

Executive Summary

Board of Governors Meeting, May 16, 2023

Document Fulfillment Services (Print / Mail)

Topic

This Action Item requests Board approval for Document Fulfillment Services contracts with a panel of 4 print and mail vendors, as selected through the Document Fulfillment Services Request for Proposals 23-0005 (“RFP”), with an option to add up to 6 additional vendors to the panel if needed. The initial term of the contracts will be for 3 years, followed by 3 optional 1-year renewal periods. The spending under these contracts is unit based with other expenses, such as postage, reimbursed as “pass-through.” There is no minimum utilization. Actual contract expenses therefore depend upon the document printing and mailing requirements for each year, which varies based on policies in force. The estimated contract spend for each year will be included in the annual budgeting process.

Overview

Citizens utilizes third-party vendors to print and mail policy documents, renewals, cancellations, invoices, claim documents, notices, and communication campaigns. Beginning in 2005, Citizens began using the Florida State Term Contract, procured by the Florida Department of Management Services, to realize the benefit of the State of Florida’s purchasing power. Until recently, Exela Enterprises, Inc. (“Exela”) was the only vendor providing print and mail services for Citizens. In September 2022, Northeast II, Inc., dba TC Delivers (“TCD”) was deployed as a secondary vendor to provide business resiliency and to balance the growing workload. TCD began printing production files on December 9, 2022. Only Exela and TCD are on the State Term Contract.

On March 10, 2023, Citizens determined that Exela was substantially behind in printing and mailing documents (the “backlog”). On March 29, 2023, Citizens contracted with a third vendor, Financial Statement Services Inc. (“FSSI”), using an emergency procurement and broad contractual authority provided by the Board of Governors to assist in clearing the backlog and to provide for additional vendor capacity needed to accommodate the increasing demand for print and mail services due to Citizens’ PIF growth.

Before these events, on February 28, 2023, Citizens issued the RFP. Due to the discovery of the backlog and associated vendor capacity concerns, the award date for the RFP was accelerated to April 18, 2023 to provide the recommended vendors for award in this Action Item at this special meeting of the Board. The recommended contracts will establish a panel of vendors to replace the current contracts and further improve resiliency for Citizens’ future print and mail requirements.

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Fifteen vendors submitted proposals to the RFP. Following evaluations and the determinations of responsiveness and responsibility, the top 4 ranked vendors are recommended for contract award as the primary vendor panel. The top 4 vendors are:

1. InfoSend, Inc;
2. TCD;
3. FSSI; and,
4. Original Impressions, LLC (Surf PCI).

Additionally, vendors 5 through 10 are recommended for potential contracts if future needs require additional vendors on the panel. These potential future vendors are:

5. Formmaker Software, Inc. DBA Kubra
6. Doxim, Inc.
7. Arkansas Mailing Services
8. One2One Communication DBA OneSource
9. Envelopes and Forms Inc. DBA SureBill
10. Nordis LLC dba Nordis Technologies

If contract finalization is unsuccessful with any of the top 4 vendors, or if future events require additional vendors be added to the panel (e.g., if increasing demand for print and mail services, due to Citizens' PIF growth, exceeds vendor capacity), Citizens is requesting authorization to enter into contracts with the additional vendors.

As the panel of 4 primary contracted vendors are onboarded and become production ready, Citizens will shift print and mail requirements from the existing State Term Contract. The estimated contract spend for the Services will be included in the annual budgeting process for each contract year. Based on current PIF projections, the estimated contract expense is set forth below:

CITIZENS PRINT AND MAIL SERVICES VOLUME AND SPEND										
Print/Mail Historical and Estimated Volume and Spend										
Year	Annual # of Envelopes	Avg. # of Envelopes per PIF	Total Print Expense (Primary Vendors Blended Rate) ³	Avg. Print Expense per Envelope ⁴	Total Postage Expense	Avg. Postage Expense per Envelope	IT Development	Avg. Total Spend per Envelope	Avg. Total Spend per PIF	Total Spend
2020 (Actual)	3,273,827	6.75	\$1,383,734	0.423	\$2,234,172	\$0.68	\$28,560	\$1.11	\$7.52	\$3,646,465
2021 (Actual)	5,296,041	8.15	\$2,137,922	0.404	\$3,725,684	\$0.70	\$10,080	\$1.11	\$9.04	\$5,873,686
2022 (Actual)	8,328,767	8.67	\$3,048,281	0.366	\$6,280,332	\$0.75	\$10,250	\$1.12	\$9.72	\$9,338,863
2023 (Est.) ^{1,2}	12,839,707	8.54	\$6,848,070	0.533	\$11,587,035	\$0.90	\$30,000	\$1.44	\$13.55	\$18,465,105
2024 (Est.)	14,472,614	8.55	\$6,764,025	0.467	\$12,575,823	\$0.87	\$30,000	\$1.34	\$11.44	\$19,369,849
2025 (Est.)	17,224,352	8.55	\$8,079,666	0.469	\$15,954,734	\$0.93	\$30,000	\$1.40	\$11.94	\$24,064,400
2026 (Est.)	19,106,720	8.55	\$8,997,095	0.471	\$18,866,442	\$0.99	\$30,000	\$1.46	\$12.48	\$27,893,537

¹The 2023 estimate has been revised from \$14,634,484 due to increased PIF, multi-page legal notice, and backlog remediation.

²The requested spend authority of \$75.2M consists of an estimated \$3.7M for the remainder of 2023 and \$71.5M for the remainder of the three-year term (2024 - 2026). All numbers have been rounded for the requested spend authority.

³Includes Print, Paper, Envelopes, Brochures, Proof of Mailing; Anticipated blended cost of the 4 primary vendors.

⁴For years 2024 - 2026: Average is expense is based on Primary Vendors Blended Rate. In 2023, emergency procurement pricing, policy document size increase, and envelope inflation increased average expense.

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Citizens will endeavor to minimize overall spending on print and mail services throughout the contract term by: (1) apportioning work between vendors in such a way as to maximize cost efficiency, capacity, and quality; (2) seeking to optimize the size of individual mailings; and (3) continuing to promote adoption of electronic document delivery.

Recommendation

The recommendation is listed in the attached Action Item.

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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>Purpose/Scope</p>	<p>This Action Item requests Board approval for contracts with 4 vendors, as listed below, for Document Fulfillment Services. The base term of these contracts will be for 3 years followed by 3 optional 1-year renewal periods. These contracts will establish a panel of vendors to replace the current contracts and further improve resiliency for Citizens' growing print and mail requirements.</p>
<p>Contract ID</p>	<p>Document Fulfillment Services Request for Proposals 23-0005 Primary Vendors:</p> <ul style="list-style-type: none"> • Financial Statement Services Inc. (FSSI); • InfoSend, Inc; • Northeast II (dba TC Delivers); and, • Original Impressions, LLC (Surf PCI). <p>Contingent Vendors:</p> <ul style="list-style-type: none"> • Formmaker Software, Inc. DBA Kubra • Doxim, Inc. • Arkansas Mailing Services • One2One Communication DBA OneSource • Envelopes and Forms Inc. DBA SureBill • Nordis LLC dba Nordis Technologies

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Document Fulfillment Services (Print / Mail)

Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Text
Procurement Method	Citizens issued Document Fulfillment Services Request for Proposals 23-0005 ("RFP") on February 28, 2023. Fifteen vendors submitted proposals to the RFP. Following the evaluation process, the top 4 ranked vendors were recommended for contract award as a panel. The next 6 ranked vendors were recommended for contingent contracts, to be activated if future needs require additional vendors be added to the panel.
Contract Amount	The spending under these contracts is unit based with no minimum utilization. Actual contract expense is dependent on document mailing requirements. Estimated contract spend will be included in the annual budgeting process for each contract year.
Contract Terms	The contracts will have a 3-year initial term with 3 optional 1-year renewals.
Board Recommendation	<p>Citizens' Staff proposes that the Board of Governors:</p> <ol style="list-style-type: none"> a) Authorize Document Fulfillment Services Contracts with the 4 primary vendors identified in the Contract ID section above, for an initial term of 3 years and 3 optional 1-year renewal terms, for an amount determined by actual usage pursuant to contract rates; and b) Authorize Document Fulfillment Services Contracts with the 6 contingent vendors identified in the Contract ID section above, if future needs require additional vendors be added to the panel, for a term equal to the remaining term of the primary vendor contracts, and for an amount determined by actual usage pursuant to contract rates; and c) Authorize spend for the initial 3-year term on Document Fulfillment Services Contracts for an amount not to exceed \$75,200,000 as estimated within the Executive Summary; and d) Authorize staff to take any appropriate or necessary action consistent with this Action Item. e) Authorize staff to file updates to personal lines applications to add a policyholder opt-in acknowledgement for paperless documents. This addition to the application will require filings with the Office of Insurance Regulation.
Contacts	Kelly Booten, Chief Operating Officer