

RESOLUTION NO. 09-246

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AUTHORIZING ACCEPTANCE OF THE PROPOSAL FROM EMPLOYER MUTUAL, INC. (EMI) IN THE AMOUNT OF \$140,267.00 FOR SERVICES TO BE RENDERED AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR; AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH EMI FOR THE POLICY YEAR 2009/2010 WITH FOUR (4) ADDITIONAL POLICY YEARS SUBJECT TO RATIFICATION BY CITY COMMISSION; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City issued RFP #09-011 requesting proposals for "third party claim administration", which was opened on August 25, 2009; and

WHEREAS, the City received eleven responses to the RFP; and

WHEREAS, the City Commission desires to award the proposal to the top firm and permit the City Manager or his designee, with the advice and consent of the City Attorney, to negotiate and execute an agreement with the top firm in accordance with that firm's proposal.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the proposal from Employers Mutual, Inc., in the amount of \$140,267.00 to serve as the City's insurance program third party claims administrator for policy year 2009/2010 with four (4) additional policy years is hereby accepted.

Section 2: That the City Manager or his designee, with the advice and consent of the city Attorney, is authorized to negotiate and execute an agreement with Employers Mutual, Inc., in compliance with the RFP and the response thereto, which shall be subject to ratification by the City Commission.

Section 3: That this Resolution shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 15th day of September, 2009.


Authenticated by the presiding officer and Clerk of the Commission on September 16th, 2009.

Filed with the Clerk September 16th, 2009.



MORGAN MCPHERSON, MAYOR


ATTEST:



CHERYL SMITH, CITY CLERK



**CITY MANAGER'S OFFICE  
MEMORANDUM**

**TO:** Jim Scholl, City Manager  
**FROM:** Mark Z. Finigan, Assistant City Manager   
**DATE:** September 10, 2009  
**SUBJECT:** RFP 09-011  
City of Key West Insurance Program—Third Party Claims Administration

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**ACTION STATEMENT:**

Request the City Commission award the proposal of Employers Mutual, Inc. (EMI) in an amount of \$140,267 for policy year 2009/2010 for services to be rendered as the City of Key West Insurance Program Third Party Claim's Administrator. Additionally, authorizing the City Manager or designee to negotiate and execute an agreement with EMI for the policy year 2009/2010 with four (4) additional policy years; however City shall maintain the right to terminate the agreement upon each anniversary date without penalty.

**BACKGROUND:**

On June 2, 2009 the City of Key West engaged Interisk Corporation, an independent insurance consultant, to assist the City in the development of a Request for Proposal (RFP) to receive competitive proposals for the Third Party Administration of the City's Property and Casualty claims (to include Workers Compensation) for the 2009/2010 policy year. The last policy year the City's Third Party Claim's Administration for the Property and Casualty Insurance Program was marketed was 2002/2003. In addition to preparing the RFP, Interisk Corporation was required to evaluate proposals and make a recommendation to the City. A copy of Interisk's evaluation and recommendation, dated September 10, 2009, is attached.

On August 25, 2009, sealed proposals were received and were publicly opened by the City Clerk. Eleven prospective service providers responded to the RFP:

1. Alternative Service Concepts, LLC  
6010 Cattleridge Drive  
Suite 103  
Sarasota, FL 34232

2. Cannon Cohran Management Services, Inc. (CCMSI)  
2600 Lake Lucien Drive  
Suite 225  
Maitland, FL 32751
3. Corvel Enterprises Comp, Inc.  
210 North University Drive, #501  
Coral Springs, FL 33071
4. EMCAS  
12466 West Atlantic Blvd.  
Coral Springs, FL 33071
5. Employers Mutual, Inc. (EMI)  
700 Central Parkway  
Stuart, FL 34994
6. Gallagher Bassett Services, Inc.  
2 Pierce Place, 5<sup>th</sup> Floor  
Itasca, IL 60143
7. Intergrated Claim Solutions, Inc.  
668 Maitland Avenue  
Altamonte Springs, FL 32701
8. Johns Eastern Company, Inc.  
P.O. Box 110259  
Lakewood Ranch, FL 34211-0004
9. Preferred Governmental Claim Solutions, Inc.(PGCS)  
P.O. Box 958456  
Lake Mary, FL 32795-8456
10. PMA Management Corp. (PMAMC)  
2701 North Rocky Point Drive  
Suite 250  
Tampa, FL 33607
11. York Claims Services, Inc.  
1117 Perimeter Center West  
Atlanta, GA 30338



After full consideration of all factors (to include long term costs savings, references checks with current clients and the recommendation offered by Interisk Corporation) I recommend the selection of Employers Mutual, Inc. (EMI).

**FINANCIAL IMPACT:**

Selection of EMI over the incumbent, Gallagher Bassett Services, Inc. will result in a higher "Year 1" cost of approximately \$9,000. The projected cost for Year 1 for EMI is \$140,267 and includes a one time claim assumption fee of \$46,600. Gallagher Bassett Services, Inc. proposed fee for year one was \$131,361, however, as the incumbent there would be no claim assumption fee. Assuming the City continued after Year One with EMI there would be an annual savings of approximately \$38,000 -- \$131,361 (Gallagher Bassett Services, Inc.) as opposed to \$93,667 for EMI. Please note this is a relative savings since all TPA providers escalate their annual fees by some COLA factor.

**RECOMMENDATION:**

Request the City Commission award the proposal of Employers Mutual, Inc. (EMI) in an amount of \$140,267 for policy year 2009/2010 for services rendered as the City of Key West's Third Party Insurance Claims Administrator. Additionally, authorizing the City Manager or designee to negotiate and execute an agreement with EMI for the policy year 2009/2010 with four (4) additional policy years; however City shall maintain the right to terminate the agreement upon each anniversary date without penalty

# INTERISK CORPORATION

Consultants  
Risk Management  
Employee Benefits

1111 North Westshore Boulevard  
Suite 208  
Tampa, FL 33607-4711  
Phone (813) 287-1040  
Facsimile (813) 287-1041

September 10, 2009

Mr. Mark Finigan  
Assistant City Manager - Administrator  
City of Key West  
525 Angela St.  
Key West, Florida 33040

Subject: Evaluation of Third Party Claims Administration Services – RFP #09-011

Dear Mark:

The City of Key West's Property and Casualty Insurance program includes various self-insured retentions and deductibles that require the City to engage the services of a third party claims administrator to adjust the claims and portions of the claims that fall within these retentions and deductibles. Gallagher Bassett Services Inc. has provided these services for the City for a number of years. The estimated annual cost of these services is estimated to be approximately \$128,265.

In conjunction with the City's Request for Proposals (RFP) for its 2009/10 Property and Casualty Insurance program a separate RFP (#09-011) was issued seeking competitive proposals for the City's Claims Administration Services. The RFP specified that the successful proposer would be required to adjust the City's Liability, Workers' Compensation and Property claims. The RFP also specified specific services that the successful proposer would be required to provide based on industry standards for claim administration services.

A total of eleven (11) firms submitted proposals in response to the City's RFP. They included:

- Gallagher Bassett Services, Inc.
- Cannon Cochran Management Services
- PMA Management Corp.
- Alternative Service Concepts
- York Claim Services
- Engle Martin & Associates
- Integrated Claims Solutions
- Corvel Corporation
- Preferred Governmental Claim Solutions
- Johns Eastern Company
- Employers Mutual, Inc.

Engle Martin & Associates' proposal only included the adjusting of the City's Liability claims. Engle Martin submitted no evidence that they have the resources or desire to adjust the City's Workers' Compensation claims. For this reason Engle Martin & Associates was eliminated from further consideration.

Corvel's proposal only included the adjusting of the City's Workers' Compensation claims. Corvel submitted no evidence that they have the resources or desire to adjust the City's Liability claims. For this reason Corvel Corporation was eliminated from further consideration.

Integrated Claims Solutions' primary business is providing claims administration services for Liability claims and only has one Workers' Compensation adjuster with only one Workers' Compensation client. It was also believed that Integrated Claims Solutions lacked the appropriate infrastructure to properly adjust Workers' Compensation claims. Therefore Integrated Claims Solutions was also eliminated from further consideration.

It is believed that the remaining firms that submitted a proposal demonstrated that they have sufficient resources and abilities to provide the services that the City is seeking. The attached schedules reflect the major features of each proposal and are incorporated as part of this report. Each proposal will be discussed under separate caption. Prior to addressing the individual proposals, several issues should be discussed.

The current contract with Gallagher Bassett was issued on what is referred to as a "Life of Contract" basis. The contract obligates Gallagher Bassett to administer claims for a single per claim fee for the life of the claim as long as a contractual relationship exists with the City. If the City were to select a different firm, the City would be required to pay Gallagher additional fees to continue handling the active claims or transfer the active claims to the newly selected administrator. It is believed that if the City were to select a new administrator, it would be in their best interest to transfer all active claims to the new administrator. This would require the City to pay the new administrator additional fees to assume the administration of the existing claims. Such fees are normally expressed in one of three different manners.

- 1) Charge a single one time fee for each claim being assumed based on the type of claim.
- 2) Charge a flat one time fee for assuming all of the City's active claims regardless of the number and type of claim.
- 3) Charge an annual fee based on the number and types of claims still remaining active.

In addition, some firms will charge an initial setup fee for transferring the City's historical claim information to their system. Maintaining the City's historical claim information is critical because the information will be required for subsequent renewals of the City's Property and Casualty Insurance program. The information that will be transferred includes activity notes from the previous administrator which will be critical for future handling of the claims.

Some firms charge an "Administration Fee" designed to cover the costs of administering the program. Some firms include all administration costs in the "Per Claim" fee that they charge.

The State of Florida has established a "Fee Schedule" that reflects the maximum amount that can be paid to a health care provider for services provided to a Workers' Compensation claimant. Normally health care providers issue their invoices based on their internal pricing structure and claims administrators adjust these fees to coincide with the State's Fee Schedule. Most claims administrators will make a separate charge for each medical bill reduced to this Fee Schedule.

#### **Gallagher Bassett Services, Inc.**

Gallagher Bassett is the City's current claims administrator. Gallagher Bassett is one of the largest third party claim administrators in the Country and is believed to have sufficient resources to continue to provide the needs of the City. Gallagher proposed to continue administering the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$96,012 annually. In addition, Gallagher would charge an annual administration fee of \$27,849 and medical bill reduction fees of approximately \$7,500. This results in an annual projected cost for Gallagher Bassett's services of \$131,361 (\$96,012+\$27,849+\$7,500).

*Cannon Cochran Management Services, Inc (CCMSI).*

Little is known about CCMSI with the exception of the information contained in their proposals. It is believed CCMSI has sufficient resources to provide the needs of the City. CCMSI proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$89,510 annually. In addition, CCMSI would charge an initial one time fee of \$7,500 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$122,961 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by CCMSI would amount to approximately \$21,940 annually. This results in a projected first year cost of approximately \$241,911 (\$89,510+\$7,500+\$122,961+\$21,940). Since CCMSI's claim assumption fee would be a one time charge, the projected cost for CCMSI's services in subsequent years would be approximately \$111,450.

*PMA Management Corp.*

While I have limited personal experience with PMA, they have a reputation of being a quality claims administrator. It is believed that PMA has sufficient resources to provide the needs of the City. PMA proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$83,415 annually. In addition, PMA would charge an initial one time fee of \$5,000 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$76,805 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PMA would amount to approximately \$15,976 annually. This results in a projected first year cost of approximately \$181,196 (\$83,415+\$5,000+\$76,805+\$15,976). Since PMA's claim assumption fee would be a one time charge, the projected cost for PMA's services in subsequent years would be approximately \$99,391.

*Alternative Service Concepts (ASC)*

ASC began providing claims administration services in Florida approximately 3 years ago when the acquired a company by the name of Unisource Claims Administrator. While I have limited personal experience with ASC, I have considerable experience with Unisource and viewed them as a quality claims administrator. It is understood that ASC retained the employees of Unisource which would lead to the conclusion that ASC remains as a quality claims administrator and has sufficient resources to provide the needs of the City. ASC proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$73,740 annually. In addition, ASC would charge an initial one time fee of \$5,000 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by ASC would amount to approximately \$23,399 annually. This results in a projected first year cost of approximately \$143,239 (\$73,740+\$5,000+\$41,100+\$23,399). Since ASC's claim assumption fee would be a one time charge, the projected cost for PMA's services in subsequent years would be approximately \$97,139 (\$73,740+\$23,399).

*York Claim Services, Inc.*

While I have limited personal experience with York, they have a reputation of being a quality claims administrator. It is believed that York has sufficient resources to provide the needs of the City. York offered two options for the City to consider. The first option would obligate York to administer the City's claims to conclusion as long as a contractual relationship between the City and York exists. Under this option York would assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees for this option would amount to approximately \$91,297 annually. York would not charge an initial fee for converting the City's historical

claim history to their computer system or an annual administration fee. They would charge the City a fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. This amount was determined based on the number of active claims the City currently has. York would also charge other annual administrative fees of approximately \$15,246. This results in a projected first year cost for this option of approximately \$147,643 (\$91,297+\$41,100+\$15,246). Since York's claim assumption fee only provides services for one year, their claim assumption fee would be based on the number of claims open in subsequent years (post 10/1/09) and can not be determined at this time.

The second option would obligate York to adjust the City's claims until conclusion regardless of the contractual relationship that exists between the City and York. Under this option York would assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees for this option would amount to approximately \$100,402 annually. York would not charge an initial fee for converting the City's historical claim history to their computer system or an annual administration fee. They would charge the City a fee of approximately \$41,100 to assume the administration of the City's claims that are active as of October 1, 2009. This amount was determined based on the number of active claims the City currently has. York would also charge other annual administrative fees of approximately \$15,246. This results in a projected first year cost for this option of approximately \$156,748 (\$100,402+\$41,100+\$15,246). Since York's claim assumption fee only provides services for one year, their claim assumption fee would be based on the number of claims open in subsequent years (post 10/1/09) and can not be determined at this time.

#### **Preferred Governmental Claim Solutions (PGCS).**

I have had numerous opportunities to evaluate the services provided by PGCS and it is believed they are a quality claims administrator. It is believed that PGCS has sufficient resources to provide the needs of the City. PGCS proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$53,665 annually. PGCS would not charge a fee to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$25,020 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PGCS would amount to approximately \$37,115 annually. This results in a projected first year cost of approximately \$115,800 (\$53,665+\$25,020+\$37,115). Since PGCS's claim assumption fee would be a one time charge, the projected cost for PGCS's services in subsequent years would be approximately \$90,780 (\$53,665+\$37,115).

#### **Johns Eastern Company.**

I have had numerous opportunities to evaluate the services provided by Johns Eastern and it is believed they are a quality claims administrator. It is believed that Johns Eastern has sufficient resources to provide the needs of the City. Johns Eastern proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$83,519 annually. Johns Eastern would charge a fee of \$15,000 to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$48,575 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PGCS would amount to approximately \$13,579 annually. This results in a projected first year cost of approximately \$160,673 (\$83,519+\$48,575+\$15,000+\$3,500+\$10,079). Since John Eastern's claim assumption fee would be a one time charge, the projected cost for Johns Eastern's services in subsequent years would be approximately \$97,098 (\$83,519+\$3,500+\$10,079).

#### **Employers Mutual, Inc. (EMI).**

I have had numerous opportunities to evaluate the services provided by EMI and it is believed they are a quality claims administrator. It is believed that EMI has sufficient resources to provide the needs of the City. EMI proposed to assume the administration of the City's claims for specific fees based on the types

of claims involved. Based on the City's historical claim experience these fees would amount to approximately \$84,350 annually. EMI would not charge a fee to convert the City's historical claim history to their computer system. They would charge the City a one time fee of approximately \$46,600 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by EMI would amount to approximately \$9,317 annually. This results in a projected first year cost of approximately \$140,267 (\$84,350+\$46,600+\$9,317). Since PGCS's claim assumption fee would be a one time charge, the projected cost for EMI's services in subsequent years would be approximately \$93,667 (\$84,350+\$9,317).

### **Summary and Recommendations**

Based on the projected and estimated annual cost for their services, it is believed that the City has more cost effective options to choose from and it is recommended that the following firms be eliminated from further consideration:

- Cannon Cochran Management Services
- PMA Management Corp.
- Alternative Service Concepts
- York Claim Services
- Johns Eastern Company

It is also believed that City could receive comparable or improved services being provided by Gallagher Bassett for a lower projected annual cost and therefore it is also being recommended that Arthur J. Gallagher be eliminated from further consideration.

It is believed that the Preferred Governmental Claims Solution (PGCS) and Employers Mutual, Inc. (EMI) offered the most competitive proposals while still providing quality claim services. While EMI's projected annual cost for the first year is approximately \$24,467 higher than the fee proposed by PGCS and their projected fee for subsequent years is approximately \$2,887 higher than PGCS' projected fees, it is believed that quality of EMI's adjusters is slightly better than those of PGCS which will result in lower claim costs that will more than offset the differences in their administration fees. It is therefore recommended that the City of Key West select Employers Mutual, Inc. as their new claims administrator effective October 1, 2009.

I will make myself available to review the above analysis and recommendations with you at your convenience.

Cordially,

INTERISK CORPORATION



Sidney G. Webber  
CPCU, ARM



**CITY OF KEY WEST, FLORIDA  
EVALUATION OF PROPOSALS**

**FOR  
THIRD PARTY CLAIMS ADMINISTRATION**

**RFP #09-011**

	<b>Current Program (Gallagher Bassett)</b>	<b>Gallagher Bassett</b>	<b>CCMSI</b>	<b>PMA</b>
<b>Type of Program</b>	Life of Contract	Life of Contract	Life of Contract	Life of Contract
<b>Location of Services</b>	Miramar	Miramar	Miramar	Tampa/Key West
<b>Average Case Load of Adjuster</b>	Lost Time - 202 Med Only - 263 Liability - Unknown	Lost Time - 202 Med Only - 263 Liability - Unknown	Lost Time - 130 Med Only - 130 Liability - 134	120 - 130
<b>Experience of Adjusters</b>	Extensive	Extensive	Moderate	Extensive
<b>Quality of Loss Reports</b>	Good	Good	Did not provide sample	Good
<b>Initial contact with claimant within 24 hours</b>	Yes	Yes	Yes	Yes
<b>Recorded statements of claimant</b>	Yes	Yes	Yes	Yes
<b>Contact with treating physician within 24 hours</b>	Yes	Yes	Yes	Yes
<b>Narrative Summaries of major claims</b>	Yes	Yes	Yes	Yes
<b>Medical bills reduced to State Fee Schedule</b>	Additional Charge	Additional Charge	Additional Charge	Additional Charge
<b>Pursue Subrogation and Second Injury Fund claims</b>	Yes	Yes	Yes	Yes
<b>Prepare State mandated reports</b>	Yes	Yes	Yes	Yes
<b>Report and pursue Excess claims</b>	Yes	Yes	Yes	Yes
<b>Quarterly claim reviews</b>	Yes	Yes	Yes	Yes
<b>Monthly loss runs</b>	Yes	Yes	Yes	Yes
<b>Projected Annual Cost</b>	\$128,265	Yes	Yes	Yes
<b>Comments</b>		\$131,361	\$241,911	\$181,196

**CITY OF KEY WEST, FLORIDA  
EVALUATION OF PROPOSALS  
FOR  
THIRD PARTY CLAIMS ADMINISTRATION**

**RFP #09-011**

	Alternative Service Concepts	York Claim Solutions	Engle Martin & Assoc.	Integrated Claim Solutions
Type of Program	Life of Contract	Life of Contract		
Location of Services	Sarasota	Tallahassee/Orlando		
Average Case Load of Adjuster	110	Lost Time - 150 Med Only - 300		
Experience of Adjusters	Extensive	Unknown		
Quality of Loss Reports	Fair	Fair		
Initial contact with claimant within 24 hours	Yes	Yes		
Recorded statements of claimant	Yes	Yes		
Contact with treating physician within 24 hours	Yes	Yes		
Narrative Summaries of major claims	Yes	Yes		
Medical bills reduced to State Fee Schedule	Additional Charge	Additional Charge		
Pursue Subrogation and Second Injury Fund claims	Yes	Yes		
Prepare State mandated reports	Yes	Yes		
Report and pursue Excess claims	Yes	Yes		
Quarterly claim reviews	Yes	Yes		
Monthly loss runs	Yes	Yes		
Projected Annual Cost	\$143,239	Life of Contract - \$147,643 Life of Claim - \$156,748		
Comments	Did not address Loss Control Proposed annual fees for all assumed claims	Services will be fragmented between Tallahassee, Orlando and New York  Proposed Claim Assumption Fee provides services for only 1 year	Non Responsive Unable to provide claim administration services for Workers' Compensation Claims	Insufficient size to provide services the City requires. ICS only has 1 Workers' Compensation adjuster and only 1 WC account.. In addition, firm does not have the infrastructure (IT, etc) to properly service the account.



**CITY OF KEY WEST, FLORIDA  
EVALUATION OF PROPOSALS**

**FOR**

**THIRD PARTY CLAIMS ADMINISTRATION**

**RFP #09-011**

		Corvel		Johns Eastern		EMI	
Type of Program	Location of Services	PGCS	Life of Contract	Life of Contract	Life of Contract	Life of Contract	Life of Contract
Average Case Load of Adjuster		Lake Mary	Sarasota		Stuart		
Experience of Adjusters		Lost Time - 130	Lost Time - 115	Lost Time - 125			
Quality of Loss Reports		Med Only - 350	Med Only - 163	Med Only - 300			
Initial contact with claimant within 24 hours		Extensive	Extensive	Extensive			
Recorded statements of claimant		Good	Good	Good			
Contact with treating physician within 24 hours		Yes	Yes	Yes			
Narrative Summaries of major claims		Yes	Yes	Yes			
Medical bills reduced to State Fee Schedule		Yes	Yes	Yes			
Pursue Subrogation and Second Injury Fund claims		Yes	Yes	Yes			
Prepare State mandated reports		Additional Charge	Additional Charge	Additional Charge			
Report and pursue Excess claims		Yes	Yes	Yes			
Quarterly claim reviews		Yes	Yes	Yes			
Monthly loss runs		Yes	Yes	Yes			
Projected Annual Cost		Yes	Yes	Yes			
Comments		\$115,800	\$160,673	\$140,267			



**City of Key West, Florida**  
**Projected Annual Cost of Claims Administration**

Gallagher Bassett										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 1,066	\$ 555	\$ 452	\$ 1,164	\$ 1,066	\$ 555	\$ 1,164	\$ 1,232	\$ 170	
Estimated Annual Claim Fees	\$ 3,198	\$ 3,885	\$ 13,560	\$ 1,164	\$ 11,726	\$ 1,665	\$ 1,164	\$ 49,280	\$ 10,370	\$ 96,012
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 131,361

Comments:

1. Proposal did not specify fees for Ancillary Services (Loss Runs, On line Access, Administration, Loss Control Services, Banking, Claim Reporting and Set Up Fees. Used current fees for analysis.
2. Proposed bill reduction fee of 20% of savings. Used estimate of \$7,500 for annual fee.

**City of Key West, Florida  
Projected Annual Cost of Claims Administration**

Cannon Cochran Mangement Services (CCMSI)										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 835	\$ 418	\$ 418	\$ 975	\$ 835	\$ 418	\$ 975	\$ 1,250	\$ 150	
Estimated Annual Claim Fees	\$ 2,505	\$ 2,926	\$ 12,540	\$ 975	\$ 9,185	\$ 1,254	\$ 975	\$ 50,000	\$ 9,150	\$ 89,510
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 241,911

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	2	18	4	17	1	2	58	14	119
Claim Fee	\$ 417	\$ 209	\$ 209	\$ 972	\$ 417	\$ 209	\$ 972	\$ 1,800	\$ -	
Estimated Annual Claim Fees	\$ 1,251	\$ 418	\$ 3,762	\$ 3,888	\$ 7,089	\$ 209	\$ 1,944	\$ 104,400	\$ -	\$ 122,961

**Comments**

1. While proposal indicated that Loss Control Services would be provided, CCMSI did not indicate what fee would be charged
2. Proposed a fee of \$81 per month until closure for all Public Officials and Police Professional claims that they assume. Annual estimate based on claims being open for 12 months
3. Proposed a fee of \$150 per month until closure for all Lost Time W/C claims that they assume. Annual estimate based on claims being open for 12 months.
4. Proposed a Bill Reductin Fee of \$10 per bill

**City of Key West, Florida  
Projected Annual Cost of Claims Administration**

PMA										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 795	\$ 495	\$ 495	\$ 1,295	\$ 795	\$ 495	\$ 1,295	\$ 950	\$ 195	
Estimated Annual Claim Fees	\$ 2,385	\$ 3,465	\$ 14,850	\$ 1,295	\$ 8,745	\$ 1,485	\$ 1,295	\$ 38,000	\$ 11,895	\$ 83,415
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services (Billed at \$125 per hour and assumed 16 hours of service)										
Banking Fees										
Claim Reporting										
Set Up Fee (Proposal reflects estimate of \$5,000)										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 181,196

