

# Executive Summary

Claims Committee Meeting, June 8, 2023

Board of Governors Meeting, July 12, 2023

## Claims Property Loss Estimating Software

### Topic

This Consent Item seeks Board approval for \$4,225,000 in additional contract spend under Citizens' current contract with Xactware Solutions, Inc. for claims property loss estimating software, for a total of \$20,960,000 in approved contract spend. The software is critical to Citizens' daily and catastrophe operations for the accurate estimation of structure and contents damage, and repair and rebuilding costs for all submitted claims. Adjusters rely exclusively on the software to accurately document property damage and produce the necessary estimates to support Citizens' indemnity payments.

This Consent Item also requests approval to amend the contract to add XactXpert functionality at an additional cost, as part of the requested \$4,225,000. XactXpert will provide adjusters real-time feedback as to whether they are preparing a loss estimate consistent with Citizens Best Claims Practices and Estimating Guidelines.

### History

Citizens entered into Contract No. 1514000600 with Xactware Solutions Inc. on March 1, 2015, pursuant to Invitation to Negotiate 14-0006. The contract includes a five (5) year base term with one (1) three-year renewal option and one (1) two-year renewal option. Citizens has exercised the last renewal option and the contract will expire on February 28, 2025.

The Board has previously approved a total of \$16,735,000 in spend over the course of this contract. \$13,000,000 was approved as part of the initial contract approval in 2015. Another \$2,175,000 was approved in 2017 for Geomni reports for automated measurement and sketching of roofs within Xactimate. An additional \$60,000 was also approved in 2017 for ClaimXperience functionality for policyholders to provide loss images or video to adjusters through a mobile application. Lastly, another \$1,500,000 was approved in 2020 for the development and addition of the ClaimXperience mobile app, which streamlined the estimate preparation process and enabled Citizens to put more guidance and controls around how an estimate is prepared and submitted.

This current request for additional spend is primarily due to unprecedented PIF growth and two major storm events, Hurricane Irma in 2017 and Hurricane Ian in 2022. For both storm events, Citizens had to request additional software licenses from Xactware due to the increase in adjuster resources that were deployed for these events.

At this time, Citizens would also like to request approval to amend the contract to add XactXpert. XactXpert is a claims rule management tool that presents real-time alerts to the adjuster based on Citizens Best Claims Practices and Estimating Guidelines. This will result in increased consistency and accuracy in estimate writing across all lines of business by helping the adjuster follow Citizens' guidelines, as well as many built-in industry standard rules.

This Consent Item seeks Board approval for \$4,225,000 in additional spend for a total approved spend of \$20,960,000 over the course of the contract term. This is comprised of an estimated \$3,100,000 for

# Executive Summary

**Claims Committee Meeting, June 8, 2023**

**Board of Governors Meeting, July 12, 2023**

expenses arising from the need for additional Xactware licenses to support the Hurricane Irma and Ian efforts, and for the increased claims volume being processed through the software. It also includes an estimated \$1,125,000 for the XactXpert rules based management tool that will improve the consistency and accuracy of estimate results by providing adjusters with real-time alerts based on Citizens Best Claims Practices and Estimating Guidelines.

This request does not contemplate additional spend that may be required due to future storm activity. Additionally, any reduction in PIF count or Hurricane Ian adjuster resource requirements could reduce the anticipated spend.

## Recommendation

The recommendation is listed in the attached Consent Item.

## Claims Property Loss Estimating 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 Property Loss Estimating Software</b> Contract No: 1514000600
<b>Purpose/Scope</b>	This Consent Item seeks Board approval for \$4,225,000 in additional contract spend under Citizens' current contract with Xactware Solutions Inc., for a total of \$20,960,000 in approved contract spend. This Consent Item also requests approval to amend the contract to add XactXpert functionality at an additional cost, as part of the requested \$4,225,000. XactExpert will provide adjusters real-time feedback as to whether they are preparing a loss estimate consistent with Citizens Best Claims Practices and Estimating Guidelines.  The requested additional spend is comprised of an estimated \$3,100,000 for additional expenses arising from additional licenses required to support Hurricanes Irma and Ian, and for increased claims volume processed through the software. It also includes an estimated \$1,125,000 for the addition of the XactXpert rules based management tool.
<b>Contract ID</b>	<b>Claims Property Loss Estimating Software</b> Contract No: 1514000600 XACTWARE SOLUTIONS INC.
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## Claims Property Loss Estimating Software

<b>Procurement Method</b>	The contract was procured pursuant to Invitation to Negotiate 14-0006. This contract was entered into with Xactware Solutions Inc. effective March 1, 2015.
<b>Contract Amount</b>	Board approved spend currently totals \$16,735,000. Citizens is requesting an additional \$4,225,000 in approved spend, for a total of \$20,960,000.
<b>Contract Terms</b>	The contract has a five (5) year base term, with one (1) three-year renewal option and one (1) two-year renewal option. The final renewal option was executed on March 1, 2023.
<b>Committee Recommendation</b>	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: <ul style="list-style-type: none"><li>a) Approve an additional \$4,225,000 in contract spend under the Claims Property Loss Estimating Software contract with Xactware Solutions Inc., for a total approved amount not to exceed \$20,960,000, as set forth in this Consent Item;</li><li>b) Approve amendment of the contract to add XactXpert functionality at an additional cost, as part of the requested \$4,225,000 in additional contract spend; and</li><li>c) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.</li></ul>
<b>Board Recommendation from Committee</b>	If approved at its June 8, 2023 meeting, the Claims Committee recommends that the Board of Governors: <ul style="list-style-type: none"><li>a) Approve an additional \$4,225,000 in contract spend under the Claims Property Loss Estimating Software contract with Xactware Solutions Inc., for a total approved amount not to exceed \$20,960,000, as set forth in this Consent Item;</li><li>b) Approve amendment of the contract to add XactXpert functionality at an additional cost, as part of the requested \$4,225,000 in additional contract spend; and</li><li>c) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.</li></ul>
<b>Contacts</b>	Jay Adams, Chief Claims Officer