizensfla.com/solicitations>.

CALENDAR OF EVENTS	
Date	Event
01/28/19	RFI Released
02/01/19 – 03/01/19*	Response Acceptance Period*
02/11/19 – 04/15/19	Requests for Additional Information

** In order to fully consider your Response, please submit on or before 03/01/19. Responses submitted earlier may be more likely to participate in Requests for Additional Information.*

IV. REQUESTED INFORMATION

Citizens has prepared specific questions and requests regarding available services in an attempt to understand the services available and the level of maturity of the market. The questions and requests are detailed in Attachment A to this RFI. In addition to the responses to the questions and requests in Attachment A, Citizens invites comments, suggestions, innovative ideas, and other information regarding what makes your organization and services unique. You are urged to submit white papers, industry case studies, and web links to marketing information to support your responses or provide additional information.

V. RFI PROCESS

The RFI is a formal and open request to vendors for information concerning goods or services. By using this process to collect information, Citizens ensures that vendors responding to this RFI remain eligible for future contract opportunities. Responses to this RFI, including documentation, presentations and meetings will not be considered offers and cannot be accepted or used by Citizens to form a binding contract with the vendor. A future solicitation for Operational Assessment Services – Claims Case Management may be conducted based upon the information received from this RFI. No direct advantage or disadvantage will be conferred by responding or not responding to this RFI.

The RFI will be conducted in overlapping phases as follows:

- **RFI Released.** Once the RFI is released, vendors can review Citizens' RFI document, compile a Response, and shall submit it to the Legal Officer. Responses may be

submitted immediately after the RFI is released and will be accepted through the end of the Response Acceptance Period listed in the Calendar of Events (see Section III for additional information). Vendors may contact Citizens' Legal Officer for assistance or questions regarding the RFI at any time prior to the end of the Response Acceptance Period. "Response" is herein defined as all materials submitted by the Vendor pursuant to this RFI.

- **Response Acceptance Period.** The Response Acceptance Period begins upon receipt of a Response and continues until Citizens completes its review of the information provided. During this review, Citizens may identify vendors from whom clarification, elaboration, or follow up information would be beneficial to enhancing the overall information collected through this RFI. Vendors identified for clarification or elaborative follow up will be contacted by Citizens in the Requests for Additional Information Phase. Responses submitted early may be more likely to participate in Requests for Additional Information.
- **Requests for Additional Information.** Citizens may send Requests for Additional Information to vendors that submitted a Response. Citizens may request additional information through questions and answers or through scheduled meetings (including demonstrations) for the purpose of developing an enhanced understanding of market capabilities, analytic tools and service offerings. Meetings will be arranged by the Legal Officer and may be conducted telephonically or in-person at a mutually agreeable location. Such meetings are completely voluntary, optional, and will be at no expense to Citizens.

Post RFI. After completion of the RFI process, Vendors should not seek to communicate with Citizens regarding this RFI. Citizens has a statutory obligation to avoid conflicts of interest, both actual and apparent. By avoiding related communications outside of this RFI the vendor protects their opportunity to be eligible for future contract award.

VI. RESPONSE FORMAT AND INSTRUCTIONS

This section describes the format in which the Responses are to be submitted.

Valid responses will focus exclusively on vendor capabilities and specific recommendations for Citizens related to using vendor services. Comments, ideas and opinions for legislative or policy reforms are not within scope of this RFI and will not be reviewed by Citizens staff.

- Format of Response: No specific format is required for a Response. In developing your Response, please respond directly to the questions and requests in **Attachment A**. Citizens encourages vendors to provide an executive summary or cover letter detailing the Vendor's capabilities and recommendations for meeting Citizens' needs for scalability, capability,

reliability and quality. Vendors are encouraged to provide additional information as appropriate to aid Citizens in its understanding its Response.

- Instructions for Submission: Vendors may submit Responses via email or compact disc (CD) to the Legal Officer on the cover of this RFI. Citizens is unable to receive Response material via email if such material is provided using compressed file types (e.g., .zip) or if the total size of the email and attachment(s) is 10 megabytes (MB) or greater. Vendors that submit their Response via email will receive an acknowledgement message within one business day. Vendors that do not receive an acknowledgement should contact to the Legal Officer to confirm that their Response has been received. Responses should be clearly marked with the Vendor name, RFI number, and RFI title.

