

Executive Summary

Claims Committee Meeting, June 8, 2023

Board of Governors Meeting, July 12, 2023

Special Investigative Services

Topic

This Action Item seeks approval to contract with eight (8) vendors to provide Special Investigative Services related to potential insurance fraud, as identified in Attachment A. Approval is requested for a three (3) year base term with one (1) two (2) year optional renewal term, not to exceed \$1,600,000 across the base and renewal terms.

History

Citizens' Special Investigation Unit (SIU) is a dedicated unit that conducts investigations pertaining to fraudulent or false insurance claims and other fraud-related actions against Citizens throughout the insurance cycle. The unit is comprised of the following four (4) teams where investigations are triaged and assigned accordingly:

- Major Case Unit
- Field Investigations
- Outsourcing/Investigative Research
- Agency/Underwriting Investigative Team

The SIU utilizes approved Special Investigative Services vendors to conduct investigations effectively and efficiently to maximize capacity and allow for scalability of investigative services in response to a CAT event. SIU uses these contracted vendors to maintain the efficiency and effectiveness needed to detect, deter, and prevent insurance fraud from being perpetrated against Citizens. SIU will also be expanding to provide agency and underwriting assignments to these outside investigators.

Approval is requested to contract with five (5) vendors for primary contracts, and three (3) vendors for contingent contracts, as identified in Attachment A. The contingent contracts could be activated by Citizens as needed within thirty (30) days' notice. The contingent contracts are intended to help ensure that Citizens has the necessary resources in the event of vendor attrition and/or increased volumes.

Citizens procured the contracts through Request for Proposals 23-0003 for Special Investigative Services, issued on March 21, 2023. Eleven (11) of the thirteen (13) responding vendors met Citizens' mandatory requirements. The Evaluation Committee recommended award of primary contracts to the top five (5) ranked vendors and contingent contracts to the next three (3) ranked vendors on June 1, 2023. Attached is a copy of the Notice of Intent to Award listing the selected Vendors.

The proposed contracts include a three (3) year base term with one (1), two (2) year renewal term, which may be exercised at Citizens' sole discretion. Approval is requested for an amount not to exceed \$1,600,000 including renewals.

When the current contracts were awarded in 2018, Citizens' policy count was approximately 443,000. The approved spend for the 2018 contracts is \$1,000,000. There is \$199,456 approved spend remaining

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as of April 2023, and the contracts expire December 5, 2023. Citizens' current policy count gives confidence that \$1,600,000 for the proposed new contracts will be sufficient. The increase in policies in force has contributed to the need for more fraud investigation resources.

Since the beginning of the current Special Investigative Services contract, 894 claims were handled by SIU vendors from the beginning of the contracts through April 2023 with an average vendor cost of \$1,050.72. Out of all claims handled by SIU vendors, 28% of these claims were catastrophe related claims.

With an average policy count of 674,885 from January 2019 to January 2023, we have received roughly 106,837 non-catastrophe related claims from January 2019 – December 2022 and generated 0.6% of SIU referrals that went through this program at \$1,053.82 average cost. With steady increases in PIF counts, if we have 1,700,000 policies and claims reported at 15.8%, we can forecast 335,750 non-catastrophe related claims over the next five years.

After discussions with SIU leadership, we are anticipating 1,500 claim investigations for the new contract term. Our outsourcing team consistently handles 60 per month or 620 per year; 40% of these go to vendors or 248 per year (20 per month) at an average of \$24,000 per month or \$288,000 per year. We are estimating \$1.5 Million with another \$100,000 to include Agency and Underwriting efforts, thus bringing the total to \$1.6 Million.

Recommendation

The recommendation is listed in the attached Action Item.

