

Office of the Internal Auditor

Advisory Memorandum

November 2021

Claims Litigation Management
System Procurement





Advisory Memorandum

Background

Citizens relies on 100+ outside defense firms to provide claims-related legal defense counsel services. Citizens' ability to manage complex legal bills submitted by contracted defense counsel representing Citizens in litigated matters continues to be an integral process in support of controlling costs and ensuring a strong financial operating environment. Citizens was provided a detailed review of the current Claims Litigation Management system by Ernst & Young.

The proposed Litigation Management System will be utilized to manage Citizens' litigated and disputed claims activity and other legal matters customary to property and casualty insurance carriers. The proposed system will be required to import Citizens' current data: an estimated 102,266 historic and current pending Matters, including invoices and information, and their related 4,132,436 plus related documents into the System. Additionally, the System should be able to support the creation of at least 14,000 new Matters annually. The System must support access by more than 3,000 Users including Citizens' staff and Citizens' Law Firms.

Objectives and Scope

Internal Audit monitored the procurement process and provided advisory services to Management as well as to the Procurement Team, in support of the solicitation and evaluation processes, ensuring that previously identified requirements for the Claims Litigation Management System were addressed.

Results

Citizens issued ITN 21-007 (the ITN) in March 2021 inviting thirty-two (32) vendors capable of providing an Enterprise Litigation Management solution to submit competitive replies. A total of nine (9) vendors responded to the ITN, leading to comprehensive reviews by the Evaluation Team, composed of ten (10) members from several Citizens' business units. Through this process the vendor proposals were evaluated and scored, utilizing criteria previously determined and communicated to the vendors as part of the ITN.

Internal Audit observed the Evaluations Team's focus to ensure that the vendors could support a complete solution with the required business and functionality requirements, as well as making certain that EY's observations and improvement opportunities were included. Also, the Evaluation Team held vibrant discussions about functionality, implementation timeline, user training, and resources for future growth, among others.

Subsequently, the Negotiation Team, which was composed of four (4) members from Citizens' business units, addressed the vendors' best value through negotiation meetings and discussions with the vendors and support from different subject matter experts from the business units and participation of a Board Observer. The Negotiation Team unanimously recommended award to Mitratech Holdings, Inc. (Acuity) in a public meeting held on October 21, 2021. A Notice of Intent to Award was issued and a recommendation is expected to be presented to Citizens' Board of Governors for approval at the next scheduled meeting.

Benefits of a new system are expected to enhance strategy, reporting capabilities, drive performance by identifying emerging trends and communicating claim review results and training opportunities.



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We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this engagement.



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