

Office of the
Internal Auditor

Advisory Memorandum 2023

Citizens Reimagined
(CitRe)



Memorandum Number: 2023-MAS-06
Citizens Reimagined (CitRe)





Advisory Memorandum

Background

Citizens Reimagined began in 2021 as a concept and innovative approach to combining the existing Clearinghouse and Florida Market Assistance Plan (FMAP) platforms into a comprehensive multi-platform solution. The solution will strive to enhance the customer and agent experience with the goal of driving more policies to the private market. The vision of the new tool is to assist consumers and agents with comparing offers of coverage for property insurance from available Florida-admitted markets (Private Carriers) outside of Citizens while enhancing Citizens' ability to validate a property as eligible before issuing a new Citizens policy or renewing a Citizens policy.

Citizens' Clearinghouse contract renewal of August 2023 presented an opportunity to "reimagine" how the Clearinghouse process is applied to new business risks. Procurement for the new system began in 2022 for implementation in 2023. Implementing such a project is a significant undertaking as it will replace the legislatively required Clearinghouse and be used by approximately 14,000+ agents in the marketplace.

Objectives and Scope

Internal Audit monitored the procurement and provided advisory support to the procurement team before and during the process to validate the Citizens Reimagined procurement followed Citizen's procurement procedures. Internal Audit also reviewed whether the vendor's systems met the business requirements in the ITN, which helps the negotiation team determine the best value when selecting the vendor.

Results

Internal Audit was part of the project team and monitored the procurement process to help ensure the project followed Citizens' procedures and provided advice as a third-party observer. We confirmed that due process was followed, appropriate stakeholders were included in the project, and the negotiation team focused on selecting a vendor of the best value with a solution that meets the required business and functionality requirements.

Through ITN 22-0007, Citizens invited vendors to submit their replies for one or more of the following three components: Citizens offered rater, additional certified raters, and FMAP exchange. Responding vendors were asked to describe their background and experience, proposed approach, and implementation plan in response to Citizens vendor questionnaire.

Purchasing contacted 28 vendors to notify them of the ITN with a total of eight vendors responding. These vendor replies were reviewed by five evaluators from various Citizens' business units. The down-select process was carried out by the evaluators, and the four top-ranked vendors were selected and moved to the negotiation phase, as announced by the evaluators in a public meeting held on May 5, 2022.

The three negotiators from various Citizens' business units conducted 'ask-me-anything' sessions, requested informal proof of concepts from all four advanced vendors, and provided the opportunity for reverse demos to the vendors. Additionally, the negotiation team, with support from 30-plus



Advisory Memorandum

subject matter experts, conducted over 40 negotiation sessions with the vendors. The team requested informal and formal proof of concepts, obtained agent feedback on proposed solutions, reviewed vendor implementation statements of work, negotiated pricing, and discussed contractual terms and conditions.

During the January 31, 2023, public award meeting, the negotiation team awarded Applied as the primary vendor for the Citizens offered rater component. BOLT Solutions, Inc. (BOLT) and HoneyQuote were awarded as contingent vendors in the event Citizens is unable to execute a contract with the primary vendor, reach a “go” decision during Discovery, or are unable to satisfactorily implement the proposed solution. The FMAP exchange and additional certified rater components of the ITN were canceled with all responses rejected.

On February 2, 2023, an intent to protest was received from the current Clearinghouse vendor, BOLT with their formal protest filed on February 13, 2023.

On March 1, 2023, Bolt’s formal bid protest petition was referred to the Division of Administration Hearings. The hearings for the protest began on April 4, 2023. Following the presentation of evidence, the Administrative Law Judge issued a Recommended Order wherein it was recommended that Citizens enter a Final Order dismissing the protest and affirming the award to Applied Systems, Inc. A Final Order will be presented for consideration by Citizens Board of Governors at their July 2023 meeting.

We thank management and staff for their cooperation and professional courtesy throughout this advisory engagement.



Distribution

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