Special Investigative 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	Special Investigative Services
	RFP 23-0003
Purpose/Scope	This Action Item seeks approval to contract with eight (8) vendors to provide Special Investigative Services related to potential insurance fraud, as identified in Attachment A. Approval is requested for “primary” contracts to the top five (5) ranked vendors. Approval is also requested for “contingent” contracts for the next three (3) ranked vendors. These contingent contracts could be activated by Citizens as needed within thirty (30) days’ notice. The contingent contracts are intended to help ensure that Citizens has the necessary resources in the event of vendor attrition and/or increased volumes. Citizens’ Special Investigative Unit (SIU) will utilize the approved Special Investigative Services vendors to conduct investigations to maximize capacity and allow for the scalability of investigative services in response to a CAT event. SIU is a dedicated unit within Citizens that conducts investigations pertaining to fraudulent or false insurance claims and other fraudulent activities throughout the insurance cycle. SIU uses the contracted vendors to maintain the efficiency and effectiveness needed to detect, deter, and prevent insurance fraud from being perpetrated against Citizens. Services provided under the contracts will apply to investigative matters handled within SIU that impact all areas of insurance operations including, but not limited to, Claims and Underwriting and Agency Services. The primary types of services to be provided typically involve moderate to complex field investigations related to potential insurance fraud.

Special Investigative Services

Contract ID	Special Investigative Services RFP 23-0003 Reference Attachment "A", Notice of Intent to Award
Budgeted Item	☒ Yes ☐ No
Procurement Method	On March 21, 2023, Citizens issued Request for Proposals (RFP) 23-0003 for Special Investigative Services. Responses were received and evaluated by an Evaluation Committee and eleven (11) responses met Citizens' mandatory requirements. The Evaluation Committee recommended award of five (5) primary contracts and three (3) contingent contracts on June 1, 2023. Attached is a copy of the Notice of Intent to Award listing the selected vendors.
Contract Amount	Approval is requested for an amount not to exceed \$1,600,000 across the base and renewal terms.
Contract Terms	The contract will have a three (3) year base term with one (1) two (2) year renewal option.
Committee Recommendation	Staff proposes that the Claims Committee review, and if approved recommend the Board of Governors: a) Authorize Special Investigative Service contracts with eight (8) vendors as provided in Attachment A, for a term of three (3) years, with one (1) two-year renewal, for an amount not to exceed \$1,600,000 as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Board Recommendation from Committee	If approved at its June 8, 2023 meeting, the Claims Committee recommends that the Board of Governors: a) Authorize Special Investigative Services contracts with eight (8) vendors as provided in Attachment A, for a term of three (3) years, with one (1) two (2) year renewal, for an amount not to exceed \$1,600,000 as set forth in this Action Item; and b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Contacts	Jay Adams, Chief Claims Officer



NOTICE OF INTENT TO AWARD
REQUEST FOR PROPOSALS NO. 23-0003
SPECIAL INVESTIGATIVE SERVICES
JUNE 1, 2023

Citizens Property Insurance Corporation ("Citizens") intends to award primary Agreements to the following Vendors:

1. Ethos Risk Services, LLC
2. A.C. Roman & Associates, Inc. dba Roman & Associates
3. Kelley Investigations Inc. dba Kelley Alliance
4. Ryan R Robison & Company, Inc. dba The Robison Group
5. Claims Investigation Agency, Inc.

Citizens intends to award Contingent Agreements to the following Vendors:

6. S.K.I. Inc dba S.K.I. Investigators
7. Custard Insurance Adjusters, Inc.
8. The Insight Group Risk Services, LLC dba TIG Risk Services

The Agreements resulting from this solicitation are subject to approval by Citizens' Board of Governors.

FAILURE TO FILE A PROTEST WITHIN THE TIME PRESCRIBED IN SECTION 627.351, F.S., CONSTITUTES A WAIVER OF PROCEEDINGS. SEE SECTION 3.7, PROTESTS, WITHIN THE SOLICITATION DOCUMENT FOR DETAILS REGARDING HOW AND WHERE TO FILE A PROTEST.