RESOLUTION NO. 14-085

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A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AUTHORIZING A ONE-YEAR EXTENSION OF THE "AGREEMENT FOR ADMINISTRATIVE SERVICES" WITH **EMPLOYERS** MUTUAL, INC. (EMI), AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR FOR THE POLICY PERIOD OF 10/01/2014 - 9/30/2015, PURSUANT TO SECTION 2-797(4)(b), THE CITY; PROVIDING FOR AN INTERESTS OF EFFECTIVE DATE

WHEREAS, in Resolution No. 10-113, the City Commission ratified an "Agreement for Administrative Services" for policy period 2009/2010 with EMI, Inc., including an option for up to four annual renewals; and

WHEREAS, in Resolution No. 13-232, the City Commission approved the last of four one-year renewals contemplated in the original Agreement; and

WHEREAS, the City Commission finds that pursuant to section 2-797(4)(b) of the Code of Ordinances, it is in the best interests of the City to approve an additional one-year extension for policy year 10/01-2014 = 9/30/2015.

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

Section 1: That the "Agreement for Administrative Services" between the City and EMI, is hereby extended for the policy Page 1 of 2

period of 10/1/2014 - 9/30/2015, pursuant to section 2-797(4)(b), best interests of the City.

Section 2: 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 | ador | pted k | у 1 | the | City | Со | mmiss | ion | at | a | meet: | ing | held |
|-------|----------|-------------------|------|--------|-----|------------------|-------|-----|-------|-----|------|-------------|-------------|-----|------|
| this | 181 | 18th day ofMarch, | | | | | | | 2014 | Į | | | | | |
| | Authent | icat | ed I | by th | е | pre | sidin | g | offic | er | and | C | lerk | of | the |
| Commi | ission c | n | Marc | ch 20 | | | 201 | 4. | | | | | | | |
| | Filed w | ith | the | Clerk | | Mar | ch 20 | | | _, | 2014 | *: | | | |
| | | | Mayo | r Cra | ig | Cat | es | | | _ | Yes | | | | |
| | | | Vice | Mayo | r M | lark | Ross | i | | _ | Yes | | | | |
| | | | Comm | issio | ner | Te | ri Jo | hns | ston | | Yes | | ==== | | |
| | | | Comm | issio | ner | cl. | ayton | Lo | pez | _ | Yes | | - | | |
| | | | Comm | issio | ner | Вi | lly W | arc | dlow | | Yes | | | | |
| | | | Comm | issio | ner | Ji | mmy W | eek | cley | _ | Yes | | _ | | |
| | | | Comm | issio | ner | T ₀ 0 | ny Ya | niz | Z | _ | Yes | | | | |

CRAIG CATES, MAYOR

ATTEST:

CHERVI SMITH CIVY CLERK



CITY MANAGER'S OFFICE MEMORANDUM

To: Mayor and City Commission

From: Bob Vitas, City Manager

Date: February 24, 2014

Subject: Extension of Third Party Administrator (TPA) Services (Property, Casualty and Workers

Compensation Program) for Policy Period FY 2014-15 with Employers Mutual, Inc. (EMI)

ACTION STATEMENT:

Pursuant to City of Key West Code of Ordinances 2-797 Exemptions, (4)(b), Best Interests of the City, request the City Commission approve and extend Third Party Administrator (TPA) services for the administration of the City's property, casualty and workers compensation claims program with Employers Mutual, Inc. (EMI) for the policy period of 10/01/2014 - 10/01/2015.

BACKGROUND:

On September 15, 2009 the City Commission adopted Resolution No. 09-246 authorizing the acceptance of Employers Mutual, Inc. (EMI's) proposal to serve as the City's insurance (property, casualty and workers compensation) program Third Party Administrator for policy year 2009/2010 with four (4) additional years. The intent of the RFP was to provide the City the opportunity to annually re-evaluate the services provided by EMI and to exercise its option for renewal in subsequent policy periods based on their performance. Policy Year 2013-14 represented the final one year period that could be exercised by the City pursuant to Resolution No. 09-246 and RFP 09-011. With the recent resignation/retirement of the two primary City administrators who provided oversight for such services and the challenge their departure would create with respect to the construction a solicitation, releasing the solicitation and making an award for similar third party services, it is my strong recommendation the City retain for one additional policy period the services of EMI.

2009- Current Services Provided by EMI

Throughout their tenure with the City EMI has proved to be a responsive and readily available service partner in providing the City with its expertise in claim's management, timely and active interaction with claimants and working closely with both the Legal and Risk Management staff. Employers Mutual, Inc. (EMI) has assisted Risk Management in implementing a more aggressive litigation defense program on all claims which include those claims made under the Heart and Lung Act. Adjusters work hand in hand with City Attorneys to pursue claims closure as quickly as possible.

FINANCIAL IMPACT:

Employers Mutual, Inc. (EMI) charges a flat fee for each claim administered, dependent on the type of claim. Such fees were established during the Request for Proposal process and were one of the factors considered in the award determination. The fee charged for the administration of each claim is still considered fair and reasonable and consistent with fees proposed under the RFP and additionally consistent with those fees charged by Employers Mutual, Inc. (EMI) of Florida's contemporaries. The FY 2014-15 proposed insurance budget, when approved, will contain amounts sufficient to cover the number of claims projected to be administered in the FY 2015 operating period.

RECOMMENDATION:

Request the City Commission extend the City's agreement with Employers Mutual, Inc. (EMI) for the renewal period of 2014-2015 as allowed for in the RFP No. 09-011.

RESOLUTION NO. 13-232

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, RENEWING THE "AGREEMENT FOR ADMINISTRATIVE SERVICES" WITH EMPLOYERS MUTUAL, INC. (EMI), AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR FOR THE POLICY PERIOD OF 10/01/2013 - 10/01/2014; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, in Resolution No. 09-246, the City approved the proposal of EMI, Inc. in response to #09-011 requesting proposals for "third party claim administration"; and

WHEREAS, in Resolution No. 10-113, the City Commission ratified an "Agreement for Administrative Services" with EMI, Inc., including an option for up to four annual renewals; and

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

Section 1: That the "Agreement for Administrative Services" between the City and Employers Mutual Inc. (IMA), is hereby renewed for the policy period of 10/01/2013 = 10/01-2014.

| Section 2: 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 day of September , 2013. |
| Authenticated by the presiding officer and Clerk of the |
| Commission on September 18, 2013. |
| Filed with the Clerk September 18 2013. |
| Las Cot |
| CRAIG CATES, MAYOR |
| CHERYL SMITH, CITY CLERK |
| |



CITY MANAGER'S OFFICE MEMORANDUM

To:

Bob Vitas, City Manager

From:

Mark Z. Finigan, Assistant City Manager

Date:

September 9, 2013

Subject:

Renewal of 2013-2014 Third Party Administrator (TPA) Services

(Property, Casualty and Workers Compensation Program)

ACTION STATEMENT:

Request the City Commission approve and extend the Third Party Administrator (TPA) services for the administration of City's property, casualty and workers compensation claims program with Employers Mutual, Inc. (EMI) for the policy period of 10/01/2013 - 10/01/2014 in accordance with the Request for Proposal (RFP #09-011) published in April 2009: "It is the intent of the City to agree to a one (1) year term with rights to renew with the successful proposer for four (4) additional one-year term at the sole option of the City.

BACKGROUND:

On September 15, 2009 the City Commission adopted Resolution No. 09-246 authorizing the acceptance of Employers Mutual, Inc. (EMI's) proposal to serve as the City's insurance (property, casualty and workers compensation) program Third Party Administrator for policy year 2009/2010 with four (4) additional years. The intent of the RFP was to provide the City the opportunity to annually re-evaluate the services provided by EMI and to exercise its option for renewal in subsequent policy periods based on their performance. Policy Year 2013-14 represents the final one year period that can be exercised by the City pursuant to Resolution No. 09-246 and RFP 09-011. It is the intent of the City to rebid Third Party Administrator services for Fiscal Year 2014-15 and possibly beyond.

2009-2013 Services Provided by EMI

Throughout their tenure with the City EMI has proved to be a responsive and readily available service partner in providing the City with its expertise in claim's management, timely and active interaction with claimants and working closely with both the Legal and Risk Management staff. Employers Mutual, Inc. (EMI) has assisted Risk Management in implementing a more aggressive litigation defense program on all claims which include those claims made under the Heart and Lung Act. Adjusters work hand in hand with City Attorneys to pursue claims closure as quickly as possible.

FINANCIAL IMPACT:

Employers Mutual, Inc. (EMI) charges a flat fee for each claim administered, dependent on the type of claim. Such fees were established during the Request for Proposal process and were one of the factors considered in the award determination. The fee charged for the administration of each claim is still considered fair and reasonable and consistent with fees proposed under the RFP and additionally consistent with those fees charged by Employers Mutual, Inc. (EMI) of Florida's contemporaries. The FY 2013-14 proposed budget contains amounts sufficient to cover the number of claims projected to be administered in the FY 2014 operating period.

RECOMMENDATION:

Request the City Commission extend the City's agreement with Employers Mutual, Inc. (EMI) for the renewal period of 2013-2014 as allowed for in the RFP No. 09-011.

RESOLUTION NO. 12-140

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, RENEWING THE "AGREEMENT FOR ADMINISTRATIVE SERVICES" WITH EMPLOYERS MUTUAL, INC. (EMI), AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR FOR THE POLICY PERIOD OF 10/01/2012 - 10/01/2013; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, in Resolution No. 09-246, the City approved the proposal of EMI, Inc. in response to #09-011 requesting proposals for "third party claim administration"; and

WHEREAS, in Resolution No. 10-113, the City Commission ratified an "Agreement for Administrative Services" with EMI, Inc., including an option for up to four annual renewals; and

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

Section 1: That the "Agreement for Administrative Services" between the City and Employers Mutual Inc. (IMA), is hereby renewed for the policy period of 10/01/2012 - 10/01-2013.

| Section 2: 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 1st day of May , 2012. |
| Authenticated by the presiding officer and Clerk of the |
| Commission on May 2 , 2012. |
| Filed with the Clerk May 2 2012 |
| |
| Loca Citz |
| CRAIG CATES, MAYOR |
| CHERYL SMITH CITY CLERK |
| CHAPTER CALL CONTRACTOR CONTRACTO |



CITY MANAGER'S OFFICE MEMORANDUM

To:

Jim Scholl, City Manager

From:

Mark Z. Finigan, Assistant City Manager

Date:

April 9, 2012

Subject:

Renewal of FY 2012-2013 Third Party Administrator (TPA) Services

ACTION STATEMENT:

Request City Commission approve and extend the Third Party Administrator services of existing TPA servicing agent, Employers Mutual, Inc (EMI) for the policy period of 10/01/2012 - 10/01/2013 in accordance with the Request for Proposal (RFP #09-011) published in April 2009: "It is the intent of the City to agree to a one (1) year term with rights to renew with the successful proposer for four (4) additional one-year term at the sole option of the City. Consideration may be given to longer-term agreements based on price, terms and conditions."

BACKGROUND:

At the September 15, 2009 City Commission meeting the City Commission adopted Resolution No. 09-246 authorizing the acceptance of Employers Mutual, Inc. (EMI's) proposal to serve as the City's insurance (property, casualty and workers compensation) program Third Party Administrator for policy year 2009/2010 with the provision for four (4) additional years. The intent of the RFP was to provide the City the opportunity to annually re-evaluate the services provided by EMI and to exercise its option for renewal in subsequent policy periods based on their performance.

2009-2012 Services Provided by EMI

Throughout their tenure with the City EMI has proved to be a responsive and readily available service partner in providing the City with its expertise in claim's management, timely and active interaction with claimants and working closely with both the Legal and Risk Management staff. EMI has assisted Risk Management in implementing a more aggressive litigation defense program on all type claims. EMI's adjusters work hand in hand with City Attorneys to pursue claims closure as quickly as possible and in the best financial interest of the City.

FINANCIAL IMPACT:

In 2009-2010 Fiscal Period EMI began providing the City with Third Party Claims Administration (TPA) Services for all new claims as well as assuming the service for all open and existing claims. Within the initial take over period EMI changed the classification of 40 or more indemnity claims to medical only claims to more closely conform to Florida 440 Statutory law. This reclassification resulted in an immediate cost savings by reducing the amount of monetary reserves

which had been posted against those claims. They also took an aggressive approach in reviewing and closing dozens of inactive claims yielding a return of allocated reserves back to the City.

TPA Services - Claim Set-up Fees

EMI's services are provided on a flat fee basis. For example: once a claim is reported to EMI their charge is based on a one time set-up cost per type of claim and no further adjusting services are paid. By comparison, claim count and costs for the period of FY2007, FY2008 and FY2009 (Prior TPA) and FY2010 and FY2011 (EMI) are as follows:

| | <u>Liability</u> | Work | cers' Comp | Totals |
|--------------------------|------------------|------|------------|-----------|
| Prior TPA Claim Set-Up F | ees: | | | |
| FY 2007 - Claim Count | 37 | | 127 | 164 |
| Set-Up Fees | \$23,285 | | \$63,902 | \$87,187 |
| FY 2008 - Claim Count | t: 51 | | 110 | 161 |
| Set-Up Fees | : \$39,731 | | \$68,000 | \$107,740 |
| FY 2009 - Claim Coun | _ | | 9 8 | 126 |
| Set-Up Fees | | 8 | \$60,202 | \$85,038 |
| 24 III X | | | | |
| EMI Claim Set-Up Fees: | | | | |
| FY 2010 - Claim Coun | t: 23 | | 75 | 98 |
| Set-Up Fees | : \$15,700 | | \$28,950 | \$44,650 |
| FY 2011 - Claim Coun | | | 78 | 104 |
| Set-Up Fees | | | \$26,419 | \$44,805 |
| | | | | |

EMI has also pursued an aggressive recovery for excess reimbursements due from Excess Carriers once a claim has exceeded the City's SIR. To date, EMI has recovered \$253,750.

RECOMMENDATION:

Request the City Commission to extend the City's agreement with Employers Mutual, Inc. (EMI) for the renewal period of Fiscal Year 2012-2013 as allowed for in the RFP No. 09-011.

RESOLUTION NO. 10-113

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, RATIFYING THE ATTACHED AGREEMENT FOR ADMINISTRATIVE SERVICES BETWEEN THE CITY OF KEY WEST AND EMPLOYERS MUTUAL, INC. (EMI) FOR SERVICES AS THE CITY'S INSURANCE PROGRAM THIRD PARTY AUMINISTRATOR (TPA); PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in Resolution No. 09-246, the City Commission authorized the City Manager to negotiate an agreement with EMI for services as a third party administrator;

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

Section 1: That the attached Agreement for Administrative Services is hereby ratified.

Section 2: 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 _6th day of _April ____, 2010.

Authenticated by the Presiding Officer and Clerk of the Commission on __7th ____day of __April ____, 2010.

Filed with the Clerk on ______, 2010

CRAIG CATES, MAYOR

CHERYL SMITH, CITY CLERK



CITY MANAGER'S OFFICE MEMORANDUM

TO:

Jim Scholl, City Manager

FROM:

Mark Z. Finigan, Assistant City Manager

DATE:

March 7, 2010

SUBJECT:

Ratification of Agreement with Employer Mutual, Inc.

ACTION STATEMENT:

This purpose of this resolution is to request ratification by the City Commission of the attached fully executed Agreement between the City of Key West and Employer Mutual, Inc. (EMI), for services rendered as the City's Insurance Program Third Party Claims Administrator (TPA).

BACKGROUND:

City Commission approved via Resolution 09-246 the recommended ranking of the Evaluation Committee for the engagement of Employer Mutual, Inc. (EMI). Pursuant to said resolution the City Manager was authorized to enter into negotiations with Employer Mutual, Inc. (EMI) and if successful in negotiating an agreement, execute said agreement and bring back before the City Commission for ratification. The resulting agreement is attached and presented to the City Commission for ratification. The agreement was reviewed and approved by the City's Legal Department before execution by the City Manager.

Employer Mutual, Inc. (EMI) has been providing services since October 1, 2009 as the third party administrator for all City insurance claims. To date, their service has been excellent. The delay in executing an agreement acceptable to both parties was centered on a protracted discussion/negotiation of certain terms and conditions which did not impact performance. Employer Mutual, Inc. (EMI) services from October 1, 2009 have been pursuant to the City's Request for Proposal and the proposal submitted by Employer Mutual, Inc. (EMI).

RECOMMENDATION:

Ratify the attached fully executed Agreement For Services between the City of Key West and Employer Mutual, Inc. (EMI), for services rendered as the City's Insurance Program Third Party Administrator (TPA).

AGREEMENT FOR ADMINISTRATIVE SERVICES

THIS AGREEMENT, made and entered into by and between the City of Key West hereinafter referred to as the Client, and Employers Mutual Inc. (EMI), 700 Central Parkway, Stuart, FL 34994, a Florida Corporation, hereinafter referred to as Administrator.

