

# Executive Summary

Actuarial & Underwriting Committee Meeting, March 28, 2023

Board of Governors Meeting, March 29, 2023

## Document Fulfillment Services (Print / Mail)

### Topic

This Action Item requests Board support and approval of a layered contracting approach intended to mitigate risks related to an emerging issue with our primary print and mail vendor, Exela Enterprises, Inc. (“Exela”). On March 9, 2023 Citizens learned that certain policyholders were delayed in receiving mail processed by Exela. On March 10, 2023, Citizens determined that Exela was substantially behind in printing and mailing numerous documents, involving production files from December 2022 to March 2023 (the “backlog”). These include claims documents such as estimates and letters, policy packages, policy changes, and policy renewal packages, certain of which are required to be sent to recipients within statutorily prescribed timeframes. Exela has advised that they would not be able to complete printing and mailing of the backlogged files until May 2023. Due to the extent of the backlog and concerns about the vendor’s ongoing ability to timely provide services to Citizens, Citizens believes it is necessary to take immediate action.

In an effort to clear the backlog and ensure continuity of Citizens’ print and mail operations, Citizens seeks Board approval to: (1) extend Citizens’ existing contract with Northeast II, Inc., dba TC Delivers (“TCD”); (2) enter new contracts with vendors available through government contract sources, if available; and, (3) enter new contracts with vendors through emergency procurement, if and to the extent necessary.

### History and Analysis

Citizens utilizes third-party print and mail providers to send policy documents, renewals, cancellations, invoices, claim documents, notices, and communication campaigns, and includes a proof of mailing process to the extent required by Florida law. Citizens began using a Florida State Term Contract, procured by the Florida Department of Management Services, in 2005 for the services to realize the benefit of the State of Florida’s purchasing power.

Citizens issued a competitive solicitation (Request for Proposal (“RFP”) No. 23 – 0005) for Document Fulfillment Services on February 28, 2023. This RFP was initiated to establish a panel of vendors to further improve resiliency for Citizens’ print and mail requirements. In response to the backlog and associated concerns, the award date for this RFP was accelerated and rescheduled for April 18, 2023 to enable awarded contracts to be presented in an Action Item at the May 2, 2023 Board meeting. Although this RFP is already underway, there remains an urgent need to address the backlog and to mitigate ongoing risk.

In anticipation of Board approval of this Action Item, the following mitigation actions are in process to address the backlog of work and ensure continuity of services:

- **Mitigation Action 1: Expanding capacity with TCD.** TCD was deployed as a secondary vendor in September 2022 to provide business resiliency and to load-balance work for the print and mail services. TCD began printing production files December 9, 2022, and has increased their volume of services through Q1 2023. The current contract with TCD expires December 31, 2023, and may be extended through the State Term Contract. With the additional contract term requested in this Action Item, TCD is pursuing increasing capacity through capital investment in additional equipment to service Citizens.

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- Mitigation Action 2: Research other government vendors. Citizens is researching and evaluating alternative government contract sources to procure print and mail services. These alternative sources include General Services Administration agreements and other government contract sources (if approved as an Alternative Contract Source by the Florida Department of Management Services). Priority will be placed on contracts and vendors capable of rapid deployment such as those with disaster recovery and business continuity services. Staff requests authority to enter into contracts if capable and available vendors are identified, with the reporting of these contracts at a subsequent Board meeting.
- Mitigation Action 3: Research emergency vendor options. Citizens is also researching and evaluating vendors who can provide disaster recovery and business continuity which may be available through existing contracting vehicles. Staff requests authority to enter into contracts through an emergency procurement if capable and available vendors are identified, with the reporting of these contracts at a subsequent Board meeting.

Citizens will bring any mitigation action taken beyond the additional contract term of TCD for awareness and retrospective approval, if necessary. Citizens is not seeking additional spend at this time.

## Recommendation

The recommendation is stated in the attached Action Item.

## Document Fulfillment Services (Print/Mail)

**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.

<p><b>Purpose/Scope</b></p>	<p>In an effort to clear the backlog and ensure continuity of Citizens' print and mail operations, this Action Item seeks approval to: (1) extend Citizens' existing contract with Northeast II, Inc., dba TC Delivers ("TCD"); (2) enter new contracts with vendors available through government contract sources, if available; and, (3) enter new contracts with vendors through emergency procurement, if and to the extent necessary. Specifically, approval is requested to:</p> <ul style="list-style-type: none"> <li>a) extend the contract with TCD for an additional one and a half years from January 1, 2024, through June 30, 2025, utilizing the Florida State Term Contract;</li> <li>b) approve new contracts with vendors available through other government contract sources, if available; and,</li> <li>c) approve new contracts through an emergency procurement, if necessary, to clear the backlog of unmailed documents and ensure continuity of print and mail operations.</li> </ul> <p>The Board approved the current Exela contract at the September 22, 2021 Board meeting and the current TCD contract at the July 13, 2022 Board meeting. Citizens utilizes these services for outgoing policy documents, including policy packages, invoices, claim documents, notices, and communication campaigns. The services also provide for a proof of mailing confirmation process as required by Florida law.</p>
<p><b>Contract ID</b></p>	<p><b>Citizens Document Fulfillment Services (Print/Mail)</b>                  Contract No. 80141800-21-STC                  Recommended Vendor: Northeast II, Inc, dba TC Delivers</p>

## Document Fulfillment Services (Print/Mail)

<b>Budgeted Item</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Procurement Method</b>	The underlying contracts with TCD and Exela were procured through the Florida Department of Management Services State Term Contract No 80141800-21-STC. Citizens issued a Request for Quotes to both eligible vendors on the State Term Contract (Exela and TCD).
<b>Contract Amount</b>	The current approved contract spend for Document Fulfillment Services is \$27,000,000 through December 31, 2023. Citizens staff is requesting an extension of services cover estimated expenses through June 30, 2025. Citizens is not seeking additional spend at this time.
<b>Contract Terms</b>	The current contract was executed on September 28, 2022, and will expire on June 30, 2025.
<b>Committee Recommendation</b>	<p>Staff proposes that the Actuarial and Underwriting Committee review, and if approved, recommend that the Board of Governors:</p> <ul style="list-style-type: none"> <li>a) extend the contract with TCD for Document Fulfillment Services for an additional one and a half years from January 1, 2024, through June 30, 2025, utilizing the Florida State Term Contract;</li> <li>b) approve new contracts with vendors available through other government contract sources, if available; and,</li> <li>c) approve new contracts through an emergency procurement, if necessary, to clear the backlog of unmailed documents and ensure continuity of print and mail operations.</li> </ul>
<b>Board Recommendation from Committee</b>	<p>If approved at its March 28, 2023 meeting, the Actuarial and Underwriting Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none"> <li>a) extend the contract with TCD for Document Fulfillment Services for an additional one and a half years from January 1, 2024, through June 30, 2025, utilizing the Florida State Term Contract;</li> <li>b) approve new contracts with vendors available through other government contract sources, if available; and,</li> <li>c) approve new contracts through an emergency procurement, if necessary, to clear the backlog of unmailed documents and ensure continuity of print and mail operations.</li> </ul>
<b>Contacts</b>	<p>Kelly Booten, Chief Operating Officer                  Stephen Guth, Vice President – Enterprise Services</p>