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	2	18	4	17	1	2	58	14	119
Claim Fee	\$ 595	\$ 395	\$ 395	\$ 1,295	\$ 595	\$ 395	\$ 1,295	\$ 795	\$ 195	
Estimated Annual Claim Fees	\$ 1,785	\$ 790	\$ 7,110	\$ 5,180	\$ 10,115	\$ 395	\$ 2,590	\$ 46,110	\$ 2,730	\$ 76,805

**Comments**

- Proposed a bill reduction fee of \$8.25 per bill

**City of Key West, Florida**  
**Projected Annual Cost of Claims Administration**

Alternative Service Concepts										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 575	\$ 450	\$ 450	\$ 575	\$ 575	\$ 450	\$ 575	\$ 950	\$ 140	
Estimated Annual Claim Fees	\$ 1,725	\$ 3,150	\$ 13,500	\$ 575	\$ 6,325	\$ 1,350	\$ 575	\$ 38,000	\$ 8,540	\$ 73,740
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee (Proposal reflects estimate of \$5,000)										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 143,239

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	2	18	4	17	1	2	58	14	119
Claim Fee	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 425	\$ -	
Estimated Annual Claim Fees	\$ 1,050	\$ 700	\$ 6,300	\$ 1,400	\$ 5,950	\$ 350	\$ 700	\$ 24,650	\$ -	\$ 41,100

**Comments**

1. Provided an annual fee of \$425 for all assumed Lost Time Claims
2. Provided an annual fee of \$350 for all assumed Liability Claims
3. Proposed a bill reduction fee of \$8.50 per bill





York Claim Services - Life of Claim										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 1,202	\$ 428	\$ 428	\$ 1,059	\$ 1,059	\$ 721	\$ 1,059	\$ 1,397	\$ 150	
Estimated Annual Claim Fees	\$ 3,606	\$ 2,996	\$ 12,840	\$ 1,059	\$ 11,649	\$ 2,163	\$ 1,059	\$ 55,880	\$ 9,150	\$ 100,402
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Based on 1,694 bills annually and fee of \$9.00 per bill)										
Total										
										\$ 156,748

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	2	18	4	17	1	2	58	14	119
Claim Fee	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 350	\$ 425	\$ -	
Estimated Annual Claim Fees	\$ 1,050	\$ 700	\$ 6,300	\$ 1,400	\$ 5,950	\$ 350	\$ 700	\$ 24,650	\$ -	\$ 41,100

Comments

1. Proposal did not address available loss control services
2. Proposal indicates that no Data Conversion Fee will apply unless unforeseen problems exist with data provided by current TPA
3. Proposal indicates that Claim Assumption Fee will be an annual charge based on number and types of claims currently open.
4. Proposed a bill reduction fee of \$9.00 per bill



City of Key West, Florida  
 Projected Annual Cost of Claims Administration

Engle Martin & Associates										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee										
Estimated Annual Claim Fees										
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumptio										
Bill Reduction										

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	18	4	17	1	2	58	14	119	
Claim Fee										
Estimated Annual Claim Fees										

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**City of Key West, Florida**  
**Projected Annual Cost of Claims Administration**

Preferred Governmental Claim Solutions										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 450	\$ 250	\$ 250	\$ 650	\$ 450	\$ 250	\$ 650	\$ 650	\$ 165	
Estimated Annual Claim Fees	\$ 1,350	\$ 1,750	\$ 7,500	\$ 650	\$ 4,950	\$ 750	\$ 650	\$ 26,000	\$ 10,065	\$ 53,665
Loss Run Reports										
On Line Access										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 115,800

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count										
Claim Fee										
Estimated Annual Claim Fees										
Proposed a flat fee of \$25,020 to assume all existing claims. City will be able to pay assumption fee in 36 equal monthly installments of \$695.										

**Comments**

- Proposed a bill reduction fee of \$1.40 per line with a 3 line minimum

**City of Key West, Florida  
Projected Annual Cost of Claims Administration**

Johns Eastern										
Average Annual Claim Count	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Claim Fee	3	7	30	1	11	3	1	40	61	157
Estimated Annual Claim Fees	\$ 695	\$ 450	\$ 450	\$ 850	\$ 695	\$ 450	\$ 850	\$ 1,125	\$ 149	
	\$ 2,085	\$ 3,150	\$ 13,500	\$ 850	\$ 7,645	\$ 1,350	\$ 850	\$ 45,000	\$ 9,089	\$ 83,519
Loss Run Reports										
On Line Access										
Data Conversion										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 160,673

Projected Claim Assumption Fee										
Average Annual Claim Count	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Claim Fee	3	2	18	4	17	1	2	58	14	119
Estimated Annual Claim Fees	\$ 325	\$ 225	\$ 225	\$ 425	\$ 325	\$ 225	\$ 425	\$ 600	\$ -	
	\$ 975	\$ 450	\$ 4,050	\$ 1,700	\$ 5,525	\$ 225	\$ 850	\$ 34,800	\$ -	\$ 48,575

**Comments**

1. Loss Control Services will be provided at a cost of \$95.00 per hour
2. Proposed a bill reduction fee of \$5.95 per bill

**City of Key West, Florida  
Projected Annual Cost of Claims Administration**

Employers Mutual										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	\$ 650	\$ 650	\$ 650	\$ 700	\$ 700	\$ 700	\$ 700	\$ 950	\$ 150	
Estimated Annual Claim Fees	\$ 1,950	\$ 4,550	\$ 19,500	\$ 700	\$ 7,700	\$ 2,100	\$ 700	\$ 38,000	\$ 9,150	\$ 84,350
Loss Run Reports										
On Line Access										
Data Conversion										
Program Administration										
Loss Control Services										
Banking Fees										
Claim Reporting										
Set Up Fee										
Claim Assumption Fee										
Bill Reduction Fee (Average of 1,694 bills processed annually)										
Total										
										\$ 140,267

Projected Claim Assumption Fee										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissions	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	2	18	4	17	1	2	58	14	119
Claim Fee	\$ 350	\$ 350	\$ 350	\$ 400	\$ 400	\$ 400	\$ 400	\$ 475	\$ 100	
Estimated Annual Claim Fees	\$ 1,050	\$ 700	\$ 6,300	\$ 1,600	\$ 6,800	\$ 400	\$ 800	\$ 27,550	\$ 1,400	\$ 46,600

Comments

- Proposed a bill reduction fee of \$5.50 per bill or \$1.50 per line with no minimum

# INTEROFFICE MEMORANDUM

To: Sandy Barroso, Risk Manager  
CC: Mark Finigan, Assistant City Manager  
Sue Snider, Purchasing  
From: Cheri Smith, City Clerk  
Date: August 25, 2009  
Subject: **THIRD PARTY CLAIM ADMINISTRATION**  
**RFP 09-011**

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Attached for your review are copies of the proposals opened Tuesday, August 25, 2009 at 3:30 p.m. in response to the above referenced project.

1. Alternative Service Concepts, LLC  
6010 Cattleridge Drive  
Suite 103  
Sarasota, FL 34232
2. Cannon Cohran Management Services, Inc. (CCMSI)  
2600 Lake Lucien Drive  
Suite 225  
Maitland, FL 32751
3. Corvel Enterprises Comp, Inc.  
210 North University Drive, #501  
Coral Springs, FL 33071
4. EMCAS  
12466 West Atlantic Blvd.  
Coral Springs, FL 33071
5. Employers Mutual, Inc. (EMI)  
700 Central Parkway  
Stuart, FL 34994
6. Gallagher Bassett Services, Inc.  
2 Pierce Place, 5<sup>th</sup> Floor  
Itasca, IL 60143

# INTEROFFICE MEMORANDUM

To: Sandy Barroso, Risk Manager  
CC: Mark Finigan, Assistant City Manager  
Sue Snider, Purchasing  
From: Cheri Smith, City Clerk  
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Subject: **THIRD PARTY CLAIM ADMINISTRATION**  
**RFP 09-011**

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7. Intergrated Claim Solutions, Inc.  
668 Maitland Avenue  
Altamonte Springs, FL 32701
8. Johns Eastern Company, Inc.  
P.O. Box 110259  
Lakewood Ranch, FL 34211-0004
9. Preferred Governmental Claim Solutions, Inc.(PGCS)  
P.O. Box 958456  
Lake Mary, FL 32795-8456
10. PMA Management Corp. (PMAMC)  
2701 North Rocky Point Drive  
Suite 250  
Tampa, FL 33607
11. York Claims Services, Inc.  
1117 Perimeter Center West  
Atlanta, GA 30338

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