VII. AMENDMENTS TO THE RFI

Citizens will post addenda, if any, to this RFI on the Citizens' website under the posted RFI number (<https://www.citizensfla.com/solicitations>).

VIII. PUBLIC RECORDS

This project is being conducted at the express direction of the Chief Legal Officer and General Counsel and to the extent associated response information or records constitute work product, trade secret or otherwise confidential information as provided by law, it will be treated by Citizens as privileged or confidential and exempt from public disclosure under Ch. 119, Florida Statutes and s. 24(a), Art. I of the Florida Constitution (the "Public Record Laws").

By participating in this RFI process and submitting a response, Vendor acknowledges the requirements of the Florida Public Record Laws and agrees to the provisions set forth in this section. Citizens is a public entity subject to the Public Record Laws. If Vendor asserts that any portion of its response information or records are trade secret or otherwise exempt from disclosure under the Public Record Laws (a "Protected Record") then Vendor **MUST** clearly identify each portion of its Protected Record(s) that it believes is statutorily protected from disclosure. If Citizens receives a public record request for a Protected Record and the requesting party challenges such assertion by Vendor, then Vendor shall be solely responsible for defending its position or seeking a judicial declaration.

Attachment A

1. Describe Vendor's prior experience in assessing all aspects of the claims lifecycle to optimize processes, properly evaluate claims, address key decision points, ensure appropriate staffing, and address other key operational elements. To the extent permitted, provide non-confidential summaries of prior engagements including client goal's, services provided by Vendor, and how such services positively affected a client's business performance, business risk and liability, and litigation processes and outcomes.
2. Describe Vendor's process improvement methodologies (for example, Six Sigma, Lean, TQM) used by Vendor in conducting operational assessments.
3. Indicate whether Citizens' expectations are consistent with what Vendor would include in an end-to-end claims management assessment (from claims handling process through litigation management process) and describe any additional components of the Vendor's recommended approach for completing the operational assessment. Citizens expects that the end-to-end claims management assessment would include but not be limited to: Claims Department organizational review; Citizens claim adjustment (techniques and case load); communications with policyholders; independent adjuster usage, process and controls; triage process; roles and responsibilities of in-house claims counsel; outside counsel's role; oversight and level of independence; existence of quality controls; appraisal process and case assignment of same; litigation planning; and, reserving practices. In your response, highlight those assessment components that are most likely to identify opportunities to impact litigation rates and/or litigation cost.
4. Describe Vendor's capability and approach to utilize loss experience data, market share and operational costs relative to claims and litigation in its analysis and recommendations. Would vendor include a comparison to other companies operating in the same environment and a comparison of LAE costs and cost drivers compared with Florida companies?
5. Describe Vendor's capability and approach for evaluating Citizens' legal bill review practices and making recommendations.
6. Indicate your opinion regarding priority and potential return on investment for each primary component of the overall project scope; include a discussion on the potential impact to ALAE and/or ULAE. Provide fee structures for the recommended scopes of work (and the divisible parts of those scopes of work). Provide a recommended priority order of divisible parts of any recommended scopes of work, timeframes for completion, and potential return on investment. Provide an estimate of Citizens' internal resource requirements to complete the each of the recommended project scopes of work.
7. Indicate how emerging predictive analytics capabilities, including modeling (for example, litigation prediction models), can be used to provide for client scenario planning or inform decision points. Describe how predictive analytics can utilize statistical data, institutional behavior, client assumptions, and other conditions or parameters to contain end-to-end claims management cost drivers, including defense counsel expense.

8. Based on Citizens' described purpose, indicate what data, information, and assumptions that Vendor would require of Citizens for Vendor to perform an end-to-end claims management assessment (for example, use of independent adjusters). Specific to defense counsel spend component of LAE, indicate what substantive (for example, suit descriptions), financial data (for example, defense billing methodologies), and institutional data (for example, use of outside counsel and advisory role only in-house counsel) that Vendor would need to perform an appropriate analysis.