

# Executive Summary

Claims Committee Meeting, November 17, 2022

Board of Governors Meeting, December 7, 2022

## Claims Print Management Hardware & Software

### Topic

This Action Item requests approval to enter a four (4) year lease with Quadient Leasing, USA, Inc. for Claims Print Management Hardware and Software. The lease will commence on January 20, 2024, for an amount not to exceed \$377,000.

### History

The requested lease provides the Claims department with an automated mail insertion solution to collate indemnity and expense checks with their supporting documents, insert the packages into outside envelopes, and seal and meter the mail pieces. The solution also automates the Proof of Mail process by producing postal reports required by the USPS to prove entry of a mail piece into the USPS mail stream. Without this automation, this process would be very labor intensive and inefficient requiring manual sorting and inserting of documents. Additionally, during a catastrophe the automated process allows Citizens to effectively scale resources in order to meet statutory timelines and dedicate otherwise limited manual resources to meeting policyholders' customer service needs.

The lease provides for continuation of services with Quadient. Citizens entered its current four (4) year lease with Quadient in 2020. The services are provided under Florida State Term Contract No. 44102100-17-1. Citizens has partnered with Quadient for the past twelve (12) years via Florida State Term contract. The current lease will expire on January 19, 2024.

In the Spring of 2022, Citizens approached Quadient with the need to migrate the current software to new Azure servers by the end of 2023. This migration needs to be completed prior to the expiration of the current lease in January 2024.

Signing the proposed new lease at this time allows Citizens to participate in Quadient's "Why Wait" program. Under this program, Quadient will complete advantageous upgrades prior to the expiration of the current lease, without any impact to pricing under the current lease. The existing lease will remain in force until its expiration on January 19, 2024. Existing lease payments will continue unchanged. The new lease, for which we are seeking approval, will commence on January 20, 2024. This approach allows Quadient to perform the transition activities prior to commencement of the new lease, and it eliminates the additional expense that would be incurred if the server migration effort was completed on the current hardware/software solution and then performed again for the 2024 upgraded lease solution.

This proposed approach, and execution of the new lease, provides for a transition path that will achieve Citizens' needed system upgrades at the lowest cost to Citizens and during time periods outside of storm season. Quadient's transition plan provides a full refresh of the current solution in a phased approach. Phase 1 will include an Impress software upgrade and a full migration to Azure servers. Phase 2 will include a complete refresh upgrade and install of inserter hardware and AIMS software. Quadient will complete this migration, at no additional cost to Citizens, throughout late 2022 and early 2023, with a desired outcome of completing the full migration outside of the 2023 storm season.

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**Claims Committee Meeting, November 17, 2022**

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Citizens has procured the proposed lease through Florida State Term Contract (STC) for Mail Processing Equipment, Contract No. 44102100-17-1, in accordance with Citizens' Purchasing Policy and state procurement laws.

Upon commencement of the new lease, monthly lease payments will be reduced by \$1,199.39 per month. Total spend is not to exceed \$377,000 for the term of this lease.

## Recommendation

The recommendation is listed in the attached Action Item.

## Claims Print Management Hardware & Software

**ACTION ITEM**

**New Contract**

**Contract Amendment**

**Other** \_\_\_\_\_

**CONSENT ITEM**

**Contract Amendment**

**Existing Contract Extension**

**Existing Contract Additional Spend**

**Previous Board Approval** \_\_\_\_\_

**Other** \_\_\_\_\_

**Action Items:** Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

**Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

**Consent Items:** Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

<b>Item Description</b>	<b>Claims Print Management Hardware &amp; Software</b> Florida State Term Contract No: 44102100-17-1
<b>Purpose/Scope</b>	<p>This Action Item seeks Board approval to lease a hardware and software solution from Quadient Leasing USA Inc. under a State of Florida Contract for mail processing equipment. The proposed four (4) year lease will enable Citizens to continue the currently implemented automated processing of claims checks and other claims mailings, wherein the check and claims support documentation are collated, documents are inserted into envelopes in an automated process, and intelligent mail fulfillment (barcode application) is achieved. The process also provides a proof of mailing report for USPS purposes.</p> <p>The proposed new lease commences on January 20, 2024, upon expiration of Citizen’s current lease with Quadient. If Citizens signs the new lease at this time, Quadient will complete advantageous upgrades prior to expiration of the current lease at no additional cost to Citizens. This approach provides for system changes that Citizens needs to complete prior to expiration of the lease. It also eliminates the additional expense that would be incurred if the server migration effort was completed on the current hardware/software solution and then performed again for the 2024 upgraded lease solution.</p>
<b>Contract ID</b>	<b>Claims Print Management Hardware &amp; Software</b> Florida State Term Contract No: 44102100-17-1 Quadient Leasing USA Inc.

## Claims Print Management Hardware & Software

<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes  <input type="checkbox"/> No
<b>Procurement Method</b>	Citizens has procured the proposed lease through Florida State Term Contract (STC) for Mail Processing Equipment, Contract No. 44102100-17-1, in accordance with Citizens' Purchasing Policy and state procurement laws.
<b>Contract Amount</b>	\$377,000 for the life of the lease (48 months total) or approximately \$94,250 per year.
<b>Contract Terms</b>	The proposed lease will have a 48 month term with no renewal options.
<b>Committee Recommendation</b>	<p>Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors:</p> <p>a) Authorize the Claims Print Management Hardware &amp; Software lease with Quadient Leasing USA Inc. for a term of four (4) years, for an amount not to exceed \$377,000, as set forth in this Action Item; and</p> <p>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</p>
<b>Board Recommendation from Committee</b>	<p>If approved at its November 17, 2022 meeting, the Claims Committee recommends that the Board of Governors:</p> <p>a) Authorize the Claims Print Management Hardware &amp; Software lease with Quadient Leasing USA Inc. for a term of four (4) years, for an amount not to exceed \$377,000, as set forth in this Action Item; and</p> <p>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</p>
<b>Contacts</b>	Jay Adams, Chief Claims Officer