

CONSENT ITEM

Claims Committee Meeting, March 28, 2018
Board of Governors Meeting, April 11, 2018

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| CONTRACT ID: | Independent Adjusting Services – Catastrophe RFP 17-0020 – Contract Amendment |
| BUDGETED | Yes. Combined total Independent Adjusting Services contract amount includes Catastrophe Consent Item and Non-Litigated Consent Item. |
| CONTRACT AMOUNT | \$343,900,000 (included in budget for RFP 17-0006) |
| CONTRACT HISTORY | On August 02, 2017, Citizens awarded ten (10) contracts for CAT Field Task Adjusting Services via RFP 17-0020. Included in this Contract was section 5.5.1 which addressed unrealized staffing, whereby liquidated damages would be assessed upon Vendor in the event Vendor failed to provide a specific requested amount of adjusters in response to an adjuster deployment request. Citizens has determined that Section 5.5.1, dealing with liquidated damages due to unrealized staffing, is disadvantageous to both parties and proposes to amend this section to remove liquidated damages and replace it with an alternative more effective method to address unrealized staffing. Specifically, unrealized staffing under the proposed amendment will result in Vendor(s) receiving lower priority for any future deployment requests in lieu of predefined monetary damages. |
| CONTRACT TERM(S) | The current contract has a five (5) year base term, with five (5) optional, one-year renewal terms. This amendment does not change the value or term of the contract. |
| PURPOSE/SCOPE | This Consent Item seeks Board approval to amend the current contact to remove liquidated damages from Section 5.5.1, Unrealized Staffing. In lieu of liquidated damages, if the vendor fails to timely provide the Minimum CAT response as agreed in the RFP response, the Vendor's existing solicitation ranking will no longer apply to the vendor with respect to the failed category of service, CAT Field Task Adjusting Services. This means that for the purposes of future deployment requests, the vendor will rank below all other firms providing those services. |
| PROCUREMENT METHOD | On June 21, 2017, Citizens issued Request for Proposals (RFP) 17-0020 for Catastrophe adjusting services. Responses were received and scored by an Evaluation Committee. The Evaluation Committee recommended primary award to multiple vendors on August 2, 2017. |
| RECOMMENDATION | Staff recommends the Citizens' Board: a) Approve amendment of Section 5.5.1 of the contract for Independent Adjusting Services – Catastrophe, RFP 17-0020, to remove liquidated damages and provide a revised vendor ranking as an alternative to the liquidated damages section of the contract; and b) Authorize staff to take any appropriate or necessary actions consistent with this Consent Item. |
| CONTACTS | Jay Adams, Chief Claims Officer |