WITNESSETH

WHEREAS, the Client desires to engage the services of Administrator to provide claim adjusting services for workers compensation and liability claims as described herein on behalf of the Client;

WHEREAS, Administrator is qualified and desires to provide the aforementioned services on behalf of the Client in accordance with this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto do mutually agree as follows:

The above recitals are incorporated herein as if set forth here below.

I. SERVICES

A. CLAIMS ADMINISTRATION SERVICES

Client engages Administrator to provide the following and such other services as may be considered necessary and which are mutually acceptable to both parties:

- (i) Supervise and administer the open claims in compliance with applicable laws, rules and regulations governing the administration of self-insurance programs and imposed by the State of Florida. Claims will be timely adjusted and Administrator will be responsible for penalties if the penalty arises from the neglect of the Administrator.
- (ii) Provide qualified and experienced personnel capable of servicing the open claims of the Client. Administrator will maintain an office with toll-free telephone services and experienced employees.
- (iii) Complete processing of loss adjustments, investigations and settlements falling within the self-insured retention level. Submissions of all investigation reports, legal actions, court orders, or awards shall be provided to the Client together with recommendations to be taken in the event claims exceed the limits of authority of Administrator. Administrator must obtain prior approval from the Client, for all settlements.
- (iv) Coordinate investigations of and manage litigated claims with defense attorneys.

- (v) Develop subrogation possibilities and assist in the collection of same. Submit claims to reinsurance/excess carriers and assist in the recovery of such benefits (if any) on behalf of Client.
- (vi) In the event of termination of the contract, Administrator shall not have any responsibility or obligation to handle any claims beyond sixty (90) days after the termination date.
- (vii) Administrator shall comply with all notification and reporting requirements of the Client's excess insurers and shall pursue all Excess Recoveries in a timely fashion.
- (viii) Administrator shall pursue all available Second Disability Trust Fund recoveries from the State of Florida.
- (ix) Administrator shall complete and file on behalf of the Client, all State mandated reports.
- (x) Those Services described in the Client's Request for Proposal # 09-011 (Exhibit "A") and the ADMINISTRATOR Proposal (Exhibit B), dated August 24, 2009.

II. RESPONSIBILITIES OF THE CLIENT

The Client shall have and perform the following duties, obligations, and responsibilities to Administrator.

- (i) Obligation & Responsibility for Payment. The Client has the sole obligation and responsibility for funding the payment of claims made against the Client. Administrator assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for such payment.
- (ii) Deposit Account. Prior to the commencement of the Agreement, the Client shall establish a bank account at a bank of the Client's choosing and this account will be used to process claim checks. The Client will be responsible for the proper funding of this account as well as all banking fees, bank interfaces and the bank reconciliations. Administrator shall use the funds deposited by the Client into the account to pay claim semiements within the discretionary settlement authority limit or as otherwise authorized by the Client, and to pay interim claim payments, indemnity payments, medical expenses and allocated expenses.
- (iii) Management of Account. It is the Client's responsibility to establish and replenish the bank account with funds sufficient to cover all claim payments. The Client may, at its discretion, increase or decrease the minimum funding levels based on actual claim activity. The bank account shall remain in effect until all claims activity ceases under this Agreement.

- (iv) Allocated Loss Adjustment Expense. Coverage costs shall include but not be limited to: cost of medical and/or indemnity payments, outside investigation of claims, surveillance, vocational rehabilitation, on-site case management, legal fees, court or hearing costs, depositions, documents and exhibits, witness fees, photography and other incidental and special costs, as approved by Client. Coverage costs shall be borne by the Client as normal claims related expenditures and shall be charged against the Deposit Account.
- Instructions from Client. Administrator shall duly consider all written notices and recommendations made by Client relative to the administration of claims, including medical and litigation services with the understanding that the final authority rests with the Client. Administrator shall not be responsible or liable for any action or inaction of the Client, which is contrary to a lawful written recommendation or instruction by Administrator, applicable by law, and/or workers compensation law that causes any claim to not be properly adjusted, administrated, and/or processed. Administrator will handle claims in accordance with the written handling procedures as produced by the Client.
- (vi) Andits. Client has the right to independently or via outside auditors review the Administrator's performance to insure compliance with the contract requirements and to insure the financial integrity of the program.

III. ADMINISTRATOR'S RESPONSIBILITY

Administrator shall have no responsibility, risk, liability or obligation for the funding of claims, losses, or liabilities. The responsibility and obligation for funding the program exposures shall be solely and totally the responsibility of the Client.

Administrator shall be liable for the recovery of claim processing errors arising from Administrator's performance pursuant to the terms of this Agreement. Administrator shall use diligent efforts toward the recovery of any loss therefrom. Administrator's liability, if any, shall be limited to the amount in excess of the claim amount(s) payable under the terms of the Agreement.

It is understood and agreed that Administrator is and shall remain an independent ADMINISTRATOR with respect to the services being performed by the Administrator pursuant to this Agreement and shall not for any purpose be deemed an employee of the Client, nor shall the relationship of the parties be deemed that of partners or joint ventures. Administrator does not assume any responsibility, risk, liability, or obligation for the general policy direction of the program, the adequacy of the funding thereof, or any act or omission or breach of daty by parties other than Administrator. Administrator shall not be deemed an insurer, underwriter or guarantor with respect to any expenses payable under the program. Administrator agrees to maintain the insurance requirements as set forth in the Client's RFP throughout the entirety of the life of this contract, including naming the Client as an additional insured in their general liability contract.

Insurance. ADMINISTRATOR shall maintain on file with the Client a certificate of the insurance of the carriers showing that the following insurance coverage's are in effect. The following coverage's shall be provided:

Worker's Compensation - statutory - in compliance with the compensation law of the State of Florida.

Commercial General Liability Insurance with minimum limits of \$1 million per occurrence for bodily injury, personal injury and property damage.

Comprehensive Auto Liability Insurance with minimum limits of \$1 million combined single limit per occurrence.

Employer's Liability - \$500,000

Professional Liability / Errors & Omissions insurance with a minimum limit of one million (\$1,000,000) dollars. Must be specific for claims adjusting services.

The Client shall be named as additional insured, except for workers compensation. The policies shall provide no less than 30 days notice of cancellation, non-renewal or reduction of coverage.

Licensing - ADMINISTRATOR warrants that it shall have, prior to commencement of work under this Agreement and at all times during said work, all required licenses whether federal, state, County or City.

IV. DEFAULT AND TERMINATION

- Default. The failure of either party to comply with any provision of this Agreement will place that party in default. Prior to terminating the Agreement, the non-defaulting party will notify the defaulting party in writing. This notification will make specific reference to the provision(s) the defaulting party failed to comply with, the exact nature of the default, and the action that needs to occur to correct the default. The non-defaulting party will give the defaulting party a minimum of ten (10) business days to correct the default. If the default is not corrected within the allotted time, the non-defaulting party shall be permitted to terminate this Agreement, effective upon the receipt by the defaulting party of a written termination notice.
- (ii) Bankruptcy. If either party files a petition for bankruptcy or a petition or answer seeking reorganization, becomes or is insolvent or hankrupt, has a receiver appointed for its benefit, admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, the other party may immediately terminate this Agreement.
- (iii) <u>Termination.</u> It is understood and agreed that either party shall have the right to terminate this Agreement on any date by:

- (a) the Client giving Administrator not less than thirty (90) days advance written notice of termination.
- (b) Administrator giving the Client not less than thirty (90) days advance written notice of termination.

Administrator may, at its sole discretion, terminate this Agreement in the event that Client fails to properly fund the program within fifteen (15) days of receiving a written request to do so from Administrator.

Upon termination by either party, Administrator shall, upon the request and at the expense of the Client, provide computer runs detailing various aspects of the Client's program.

It is understood that at termination of the Agreement, Administrator shall not have any responsibility or obligation to handle any incurred claims beyond the termination date except as set forth in paragraph I. A. (vi), above.

V. ADMINISTRATOR FEES AND AGREEMENT PERIOD

Agreement Period - The duration of the agreement shall be one (1) year commencing from October 1, 2009, with an option, at the sole discretion of the Client, to renew the agreement on an annual basis for up to four (4) years

Client shall pay Administrator a fee as outlined in Exhibit "C". The amount will be paid in monthly installment payments due at the beginning of each month. Fees as outlined in Exhibit "C" will be increased by three (3) percent at the commencement of years two, three, four and five should the City exercise its right to extend the Agreement pursuant to the terms stated in this section.

If the Client, for any reason whatsoever, fails to make a required fee payment or necessary contribution for claim payment as requested by Administrator on a timely basis. Administrator may suspend the performance of its services to the Client until such time as the Client makes the proper remittance.

VI. OWNERSHIP AND RETENTION OF CLAIM FILES

Administrator will retain all claim files during the time the Agreement is in effect. Subject to the foregoing, Administrator will make available to the Client for copying, at Client's expense, or inspection any records relating to any claim files serviced pursuant to this Agreement upon written request of the Client. Administrator will also make claim files available to any other third party as required by and in accordance with applicable law. All claim files created pursuant to this Agreement are the sole property of Client.

Upon termination of the Agreement, Administrator will be responsible for the retention and storage of all claim files. Client is also responsible for all shipping costs, if any, associated with transporting of claim files.

VIL NOTICE

Whenever written notice is required under the terms of this Agreement, it shall be delivered either in person or by registered mail to the appropriate party. Notice by registered mail shall be addressed as follows:

ADMINISTRATOR

Employers Mutual, Inc. 700 Central Parkway Stuart, FL 34994 ATTN: President

CLIENT

City of Key West 525 Angela Street Key West, FL 33040 Attn: City Manager

VIII. NON-ASSIGNMENT

The provisions of this Agreement supersede any prior Agreements or understandings to the contrary. No party hereto shall have the right to assign this agreement without the written consent of the other party, which will not be unreasonably withheld.

IX. NON TRANSFER OF POWERS

Nothing contained in this Agreement shall be construed to constitute a Transfer of Powers in any way whatsoever. This Agreement is solely an Agreement for provision of services.

X. ENFORCEMENT

In the event that it becomes necessary for either party to employ counsel to collect his obligation or to enforce this Agreement, whether or not suit be brought, the prevailing party shall recover a reasonable attorney's fee, including fees on appeal. For all enforcement actions, jurisdiction will be in Monroe County, Florida.

XI. SEVERABILITY

Should any provision of this Agreement be declared invalid by a Court of competent jurisdiction, same shall be deemed stricken herefrom and all other terms and conditions of this Agreement shall continue in full force and effect as if the invalid provision had never been made a part hereof.

XII. NON-WAIVER

No delay by either party in enforcing any covenant or right hereunder shall be deemed a waiver of such covenant or right, and no waiver of any particular provision hereof shall be deemed as

waiver of any other provision or a continuing waiver of such particular provision, and except as so expressly waived, all provisions hereof shall continue in full force and effect.

XIII. ENTIRE AGREEMENT

Client's Request for Proposal # 09-011 (Exhibit "A") and the ADMINISTRATOR Proposal (Exhibit B), dated August 24, 2009 and amendments (if any) are hereby incorporated into this agreement. This Agreement constitutes the entire understanding of the parties with respect to provision of services. It may not be modified nor any of its provisions waived unless such modifications and/or waiver is in writing and is agreed to and signed by both parties.

XIV. THIRD PARTY BENEFICIARIES

There are no third party beneficiaries of this Agreement, either intended or implied.

XV. INDEMNIFICATION

- A. The ADMINISTRATOR shall indemnify and hold harmless the CLIENT, its officers and employees, from liabilities, property damage, losses, personal injuries, and costs, including, but not limited to reasonable attorney's fees, to the extent caused by the negligence, recklessness or intentional wrongful misconduct of ADMINISTRATOR, its employees or agents, in the performance of this Agreement.
- B. This indemnification shall survive the expiration or termination of this Agreement. In the event that any action or proceeding is brought against the CLIENT by reason of such claim or demand, ADMINISTRATOR shall, upon written notice from the CLIENT, resist and defend such action or proceeding by counsel satisfactory to the CLIENT. The ADMINISTRATOR shall defend at its own expense to and through appellate, supplemental or bankruptcy proceeding, or to provide for such defense, at the CLIENT's option, any and all claims of liability and all suits and actions of every name and description covered above which may be brought against the CLIENT whether performed by ADMINISTRATOR, or by persons employed or used by ADMINISTRATOR.
- C. Without waiving the provisions of Florida Statute section 768.28, CLIENT agrees to indemnify and hold the ADMINISTRATOR harmless from any claims resulting in litigation against the ADMINISTRATOR based upon the sole negligence or willful misconduct of the CLIENT. In no event shall any amount payable hereunder exceed the statutory limit of \$100,000.00 irrespective of the applicability section 768.28.

| IN WITNESSES WHEREOF, the | parties hereunto set their flands and seals this zoen day of |
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| CLIENT | EMPLOYERS MUTUAL INC. |
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| 8 8 | Kevin Cothron |
| J.K. SCHOLL | Typed or Printed Name |
| Typed or Printed Name | W St |
| 8 | COO/ Executive Vice President |
| CITY MANAGER | Title |
| Title | 3-24-10 |
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| Date | Date |
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RESOLUTION NO. _ 10-113____

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, RATIFYING THE ATTACHED AGREEMENT FOR ADMINISTRATIVE SERVICES BETWEEN THE CITY OF KEY WEST AND EMPLOYERS MUTUAL, INC. (EMI) FOR SERVICES AS THE CITY'S INSURANCE PROGRAM THIRD PARTY ADMINISTRATOR (TPA); PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in Resolution No. 09-246, the City Commission authorized the City Manager to negotiate an agreement with EMI for services as a third party administrator;

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

Section 1: That the attached Agreement for Administrative Services is hereby ratified.

Section 2: 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 6th day of April , 2010.

Authenticated by the Presiding Officer and Clerk of the Commission on __7th __day of __April ____, 2010.

Filed with the Clerk on _______, 2010

CRAIG CATES, MAYOR

CHERYL SMITH CITY CLERK



CITY MANAGER'S OFFICE MEMORANDUM

TO:

Jim Scholl, City Manager

FROM:

Mark Z. Finigan, Assistant City Manager

DATE:

March 7, 2010

SUBJECT:

Ratification of Agreement with Employer Mutual, Inc.

ACTION STATEMENT:

This purpose of this resolution is to request ratification by the City Commission of the attached fully executed Agreement between the City of Key West and Employer Mutual, Inc. (EMI), for services rendered as the City's Insurance Program Third Party Claims Administrator (TPA).

BACKGROUND:

City Commission approved via Resolution 09-246 the recommended ranking of the Evaluation Committee for the engagement of Employer Mutual, Inc. (EMI). Pursuant to said resolution the City Manager was authorized to enter into negotiations with Employer Mutual, Inc. (EMI) and if successful in negotiating an agreement, execute said agreement and bring back before the City Commission for ratification. The resulting agreement is attached and presented to the City Commission for ratification. The agreement was reviewed and approved by the City's Legal Department before execution by the City Manager.

Employer Mutual, Inc. (EMI) has been providing services since October 1, 2009 as the third party administrator for all City insurance claims. To date, their service has been excellent. The delay in executing an agreement acceptable to both parties was centered on a protracted discussion/negotiation of certain terms and conditions which did not impact performance. Employer Mutual, Inc. (EMI) services from October 1, 2009 have been pursuant to the City's Request for Proposal and the proposal submitted by Employer Mutual, Inc. (EMI).

RECOMMENDATION:

Ratify the attached fully executed Agreement For Services between the City of Key West and Employer Mutual, Inc. (EMI), for services rendered as the City's Insurance Program Third Party Administrator (TPA).

AGREEMENT FOR ADMINISTRATIVE SERVICES

THIS AGREEMENT, made and entered into by and between the City of Key West hereinafter referred to as the Client, and Employers Mutual Inc. (EMI), 700 Central Parkway, Stuart, FL 34994, a Florida Corporation, hereinafter referred to as Administrator.

WITNESSETH

WHEREAS, the Client desires to engage the services of Administrator to provide claim adjusting services for workers compensation and liability claims as described herein on behalf of the Client:

WHEREAS, Administrator is qualified and desires to provide the aforementioned services on behalf of the Client in accordance with this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto do mutually agree as follows:

The above recitals are incorporated herein as if set forth here below.

I. SERVICES

A. CLAIMS ADMINISTRATION SERVICES

Client engages Administrator to provide the following and such other services as may be considered necessary and which are mutually acceptable to both parties:

- (i) Supervise and administer the open claims in compliance with applicable laws, rules and regulations governing the administration of self-insurance programs and imposed by the State of Florida. Claims will be timely adjusted and Administrator will be responsible for penalties if the penalty arises from the neglect of the Administrator.
- (ii) Provide qualified and experienced personnel capable of servicing the open claims of the Client. Administrator will maintain an office with toll-free telephone services and experienced employees.
- (iii) Complete processing of loss adjustments, investigations and settlements falling within the self-insured retention level. Submissions of all investigation reports, legal actions, court orders, or awards shall be provided to the Client together with recommendations to be taken in the event claims exceed the limits of authority of Administrator. Administrator must obtain prior approval from the Client, for all settlements.
- (iv) Coordinate investigations of and manage litigated claims with defense attorneys.

