

Executive Summary

Claims Committee Meeting, March 6, 2025

Board of Governors Meeting, March 12, 2025

Court Reporting Services

Topic

This Consent Item seeks Board approval for additional spending authority of \$10,000,000 under the Court Reporting Services contracts, for a total of \$46,000,000 in authorized spend.

History

The Court Reporting Services Program is intended to provide Citizens with a network of experienced and credentialed vendors capable of providing court reporting, transcription and video services in support of Citizens' Litigated Claims Department. Citizens currently has over 15,000 open litigation claims assigned to the Claims Litigation Department. As part of the coordinated defense of its litigated claims, Citizens' contracted outside counsel routinely engage these court reporters throughout the state to provide critical court reporting and transcription services. Through the Court Reporting Services contracts, these vendors provide quality resources and services while utilizing a uniform and economical pricing structure based on a fixed scope of work.

On November 12, 2019, Citizens issued Request for Proposals (RFP) 19-0020 for Court Reporting Services. Nineteen (19) proposals were reviewed and scored by an Evaluation Committee who ultimately recommended contracts to all nineteen (19) of the vendors on January 30, 2020. These contracts were approved by the Board on March 25, 2020. At the time of approval, Citizens estimated contract spend for the entire six (6) year term, including renewals, to be \$18,500,000. The initial term for these agreements is set to expire on April 1, 2023, with three (3) years in renewal options potentially extending the expiration date to April 1, 2026. On July 13, 2022, the Board approved the addition of a twentieth (20) vendor along with \$2,500,000 in additional spend, bringing the total approved spend to \$21,000,000. On March 15, 2023, the Board approved an additional \$15,000,000 for a total of \$36,000,000 in authorized spend to cover the estimated cost of these services through April 2025.

Additional Spend Authorization

The need for additional spend is due primarily to unanticipated increases in the following items over the contract period: (1) amount of new lawsuits, (2) total pending litigation, and (3) overall PIF count. The table below, which breaks down court reporting spend to date by Catastrophe and Non-Catastrophe litigation, illustrates how the additional spend request is mainly due to Catastrophe-related litigation.

Year	Non-CAT Spend	CAT Spend	% CAT	Total Spend
2020	\$1,227,801.40	\$1,195,071.17	49%	\$2,422,872.57
2021	\$2,988,997.53	\$3,454,085.25	54%	\$6,443,082.78
2022	\$3,254,175.00	\$4,899,948.54	60%	\$8,154,123.54
2023	\$4,647,378.23	\$5,336,660.05	53%	\$9,984,038.28
2024	\$5,422,585.54	\$5,949,391.32	52%	\$11,371,976.86
Grand Total	\$17,540,937.70	\$20,835,156.33	54%	\$38,376,094.03*

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* A portion of the total spend pertains to services performed under previous Court Reporting Services contracts that were not invoiced or paid until after the new contracts took effect. Also included are (1) necessary and appropriate out-of-contract services, such as translation services, that were provided by the vendor(s) but were technically out-of-contract services, and (2) services invoiced under this agreement but provided by the vendors through assignments scheduled by opposing counsel. This helps explain why the previously approved spend amount of \$36,000,000 was exhausted in late 2024.

The significant change in pending litigation volume, where the total pending suit count went from 13,500 to nearly 21,000, required additional utilization and associated costs for these services. The full impact on the cost of Court Reporting Services, as a result of the increased Catastrophe related litigation volume, was unknown to staff at the time of the previous additional spend authorization request in March 2023.

In addition to the impacts on court reporting spend due to Catastrophe related litigation, the COVID-19 pandemic, which occurred immediately after the contracts were initially executed, required most of the services under the Court Reporting Services contracts to switch from in-person to a remote/online environment. In response, court reporting firms were forced to quickly adopt new technologies to adapt to the changing circumstances, none of which were considered at the time of procurement/contracting. The adoption of video conferencing related services resulted in significant costs increases for Citizens as these services/fees became required on most assignments.

Due to the high volume of claims-related catastrophe litigation, the need for additional remote services at the outset of the agreement, and Citizens' intent to execute the final one (1) year renewal option, additional spend authority is needed. As indicated in the table above, the previously approved spend amount of \$36,000,000, which was intended to cover these services through April 2025, has been exhausted and an additional \$10,000,000 in spend authorization is requested. This additional spend is intended to cover the remainder of the first renewal term, set to expire in April 2025, and the remaining one (1) year renewal option which will extend the contract through April 2026.

Recommendation

The recommendation is listed in the attached Consent Item.

Court Reporting 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	Court Reporting Services
Purpose/Scope	This Consent Item seeks Board approval for an additional \$10,000,000 in spend authorization under the Court Reporting Services contracts.
Contract ID	Court Reporting Services 20-19-0020-01 (Multiple Vendors)
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procurement Method	On November 12, 2019, Citizens issued RFP 19-0020 for Court Reporting Services. Nineteen (19) proposals were reviewed and scored by an Evaluation Committee who ultimately recommended contracts to all nineteen (19) vendors on January 30, 2020. These contracts were approved at the March 25, 2020 Board of Governors meeting. A twentieth (20th) vendor was added to the panel through the legal services exemption in Section 287.057(3), Florida Statutes, which was approved at the July 13, 2022 Board of Governors meeting.
Contract Amount	The current approved contract amount is \$36,000,000 which was approved in three parts: (1) \$18,500,000 approved on March 25, 2020, (2) \$2,500,000 approved on July 13, 2022, and \$15,000,000 approved on March 15, 2023. Citizens staff is requesting an additional \$10,000,000 to cover estimated expenses through April 1, 2026.

Court Reporting Services

Contract Terms	<p>The contracts have a three (3) year base term and include two optional renewal terms, the first for two (2) years and the second for one (1) year. The total term of the contracts including all renewal options is six (6) years.</p> <p>The base term expired on April 1, 2023. Citizens staff exercised the first renewal option of two (2) years and intends to exercise the second renewal option of one (1) year to allow the contracts to run to April 1, 2026.</p> <p>The contracts pre-qualify vendors to be on Citizens' panel of court reporting vendors but do not guarantee any volume of assignments or compensation.</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 spending authority of \$10,000,000 under the Court Reporting Services contracts, for a total of \$46,000,000 in authorized spend; andb) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Board Recommendation from Committee	<p>If approved at its March 6, 2025 meeting, the Claims Committee recommends that the Board of Governors:</p> <ul style="list-style-type: none">a) Authorize additional spending authority of \$10,000,000 under the Court Reporting Services contracts, for a total of \$46,000,000 in authorized spend; andb) Authorize staff to take any appropriate or necessary action consistent with this Consent Item.
Contacts	Jay Adams, Chief Insurance Officer