

# Executive Summary

Board of Governors Meeting, July 28, 2023

## Citizens Eligibility Reimagined

### Topic

This Action Item requests Board approval for a contract with Applied Systems Inc. (“Applied”) for a new Citizens Eligibility Reimagined platform (the “Services”). The contract includes a five-year base term followed by five optional one-year renewal periods. Approval is requested for the five-year base term and the five one-year renewals, for an amount not to exceed \$35,720,892 for the life of the contract.

### Overview

Citizens requests approval to contract with Applied for an intuitive next generation Citizens Eligibility Reimagined platform. Citizens will use the platform to support Citizens’ obligation for a Clearinghouse program as required under section 627.3518, Florida Statutes. The platform will connect to private market carriers to obtain quotes for new and renewal policies, and to determine if private market offers impact eligibility for Citizens. The previous platform was procured in 2013 for \$44 million. Due to the subsequent reduction in policies in force resulting from significant depopulation, projected transaction counts and associated costs were lower than originally forecasted in 2013. Spend based on services and transaction volume is \$25.7 million as of July 2023.

Through the proposed contract, Citizens is positioned to implement a new platform with broad private market carrier reach that enables agents, consumers, and policyholders to find adequate coverage more easily in the private market. The platform builds upon Applied’s existing rating product that is already widely adopted in independent insurance agencies, with existing system integrations to carriers in the Florida market as well as national carriers.

The estimates for potential risk avoidance are significant. While Citizens avoided \$9 billion of New Business Coverage A risk with the existing Clearinghouse system in 2022, Citizens could see up to \$130 billion in New Business Coverage A risk avoidance with the new platform. Similarly, while Citizens experienced \$34 million in Renewal Coverage A risk reduction last year, Citizens could see up to \$2.8 billion in Renewal Coverage A risk reduction annually with the new platform. These projections assume favorable market conditions and a private market with capacity.

The proposed contract with Applied meets the goals of the Citizens Eligibility Reimagined initiative by supporting Citizens’ price eligibility integrity at point of sale and renewal, providing a user-friendly experience through an intuitive user interface, and enabling agents to integrate Clearinghouse processes into their homeowner sales and renewal process.

Citizens issued Invitation to Negotiate No. 22-0007 for Citizens Eligibility Reimagined to competitively procure this next generation platform. The selection process included extensive discussion and collaboration with multiple vendors and agents to deeply explore capabilities and alternatives. In total, Citizens devoted more than 1,500 hours of staff time to thoroughly assess options and negotiate an optimal outcome. Ultimately, the Negotiation Team determined Applied to be the best value option.

# Executive Summary

Board of Governors Meeting, July 28, 2023

The requested spend approval for the Services is:

Implementation Services	\$5,120,893
Services - Base Term	\$13,208,000
Services - Renewal Term	\$14,367,820
Professional Services (Enhancements \$100,000/YR estimated)	\$1,000,000
<b>Total fees (Implementation + Base term + Renewal term + Professional Services)</b>	<b>\$33,696,713</b>
Contingency	\$2,024,179
<b>Grand Total</b>	<b>\$35,720,892</b>

## Recommendation

The recommendation is listed in the attached Action Item.

**Citizens Eligibility Reimagined**

**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>This Action Item requests Board approval for a contract with Applied Systems Inc. for a new Citizens Eligibility Reimagined platform. Citizens will use the platform to support Citizens’ obligation for a Clearinghouse program as required under section 627.3518, Florida Statutes.</p> <p>The contract includes a five-year base term followed by five optional one-year renewal periods. Approval is requested for the five-year base term and the five one-year renewals, for an amount not to exceed \$35,720,892 for the life of the contract.</p>
<p><b>Contract ID</b></p>	<p>Citizens Eligibility Reimagined ITN No: 22-0007</p>
<p><b>Budgeted Item</b></p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p><b>Procurement Method</b></p>	<p>On December 16, 2021, Citizens issued ITN No.: 22-0007 for Citizens Eligibility Reimagined. On January 31, 2023, the Negotiation Team recommended an award of a contract to Applied Systems Inc.</p>
<p><b>Contract Amount</b></p>	<p>\$35,720,892</p>
<p><b>Contract Terms</b></p>	<p>The base term of the contract will be for five years followed by five optional one-year renewal periods.</p>

**Citizens Eligibility Reimagined**

<p><b>Board Recommendation</b> (DOES NOT go through Committee)</p>	<p>Citizens' staff recommends that the Board of Governors:</p> <ul style="list-style-type: none"><li>a) Authorize the Citizens Eligibility Reimagined contract with Applied Systems Inc. for a term of five years with five optional one-year renewals for an amount not to exceed \$35,720,892, as set forth in this Action Item; and</li><li>b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.</li></ul>
<p><b>Contacts</b></p>	<p>Kelly Booten, Chief Operating Officer Carl Rockman, VP-Agency &amp; Market Services</p>