

Executive Summary

Claims Committee Meeting, March 28, 2024
Board of Governors Meeting, April 10, 2024

Water Mitigation and Mold Remediation Estimate Review Services

Topic

This Consent Item seeks Board approval for an additional \$2,534,735 in authorized spend for continued services for the Water Mitigation and Mold Remediation Invoice Review Program (“Program”) with Lynx Services, LLC (“Lynx”) and The Fast Team, LLC (“Fast”). Through this Program, Lynx is continuing to successfully provide estimate review services, expert analysis and miscellaneous/additional services in support of Citizens’ claims operations. The amount previously approved by the Board on March 3, 2021, was \$3,026,180. If approved, the total amount of Program spend, including the amount previously authorized, will be \$5,560,915.

History

This request is due to the increasing number of policies in force from 2021 to 2024, generating an increase in program assignments, together with the active storm seasons in both 2022 and 2023, including hurricane claims due to the impacts of Hurricane Nicole, Ian, and Idalia.

The contracts resulted from the competitive procurement RFP 20-0020 for Water Mitigation and Mold Remediation Estimate Review Services. Each vendor was thoroughly evaluated by the designated Evaluation Team. Two (2) vendors (referenced above) were recommended for award on November 17, 2020, having significantly higher scores from the Evaluation Team. Lynx received the highest overall score. In addition, Lynx (Primary) received the highest score for its most favorable pricing, immediately followed by Fast (Contingent). The Board approved these contracts on March 3, 2021.

The Program uses Lynx to conduct independent objective reviews of all water mitigation invoices submitted from any mitigation company. Since the Program start date, over 18,000 assignments have been processed, with a current total spend, as of January 2024, of \$2,568,987.47. Although a significant expense, this Program results in far greater claims expense reductions for these types of invoices, which savings, by multiple factors, more than offsets the total contract spend.

Using Lynx, the typical audited invoice process generates substantial reductions from the original invoiced amounts. The total savings achieved from all original invoice reductions often exceeds \$3,000,000 per month. By way of example, for our last calendar year, 2023, there was a total reduction of invoices in the amount of \$66,170,841, which equates to a monthly savings of \$5,514,236. This has proven itself as a very successful Program. These results are anticipated to continue, with this additional funding, through the renewal terms of the contract, until July 20, 2026.

The Program, through Lynx, assesses contractor invoices for restoration work performed on residential, commercial and specialty property losses due to water and mold remediation. The vendor is responsible for identifying any overcharges and, when requested, will assist with correction of overcharges. This can include working with attorneys to settle the matter or provide testimony as an expert witness in legal proceedings. The review process is required to follow Xactimate, IICRC (The Clean Trust), and other industry recommended standards, in conjunction with scientific drying methodologies.

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Policies in Force

Date	Policies in Force
1/31/2024	1,165,867
9/30/2024	1,407,805
7/31/2023	1,348,834
7/31/2022	994,456
7/31/2021	661,150

Program Assignment Total/Average Per Month

Year	Total Per Year	Average Assignments a Month
2021	1875	375
2022	6324	527
2023	8835	736

Spend Per Year

Year	Spend (Total)
2021	284,758.75
2022	873,788.54
2023	1,294,757.68

Recommendation

The Recommendation is listed in the attached Consent Item.

Water Mitigation and Mold Remediation Estimate Review Services

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.

Item Description	Water Mitigation and Mold Remediation Estimate Review Services
Purpose/Scope	<p>This Consent Item seeks Board approval for an additional \$2,534,735 in authorized spend for continued services for the Water Mitigation and Mold Remediation Services Program (“Program”) with Lynx Services, LLC (“Lynx”). Through this Program, Lynx is continuing to successfully provide estimate review services, expert analysis, and miscellaneous/additional services in support of Citizens’ claims operations. The amount previously approved by the Board on March 3, 2021, was \$3,026,180. The total amount of approved spend requested for Lynx, including the amount previously authorized, will be \$5,560,915.</p> <p>This request is due to the increasing number of policies in force from 2021 to 2024, generating an increase in program assignments, together with the active storm seasons in both 2022 and 2023, including hurricane claims due to the impacts of Hurricane Nicole, Ian, and Idalia.</p>
Contract ID	<p>Water Mitigation and Mold Remediation Estimate Review Services</p> <p>RFP 20-0020</p> <p>Lynx Services, LLC (Primary)</p> <p>The Fast Team, LLC (Contingent)</p>
Budgeted Item	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Funding for this contract is included in the 2024 Annual Operating Budget and will be paid as a Loss Adjusting Expense (LAE).</p>

Water Mitigation and Mold Remediation Estimate Review Services

Procurement Method	The Primary and Contingent vendors that comprise the Program were procured via RFP 20-0020 with the Notice of Intent to Award published on November 17, 2020 for contracts with: <ul style="list-style-type: none"> • Lynx Services, LLC (Primary Award) • The Fast Team, LLC (Contingent)
Contract Amount	The original projected cost of these contracts from 2021 - 2026, approved by the Board on March 3, 2021, was \$3,026,180. With the additional funding requested, the total amount will become \$5,560,915.
Contract Terms	The contract term for this contract, procured under RFP 20-0020 had a base term of three (3) years, which expires on July 20, 2024 and includes two (2) optional, one-year renewal terms available upon mutual agreement of the parties.
Committee Recommendation	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: <ol style="list-style-type: none"> a) Approve the recommended increase of the total contract authority by \$2,534,735 for the remaining two (2) years of the five (5) year total agreement, from \$3,026,180 to a total amount not to exceed \$5,560,915, as set forth in this Water Mitigation and Mold Remediation Estimate Review Services Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Board Recommendation from Committee	If approved at its March 28, 2024 meeting, the Claims Committee recommends that the Board of Governors: <ol style="list-style-type: none"> a) Approve the recommended increase of the total contract authority by \$2,534,735 for the remaining two (2) years of the five (5) year total agreement from \$3,026,180 to a total amount not to exceed \$5,560,915, as set forth in this Water Mitigation and Mold Remediation Estimate Review Services Consent Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
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