

# Executive Summary

**Claims Committee Meeting, September 12, 2023**

Board of Governors Meeting, September 27, 2023

## Claims Print Management Hardware & Software

### Topic

This Consent Item seeks Board approval for \$70,000 in additional contract spend under Citizens' upcoming 2024 lease with Quadient Leasing, USA Inc. for Claims Print Management Hardware and Software. This would result in total approved spend of \$447,000. The Board previously approved \$377,000 in spend for this 2024 lease in December of 2022. The additional \$70,000 is needed to address a significant increase in the amount of documents processed through this hardware/software solution due to an increase in PIF count, which will require an upgrade from Quadient's Pro license to an Enterprise license under the 2024 lease. Citizens signed the 2024 lease early to complete server upgrades under the current lease at no additional cost.

### History

The Board previously approved the 2024 Quadient lease agreement in December of 2022 with a total approved spend of \$377,000. The lease provides our 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. This service is provided under Florida State Term Contract No. 44102100-17-1 as a four (4) year lease agreement. Citizens has partnered with Quadient for the past twelve (12) years via this State Term Contract arrangement.

Citizens' prior lease with Quadient remains in effect and does not expire until January 2024. Signing the 2024 lease early allowed Citizens to participate in Quadient's "Why Wait" program. Quadient offered this program after Citizens approached Quadient with the need to migrate the current software to new Azure servers by the end of 2023. This migration needed to be completed prior to the expiration of the current lease in January 2024. Under the "Why Wait" program, Quadient will complete the necessary server upgrades prior to expiration of the current 2020 lease, without any impact to pricing under the current 2020 lease. This approach eliminates the additional expense that would have been incurred if the server upgrades were completed on the current hardware/software solution and then performed again for the 2024 upgraded lease solution. The existing lease will remain in force until its expiration on January 18, 2024.

The new 2024 lease, for which we are seeking approval of an additional \$70,000 in spend, will commence on January 19, 2024. After Board approval for the 2024 lease was obtained in December 2022, Quadient informed Citizens that we have exceeded the image allowance provided under the Pro license currently incorporated into the 2024 lease. As a result, Quadient must upgrade the 2024 lease to include an Enterprise license. The license upgrade will increase the image allowance from 5 million images to 10 million images. We believe this will suffice to cover anticipated image volume even as our PIF count continues to increase.

### Recommendation

The recommendation is listed in the attached Consent 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 – December 7, 2022

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>	This Consent Item seeks Board approval for \$70,000 in additional contract spend under Citizens' 2024 lease agreement with Quadient for Claims Print Management Hardware and Software. This would result in total approved spend of \$447,000. The Board previously approved \$377,000 in spend for the life of the lease in December of 2022. The additional spend is requested for an upgraded image license that will increase allowed image volume from 5 million to 10 million. Citizens signed the 2024 lease early to complete server upgrades under the current lease at no additional cost.
<b>Contract ID</b>	<b>Claims Print Management Hardware &amp; Software</b> Florida State Term Contract No. 44102100-17-1 Quadient Leasing, USA Inc.
<b>Budgeted Item</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Procurement Method</b>	Citizens utilized the Florida State Term Contract for Mail Processing Equipment, Contract No. 44102100-17-1, in accordance with Citizens' Purchasing Policy and state procurement laws.

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<b>Contract Amount</b>	Original Board approved spend was \$377,000 for the life of the lease. Citizens is requesting an additional \$70,000 in approved spend, for a total of \$447,000.
<b>Contract Terms</b>	This lease agreement has a forty-eight (48) month term, effective January 19, 2024 to January 18, 2028, with no renewal options.
<b>Committee Recommendation</b>	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors:  a) Approve an additional \$70,000 in contract spend under the Claims Print Management Hardware and Software lease agreement with Quadient, for a total approved amount not to exceed \$447,000, as set forth in this Consent Item; and  b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
<b>Board Recommendation from Committee</b>	If approved at its September 12, 2023 meeting, the Claims Committee recommends that the Board of Governors:  a) Approve an additional \$70,000 in contract spend under the Claims Print Management Hardware and Software lease agreement with Quadient, for a total approved amount not to exceed \$447,000, as set forth in this Consent Item; and  b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
<b>Contacts</b>	Jay Adams, Chief Claims Officer