

Office of the
Internal Auditor

AUDIT REPORT

March 2024

Citizens Business Insurance
Suite Governance



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Background

The Guidewire Insurance Suite® currently provides an essential suite of technologies and services that directly support Citizens' business areas, such as Consumer & Policy Services, Agency and Market Services, Underwriting, Claims, and Financial Services through policy, billing, claims, agent portal, and customer portal functionality as well as contact management.

Citizens currently owns perpetual licenses for the on-premises installation of the Guidewire Insurance Suite® (PolicyCenter, BillingCenter, ClaimCenter, and ContactManager) and is running version 9 of the products. Guidewire is moving towards a cloud-based delivery model for the Insurance Suite® and will no longer provide upgrades beyond version 10, which means that non-cloud customers will receive fewer new features over time.

Guidewire's Cloud Platform solution was selected during the procurement for various reasons, including (a) the ability to extend and customize beyond the functionality of the base solution, which meets Citizens' business needs; (b) a predictable implementation path with less potential disruption to Citizens' operations; (c) a smooth transition for existing integration points; and, (d) Guidewire's knowledge of Citizens' unique business needs regarding depopulation efforts.

As this system is critical to Citizens core business operations, and the current system will become unsupported, effective governance and project management procedures are vital for successfully implementing the Guidewire Insurance Suite® solution and minimizing risk.

Objectives and Scope

Internal Audit will be conducting a review of the project governance for the implementation of the Citizens Business Insurance Suite during the first quarter of 2024. This engagement seeks to assess the fundamental components of the project, confirm the functionality of established governance, management structures, and workflows, and ascertain the inclusion of pertinent stakeholders from the affected business units in the ongoing process. The scope of our audit will include the following elements:

- Contractual Documentation
- Project definition, requirements, and timelines
- Implementation structure, organization, and governance
- Risk Management procedures

Audit Results

Project governance refers to the framework that guides how a project is planned, executed, and managed in an organization by setting forth policies, processes, procedures, and responsibilities, among others. Leading practices seek to ensure proper oversight, control, integration, and decision-making as part of the project.

Citizens' Agile Program Management function, part of the Enterprise Business Agility division, assists business units in defining and delivering enterprise programs and initiatives while maximizing business value. Citizens' project managers utilize the Program and Project Management Approach (PPMA) to define a project's framework and document its organization,



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individual roles and responsibilities, and governance. The PPMA is a living document that is scalable for each initiative, and as such, it should be updated as necessary.

To assess the adequacy of the project's governance and its alignment with leading practices and standards, Internal Audit reviewed the PPMA together with other project documents for the Citizens Business Insurance Suite. Internal Audit validated management's consideration and inclusion of relevant project elements through this review and noted that the PPMA documentation and framework are comprehensive and conform to leading project management practices and standards.

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



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