- (v) Develop subrogation possibilities and assist in the collection of same. Submit claims to reinsurance/excess carriers and assist in the recovery of such benefits (if any) on behalf of Client.
- (vi) In the event of termination of the contract, Administrator shall not have any responsibility or obligation to handle any claims beyond sixty (90) days after the termination date.
- (vii) Administrator shall comply with all notification and reporting requirements of the Client's excess insurers and shall pursue all Excess Recoveries in a timely fashion.
- (viii) Administrator shall pursue all available Second Disability Trust Fund recoveries from the State of Florida.
- (ix) Administrator shall complete and file on behalf of the Client, all State mandated reports.
- (x) Those Services described in the Client's Request for Proposal # 09-011 (Exhibit "A") and the ADMINISTRATOR Proposal (Exhibit B), dated August 24, 2009.

II. RESPONSIBILITIES OF THE CLIENT

The Client shall have and perform the following duties, obligations, and responsibilities to Administrator.

- (i) Obligation & Responsibility for Payment. The Client has the sole obligation and responsibility for funding the payment of claims made against the Client. Administrator assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for such payment.
- establish a bank account at a bank of the Client's choosing and this account will be used to process claim checks. The Client will be responsible for the proper funding of this account as well as all banking fees, bank interfaces and the bank reconciliations. Administrator shall use the funds deposited by the Client into the account to pay claim settlements within the discretionary settlement authority limit or as otherwise authorized by the Client, and to pay interim claim payments, indemnity payments, medical expenses and allocated expenses.
- (iii) Management of Account. It is the Client's responsibility to establish and replenish the bank account with funds sufficient to cover all claim payments. The Client may, at its discretion, increase or decrease the minimum funding levels based on actual claim activity. The bank account shall remain in effect until all claims activity ceases under this Agreement.

- (iv) Allocated Loss Adjustment Expense. Coverage costs shall include but not be limited to: cost of medical and/or indemnity payments, outside investigation of claims, surveillance, vocational rehabilitation, on-site case management, legal fees, court or hearing costs, depositions, documents and exhibits, witness fees, photography and other incidental and special costs, as approved by Client. Coverage costs shall be borne by the Client as normal claims related expenditures and shall be charged against the Deposit Account.
- (v) <u>Instructions from Client.</u> Administrator shall duly consider all written notices and recommendations made by Client relative to the administration of claims, including medical and litigation services with the understanding that the final authority rests with the Client. Administrator shall not be responsible or liable for any action or inaction of the Client, which is contrary to a lawful written recommendation or instruction by Administrator, applicable by law, and/or workers compensation law that causes any claim to not be properly adjusted, administered, and/or processed. Administrator will handle claims in accordance with the written handling procedures as produced by the Client.
- (vi) Audits. Client has the right to independently or via outside auditors review the Administrator's performance to insure compliance with the contract requirements and to insure the financial integrity of the program.

III. ADMINISTRATOR'S RESPONSIBILITY

Administrator shall have no responsibility, risk, liability or obligation for the funding of claims, losses, or liabilities. The responsibility and obligation for funding the program exposures shall be solely and totally the responsibility of the Client.

Administrator shall be liable for the recovery of claim processing errors arising from Administrator's performance pursuant to the terms of this Agreement. Administrator shall use diligent efforts toward the recovery of any loss therefrom. Administrator's liability, if any, shall be limited to the amount in excess of the claim amount(s) payable under the terms of the Agreement.

It is understood and agreed that Administrator is and shall remain an independent ADMINISTRATOR with respect to the services being performed by the Administrator pursuant to this Agreement and shall not for any purpose be deemed an employee of the Client, nor shall the relationship of the parties be deemed that of partners or joint ventures. Administrator does not assume any responsibility, risk, liability, or obligation for the general policy direction of the program, the adequacy of the funding thereof, or any act or omission or breach of duty by parties other than Administrator. Administrator shall not be deemed an insurer, underwriter or guarantor with respect to any expenses payable under the program. Administrator agrees to maintain the insurance requirements as set forth in the Client's RFP throughout the entirety of the life of this contract, including naming the Client as an additional insured in their general liability contract.

Insurance. ADMINISTRATOR shall maintain on file with the Client a certificate of the insurance of the carriers showing that the following insurance coverage's are in effect. The following coverage's shall be provided:

Worker's Compensation - statutory - in compliance with the compensation law of the State of Florida.

Commercial General Liability Insurance with minimum limits of \$1 million per occurrence for bodily injury, personal injury and property damage.

Comprehensive Auto Liability Insurance with minimum limits of \$1 million combined single limit per occurrence.

Employer's Liability - \$500,000

Professional Liability / Errors & Omissions insurance with a minimum limit of one million (\$1,000,000) dollars. Must be specific for claims adjusting services.

The Client shall be named as additional insured, except for workers compensation. The policies shall provide no less than 30 days notice of cancellation, non-renewal or reduction of coverage.

Licensing - ADMINISTRATOR warrants that it shall have, prior to commencement of work under this Agreement and at all times during said work, all required licenses whether federal, state, County or City.

IV. DEFAULT AND TERMINATION

- Default. The failure of either party to comply with any provision of this Agreement will place that party in default. Prior to terminating the Agreement, the non-defaulting party will notify the defaulting party in writing. This notification will make specific reference to the provision(s) the defaulting party failed to comply with, the exact nature of the default, and the action that needs to occur to correct the default. The non-defaulting party will give the defaulting party a minimum of ten (10) business days to correct the default. If the default is not corrected within the allotted time, the non-defaulting party shall be permitted to terminate this Agreement, effective upon the receipt by the defaulting party of a written termination notice.
- (ii) <u>Bankruptcy.</u> If either party files a petition for bankruptcy or a petition or answer seeking reorganization, becomes or is insolvent or bankrupt, has a receiver appointed for its benefit, admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, the other party may immediately terminate this Agreement.
- (iii) <u>Termination.</u> It is understood and agreed that either party shall have the right to terminate this Agreement on any date by:

- (a) the Client giving Administrator not less than thirty (90) days advance written notice of termination.
- (b) Administrator giving the Client not less than thirty (90) days advance written notice of termination.

Administrator may, at its sole discretion, terminate this Agreement in the event that Client fails to properly fund the program within fifteen (15) days of receiving a written request to do so from Administrator.

Upon termination by either party, Administrator shall, upon the request and at the expense of the Client, provide computer runs detailing various aspects of the Client's program.

It is understood that at termination of the Agreement, Administrator shall not have any responsibility or obligation to handle any incurred claims beyond the termination date except as set forth in paragraph I. A. (vi), above.

V. ADMINISTRATOR FEES AND AGREEMENT PERIOD

Agreement Period - The duration of the agreement shall be one (1) year commencing from October 1, 2009, with an option, at the sole discretion of the Client, to renew the agreement on an annual basis for up to four (4) years

Client shall pay Administrator a fee as outlined in Exhibit "C". The amount will be paid in monthly installment payments due at the beginning of each month. Fees as outlined in Exhibit "C" will be increased by three (3) percent at the commencement of years two, three, four and five should the City exercise its right to extend the Agreement pursuant to the terms stated in this section.

If the Client, for any reason whatsoever, fails to make a required fee payment or necessary contribution for claim payment as requested by Administrator on a timely basis, Administrator may suspend the performance of its services to the Client until such time as the Client makes the proper remittance.

VI. OWNERSHIP AND RETENTION OF CLAIM FILES

Administrator will retain all claim files during the time the Agreement is in effect. Subject to the foregoing, Administrator will make available to the Client for copying, at Client's expense, or inspection any records relating to any claim files serviced pursuant to this Agreement upon written request of the Client. Administrator will also make claim files available to any other third party as required by and in accordance with applicable law. All claim files created pursuant to this Agreement are the sole property of Client.

Upon termination of the Agreement, Administrator will be responsible for the retention and storage of all claim files. Client is also responsible for all shipping costs, if any, associated with transporting of claim files.

VII. NOTICE

Whenever written notice is required under the terms of this Agreement, it shall be delivered either in person or by registered mail to the appropriate party. Notice by registered mail shall be addressed as follows:

ADMINISTRATOR

CLIENT

Employers Mutual, Inc. 700 Central Parkway Stuart, FL 34994 ATTN: President City of Key West 525 Angela Street Key West, FL 33040 Attn: City Manager

VIII. NON-ASSIGNMENT

The provisions of this Agreement supersede any prior Agreements or understandings to the contrary. No party hereto shall have the right to assign this agreement without the written consent of the other party, which will not be unreasonably withheld.

IX. NON TRANSFER OF POWERS

Nothing contained in this Agreement shall be construed to constitute a Transfer of Powers in any way whatsoever. This Agreement is solely an Agreement for provision of services.

X. ENFORCEMENT

In the event that it becomes necessary for either party to employ counsel to collect his obligation or to enforce this Agreement, whether or not suit be brought, the prevailing party shall recover a reasonable attorney's fee, including fees on appeal. For all enforcement actions, jurisdiction will be in Monroe County, Florida.

XI. SEVERABILITY

Should any provision of this Agreement be declared invalid by a Court of competent jurisdiction, same shall be deemed stricken herefrom and all other terms and conditions of this Agreement shall continue in full force and effect as if the invalid provision had never been made a part hereof.

XII. NON-WAIVER

No delay by either party in enforcing any covenant or right hereunder shall be deemed a waiver of such covenant or right, and no waiver of any particular provision hereof shall be deemed as

waiver of any other provision or a continuing waiver of such particular provision, and except as so expressly waived, all provisions hereof shall continue in full force and effect.

XIII. ENTIRE AGREEMENT

Client's Request for Proposal # 09-011 (Exhibit "A") and the ADMINISTRATOR Proposal (Exhibit B), dated August 24, 2009 and amendments (if any) are hereby incorporated into this agreement. This Agreement constitutes the entire understanding of the parties with respect to provision of services. It may not be modified nor any of its provisions waived unless such modifications and/or waiver is in writing and is agreed to and signed by both parties.

XIV. THIRD PARTY BENEFICIARIES

There are no third party beneficiaries of this Agreement, either intended or implied.

XV. INDEMNIFICATION

- A. The ADMINISTRATOR shall indemnify and hold harmless the CLIENT, its officers and employees, from liabilities, property damage, losses, personal injuries, and costs, including, but not limited to reasonable attorney's fees, to the extent caused by the negligence, recklessness or intentional wrongful misconduct of ADMINISTRATOR, its employees or agents, in the performance of this Agreement.
- B. This indemnification shall survive the expiration or termination of this Agreement. In the event that any action or proceeding is brought against the CLIENT by reason of such claim or demand, ADMINISTRATOR shall, upon written notice from the CLIENT, resist and defend such action or proceeding by counsel satisfactory to the CLIENT. The ADMINISTRATOR shall defend at its own expense to and through appellate, supplemental or bankruptcy proceeding, or to provide for such defense, at the CLIENT's option, any and all claims of liability and all suits and actions of every name and description covered above which may be brought against the CLIENT whether performed by ADMINISTRATOR, or by persons employed or used by ADMINISTRATOR.
- C. Without waiving the provisions of Florida Statute section 768.28, CLIENT agrees to indemnify and hold the ADMINISTRATOR harmless from any claims resulting in litigation against the ADMINISTRATOR based upon the sole negligence or willful misconduct of the CLIENT. In no event shall any amount payable hereunder exceed the statutory limit of \$100,000.00 irrespective of the applicability section 768.28.

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A RESOLUTION OF THE CITY COMMISSION OF THE AUTHORIZING KEY WEST, FLORIDA, ACCEPTANCE OF THE PROPOSAL PROM EMPLOYER AMOUNT (EMI) IN THE INC. \$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 THE POLICY YEAR AGREEMENT WITH EMI FOR 2009/2010 WITH FOUR (4) ADDITIONAL POLICY TO RATIFICATION BY YEARS SUBJECT 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.

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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

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 Gorporation 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:

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

- Cannon Cohran Management Services, Inc. (CCMSI) 2600 Lake Lucien Drive Suite 225 Maitland, FL 32751
- Corvel Enterprises Comp, Inc.
 210 North University Drive, #501
 Coral Springs, FL 33071
- EMCAS
 12466 West Atlantic Blvd.
 Coral Springs, FL 33071
- 5. Employers Mutual, Inc. (EMI) 700 Central Parkway Stuart, FL 34994
- Gallagher Bassett Services, Inc. 2 Pierce Place, 5th Floor flasca, IL 60143
- Intergrated Claim Solutions, Inc. 668 Mailland Avenue Altamonte Springs, FL 32701
- Johns Eastern Company, Inc.
 P.O. Box 110259
 Lakewood Ranch, FL 34211-0004
- 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
- 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 \$36,000 -- \$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

Hisk Management Employee Benefits 1111 North Westshore Boulevard Suite 208 Tampa, FL 33607-4711 Phone (813) 287-1840 Facsimile (813) 287-1941

September 10, 2009

Mr. Mark Finigati
Assistant City Manager - Administrator
City of Key West
525 Angela St.
Key West, Horida 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/H) 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 clams. 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 its 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 Galtagher 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 manors.

Charge a single one time fee for each claim being assumed based on the type of claim.

 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 amount fee based on the number and types of claims still remaining active.

In addition, some firms will charge an initial schup 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 wall be critical for fature 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 prioring 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 Cochron Management Services, Inc (CCMSI).

Little is known about CCMSI with the exception of the information contained in their proposals. If 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 CCSI'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 instory 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 (\$83,4154\$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 stibsequent 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 employers 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 upon in subsequent years (past 10/1/09) and can not be determined at this time.

The second option would obligate York to adjust the City's claims until enactusion 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 option 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 administration. 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 in 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 \$15,800 (\$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 City's historical claim experience these fees would amount to approximately \$83,519 annually. Johns Easter 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 (\$84,3504\$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 tirms 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 I. 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 then the see proposed by PGCS and their projected fee for subsequent years is approximately \$2,887 higher then PGCS' projected fees, it is believed that quality of EMI's adjusters is slightly better then those of PGCS which will result in lower claim costs that will more then 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

8 S Willer

Sidney G. Webber CPCU, ARM

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

RFP #09-011

| | PMA | Life of Contract | Tampa/Kev West | | 120-130 | Extensive | Good | V | TCN | | | res | Kes | A. C. Marie Co. C. | Amaidonal Chirge | Yes | | Tes | Yes | Yes | Yes | \$181,196 | |
|-----------------|---------------------|----------------------|----------------------|--------------------------------|----------------------------------|-------------------------|-------------------------------|-----------------|----------|-----------------------|---------------------------|------------------------|--------------------------|--|---------------------------|------------------------|---------|--------------------------|-------------------------|-------------------|-----------------------|-----------|--|
| | CCMSI | Life of Contract | Miramar | Lost Time 130 Med Outs. 120 | Liability - 134 | Moderate | Did not provide sample | Yes | - AV- | res | Yes | | Yes | Additional Charge | | Yes | Yes | | Tes | Yes | Yes | \$241,911 | |
| | Callagher Bassett | Life Of Contract | T Act Them And | Med Only - 263 | Liability - Unknown | LATCHEN | BGOO | Xes | Yes | | Yes | Vos | M.Y | Additional Charge | 77 | KEK | \$2 | Yes | | Yes | xes | 0.131,301 | |
| Current Program | (Gallagher Bassett) | Miramar | Lost Time - 202 | Med Only 263 | Liability - Unknown Extensive | Good | | J. 605 | Yes | | Yes | Xes. | | Additional Charge | Yes | | Yes | Yes | Yee | 200 | \$128.264 | | |
| | Type of Program | Location of Services | Average Case Lond of | Adjuster | Experience of Adjusters | Quality of Loss Reports | Initial confact with claimant | Within 24 hours | claimant | Contact with treating | physician within 24 hours | Marrative Summaries of | Medical bills reduced to | State Fee Schedule | Second Infrare France and | Prepare State mandated | reports | Report and pursue Excess | Quarterly claim reviews | Monthly loss runs | Projected Annual Cost | Comments | |

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

RFP #09-011

| | Integrated Claim Calmiann | SHORMAN CHIEF CANADA | | | | | | | | Insufficient size to provide | services the City requires, ICS only has I Workers | Compensation adjuster and only WC account In | addition, firm does not have the infrashucture (IT, etc.) to | properly service the account. | | | | | |
|-----------------|---------------------------|----------------------|----------------------|----------------------------------|-------------------------|-------------------------|---|---------------------------------|---|---|--|---|--|-------------------------------|-------------------------|-------------------|------------------------------|--|--|
| | Engle Martin & Assoc. | | | | | • | | | | | · Mon Responsive Unable to | provide claim administration services for Workers' | Compensation Claims | | | | | я | |
| | York Claim Solutions | Tite of Contract | Tallahassee/Orlando. | Lost Timer [50 | Tributana | Lair | Yes | Yes | Yes | Xes | Additional Charge | Yes | Yes | Yes | | Yea | Life of Contract - \$147,643 | Services will be fragmented between Tallahassee. Orlando and New York. | Proposed Claim Assumption. Fee provides services for only 1 year |
| A Itamin Change | Concepts | Life of Contract | Sarasota | 110 | Extensive | 7811 | Yes | Yes | Yes | X Common of the | Additional Charge | Yes | Yes | Yes | Yes | Yes | \$143,239 | Did not address Loss Control Proposed stringling face for all | assumed claims |
| | | Type of Program | Location of Services | Average Case Load of Adjuster | Experience of Adjusters | Quality of Loss Reports | Initial contact with claimant within 24 hours | Recorded statements of claimant | Contact with treating physician within 24 hours | Narrative Summaries of major claims | Medical bills reduced to State Fee Schedule | Pursue Subrogation and Second Injury Fund claims | Prepare State mandated reports | Report and pursue Excess | Quarterly claim reviews | Monthly loss runs | Projected Annual Cost. | Comments | |

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

REP #09-011

| | | <u></u> | ابدب | | · | | | | | | | | T | | 0 | | | · · · · · · |
|-----------------|-------------------|----------------------|-----------------|-------------------------|-------------------------|-------------------------------|--|--|---|---|-------------------------|--|------------------------|----------------------------------|----------------------------------|-------------------|-----------------------|-------------|
| | EMI | Life of Contract | Stunr | Mod Only | DOC - STORY | Goral | Yes | Yes | Yes | Yes | A Bulling and | Additional Charge | Yes | Yes | Yes | F 34 | Yes | \$140,267 |
| Taking Careen | T ide of Contract | Karbanta Karbanta | Bytoping: | Med Only - 163 | Extensive | Peop | Ses | Yes | Yes | Yes | Additional Charos | THE THE PARTY OF T | Yes | Yes | Yes | Yes | Yes | \$160,673 |
| SOA | Life of Contract | Lake Mary | Lost Time - 130 | Med Only - 350 | Extensive | ලිලලේ | Yes | Xes | Yes | 268 | Additional Charge | | Yes | Yes | Yes | Yes | Xes | 5715.800 |
| Corvel | | | | = | · | | Submitted proposal for | administering only Workers. Compensation:Claims. | Proposal deemed to be Non-Responsive. In addition | proposal did not provide information recording | adjusters that would be | assigned to the City's | of loss runs provided. | | | -1 | * | |
| Tuna of Dux and | Lange of Comments | Average Court and a | Adinetar | Experience of Adjusters | Quality of Loss Reports | Initial contact with claimant | Within 24 hours Recorded statements of | claimant Contact with treatho | Physician within 24 hours | major claims | State Fee Schedule | Pursue Subrogation and | Prepare State mandated | Reports Report and pursue Freeze | claims Ouarierty doin paylon. | Monthly loss runs | Projected Annual Cost | Comments |

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

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

| | | | | Totai | 157 | | 96,012 | 3,506 | | 5 11,132 | 7,080 | 2,463 | 1,570 | 1 | ا | 7,500 | \$ 131,361 |
|-----|-------------------|----------|--------------------------------|---------------------------|-----------|------------------|--------------------------|---------------|----------------|---------------------|-----------------|-----------------------|-----------------|------------|-----------------------|---|------------|
| | | | WIC | Med Only | 9 | \$ 170 | \$ 10,370 | 92 | G) | ₩. | ₩ | \$ | €9 | \$ | 69 | <i>9</i> | |
| | | • | W/C | Lost Ime Med Only | 40 | 1,232 | \$ 49,280 | | | _ | | | | | | | |
| | | التناسية | No. | ŗ | | \$ 1,164 | \$ 1,164 | | ā | | | | | 2 | | | |
| 0.7 | | | Errors & Gen. Llab. Gen. Liab. | 0 | | - | \$ 1,665 | | | | | | | | | annually | |
| | no catt | | Gen. Llab, | | T | 9001 | \$ 11,726 | | | 572 | Q1. | | | | 9 | processed | |
| | Gallacher Basentt | | Auto PD Damage Omissons | 2 | 6 | 104 | 4 3,500 5 1,164 8 11,726 | Or the Assess | CI LINE ACCESS | Des Control Station | Septime Collins | DAINING THES | Callin Teporing | Sec Up Lee | Walter Assumption Fee | (Alighber bessecoid silicases, in again, or an income | Rollell |
| | | | Auto Phys | an an | A 039 | V | 00000 | L rest | | - Indiana | Jaco Con- | מוואס | | Sec. | VIGILIA AS | and and | |
| 4 | | | Auto PD | 60 | KEK | 9 6 | 0000 | | | | | 7 | | | ork lession Ear | 5 1 1000 | |
| | | | Auto BI | | . 106B | 1 | 1 | | | | | | | | a Ha | E PORTE | |
| | | | | laim Count | | Claim Feed | | | | | | | | | | | |
| | | | | Verage Annual Claim Count | Fee | Estimated Annual | | | | | | رة نا وولنان والكالية | | | | | |
| | | | | Avera | Claim Fee | Estim | | | , | | | | | | | | |

Comments:

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

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

| | | 3 | Cannon Cochran Mangement Services (CCMSI) | in Mangem | ent Service | s (CCMSI) | | | | | | <u> </u> |
|-----------------------------|---------|-------------|--|------------------------|--|--|-----|----------|-------|---------------|---------|----------------|
| | Auto BI | Auto PD | Auto Phys Errors & Damada Omissons | Errors & | Gen. Llab. | Auto Phys Errors & Gen. Liab, Gen. Liab, | | W/C Lost | t W/C | | | · · · · · · · |
| Average Annual Claim Count | 83 | | 30 | SIDCOIII) | | 2 | Į. | Time | Med O | <u></u> | Total | |
| \dashv | 835 | \$ 418 | \$ 418 | \$ 87.E | A GORR | | € | | | 9 | 157 | |
| Estimated Annual Claim Fees | 2,566 | \$ 2,926 | \$ 12,540 | 60 | 10 | | 9 6 | ø | 60 | - | | |
| | | | Loss P | Loss Run Reports | | • | 1 | 000,000 | 9,150 | <u>တ</u> | 89,510 | |
| | | | j j | On Line Access | | | | | | 69 | | |
| | | | Program / | Program Administration | 5 | | | | | co C | | |
| | | | Loss Cor | OSS Control Services | 90 | | | | | 40 | 2,000 | |
| | | | Rank | Ranking Race | | | | | | 6/9 | þ | - |
| | | | Clafm | Claim Honording | | | | | | ÷ο | | 1 |
| | | | a C | Sat In Eas | | | | | | છ | | - |
| | | | Cialm As | Cialm Assumption Fee | 96 | | | | | 69 | 7,500 | - |
| | Bill Re | duction Fee | Reduction Fee (Average of 1 604 bills processed as all 1 | 1 + GOZ HIII | Discount of the contract of th | A management A | | | | 69 | 122,961 | , · |
| | | | | 10.0 | 000000000000000000000000000000000000000 | a annually) | | | | ₩ | 16,940 | , - |
| | | | , | 100 | | | | | | 69 | 241,911 | 1 |

| I | | ſ | | _ | | | | c | D | T | _ | Ţ, |
|--------------------------|---|-----|--------------------------------|----------|----------------|-------------------|------|-----------|------|--------------|---------|----------|
| | , | | | | | Total | 010 | 4 | _ | | | 000 |
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| | | | | ر ج | | - | - | | | 69 | | Q F 45 |
| · | | : | | 000 | Ĺ | 5 | | N | | 8 972 | | \$ 1.944 |
| | | | 100 | ell Cab. | 2 | 2 | | Z | | 502 | | 500 |
| P. F. | | _ | 1 | 7 | | | 14.7 | 171 | 1 | 4 | | 68 68 |
| sumpt | | | 400 | 1 | Ö | ā | 200 | | 6 | A | ŀ | 9 / A |
| olected Claim Assumption | | 285 | Errore & | 5 | Omisson | " | 7 | - | 010 | 2/2 | A 000 0 | 5,050 |
| Projecte | | | Auto Phile Brene & Bon Lat Com | 7 | Auto PD Damade | P | σ | | 0000 | 200 | - CT10 | 90/6 |
| | | | | | Auto PD | | CV. | | 000 | | 0 7 7 | 0 |
| | | | | , | AUG DI | | 20 | 1000 | 47 | | | |
| | | | | • | | Tital Claim Odyna | | | | 1 | | |
| | | ** | | | | Average Ann | 000 | Clair Fac | 000 | Entimoted A. | てつからこう | |

Comments

- 1. While proposal indicated that Loss Control Services would be provided, CCMSI did not indicate what fee would be aparged.
 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
- 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.

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

| | | | | PMA | | | | | | | ſ |
|-----------------------------|-----------------|--------------|--|---|-------------------------------|------------|---------|---------------------|----------|--------------|----------|
| | Auto BI | Auto B | Auto Phys | | Errors & Gen. Lab, Gen. Liab. | Gen. Liab. | Police | W/C | W/C | | T |
| Average Annual Claim Count | 33 | 2 | 30 | 2 | ō. | J. | Prof. | Lost Time: Med Only | Med Only | Total | 7 |
| Claim Fee | | \$ 495 | \$ 485 | \$ 1.295 | 702 | AOK | | 40 | 19 | 157 | N |
| Estimated Annual Claim Fees | \$ 2,385 | \$ 3,465 | \$ 14,850 | 1,295 | \$ 8,745 | 1.485 | | 88 | 3 G | | 7. |
| | | , | Loss Ru | oss Run Reports | | | | | 080,11.0 | 6 83,41b | வ |
| | | | On Line | On Line Access | 2 | | | | | , | 7 |
| | | | Program A | Program Administration | e | | | | | e e |] |
| L088 | Loss Control Se | vices (Bille | trol Services (Billed at \$125 per hour and assumed 16 hours of service) | or hour and | assumed 1 | hours of s | ervice) | | | ŀ | To |
| | | | Banki | Banking Fees | | | | | | 000'≥ e | ə.F |
| | | | Claim | Claim Reporting | | | | | |) 9 6 | T |
| | | set Up Fee | Set Up Fee (Proposal reflects estimate of \$5,000) | offects estim | ate of \$5,00 | 0 | | | | 9 | To |
| | | | Claim Assı | Claim Assumption Fee | • | | | | | A Ze Brit | . |
| | DEL HE | riction Fee | III Heduction Fee (Average of 1,694 bills processed annually) | 1,694 bills | pesseout | influelly) | | | | |) u |
| | | | | otal | | | | | | F | - C |

| Auto Pi Auto Pi Errore & Gen. Liab. Gen. Liab. Prof. Lost Time Med Chiya Errore & Gen. Liab. Gen. Liab. Pofice W/C W/C W/C Be S95 & 395 & 1,295 & 395 & 1,295 | | <u> </u> | 74 | C S | CYF | | -, | 74 AOR |
|---|-------------|------------|-----------|------------------------|------|----------------|--------------------------|-------------------|
| Claim Count | | W/C | - | - 4 | P.4. | , | 9 | \$ 2,730 |
| Claim Count Auto Pi Auto Phys Errore & Gen, Liab. PD Claim Count 3 2 18 40 S 595 | | W/C | Lost Time | | CC. | 1 | 33 | \$ 46.110 |
| Claim Count Auto B Auto PD 3 2 2 2 2 2 2 2 2 2 | | | Proj | | C) | 400 | CR2. | \$ 2,590 |
| Claim Count Auto B Auto PD 3 2 2 2 2 2 2 2 2 2 | | Gen. Llab. | 2 | | | \$00° | C.C.C. | \$ 395 |
| Claim Count Auto B Auto PD 3 2 2 2 2 2 2 2 2 2 | umption Fe | Gen Llab | 面 | L | > | F.O.F. | 2 | \$ 10,115 |
| Claim Count Auto B Auto PD 3 2 2 2 2 2 2 2 2 2 | d Claim Ass | Errore & | Omissons | | 4 | S 1 295 | | \$ 5,180 |
| Claim Count Auto B Auto PD 3 2 2 2 2 2 2 2 2 2 | Projecte | Auto Phys | Damage | Q. | 2 | 395 | | \$ 7,10 |
| Claim Count 8 1 1 2 Claim Fees 8 1 | | | AUTO PUD | Ď | 4 | 300 | 6 | OR. |
| Claim Cou | | Č | WIND DI | • | | 93 93 93 | 104 4 0 | 00/1 |
| a la la | | | | age Annual Claim Count | | | nated annual Clothe Eace | CELEBRA MAIN LONG |

Comments 1. Proposed a bill reduction fee of \$8.25 per bill

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

| | | | Alterna | Alternative Service Concente | Concente | *************************************** | | | 9-1 | | |
|-----------------------------|----------|-------------|--|------------------------------|--|---|------------|--|--------------------|----------|---|
| | | | | | | | | | | | |
| | | | Auto Phys | Errors & | Auto Phys Errors & Gen. Liab, Gen. Liab. | Gen. Llab. | Police | W/C | W/C | | |
| | Auto Bl | Auto PD | Damage | Omissons | BI | 5 | Prof | Lost Time | Lost Time Med Only | _ | Total |
| Average Annual Claim Count | 9 | 7 | 30 | Ī., | Ţ | ÇÇ. | - | S | T | | 157 |
| Claim Fee | \$ 575 | | \$ 450 | \$ 575 | 5 575 | \$ 450 | \$ 575 | 950 | 6 | | 2 |
| Estimated Annual Claim Fees | \$ 1,725 | \$ 3,150 | \$ 13,500 | \$ 575 | \$ 6,325 | ** | ês | \$ 38,000 | α | 65 | 73 740 |
| | | | Loss Ru | Loss Run Reports | | | | | | 64 | |
| | | | On Lin | On Line Access | | | | | | e e | T |
| | | | Program A | Program Administration | 3 | | بنقطعندوسا | | | | 0000 |
| | | | Loss Cont | oss Control Services | | | | , | | , | 3,000 |
| | | | Barki | Banking Fees | | | | | | 9 4 | , |
| | | | Caim | Caim Reporting | | | | | | <i>4</i> | , |
| | | Set Up Fae | Set Up Fee (Proposal reflects estimate of \$5,000) | effects estin | nate of \$5.0 | (00) | | | | v. | 5.000 |
| | | | Claim Ass | Claim Assumption Fee | 0 | | | | | 4. | 41 100 |
| | BIII RIA | duction Fee | Bill Reduction Fee (Average of 1,894 bills processed annually) | f 1,894 bills | processed | annually) | | | | 69 | 14 399 |
| | | | Ĺ | Total | | | | - | | 63 | 143 239 |
| | | | | | | | | Appropriate to the second seco | | • | \ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \ |

| | - | | יומממנם | がし、これので | LICIACION CIGNIL ASSUNDANIA | ń | | | | |
|-----------------------------|--------------|---------|-----------|----------|--------------------------------|------------|--------|-----------|-----|--------|
| | , | | Auto Phys | Errors & | Errors & Gen. Llab. Gen. Llab. | Gen. Llab. | Police | 2//2 | υ/M | |
| | Auto BI | Auto PD | Damage | Omissons | m | 00 | | 9 | Σ | |
| Average Annual Claim Count | Ē. | Ø | 00 | * | 4 | | Ev | 86 | 14 | |
| Olaim Fee | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | \$ 350 | 350 | \$ | , | |
| estimated Annual Claim Fees | \$ 1,050 | \$ 700 | \$ 6,300 | \$ 1,400 | \$ 5.950 | 380 | 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

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

| | | | | Total | 157 | | - CC - CC - CD | 782,18 | | | | | - | | , | 49 | \$ 41.100 | \$ 15,246 | 447 849 |
|---|---------------------------------------|---------|---|--------------------------|----------|--------------|----------------------------|------------------|---|--------|------------------------|----------------------|--------------|---|---------|------------|---------------------|---|---|
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| | | | O M | Lost I'me Med Only | 40 | 958 8 1,258 | | 20000 | No. which | | | | | | | | | | |
| | | | -77 | rioi. | - | 69 | 69 | X . | *************************************** | | | | <u> </u> | *************************************** | | | | | |
| | thrain | וון מכו | Autd Phys Errors & Gen. Liab, Gen. Liab, Damade Omissons | - 1 | į | \$ 649 | 953 \$ 10,483 \$ 1.947 | | | | | | | | | | | าลที่กับสมีข้า | |
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| | ilm Serlives | | Autá Phys. Errors & Damade Omissons | C | 6 | 1 | | Loss Run Haborts | On the Assess | 200000 | riogiam Administration | eas Control Services | Banking Fees | Claim Bosonting | 2 10001 | Set Up Fe8 | ee+ upildunssy main | 1 0 to | Olai |
| | York Cla | - | Auto Phy Damage | 30 | 205 | | 2,035 \$ 11,550 \$ | Loss | Ē | | | L038 CD | Bar | FIEL . | 5 | Jac. | A LIBIT Y | e (riverage | |
| | | | Auto PD | 3 | es: | 6 | ē | | | | | | | | | | odi otton | ממתמומו זים | |
| | | | Auto BI | | \$ 1.082 | U | 2 | | | | | | | | | | | 5 | *************************************** |
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| - | | | | erage Annual Claim Count | aim Fee | mated Annual | | | | | | | | | | | | | *************************************** |
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| | Total | 119 | | 74 400 |
|--------------------------------|---|-----------|-----------------------------|------------------|
| | | 4 | | # |
| | W/C | - | Y | 4 |
| 1 | W/C | 58 | \$ 425 8 | 700 8 24 650 8 |
| | Police Prof, | | 9 | 200 |
| | Gen, Liab. PD | - G | 000 | 350 |
| umption Fe | Gen. Llab, Bi | 7 250 | 200 | 0086 |
| Projected Claim Assumption Fee | Auto Phys Errors & Gen. Llab, Gen. Llab. Damage Omissons Bi PD | 4 | 3 6 | 1,400 |
| Projecte | Auto Phys Damage | 350 | 2000 | 0 0 0 0 |
| | Auto PD. | 4 CRC 4 | 4 | 202 |
| | Auto Bi | \$ 350 | 1 050 | 2001 |
| | Average Annual Claim Count | Claim Fee | Estimated Annual Ciaim Feet | |

Comments

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

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

| | | | Engl | Engle Martin & Associates | ssociates | | | | | |
|--|---------|---------|-----------------|---------------------------|---------------------|-----------------------|-------|-----------|--|-------|
| | | | Auto Phys | Errors & | Gen. Dab | Gen Dab Gen Seb | Dalle | JINE! | 9700 | |
| Averade Angliel Claim Count | Auto Br | Auto PD | Damage | Omissons | 8 | PD | Prof | Lost Time | 2 | a to |
| Claim Fee | 9 | | 30 | ** | ¥ | 8 | , T | 40 | 9 | 157 |
| Estimated Annual Claim Fees | | | | | | K | | | | |
| | | | Loss R | Loss Run Reports | * | K | | | | |
| | | | On Lin | On Line Access | | 2 | | | | |
| | | | Program A | Program Administration | Ç | 2 | | | 1 | |
| | | | LOSS CON | ito! Services | | 2 | | | | |
| | | | Bank | Banking Fees | | | | | | |
| | | | Clalm | Claim Reporting | - | | | | | |
| | | | Set I | Set Up Fee | | | | | | T |
| | | | Claim Assumptio | nmptio 3 | 6 | | | | + | |
| | | | BIII Reduction | notibe | | | | | The state of the s | |
| | | | Ì | | > | | | | | |
| | | | | 12 | | | | | | |
| | | | P. P. | ted Maim Ass | laim Assumption Fee | 98 | | | | |
| · · · · · · · · · · · · · · · · · · · | | | | | Act to the | Elegans P. Chan Pinch | i i | | | |
| Average Applied Claim Commit | Auto BI | Auto X | | ~] | 991, CRU. | Gen. Lieb. PD | Prof. | V/C | W/C | Teto_ |
| Calm Fee | 3 | 1 | 2 | 4 | 17 | | C | 58 | | 61- |
| Estimated Annual Claim Esca | | | | | | | | | - | |
| COLUMN CONTRACTOR DE COLUMN CO | | | | | | | | | | |
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City of Key West, Florida Projected Annual Cost of Claims Administration

| | J.M. | Only Total | '61 157 | | | | | | | | | | | | | Chiy | 119 | | |
|----------------------------|-----------------------|----------------------------|------------|------------------------|----------------|------------------------|-----------------------|--------------|-----------------|---------------|------------|---|-----------|------------------|-------------------------|-------------|-----------------------------|---|--|
| | S/W | Σ eu | \$ | | | | | | | | | | | | W/C W/C | Delai Dilii | OO. | | |
| | Police | | | | Al. | | | | | | | | | | Police | Þ | | | |
| | Gen. Liab. Gen. Liab. | PD | 9 | | | | | 2 | | 1 | | | | 8 | Gen. Liab. Gen, Liab. | T. | | | |
| Integrated Claim Solutions | Gen. Lia | ¥ 00 ± | | | | lon | 38 | | | | | 2 | e company | Parametrical Lea | Gen. Liat | 4 | | | |
| egrated Cla | S Errors & | ge Omtssor | | | On Line Access | Program Administration | .oss Control Services | Banking Fees | Claim Reporting | Ase moter | No. | | | | Omissons | 8 | | - | |
| m | Auto | Dama 7 | | | On L | Program | C see C | Bar | Clair | Claim Assumpt | Bill Redux | | 1 | n | | | 2 | | |
| | 1 | - | | | | | | | | | | | | | Auto | 2 | | | |
| | Acto | | | | | | | | | | | | | | Auto B | | | | |
| | | Average Annual Claim Count | Cigini Fee | Tomas Dalla Cignii Fee | | | | | | | | | | | Average Average College | Claim Fee | Estimated Annual Claim Face | | |

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

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|-----------------------------|----------|---------|---------------------|---|-----------------------|--------------------------------|--------|-----------|--------------------|-------|
| | | | | Canial | | | | | | |
| | | | | 5 | | | İ | | | |
| | Auto Bil | Auto PD | Auto Phys Damage | Errors & | Gen. Liab. | Errors & Gen. Liab. Gen. Liab. | Police | M/C | O/A | |
| Average Annual Claim Count | 69. | 7 | OE S | 2000 | 5 | 2 | Proi. | Lost Time | Lost Time Med Only | Dia |
| | | | | *************************************** | | ल | - | 40 | 9.9 | 157 |
| Estimated Annual Claim Fees | | | | | | | | | | |
| | | | Loss Hu | OSS Hun Reporte | | | | | | |
| | | | Ohlin | Oh Line Access | | | | | | |
| | | | Program A | Program Administration | 1 | | | | | |
| | | | Loss Cont | oss Control Services | | 1 | | | | |
| | | | Bankir | Banking Fees | 1 | | | | | |
| | | | Oain | Claim Reporting | 1 | • | | | | |
| | | | Set | Set In Fee | | | | | | |
| | | | Claim Assumption | T. | | | | | | |
| | | | HIII Red of the | 4 | | | | | | |
| | | | Ť | | | | | | | |
| | | | | TA V | | | | | | |
| | | | ۶ | 9 | | | | | | |
| | | | Prolecte | Claim Assumption Fee | Umblies Fe | • | | | | |
| | | | | | | \\ \ | | | | |
| | Auto Bl | Aufor | 10 | Errors & | Gen. Liab. Gen, Liab. | Gen, Liab. | Police | W/C | W/C | |
| Average Annual Claim Count | o. | 1 | ずり | 2000 | Ö | 3 | Prof. | Lost Time | Med Only | Total |
| Claim Fee | | | 1 | 8 | 2 | = | ଷ | 58 | 14 | 6,1 |
| Estimated Annual Claim Fees | | | | | | | | | | |
| | 1 | 7 | 7 | | | | | | | - |

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

| Prevented Governmental Claim Solutions | Liab, Police | 3 7 30 11 11 1 1 2 Prof. Lost Time Med Only Tota | \$ 450 \$ 250 \$ 250 \$ 640 \$ 400 \$ 400 \$ 000 | \$ 1,350 \$ 1,750 \$ 7,500 \$ 650 \$ 1,350 \$ 165 | Con Dio Danas. | STATE OF THE OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE OFFICE OFF | Devices Additional | 30,000 \$ 30,000 | 900 | Banking Fees. | Set Up Fee | G 2 | Population annuality | (115) | 12.500 A.1.5 000 |
|--|--------------|--|--|---|----------------|--|--------------------|------------------|-----|---------------|------------|-----|----------------------|-------|------------------|
| | AutoBl | nnual Glaim Count | 69 | , | | | | | | | | | 3 6 | | |

| to BI Auto PD Damage Omissons BI PD Poins Time Med Only Total roposed a flat fee of \$25,020 to assume all existing claims. City will seable to pay assumption fee. In 36 equal |
|---|
| a mio i |

Comments 1. Proposed a bill reduction fee of कि1.40 per line with a 8 line minimum

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

| | | | Total | 157 | | 83.519 | ŧ | 1 | 7,500 | 3,500 | 1 | t | 4 | 7,500 | 48,575 | 10,079 | 160,673 |
|-------------|--------|--|--------------------|---------------|---------------|-------------|----------------|-----------------|------------------------|----------------------|----------------|-----------------|------------|----------------------|--|-------------|---------|
| | | W/C | Med Only | 61 | \$ 149 | \$ 9,089 \$ | 65 | 49 | 49 | 69 | 60) | 69 | €? | θ | €\$ | € | ÷ |
| | | W/C | Lost Time Med Only | | \$ 1,125 | \$ 45,000 | | | | | | | | | | | |
| | | - | io L | · · | 850 | 820 | | | | | | | | | | | |
| | | Auto Phys Errors & Gen. Llab. Gen. Llab. | 100 | 6 | 9 6 | 0001 | | | | | | | | | A La des Sales (Block | an indally) | |
| Hom | 257.01 | Gerr. Llab. | | FOR ROE | , L | | | | | | | | | • | Progenie | 7000000 | |
| Dhoe Factor | | Auto Phys Errors & Damage Omissons | * | \$ 850 | 69 | n Ren | On Line Access | Date Confersion | Program Administration | DSS Control Services | Banking Fees | Claim Reporting | Set Up Fee | Claim Assumption Fee | 1.69d hills | otal | î X |
| | | | | \$ 450 | \$ 13,500 | Loss A | o Chil | Date | Program A | Lose Con | Bank | Claim | Set | Claim Ass | (Average o | | |
| | | Auto PD | | ég | \$ 3,150 | | | | | | | | | | Bill Reduction Fee (Average of 1.694 hills processed and | | |
| | | Auto BI | - | ŀ | \$ 2,085 | | | | | | | | | | | | , |
| | | | TILL CORUL | 1.1.1 | Ciaim Fees | | | | | | | | | | | | |
| | | O John William | Jaim Fae | To the second | ושומת אווותאו | | | | | | | | | | | | |
| | 7-4-a- | Average | Chalm Feb | Lich Line | | | | | | | | | | | | | |

| | | 10ta | \$ 48,575 |
|-------------|---|--|-----------------------------|
| | W/C | Med Chiy | 69 69 |
| | W/C | 589 589 | \$ 34,800 |
| | Police Prof | 2 | \$ 425 850 |
| 90 | Gen. Liab. PD | 60 | \$ 225 |
| sumption Fe | Gen, Llab, C | 400 \$ | \$ 5,525 |
| d Claim As | Auto Phys Errors & (Damage Omissons | \$ 425 | 1,700 |
| Projecte | Auto Phys Damage | 18 | \$ 4,050 |
| | Aufo PD | \$ 225 | \$ 450 |
| | Auto B) | \$ 325 \$ | 8 975 |
| | · · · · · · · · · · · · · · · · · · · | A STATE OF THE STA | Annual Claim Fees |
| | Average A | Claim Fee | -Silliated |

Comments
1. Loss Confrol Services will be provided at a gost of \$95.00 per hour
2. Proposed a bill reduction fee of \$5.95 per bill:

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

| | | | | Total | 157 | | \$ 84.350 | | 6 | | 69 | 69 | 60 | 60 | 66 | i. | \$ 48 600 | \$ 9,317 | 740 DV P |
|-----------------------------|------------------|-------|--|---------------------------|-----------|-----------------------------|--------------------|------------------|-------------------|-----------------|------------------------|--------------------|--------------|--------------|----------------|------------|----------------------|---|--|
| | - | | W/C | Lost Time Med Only | .9 | \$ 150 | 5 9,150 | | | | | | | | | | | | |
| | | | W/C | Lost Time | 40 | \$ 950 | \$ 38,000 \$ 9,150 | | | | | | | | | | | | |
| | | | Police | - 1 | | 1 | \$ 700 | | | | | | | | | | | | |
| | | | Auto Phys Errors & Gen Liab, Gen Liab. | 2 | 7) | 00/ * | \$ 2,100 | | | | | | | | | | | annally | |
| | Anthosi | 32.00 | Gen, Liab, | 7 7 | 6 | - 13 | . v.700 | | | | | 1 | | | | | a | processed | |
| | Emblovers Murual | (| Errors & | Suosemo | 2007 | | 6 CO/ 6 | LOSS TUT REPORTS | VII. LITTE ACCESS | Data Conversion | Program Administration | Ose Control Condes | S COST VICES | Danking rees | Caim Reporting | Set UD Fee | Claim Assumption Fee | The land of the land and the processed annually | Lotal |
| | | | Auto Phys | Carrage | 65 | 10 | 2000 | E SSO | | Cata | Program A | CO GOO | | Dank | Calm Calm | i di | Claim Ass | CAVETAGE C | 7 |
| | | | Qu chira | .E. | \$ 650 | 4 | | | | | | | | | | | di offen Eos | N I IONON | |
| يوروج سيندوك كالمناور برادك | | | AutoR | 3 | \$ 650 | 950 | | | | | | | | | | | | | |
| | | , | | alm Count | | Jaim Fees | | | | | | 100 | | | | | | | |
| | | | | Werage Annual Claim Count | 66. | Estimated Annual Claim Fees | | | | | , | | | | | | | | سائرند مستناه والمستدارة والمستدا |
| | | | | Averag | Claim Fee | Estima | | | | | | | | | | | | | |

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| | O/A |) (| IVIGO Chily | 7 | 407 | 001 | \$ 1.400 |
| | 2/M | | DE 1807 | 200 | A17 | φ. • | \$ 27,550 |
| | | | 5 | 24 | 207 U | 3 | 800 |
| | Gen Llab. | Ë | | | 202 | | B C C |
| | Gen, Llab. | ī | 7 | | 8 | | 3000 |
| | Errors & | Omissons | 70 | | 200 | 200 | 20. |
| | Auto Phys | Camage | - | - | 9 020 | S A SO | 2656 |
| • | | Auto PD | - | 6 | 000 | 2007 | |
| | 1 | AUTO ES | | CHC | 200 | - 020 - 020 | |
| | | | Jaim Count | | | Claim Fees | 3 |
| | | | Average Annual (| Claim Fee | | Estimated Annua | |
| | | Auto Phys. Errors & Gen. Liab. Gen. Llab. Polloe W.C. | ien. Liab. Gen. Liab. Polloe W/C W/C | Auto Bi Auto PD Damage Omissons Bi PD Prof. Lost Time M | Auto Bi Auto Po Damage Omissons Bi Pp Prof. Lost Time Med Only Total | Auto Phys. Errors & Gen. Liab. Gen. Liab. Police W/C. W/C. hnual Claim Count 3 2 18 4 17 1 2 2 58 14 | Auto Bi Auto Phys. Errors & Gen. Liab. Gen. Liab. Polloe W/C W/C W/C Intual Claim Count 8 350 \$ 350 \$ 400 \$ 400 \$ 400 \$ 400 \$ 400 \$ 400 \$ 100 \$ |

Comments 1. Proposed a bill reduciton 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

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.

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

INTEROFFICE MEMORANDUM

To:

Sandy Barroso, Risk Manager

CC:

Märk Finigan, Assistant City Manager

Sue Snider, Purchasing

From

Cheri Smith, City Clerk

Dater

August 25, 2009

Subject:

THIRD PARTY CLAIM ADMINISTRATION

REP 09-011

7. Intergrated Claim Solutions, Inc. 668 Maitland Avenue Altamonte Springs, FL 32701

- Johns Eastern Company, Inc.
 P.O. Box 110259
 Lakewood Ranch, FL 34211-0004
- Preferred Governmental Claim Solutions, Inc.(PGCS)
 P.O. Box 958456
 Lake Mary, FL 32795-8456
- 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

CS/amb

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS RFP #09-011



THIRD PARTY CLAIM ADMINISTRATION EFFECTIVE DATE OCTOBER 1, 2009

Proposal Return Date August 25, 2009

I. BACKGROUND INFORMATION

Key West lies near the end of the chain of islands known as the Florida Keys, and is the southern-most city in the continental United States. The island-community is located about 90 miles north of Cuba and 150 miles southwest of Miami at a latitude of 24 degrees, 33 minutes, 5 seconds North and at a longitude of 81 degrees, 48 minutes, 14 seconds West. The island has an area of 4.2 square miles, while the City-incorporating the northern part of neighboring Stock Island-has an area of 5.79 square miles. The City initially developed because of its proximity to the Florida Straits, the abutting Florida Reef, strong offshore ocean currents (the Gulf Stream), and the area's unpredictable winds, combined with a large natural deep-water harbor and deep channels into the harbor. The Florida Straits are the northern-most sea passage from the Gulf of Mexico to the Atlantic Ocean. For three centuries this passage formed part of the great nautical trade route that carried ships from Caribbean and South American ports to their European homelands. The location of Key West serves as a gateway both to the Caribbean and between the Atlantic Ocean and the Gulf of Mexico was recognized by the military at an early date. Another important regional factor in the development of the City has been its proximity to Cuba, 90 miles to the south.

Key West's long and colorful past begins with its European discovery in 1513 by Ponce de Leon. The island was first known as Cayo Hueso (Isle of Bones) because it was littered with remains from an Indian battlefield or burial ground. The name "Key West" is the English version of the Spanish term. The first permanent occupancy in the City occurred in 1822, complete with a small naval depot, whose purpose was to rid the area of pirates. The presence of the U.S. Navy has been a major factor in the growth and development of Key West ever since. The settlement was incorporated in 1828, four years after becoming the county seat of Monroe County. The City grew and prospered, based first on fishing and salvaging ships wrecked on the nearby reefs, and later on cigar manufacturing with Cuban refugees and imported Cuban tobacco. Other economic activities included sponging and related commercial functions. By 1890, Key West was the largest and richest city in Florida. However, after the turn of the century its major industries were in decline. Little construction was undertaken between the First and Second World Wars and the City saw a steady decline in population between 1919 and 1935. World War II brought prosperity back to Key West. Population more than doubled between 1940 and 1960. Nation-wide military base closings and personnel reductions beginning in the 1960s were major contributors to the City's second major cycle of population decline. After recording the highest number of residents in its history in 1960, Key West experienced over a 25 percent loss in population by 1980. The 1990 Census showed a slight increase.

Further information may be obtained from the City's website at: http://www.keywestcity.com

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

GENERAL INFORMATION AND COVERAGES REQUESTED

The City of Key West, Florida is requesting proposals for the following:

> Third Party Claims Administration

The City's current insurance program is structured on a "Multi-Peril" basis that contains various self-insured retentions. It is the desire of the City for the selected administrator to adjust all claims that fall within its retentions. Following displays the City's current retention levels.

| Property | \$50,000 except 5% for wind related losses |
|----------------------------|--|
| | and \$1.5 million for flood related losses |
| General Liability | \$100,000 |
| Automobile Liability | \$100,000 |
| Public Officials Liability | \$100,000 |
| Workers' Compensation | \$325,000 |
| Police Professional | - \$100,000 |

The target effective date of the programs will be October 1, 2009 however, may be delayed depending on the amount of time a new claims administrator may require to convert the City's historical claim information so it is compatible with their claim system. It is the intent of the City to agree to a one (1) year term with rights to renew with the successful proposer(s) for four (4) additional one-year terms at the sole option of the City. Consideration may be given to longer-term agreements based on price, terms and conditions.

In conjunction with this RFP, the City is seeking proposals for its Property and Casualty Insurance Program. Based on the proposals received, it is possible that a Large Deductible or Fully Insured program will be selected. The selection of a third party claims administrator will be contingent upon the City maintaining a Self Insured program.

As a prerequisite of being selected, the Third Party Administrator must be acceptable to the Insurers selected by the City.

Items contained in this Request For Proposals (RFP) are considered to be an integral part of the proposed programs. Adherence to the items listed here is intended by the City unless specifically otherwise accepted by both the Proposer and the City. Acceptance of modification of any portion of the items contained herein will not serve to waive or modify any other portion of the proposed program.

CURRENT PROGRAM

Gallagher Bassett Services Inc. currently administers all claims that fall within the City's self-insured retention. The agreement with Gallagher Bassett requires them to administer the claims for a single fee as long as a contractual relation exists between the two organizations. Depending on the cost, the successful proposer may be requested to assume the administration of all open claims. Proposers will be requested to provide separate pricing for the assumption of all open claims.

As of May 31, 2009 the City has the following number of claims currently active.

| | | kers' ensation | | | | Z | |
|----------------|--------------|-------------------|-----------------------|-------------------|----------------------|---------------------|-------|
| Policy Year | Lost Time | Medical Only | Police Professiona | Auto Liability | General Liability | Public Officials | Total |
| 1981/83 | 1 | | | | | | 1 |
| 1983/85 | 1 | | | | | | 1 . |
| 1988/89 | 1 · | | | | | | 11 |
| 1989/90 | 1 | | | | | | 11 |
| 1990/91 | 1 . | - | | | | | 1 |
| 1991/92 | . 1 | | | | | | 1 |
| 1998/99 | 2 | | | | | | 2 |
| 1999/00 | 2 | | | | | | 2 |
| 2000/01 | 4 | | | | | ` | 4 |
| 2001/02 | 7 | | | | | | 7 . |
| 2002/03 | 9 | | 1 | | | | 10 |
| 2003/04 | 7 | | 1 | 1 | 1 | | 10 |
| 2004/05 | 1 | | | | 1 | 1 | 3 |
| 2005/06 | 9 | | | | 4 | | 13 |
| 2006/07 | . 14 | | 1 | | 2 | 1 | 18 |
| 2007/08 | 17 | 1 | 1 | 1 | 5 | 1 | 26 |
| 2008/09 | 17 | 13 | • | 5 | 7. | 1 | 43 |
| Total | 95 | . 14 | 4 | 7 | 20 | - 4 | 144 |

DESIRED PROGRAM

The City prefers the successful Proposer to provide its services on a "Life of Contract" basis and to agree to administer all claims until they are concluded as long as a contractual relationship exists between the City and the Proposer. Alternatives, such as "Cradle to Grave" will be considered.

The City utilizes the current claims administrator to reduce all medical bills to the State Fee Schedule. Proposers are therefore requested to include this service in their pricing structure. If a separate charge is required for this service, it should be clearly stated within the proposal.

It is anticipated that the successful proposer will assume the administration for all prior year claims. All proposals should clearly state the cost associated with the assumption of all claims.

RATING DATA

The following information has been included as attachments to assist in the underwriting of the account:

- > Projected payrolls by workers' compensation classification codes;
- > The City's most recent Experience Modification worksheets.

Currently valued loss runs and narrative description of losses in excess of \$50,000 will be provided upon request. Please direct your requests to:

Mr. Sid Webber
Interisk Corporation
1111 N. Westshore Blvd.
Suite 208
Tampa, Florida 33607
Ph: (813) 287-1040
Fax: (813) 287-1041

All interested proposers are solely responsible to ensure requests for loss runs and narrative description of major are properly received. The City of Key West nor Interisk assumes responsibility for the timely receipt of such requests.

EFFECTIVE DATE OF AGREEMENT

The effective date of the Agreement will be October 1, 2009 to October 1, 2010. It is anticipated that the agreement will be renewed with the successful proposer for a minimum of four (4) additional years, however City maintains the right to terminate the agreement upon each anniversary date without penalty.

REQUEST FOR PROPOSALS SCHEDULE

The following schedule will be strictly adhered to. No extension of deadlines will be granted.

| Activity | Deadline |
|---|----------|
| Distribution of RFP | 6/23/09 |
| Deadline for Agents to Submit Requests for Additional Information | 7/29/09 |
| Issue Addendum to RFP | 8/4/09 |
| Proposal Return Date | 8/25/09 |
| Finalize Recommendation Report | 9/8/09 |
| Presentation of Recommendations to City Commission | 9/15/09 |
| Effective Date of Coverage | 10/1/09 |

SUBMISSION OF PROPOSALS

All proposal forms must be executed and submitted in a sealed envelope. The face of the envelope shall contain, in addition to the below address, the date and time of the bid opening. Bids not submitted on attached bid forms may be rejected. All bids are subject to the conditions specified herein and on the attached sheets.

Sealed Proposals should be submitted with two (2) signed originals and four (4) complete copies of the originals clearly marked on the outside of the sealed envelope with:

The City of Key West, Florida Proposal for 2009/2010 Claims Administration Program

Hand delivered Proposals may request a receipt. Proposals received after the deadline will be returned unopened. *The deadline for the submission of all proposals is 3:30 PM, August 25, 2009.* Proposers should be aware that certain "express mail" services do not guarantee specific time delivery to Key West, Florida. It is the sole responsibility of each proposer to ensure its proposal is received in a timely fashion.

All proposers are required to complete the following forms that are attached to this RFP.

REQUIRED FORMS TO BE COMPLETED BY ALL PROPOSERS

All proposers shall complete the "Anti-Kickback Affidavit and the Public Entity Crime Form that is attached and made part of this RFP.

PROPOSAL RETURN ADDRESS

Proposals should be returned to:

City Clerk City of Key West 525 Angela St. Key West, FL 33040 (305) 809-3831

VALID DATE OF PROPOSALS

Proposals shall remain valid until November 1, 2009 to provide additional time for clarification in the event that an extension of the current program(s) is undertaken.

RIGHT TO REJECT PROPOSALS

The City reserves the right to reject any or all proposals, to waive irregularities and informalities in any or all proposals, and to re-advertise for proposals.

The City specifically reserves the right to separately accept or reject any item and/or items of a proposal and to award and/or negotiate a contract in the best interest of the City.

ADHERENCE TO INFORMATION AND PROPOSAL

Information presented in this Request for Proposal and all statements contained in the written proposals received are intended to be relied upon by the City. All coverages and services must be issued as proposed unless the City authorizes individual changes. Any changes authorized by the City will not alter any other items contained in this Request for Proposal.

ADMINISTRATOR'S QUALIFICATIONS

All Proposers must be currently licensed in Florida as a Third Party Administrator in accordance with Florida Statute §626.88 – 626.894.

AUTHORITY OF PROPOSER

Proposals should be signed by an authorized representative of the Third Party Administrator providing the service.

ADDITIONAL INFORMATION/INSPECTION

Every attempt has been made to furnish complete and accurate information to the best of City's knowledge. Proposers are encouraged to determine, at their sole expense, additional information required to develop their proposals including any inspections and loss control surveys.

If additional information is required, requests must be submitted in writing to:

Mr. Sid Webber
Interisk Corporation
1111 N. Westshore Blvd.
Suite 208
Tampa, Florida 33607
Ph: (813) 287-1040
Fax: (813) 287-1041

All requests for additional information must be received no later than 3:00 PM, July 29, 2009 Based on the requests received, an addendum to the specifications will be issued to all Proposers.

SAMPLE POLICIES AND CONTRACTS

All proposals must contain a sample contract for review.

RATE CHANGE

All proposers must ensure that the rates proposed will apply for a minimum of 1 year. Proposers will be required to provide Ninety (90) days written notice of the rates that will be charged for subsequent contract years.

TERMINATION/NON-RENEWAL NOTICE

Proposer will be required to provide a ninety (90) days written notice prior to the termination or non-renewal of the agreement.

CLAIM REPORTS

Claim reports shall be furnished monthly. Reports should be completed in plain English and received by the City within twenty (20) days following the end of each month. The reports should include a detailed description of individual claims and the amount paid for each claim and any open reserves that are assigned. Individual allocations by operating location may be necessary.

Claim reports must continue to be furnished without charge until the last open claim is closed, or until the Proposer is no longer providing a service to the City.

COORDINATION WITH EXCESS INSURER

The Proposer will adhere to any and all reporting requirements of the City's Insurers and to coordinate all specific and aggregate recoveries.

SUBROGATION AND SECOND DISABILITY FUND RECOVERIES

The Proposer will coordinate all subrogation and Second Disability Fund recoveries for all claims being administered by the Administrator even if such a claims are no longer active.

USE OF PROPOSAL FORMS

<u>Proposers must submit their proposals on the forms included in this Request.</u> Additional information regarding the Proposer's organization may be submitted in addition to the Proposal Forms.

In addition, if an addendum to this request is issued, the Proposer must acknowledge receipt of such addendum by completing and returning with their proposals the acknowledgment form, which will accompany the addendum.

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

GENERAL

The City is seeking competitive proposals from organizations that have the ability to administer the claims that are within the self-insured retentions of the City's insurance programs. Concurrent with this effort, the City is seeking competitive proposals for its Property and Casualty insurance. Proposers participating in the RFP for the City's insurance programs are being encouraged to submit alternative programs to include "Large Deductibles" and other more traditional programs. This may result in the successful insurer being unwilling to unbundle the claims service. In addition, the Proposer must be acceptable to the insurers if such a program is maintained.

Allocated and Unallocated Fees

All proposals must clearly and completely explain all charges that are not included in the Proposer's base fee. The amount of such fees should be clearly presented.

Insurance Requirements

The successful proposer will be required to maintain throughout the life of the contract, insurance protection as specified in the attached forms.

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

PROPOSAL FORMS

GENERAL INFORMATION

Use of the proposal forms will enable a faster more complete analysis of the Proposal(s) submitted. Please complete this general proposal form in addition to a separate proposal for each coverage proposed. Additional information can be attached to the forms.

| Name of Third Party Administrator? | | |
|--|-------|----|
| Address: | | |
| | E4 54 | |
| Telephone Number: | | |
| Are the following services included within the price? Quoted? | | |
| Initial contact with claimant within 24 hours? | Yes | No |
| Recorded statements of the claimant? | Yes | No |
| Contact with the treating physician within 24 hours? | Yes | No |
| Narrative summaries on major claims? | Yes | No |
| | 41 25 | |
| Medical bills reduced to State fee schedule? | Yes | No |
| Subrogation and Second Injury Fund activities? | Yes | No |
| Preparation of all State mandated reports? | Yes | No |

| | Notification of all potential excess claims to insurer? | | | |
|--------------|---|--------|-----|----|
| | winsuler: | Yes | No | |
| | Quarterly meetings with the City? | Yes | No. | ď |
| | Provide monthly loss reports to the City? | Yes | No | |
| + : | 5 | | | |
| lf a | ny of the above responses are no, please explain | | | _ |
| | | | | |
| ۸ | Coming the Vita de of adjusting attached? | Yes | No | |
| Are | Curriculum Vitae's of adjusters attached? | res | 140 | _ |
| | at is the current caseload for the adjusters owill be assigned to the City's account? | | | Ŷ. |
| Are | services being proposed on: | | | |
| | a Life of Contract Basis? | Yes | No | |
| | Cradle to Grave Basis? | Yes | No | _ |
| | Other Basis? | Yes | No | |
| - | If services being proposed is <u>not</u> on either a Life of Contract Basis or Cradle to Grave Basis provide full explanation on how the fee will be applied. | 6 V | | |
| | * | | | |
| | 25 | | | |
| Will fee: | I the proposer charge any initial or maintenance s? | Yes | No | |
| | If so, please explain | | | |
| | | | | |

| Please explain required banki | ng arrangements | | |
|---|-----------------|----------------|-----------|
| . 70 4 | | | |
| Does the proposer have an ap filed with the State of Florida? | Yes | No | |
| Quoted Price: | | S | |
| | Cost Per Claim | Cost Per Run-C | off Claim |
| General Liability | | | |
| Bodily Injury | | | |
| Property Damage | | | |
| Automobile Liability | · | | |
| Bodily Injury | | | · |
| Property Damage | | | |
| Public Officials Liability | - | | |
| Police Professional | | | |
| Liability | | **** | |
| Workers Compensation | | | |
| Medical Only Claims | | | |
| Indemnity Claims | | | |
| Is an alternative pricing structu | are proposed? | Yes | No |
| ii so, please specify | | | |
| | | | |
| Will a minimum fee apply to th | Yes | No | |
| If so, please specify | 6 | | |
| Are there any exceptions to th | Yes | No | |
| If so, please specify | | | |

| The Proposer stated below is the authorized agent of the and is authorized to commit the proposing company to the | |
|---|------|
| = ===================================== | |
| * | |
| | |
| Signature of Authorized Representative | Date |

PROJECTED PAYROLLS

CITY OF KEY WEST, FLORIDA PROJECTION OF PAYROLLS BY

WORKERS' COMPENSATION CLASSIFICATION

| | PROJECTED PAYROLLS | |
|------------|---------------------------|-------------------|
| CLASS CODE | DESCRIPTION | PROJECTED PAYROLL |
| 5508 | STREET OR ROAD PAVING | \$263,286 |
| 6836 | MARINA & DRIVERS | 681,399 |
| 7382 | BUS COMPANY & DRIVERS | 992,260 |
| 7580 | SEWAGE DISPOSAL PLANT | 221,246 |
| | OPERATIONS AND DRIVERS | |
| 7590 | GARBAGE WORKS | 197,132 |
| 7704 | FIREFIGHTERS & DRIVERS | 4,166,694 |
| 7720 | POLICE OFFICERS & DRIVERS | 5,628,140 |
| 8380 | AUTOMOBILE SERVICE OR | 314;130 |
| | REPAIR CENTERS & DRIVERS | |
| 8392 | AUTOMOBILE STORAGE | 422,326 |
| | GARAGE/ PARKING LOT | |
| 8810 | CLERICAL | 5,737,821 |
| 8820 | ATTORNEY | 392,510 |
| 9015 | BUILDINGS - OPERATIONS BY | 341,940 |
| | OWNER | |
| 9102 | PARK-NOC . | 1,549,901 |
| 9410 | MUNICIPAL EMPLOYEES | 1,288,684 |
| TOTAL | | \$22,197,469 |

EXPERIENCE MODIFICATION WORK SHEETS

AGAIN I'M RIGHTA CEPANTERT OF FRANCIA, SERVICES DIVISION OF WINKERS WINGENSAME

SELF MISURER EXPERIENCE PATHS

| | CHVI BATE | T - ' - 1 () - 1 | BVPLOVEH NAME | PENCHES PARES | FL | NO ACCOUNT | EMPLOY-R VED. | | | |
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STATE OF LUMBIA ITTANTION OF FINANCIAL STANCES SIMBON OF WIBARRS CONFERSATION

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REQUIRED FORMS TO BE COMPLETED BY ALL PROPOSERS

ANTI-KICKBACK AFFIDAVIT

| SS | | | |
|------------------|--|--------------------------|-----------------------|
| COUNTY OF I | MONROE | | |
| be paid to any e | ed, hereby duly sworn, depose a employee of the City of Key We rectly by me or any member of m | st as a commission, kick | back, reward or gift, |
| | BY: | | - |
| | | | |

STATE OF FLORIDA

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A) FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS,

This sworn statement is submitted to

1.

| (Print individual's name and title) |
|--|
| (print name of entity submitting sworn statement) |
| H R |
| whose business address is |
| and (if applicable) its Federal Employer Identification Number (FEIN) is |
| (If the entity has no FEIN, include the Social security Number of the individual signing |
| this sworn statement: |
| |
| I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), <u>Florida Statutes</u> , means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency of political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation. |
| × |
| I understand that "conviction" as defined in Paragraph 287.133(1)(g), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guild, in any federal or state trial court of record relating to charges brought by indictment of information after July 01, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere. |
| |
| I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means: |
| A predecessor or successor of a person convicted of a public entity crime |

- 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. the term "affiliate' includes those officers, directors, executives, partners, shareholders, employees, members and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment of income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
- 5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
- 6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the final order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE (1) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

| | (SIGNATURE) |
|--|---|
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| authority (name of affixed his/her sig | APPEARED BEFORE ME, the undersignedwho, after first being sworn by me individual) mature in the space provided above of this y of, 2009 |
| authority (name of affixed his/her sig | who, after first being sworn by me individual) mature in the space provided above of this |
| authority | who, after first being sworn by me individual) mature in the space provided above of this |
| authority | who, after first being sworn by me individual) mature in the space provided above of this y of, 2009 |

REQUIRED INSURANCE TO BE MAINTAINED BY SUCCESSFUL PROPOSER

Prior to execution of the final contract, the successful proposer will be required to provide evidence that the following insurance is in place.

| Type of Insurance | Limits |
|------------------------|-------------|
| Workers' Compensation | Statutory |
| Employers' Liability | \$500,000 |
| General Liability | \$1 million |
| Vehicle Liability | \$1 million |
| Professional Liability | \$1 million |

The successful proposer will be required to maintain the above insurance during the entire term and any extensions of the contract. All coverages must be provided by insurers licensed to conduct business within the State of Florida and acceptable to the City.

A RESOLUTION OF THE CITY COMMISSION OF THE WEST, PLORIDA, AUTHORIZIENS CLEY OF KEY THE PROPOSAL FROM EMPLOYER ACCEPTANCE OF (EWI) 111 THE AMOUNT MUTEUAL TAIC. \$140,267.00 FOR SERVICES TO BE READERED AS THE CITY'S INSURANCE PROGRAM THIRD PARTY CLAIMS ADMINISTRATOR; ADTROPIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE AN ACRESSMET WITH EMT FOR THE POLICY YEAR 2009/2010 WITH FOUR (4) ADDITIONAL POLICY YEARS SUBJECT TO PASTIFICATION BY 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 commission desires to award the proposal to the top firm and permit the City Manager of his designee, with the edwire and consent of the City Attorney, to negotiate and execute an agreement with the top firm in accordance with that firm's proposal.

NOW REPERFORE, 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.

| | 23 | | | | | | | | | | | |
|------------|--------|--------|-------|-----------|------|--------|-------|--------------------|--------------|----------------|------|---------|
| | Passed | i and | ෂල්තු | pted by | the | City | Commi | ssion | at | a meet | ing | held |
| | 151 | | | _ day of | | | | | | | | |
| | Auther | ntical | ced | by the | DEC | sidin | off | icer | and | Cleri | : o± | the |
| Commi | esion | oir | Sept | ember 16t | ħ. | , 200 | Ďu, | | | | | |
| | Filed | with | the | Clerk | Sept | ember | 6th | * | 2009 |) _K | | |
| t <u>e</u> | | | | 2 | | - | 7 | ICPHE! | SON | MAYO | R | -araqvi |
| | | | | | | P.D.J. | - | m extens évedit 12 | rimeratans 4 | 1.5 | | |

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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

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 attacked.

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

 Alternative Service Concepts, LLC 5010 Cattleridge Drive Suite 103 Sarasota, FL 34232

- Cannon Cohran Management Services, Inc. (CCMSI) 2600 Lake Lucien Drive Suite 225 Mailland, FL 32751
- Corvel Enterprises Comp, Inc.
 210 North University Drive, #501
 Coral Springs, FL 38071
- 4. EMCAS 12466 West Atlantic Blvd. Coral Springs, FL 33071
- 5. Employers Mutual, Inc. (EMI) 700 Central Parliway Stuart, FL 34994
- Gallagher Bassett Services, Inc. 2 Pierce Place, 5th Floor flasca, IL 60143
- Intergrated Claim Solutions, Inc. 668 Mailland Avenue Alternonie Springs, FL 32701
- 8. Johns Eastern Company, Inc. P.O. Box 110259 Lakewood Ranch, FL 34211-0004
- 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
- York Claims Services, Inc.
 1117 Perimeter Center West Affanta, 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 incombent, 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 inclumbent 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 analyses ary date without penalty

INTERISK CORPORATION

Consultánts

Risk Management Employee Benefits 1111 North Westshore Boulevard Suite 208 Tampa, FL 33607-4711 Phone (813) 287-1040 Facshille (813) 287-1041

September 10, 2009

lvír, Mark Finigan Assistant Cicy Manager - Administrator City of Key West 525 Angela St. Key West, Honda 33040

Subject: Evaluation of Third Party Claums Administration Services - RFF #69 011

Dear Mark

The City of Key West's Property and Castality Institute program includes various self-instited retentions and deductibles that require the City to engage the specifies of a faint party claims administrator to adjust the claims and portions of the claims that fall within these retentions and deductibles. Gallagher Bassett Services 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 conjugation with the City's Respired for Proposals (RFP) for its 2009/10 Property and Canally Insurance program a separate RFP (400-011) 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 class. The RFP rise specified specifies services that the successful proposer would be required to provide based on industry standards for claims administration services.

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

- Gallagher Bassett Services, Inc.
- Cunnon Cochran Management Services
- PMA Mañagement 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.

Correct'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 edient. It was also believed that Integrated Claims Solutions lacked the appropriate intenstructure 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 in provide the services that the City is secking. The attacted schedules reflect the major features of each proposal will be discussed under separate caption. Prior to addressing the individual proposals, several issues should be discussed.

The contract obligates 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 edictionship exists with the City. If the City were to select a different form, the City would be required to pay Gallagher additional fees to continue handling the active Claims or transfer the active claims to the active selected administrator. It is believed that if the City went 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 manors.

1) Charge a single one time for each claim being assumed based on the type of citims.

 Charge a flat one time for assuming all of the City's active claims regardless of the number and type of claim.

3) Charge as annual fee based on the number and types of claims still remaining active.

In addition, some firms will charge an initial schip 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 Instruce 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.

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 content 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 aboutly. 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).

Counon Cookran Management Services, Inc (CCMSI).

Linde is known about CCMSI with the exception of the information contained in their proposits. It is believed CCMSI has sufficient resources to provide the needs of the City. CTMSI 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 fine fee of \$7,500 for consering 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 (\$89.5104\$3.500*£122.961*\$21.940). Since CCSI's claim assumption fee would be a one time charge, the projected cost for CCMSI's services in subscape of years would be approximately \$11.450.

PMA Mingegnesia Corp.

While-I have limited personal experience with PMA, they have a reputation of being a mality claims administrator. It is believed that PMA has sufficient resources to provide the needs of the City. PMA proposed to assume the administrator 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 183,415 annually. In addition, PMA would charge an initial one time fee of \$5,900 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately \$76,803 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 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$15,976 administration fees proposed by PMA would amount to approximately \$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. White 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 conclination that ASC retains as a quality claims administration of the City's claims for specific fees based in 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 officient 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 telationship 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 notive as of October 1. 2009. This amount was determined based on the number of active claims the City outready 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+541, 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 achiest 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 feets based not the types of claims involved. Based on the City's historical claim experience these feet for this option would amount to approximately \$100,402 annually. York would not charge an initial feet for converting the City's historical claim history to their computer system or an annual administration feet. They would charge the City a feet 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 manual administrative feets 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, facil claim assumption fee would be based on the number of claims appear in subsequent years (pitst 10/1/09) and one not be determined at this time.

Preferred Governmental Claim Solutions (PGCS).

Lhave had primerous opportunities to evaluate the services provided by PGCS and it is believed they are a quality claims administration. 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's 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 oost of approximately \$115,800 (\$53,665-\$25,020+\$27,115). Since PGCS's claim assumption fee would be a one time charge, the projected cast for PGCS's services in subsequent years would be:

Johns Eastern Company.

I have had numerous opportunities to evaluate the services provided by Johns Pastern and it is believed they are a quality claims administrator. It is believed that Johns Pastern has sufficient resources to provide the needs of the City. Johns Bastern 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 ainmally. Johns Paster 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 (\$83,575+\$45,000+\$3,500+\$10,079). Since John Eastern's claim assumption fee would be a one time charge, the projected cost for Johns Bastern'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 conven 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 at 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+2,317). 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 \$3,667 (\$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 Pastern 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 I. Gallagher be eligibiated from further consideration.

It is believed that the Preferred Governmental Claims Solution (PGCS) and Employees Matical, his: (EMI) offered this most competitive proposals while still providing quality claim services. While EMI's projected annual cost for the first year is approximately \$24.467 higher then the fee proposed by PGCS and then projected fee for subsequent years is approximately \$2,887 higher then PGCS' projected fees, it is believed that quality of EMI's adjusters is alightly better then those of PGCS which will result in hoper claim costs that will more then offset the differences in their administration fees. It is therefore recommended that the City of Key West relect Employees Manual, inc. as their new claims administrator effective October 1, 2002.

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

Cordially,

INTERISK CORPORATION

S Willen

Sidney G. Webber CPCU, ARM

CITY OF REY WEST, FLORIDA. EVALUATION OF PROPOSALS FOR. THIRD PARTY CLAIMS ADMINISTRATION

RFP#09-011

| | (Gallagher Bassett) | Gallagher Bussett | CCAMBI | PMA |
|---|---------------------|--|-------------------|--|
| + | Life of Contract | Life of Contract | Life of Contract | Tife at morning |
| - | T WEST THE COME | Musmar | Miramar | Tompa/Key Weel |
| A SI FE | Med Only - 263 | Med Only 263 | Lost Time 130 | 1200 1 2 2 |
| · | Liability - Unknown | Tonni No. Landard | | 120 T 130 |
| Experience of Adjusters | Extensive | Paragraph of the state of the s | Lapanicy 134 | |
| Quality of Loss Reports | Geod | Cach | Moderite | Extensive |
| mant | . Yes | Year | Yes | Good |
| Retorded statements of claims nt | 464 | .Yes | 7,608 | 5-1-4 5-1-4 5-1-4 |
| 2 | Yes | Yes | Yes | war. |
| Narrative Summarks of major claims | %es | Yes | Yes | Service and the service and th |
| | Additional Charge | Additional Charge | Additional Charge | Additional Chares |
| Pursue Subrogation and Second Injury Rund cisims | Yes | Yes | Yes | Vec |
| Rrepare Stats mandated reports | Yes | *** | Yes | , etc |
| Report and pursue Excess claims | Tes | Xea | Tes | Yes |
| Quarterly claim reviews | Yes | Yes | | |
| | Kes | Ves | 126.1 | Yes |
| | \$128,265 | 2131361 | 25 × 25 × | Yes |
| i i di | | | WASTER STATE AND | DAT 1017 |

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

RET #09-011

| Interpreted Claim Schoften | | | | | | Insufficient size to provide | services the City requires. | Compensation adjuster and only 1 W.S. account., In | addition. firm does not have the infrastructure (IT. etc) to | properly service the account. | | | | \ <u>.</u> | | X. | 2 | | | |
|----------------------------|---------------------|----------------------|---------------------------------|-------------------------|-------------------------|---|---------------------------------|--|--|---|---|--------------------------------|--------------------------|--------------------------|-------------------|------------------------------|--|---|---------------------------|--------------------------------|
| Engle Martin & Assic. | | | | | | | | | 11 | Mon Responsive Unable to | provide claim administration, services for Workers" | Compensation Claims | | | ** | 1, | 9 | 2 | | |
| York Claim Solutions | T. The of Continent | Tallahassee/Orlando. | Lost Tring 150 | OUC CHOLONY | TACHE CONTRACT | X98 | Kes | Xes . | Yes | Additional Charge | | Yes | Xes | Yes | , ES | Life of Contract - Bluf, 643 | Services will be fragmented. between Tallahassee, Orlando | and New York | Proposed Claim Assumption | Fee provides services for only |
| Alternative Sarvice | Mfs-of-Contract | Saragote: | 1.10 | Extensive | Fair | Yes | Yes | XIX. | Yes | Additional Charge | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Yes | Yes | Yes | Yes | \$143,239 | | Did not address Loss Control Proposed annual fees for all | assumed claims | |
| | Type of Program | Location of Services | Avarage. Case Load of Adjuster. | Experience of Adjusters | Quality of Loss Reports | Initial contact with claimant within 24 hours | Recorded statements of claimant | Contact with treating physician within 24 hours | Narrative Summaries of major claims | Medical Mils reduced to State Fee Schedule | Pursue Subrogation and Second Injury Fund claims | Prepare State mandated reports | Report and pursue Excess | Quarterly claim reviews. | Monthly logs runs | Profected Annual Cost | Comments | | i i | - |

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

REP#09-011

| | EMI | Life of Contract | Stuari | Lost Time - 25 | Med Only - 300 | Extensive | Const | Vec | Var | 034 | **** | , 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, | Yes | | Additional Charge | YES. | | Yes | Von | 3 | Yes . | Yes | \$140,267 | |
|--------|-------------------|----------------------|----------------------|------------------|-------------------------|-------------------------|-------------------------------|--------------------------|-----------------------------|-----------------------|---------------------------|--|-----------------------|-------------------------|------------------------|--|------------------------|---------|--------|-------------------------|-------------------|-----------------------|------------|---|
| | Jours Eastern | Life of Confract | ONTRISOTA: | Lost Time - 115 | Med Only - 163 | Extensive | Good | Xex. | Yes | | Yes | | | | -Additional:Charge | Yes | | 200 | X | | Yes | Xes. | \$1,60,673 | |
| DUDG | Title of Contents | She Man | To see of the second | Mark August 150 | Pared Offly 7,330. | EARCOSI VC. | Doop | Xes. | Yes | | 80 | | Yes | A 1.11.1 | Augustonia Charge | 88% *********************************** | *** | X,945 | Yes | - 23 | Tes | Xes | \$113,8UU | 4 |
| Chryel | | | | | | · L. | | Carlotte Start Section 1 | administering only Workers. | Compensation Claims. | Remodeling Translation | TOURS THE STANFART | Internation regarding | adfusters that would be | assigned to the City's | account. Nor ware examples | Thorn of the control | _! | | | -1,- | | | |
| | 1yps of Program | Location of Services | Average Case Load of | Adjuster | Experience of Adjusters | Quality of Loss Reports | Initial contact with claimant | within 24 hours | ciaimagt | Contact with freating | physician within 24 hours | Natrative Summaries of | major claims | State Was 6-1-1 | Purme Submostion and | Second Injury Fund ciatins | Prepare State mandated | Reports | claims | Quarterly claim reviews | Monthly loss runs | Projected Annual Cost | Comments | |

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

| | , | | *************************************** | Total | 167 | | S BR. CHO | 1 | 0,000 | \$ 2,098 | \$ 11.132 | P ORO | CHY O | 1 520 | e. | P | | 1 | \$ 128,265 |
|-----|--------|---|--|---------------------------|-----------|----------------------------|-----------------------|------------------|--------------|----------|----------------------------|---------------------|--------------|-----------------|---|----------------------|---|--|------------|
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| | | | M/G | Trosc I me | | 1,232 | 164 8 49,280 8 10,870 | | | | , | | | | | | | The state of the s | |
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| | Curren | | Auto Phys Errors & Damane Omissons | | 4 4 10 | 9 | 101 | Loss Run Reports | ON The Azoge | 2000 | riogiam Administration | oss control Sandoss | Banking Fees | Claim Reporting | Bet Up Fee | Claim Assumption Fee | of 1, 694 BR | + | Ore |
| | | | | E. | AED VED | * | 1 13 260 3 | T 880 | S NO | C | r cogram, | LOSS CO | Bari | Claim | Be | Claim As | & (Averada | | |
| | | | Auto PD | | A REE | ľ | 0,436 | - | | | the ingression of the same | | | | | | Bill Reduction Fee Averade of 1.894 Bills principled energies | | |
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| L | | | | Avera | Claim Fee | F | | | | | | | | | | | | | |

City of Key West, Ffortide Profected Athuri Cost of Claims Administration

| | _ | | | | | | | | | | | <u> </u> | - | | L C |
|---|-------------------|--|----------------------------|-------------|-----------------------------|---|----------------|----------------------|---|--------------|-----------------|---------------|----------------------|--|-------------|
| | | · | 10.0 | | 96.012 | 3.508 | 2.098 | 11,132 | 7.080 | 2.463 | 1,570 | | , | 7,500 | 184.381 |
| | | | | Ŀ | 49 | 69 | 姆 | Ú) | 40 | 60 | v9 | 40 | 69 | 65 | G) |
| | | W/O | Nich Cilly | 02, | \$ 10.370 | | | - | | | | | | | |
| | - | W/C | OP W | 232 | \$ 48,280 | | | ٠ | | , | | | | | |
| | | Police | 1 | \$ 1.164 | 1.62 | | | | | | | 3 | | | |
| | | Gen. Llab. | Ğ | 222 | \$ 1,665 \$ | | | | | | | | | annually) | |
| | seett | Auto Rhya Errors & Gen, Liab, Gen, Liab. Damage Omissons Ri | - | \$ 1,066 | \$ 11,726 | | | è | | | | | | Hill Reduction Fee (Average of 1,694 bills processed annually) | |
| | Gallagher Basseil | Errote & Omlessons | | \$ 1,164 | \$ 1,164 | 089 Run Reports | OF LINE ACCESS | ogram Admiristration | cos Control Services | Banking Fees | Claim Reporting | Set Up Fee | Claim Assumption Fee | (,694 bills | Total |
| | ග | Auto Phys Errors & Damage Omissons | 30 | \$ 452 | \$ 13,560 | 1 089 FU | | Frogram A | Loss Canti | D. A. | Calm | Set | Cell Assu | (AVERGE O | T. |
| 1 | | Auto PD | Psc. | Q220 000 | \$.3,885 | Service de la constante de la | - | | | | | | | uction Fee | |
| | | Auto BI | | | 861.88 | | | | | | | | 1 1 1 1 | Hil Hed | |
| | | | Verage Ahriual Olaim Count | - 1 | Sulfated Annual Cigin, Fees | | | | *************************************** | | | | | 14-15-16-16-16-16-16-16-16-16-16-16-16-16-16- | |

Comments:

- 1. Proposal did not speoify fees for Anolliary Services (Losa Runs, On tine Access, Administration, Loss Control Services, Banking, Claim Reporting and Set Up Fees, Used current less for analysis.
- 2. Proposed bill reduction fee of 20% of savings. Used estimate of \$2,500 for annual lee.

Projected Annual Cost of Claims Administration

| | | Car | Cannon Codhigh Wandement Sandose (PRMS) | In Mander | Ant Sarvine | 6 (PONICI) | | | | |
|-----------------------------|----------------|--------------------------------|--|-----------------------|---------------------------------------|---|--------|----------|------------|------------|
| | | | | | ANY BANK | The Children | | | | |
| | Auto Bl | Auto PD | Auto PD . Danacie: Company General Date Company Compan | BTOTE & | Gen, Lab. | Gen. Lab | Police | W/C Last | W | |
| Average Annual Cleim Count | t.G | 4 | O. | 2 2 | îr. T | 3 . | Proj. | Time | Med Only | Total |
| Glaim Fee | 835 | S 45B | W.V. | 1 | I | * | - | 40 | 9. | 157 |
| Estimated Annual Claim Fees | \$ 2505 | es | ÷ | 2/0 | 5 i | D 1 | 975 | - 1 | -\$.120 · | |
| | | | d sec | ď | 9 | \$ 1504 | 9/8 | 000'08 | S. 9,150 | \$ 89,510 |
| | | | O | On line Access | | | | | | ÷ |
| - | | | Program 4 | Toorem Anministration | 100 | | | | | 69 |
| | | | 1 Oak Day | Ost Confrol Son box | 5 | , | | | | \$ 5,000 |
| | | | 1 | Take Base | 6 | *************************************** | | | | 69 |
| | | | | | · · · · · · · · · · · · · · · · · · · | | · | | | 69 |
| | | | | BEILLIADEL III | | | | | | 65 |
| | | | Ten Hel | Cot Up Fee | | | | | | \$ 7,500 |
| | | Bill Reduction Fee (Average of | A CANOROGE | | | A. 10 17 18 18 18 18 18 18 18 18 18 18 18 18 18 | | | | \$ 122,961 |
| | | | Carrie Sale | | ACC LINE DICCESSED SINUSIN | annually | | , | | \$ 16,840 |
| | | | | nid. | A | | | , | | \$ 247.911 |

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|---------|---|-------------------------|----------|---|--------------|-----------|-----|
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| 1 | I | | | | L | 1 | Ģ |
| | - | W.O | MEG CUIV | N. | , | | • |
| | |) SC | - 1 | 89 | SUB | | 2 |
| | | W/C L | 100 | | | 404 | |
| | - | Police | 2 | Ñ | 872 | 1 07.4 | |
| | L | | | | 69 | 0 | • |
| | | Sen, Lists, Gen, Lists, | | *************************************** | 239 | 200 | , Y |
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| umatio | | en, Li | | | 4 | 10 | |
| alm Ass | - | Grons & C | 5 | | 01 70 | 888 | |
| ed C | | | | ļ |)3 | 09 | |
| roject | | P S | ă. | 1 | 3 | 782 | |
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| | | Auto-PD | ζ. | 000 | 2 | Į. | |
| | | \$ | | ē | • | U3 | |
| | | Auto Bi | G | 147 | • | 1,251 | |
| | - | | | | 1 | , P | |
| | | | Count | | | 766 | : |
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| | | | e Ani | -86 | 2 | 200 | |
| | | | Verag | enm > | and later an | | |
| Ŧ | | | ⋖ | $^{\circ}$ | Ш | ш | |

- 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 writi 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 (ea of \$150 per month until plosure for all Lost Time-W/C dains that they assume. Anneate eased on claims being open for 12
 - 4. Proposed a Bill Reductin Fee of \$10 per bill

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

| | Errors & Gen, Liab, Gen, Liab. Police WIG WIC | | 2 | \$ 785 \$ 495 \$ 465 \$ 1,285 \$ 795 \$ 495 \$ 1,285 \$ 195 | 8 2,386 8 3,465 8 14,860 8 1,285 8 8,746 8 1,486 8 1,296 8 38,000 8 11 | ¥2 | On Line Access | Program Administration | Billiad 16 heavy at applical | | Water Karde Dark | Con Chi ve il Introduction of the Control of the Co | Glaffin Assumption Fie | BIJI Reduction Fee (Average of 1,694 bits processed annually) | Total 8 161,196 |
|--|---|------------------------------|---|---|--|----|----------------|------------------------|------------------------------|--|------------------|--|------------------------|---|-----------------|
| | | Average Applied Claim Commit | | Ciaim Fee | Estimated Annual Claim Fees | | | | S\$C,T | | | | | | |

| | **** | , - | - | , |
|-------------|----------------------|---------------------------|--------------|---------------------------|
| | Total | 119 | | \$ 76,805 |
| | W//C | 14 | \$ 195 | 8 2,730 |
| | W.C. | 58 | \$ 795 | \$ 46,110 |
| | Police Prof. | οί | \$ 1,295 | \$ 2,590 |
| Φ | lab, Gen. Llab, | • | \$ 395 | 395 |
| umption Fa | Gen, Liab, Bl | 47 | \$ 595 | \$ 10,115 |
| d Claim Ass | Errors 名 Omissons | 7 | 9 1,295 | \$ 5,180 |
| Projecte | Auto:Phys Damage | 8 | 986 60 | 8 7,10 |
| | Auto PD | EVI | 8 395 | \$ 790 |
| | Auto BI | .co | 2892 | 1,785 |
| | | verage Annual Cialm Count | alm Fee | stmated Annual Claim Feet |

Comments 1. Proposed a bill reduction fee of \$8.25 per bill

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

| | | | Projecter | #Clatin As | umptien Fe | 9 | | | | |
|-----------------------------|----------|---------|-----------|------------|--|-----------|--------|-----------|----------|--------|
| | | | | | I I | | | | | |
| 285 | | | Auto Phys | Errors & | Auto Phys. Errors & Gen. Lieb. Gen. Leb. | Gen. Lab. | Police | Ó/M | W/C | |
| | Auto BI: | Auto PD | Damage | Omissons | õ | O. | Prof. | Eost Time | ≥ | Total |
| Average Annual Cialm Count | Ø | 2 | 18 | 4 | - | 7 | ĊV | 200 | Ţ | 119 |
| Claim Fee | \$ 350 | \$ 350 | \$ 350 | 350 | 350 | 000 | 360 | 425 | * | |
| Estimated Annual Claim Fees | \$ 1,050 | 8 700 | 8 6,300 | \$ 1,400 | 056'9 \$ | \$ 350 | \$ 700 | \$ 24,650 | · | 41,100 |

Comments

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

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

| | | - | Total | 157 | | \$ 91.297 | 69 | 4 | | 4 | | | | S 4- 100 | \$ 15.246 | \$ 147,643 |
|---|---------------------------------------|---------------------------------------|-----------------------|--------|-------------------|---|--|----------------|-----------------------|----------------------|--------------|-----------------|-----------------------|----------------------|---|------------|
| | | WZG | Med O | | 09 | 05/6 \$ | | | | | | | | | | |
| | | OJAN. | Lost Time | k | 1.258 | \$ 50,320 \$ | | | | | | | | | | |
| | | - | Prof. | 4 | e e | \$ | | | | | | | المستثني والمنت كموظا | | | |
| | reci | Auto Plys Engra & Gen. Lab. Gen. Jab. | 2 | 9 | PHO 4 000 00 1000 | \$ 1,947 | | | | | | | | | สถูกบลใญ | |
| | Work Chalm Serives - Life of Contract | Gen Lab. | ioi * | 0 0 | 400 | - ₹ TD,483 | | | 묫 | tä | | | | 0 | Bill Reduction Fee (Average of 1,894 bills processed annualty | |
| | Serives - | Errors & | Solution Cities 4 | 1 | 1 | ı, | pes Run Reports | On Line Access | rogram Administration | oss Control Services | Banking Fees | Claim Reporting | Set Up Fee | Claim Assumption Fee | rt,894 bills | lotal. |
| 1 | York Clain | Auto Phys | | A SOR | 2 1 | 9 11,550 | . p8\$ H | UT FO | Program A | Loss Con | Banki | Claim | Set | Claim Aes | Average c | |
| | | , X | | ABE B | ě | CO X | the state of the s | | | | | | | | duction Fee | |
| | | A.Ho.Bi | 87 | 1.082 | | 045°C | نتب الدند حيبها | | | | | | | | B. Be | |
| | | | alm Count | | Join Loon | Clay 1 463 | | | | • | | | | | | |
| *************************************** | | | rage Annual Claim Cou | n Fee | mater Annual (| 100000000000000000000000000000000000000 | | | | | | | | | | |
| | | • | Averag | Calm ? | Estima | 5 | | ļ | | | | | | | | - |

| | - | | Total | 7.17 | 187 | 100.402 | 1 | | | | | | í. | 41.100 | 15,246 | 156,748 |
|-----------------------------------|--------------------|---|-----------------------------|---|-------------------------|--|------------------|-----------------|----------------------------|----------------------|--------------|--|------------|----------------------|--|---|
| | يند ند پيدانيمانيه | W.C | Med Only | , e | 7 | 1 | • | | - | 100 | 66 | 69 | *** | 49 | 9 | 199 |
| | 1 | 2/% | Lost Time Med Only | 40 | 059 \$ 1.397 | 059 \$ 55,880 \$ 9,150 | | | والمستوانات وترزوه والمالة | | | | | | | |
| | | Police | | L. | | | ŧ | | | | | | | | - 15III | |
| im | | Auto Phys. Errors & Gen, Liab. Gen, Liab. | PD | 0 | 8 721 | 2,898 \$ 12,840 \$ 1,059 \$ 11,849 \$ 2,153 \$ | | | | | | | | | Bill Reduction Fee (Based on 1,694 bills annually and fee of \$9.00 per bill | |
| Ork Claim Serives - Life of Claim | | Gen, Llab | ã | | 428 \$ 1,059 \$ 1,069 8 | \$ 11,849 | | T. | uo | Đ | | | | 90 | ally and tee | |
| im Serives | | Errors & | Auto PD Damage Omissons | a de la composición dela composición de la composición de la composición de la composición dela composición de la composición de la composición dela composición dela composición de la composición de la composición dela | \$ 1,059 | \$ 1,059 | Loss Run Reports | On Line Appeass | Program Administration | eas Control Services | Banking Fees | Claim Flaborting | Set Up Fee | Claim Assumption Fee | folls annu | Total |
| York | | Auto Phys | Damage | Š | Li | \$ 12,840 | Loss R | On LI | Program./ | Loss Cor | Bank | Celm | Set Set | Claim As | ed on 1,69 | |
| | | | | | \$ 428 & | 69 | | | | | | | | | on Fee (Bas | |
| | | | Auto B | | - 1 | \$ 3,606 | | | | | | | | | BII Reduct | *************************************** |
| | | | | Average Armusi Ciaim Count | Claim Fee | Estimated Annual Claim Fees | | | | - | | مربوب والشارات والمساور فتعالمها والمساورة والمتاركة وال | | | | |

| | | | Projecter | Projected Claim Assumption Fee | umption Fee | 1 1 1 | 7 | a a etc. | April 1 | |
|-------------|---------|---------|-----------|--------------------------------|-------------|--------|-------------|---------------|----------|-----------|
| | Auto BI | Auto PD | Damage | Damage Omissons | | CD D | Prof. | Lost Tina | Med Only | Total |
| | G | 27 | 18 | 4 | 17 | | P AL | 89 | 14 | 119 |
| œ, | 380 | \$ 350 | 380 | 350 | \$ 350 | \$ 350 | 330 | # 426 | €9 | |
| إجبا | 1,050 | \$ 700 | \$ 6,300 | \$ 1,400 | \$ 5,950 | \$ 350 | 200 | 700 \$ 24,650 | | \$ 41.100 |

Comments

1. Proposal did not address avaitable loss control services
2. Proposal indicates that no Data Conversion Fee will apply unless inforeseen problems exist with data provided by current TPA 3. Proposal indicates that Claim Assumption Fee will be an annual sharge based on number and types of claims currently open.
4. Proposed a bill raduction fee of \$8.00 per bill

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

| Engle Martin & Associates | Auto PD Damade Omissons B. PD Store 1 Police 1975 W.C. W.C. | 8 11 30 1 3 | | Loss Run Reports | On Line Access | Program Administration | Loss Control Services | Banking Fees: | Cleim Reporting | Ĺ | Claim Assumpile A O | (B) Reducipe | | A Lead Salm Assumption Fee | ien. Lieb. Police W/C W/C | 30 10 10 10 10 10 10 10 10 10 10 10 10 10 | | alm. Fees |
|---------------------------|---|----------------------------|----------------------------|------------------|----------------|------------------------|-----------------------|---------------|-----------------|---|---------------------|--------------|--|----------------------------|---------------------------|---|-----------|------------------------------|
| | Auto Bil | XX | 11.6 | | | | | | | | | | | | Auto Bi | | | |
| | | Average Annual Claim Count | Stimated Annual Claim Fees | | | | | | | | | | | | | Average Annual Claim Count | Clalm Fee | Estimated Annual Claim. Fees |

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

| | | , ist | | | | | | | | | | | | | | |) (A) | 119 | |
|-------------|---------------------------|--|-----------|-----------------------------|------------------|----------------|------------------------|----------------------|---------------------|---|------------|---|---|---|---------------|--------------------------------|-----------------------------|-----------|-----------------------------|
| | | W/C W/C | Ó | | | | | | | · | | | | | | W/C | | | |
| | | .w/O | 40 | | | | | | السلائل يستحد والهج | | | | | | | W/C | | 8 | |
| | | Police. | | | | 2 | | | | | | | | | | Palice | 1 | * | |
| | | Auto Phys Errors & Gen. Liab. Gen. Liab. Bern. Liab. | က | 4 | | | | | 2 | | - | | | | 96 | Errors & Gen. Lieb. Gen. Lieb. | | | |
| 18 18 18 | SOUTHOUS | Gen. Liab. Bí | 11 | | | 1.2 | II. | | | | | 1 | |). | seumption Fee | Gen. Llab. Bi | - | | |
| 1.100 | SUDDINOC LUISIN NOISINGIN | Errors & Omissons | *- | - | Loss Run Reports | On Line Access | Pregram Administration | das Centrol Services | Banking Fees | Claim Reporting | Cer Up Fee | | | | 207 | ornissons | × | | |
| A Section 1 | 100 | | 8 | | Loss P | ii Ö | Program | Loss Cer | Bark | Clerr | 160 | | * | | 1 | | | | |
| | - | Auto PD | | | | | | | | - | | | | s | | Autoc | | | |
| - | | Auto BI | 2 | | | | | | - | *************************************** | | | | | | Auto Bl | ĝΩ | | |
| | | