

Executive Summary

Claims Committee Meeting, November 16, 2023
Board of Governors Meeting, December 6, 2023

Independent Adjusting Services

Topic

This Consent Item seeks Board approval for additional contract spend not to exceed \$80,000,000 across the forty-three (43) existing Independent Adjusting Services contracts, for total contract spend not to exceed \$560,256,575. The requested additional spend represents Citizens' total projected contract expenditures for Non-Litigated/Catastrophe Adjusting Services for daily claims, and for the ongoing Adjusting Services related to Hurricanes Ian, Nicole, and Idalia, through June of 2024.

History

Citizens competitively procured contracts for Non-Litigated/Catastrophe Adjusting Services in 2017 and 2018 under Requests for Proposal Nos. 17-0006, 17-0020, 18-0027, 18-0025, and 18-0023. The Board approved a total contract spend of \$343,900,000 across these contracts beginning with the Action Item for RFP 17-0006 in 2017. The Action Items for the other Adjusting Services contracts referenced the same contract limit and indicated that no additional spend authority was requested.

In responding to Hurricanes Ian and Nicole in 2022 and Hurricane Idalia in 2023, Citizens greatly increased the number of adjusters deployed under its competitively and emergency procured contracts for Adjusting Services. In December 2022, the Board approved an additional \$136,356,575 to provide anticipated sufficient spend for Hurricane Ian and other non-litigated claims. As of September 2023, Citizens has received over 75,000 claims related to these events and has paid \$439,868,461 under these adjusting contracts with \$40,368,113 in approved spend remaining as of September 30, 2023. During the same month (September 2023), Citizens continued to receive catastrophe volume as 675 newly reported claims and 622 reopened claims were received related to these events. As of September 30, 2023 and based on current monthly trends, it is anticipated that Citizens will incur approximately \$119,723,892.93 more in spend through June 2024. This anticipated amount was calculated using the 2023 monthly spend average of \$13,302,654.77 projected from October 1, 2023-June 30, 2024.

Due to the continuation of new and reopened catastrophe claims related to the events mentioned above and non-catastrophe daily claims, this Consent Item requests the necessary additional contract spend approval for \$80,000,000 to have sufficient contract spend for the ongoing Adjusting Services through June 2024. Citizens is currently engaged in a competitive procurement, Invitation to Negotiation No. 23-0001 Comprehensive Adjusting Services, for contracts intended to replace the current contracts. Spend under the current contracts may be significantly less if Citizens transitions to new contracts prior to June 2024. This will depend on the outcome and timing of the current procurement, and Board approval of any awarded contracts.

Recommendation

The recommendation is listed in the attached Consent Item.

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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.

Purpose/Scope	This Consent Item seeks Board approval for additional contract spend not to exceed \$80,000,000 for the forty-three (43) existing Independent Adjusting Services contracts listed below, for a total amount not to exceed \$560,256,575. This requested additional spend is for services under these contracts through June 2024 for Hurricanes Ian, Nicole, and Idalia, and for other non-litigated claims as Citizens' Policies In Force Count continues to grow. Spend under these contracts may be significantly less if Citizens transitions to new contracts prior to June 2024. Citizens is currently engaged in a competitive procurement, Invitation to Negotiation No. 23-0001 Comprehensive Adjusting Services, for contracts intended to replace the current contracts.
Contract ID	<p>Adjusting Services Contracts (RFP Procurements):</p> <ul style="list-style-type: none"> Adjusting Services – Non-Litigated/Catastrophe (Sixteen (16) contracts procured in 2017 under RFP 17-0006 – Contract No. 17-17-0006) Adjusting Services – Catastrophe (Seven (7) contracts procured in 2017 under RFP 17-0020 – Contract No. 17-17-0020) Adjusting Services – Catastrophe (Nine (9) contracts procured in 2018 under RFP 18-0027 – Contract No. 18-18-0027) Fast Track Adjusting Services (Seven (7) contracts procured in 2018 under RFP 18-0025 – Contract No. 18-18-0025) Field Inspection Services (Four (4) contracts procured in 2018 under RFP-18-0023 – Contract No. 18-18-0023)

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Budgeted Item	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Procurement Method	The contracts listed above were competitively procured in 2017 and 2018 under Request for Proposal Nos. 17-0006, 17-0020, 18-0027, 18-0025, and 18-0023.
Contract Amount	\$80,000,000 across the forty-three (43) Independent Adjusting Services contracts listed above, in addition to the \$480,256,575 previously approved by the Board in 2017, 2018, and 2022.
Contract Terms	<p>The following thirty (34) Adjusting Services contracts have five-year base terms, with five optional, one-year renewal terms:</p> <p style="padding-left: 40px;">Adjusting Services – Non-Litigated/Catastrophe, 17-17-0006 – Base term – August 4, 2017 through August 4, 2022 with two of the five-year optional renewal terms executed.</p> <p style="padding-left: 40px;">Adjusting Services - Catastrophe, 17-17-0020, beginning September 7, 2017</p> <p style="padding-left: 40px;">Fast Track Adjusting Services, 18-18-0025, beginning September 11, 2018</p> <p style="padding-left: 40px;">Field Inspection Services, 18-18-0023, beginning September 13, 2018</p> <p>The following nine (9) Adjusting Services contracts have a five-year base term, with four optional, one-year renewal terms:</p> <p style="padding-left: 40px;">Adjusting Services – Catastrophe, 18-18-0027, beginning September 27, 2018</p>
Committee Recommendation	<p>Staff proposes that the Claims Committee review, and if approved, recommend the Board of Governors:</p> <ul style="list-style-type: none"> a) Authorize additional contract spend not to exceed \$80,000,000 across the Independent Adjusting Services contracts listed above, in addition to the \$480,236,575 in spend previously approved by the Board in 2017, 2018, and 2022, as set forth in this Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.

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Board Recommendation from Committee	If approved at its November 16, 2023, meeting, the Claims Committee recommends that the Board of Governors: a) Authorize additional contract spend not to exceed \$80,000,000 across the Independent Adjusting Services contracts listed above, in addition to the \$480,236,575 in spend previously approved by the Board in 2017, 2018 and 2022, as set forth in this Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
CONTACTS	Jay Adams, Chief Claims Officer