

Executive Summary

Claims Committee Meeting, September 12, 2024

Board of Governors Meeting, September 25, 2024

Property Loss Estimating Software

Topic

This Action Item seeks Board approval to contract with Xactware Solutions, Inc. for Claims Property Loss Estimating Software. This software is critical to Citizens' daily and catastrophe operations for the accurate estimation of structure and contents damage, and repair and rebuilding costs for all submitted claims. Approval is requested for a five (5) year base term with optional renewal terms of one (1) three-year and one (1) two-year period, for an amount not to exceed \$10,200,000 for the life of the contract.

History

Citizens adjusters rely on property loss estimating software to accurately document property damage and produce the necessary estimates to support Citizens' indemnity payments. The software is integral throughout the claims adjusting process including distribution and management of claim assignments, completion of loss estimates, and quality assurance review.

The proposed contract will replace Citizens' current contract with Xactware for the same software. Citizens has contracted with Xactware for these services since 2006. The current contract commenced in March 2015 and expires on January 28, 2025. The Xactware product is already integrated into Citizens systems and does not require additional implementation.

On January 10, 2024, Citizens posted Invitation to Negotiate (ITN) No: 24-0001 for Property Loss Estimating Software. Responses were submitted by Next Gear Solutions, Inc. (CoreLogic) and Xactware Solutions, Inc. and independently scored by members of an Evaluation Committee. On April 9, 2024, the Evaluation Committee held a public meeting and recommended that both vendors advance to the negotiation phase of the ITN process.

The Citizens' Negotiation Team voted to award the contract to Xactware Solutions, Inc. as best value in a public meeting held on August 27, 2024. The Negotiation Team negotiated favorable pricing in consultation with Citizens' Corporate Analytics department, who assisted in analyzing pricing offers using historical and potential claims volume. The Negotiation Team unanimously agreed that Xactware provided the best value to Citizens, after discussion of several considerations such as software capabilities and pricing.

Due to the unpredictability of a catastrophic event, catastrophe-related costs have not been included in the requested spend amount. In the event of a catastrophe, if this Board approved spend is unable to cover the full term of the contract, Citizens would return to the Board to seek approval for additional funds.

Recommendation

The recommendation is listed in the attached Action Item.

Property Loss Estimating Software

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	Property Loss Estimating Software
Purpose/Scope	<p>This Action Item seeks Board approval to contract with Xactware Solutions Inc. for Claims Property Loss Estimating Software. This software is critical to Citizens' daily and catastrophe operations for the accurate estimation of structure and contents damage, and repair and rebuilding costs for all submitted claims. Citizens adjusters rely on property loss estimating software to accurately document property damage and produce the necessary estimates to support Citizens' indemnity payments. The proposed contract will replace Citizens' current contract with Xactware expiring on January 28, 2025.</p> <p>Approval is requested for a five (5) year base term with optional renewal terms of one (1) three-year term and one (1) two-year term, not to exceed \$10,200,000 across the base and renewal terms.</p>
Contract ID	<p style="text-align: center;">Property Loss Estimating Software</p> <p>ITN 24-0001 Xactware Solutions, Inc.</p>
Budgeted Item	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>

Property Loss Estimating Software

Procurement Method	On January 10, 2024, Citizens issued Invitation to Negotiate (ITN) 24-0001 for Property Loss Estimating Software. Two responses were timely submitted and independently scored by members of an Evaluation Committee. On April 9 th , 2024, the Evaluation Committee held a public meeting and recommended moving both vendors to the negotiation phase of the ITN process. On August 27, 2024, the Negotiation Team voted to award the contract to Xactware Solutions, Inc. as best value.
Contract Amount	Approval is requested for an amount not to exceed \$10,200,000 across the base and renewal terms.
Contract Terms	The contracts include a five (5) year initial base term with one (1) three-year and one (1) two-year renewal options.
Committee Recommendation	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: a) Authorize the Property Loss Estimating Software contract with Xactware Solutions, Inc., for an initial term of five (5) years, with one (1) three-year and one (1) two-year renewal term options, for an amount not to exceed \$10,200,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Property Loss Estimating Software Action Item.
Board Recommendation from Committee	If approved at its September 12, 2024, meeting, the Claims Committee recommends that the Board of Governors: a) Authorize the Property Loss Estimating Software contract with Xactware Solutions, Inc., for an initial term of five (5) years, with one (1) three-year and one (1) two-year renewal term options, for an amount not to exceed \$10,200,000, as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Property Loss Estimating Software Action Item.
Contacts	Jay Adams, Chief Insurance Officer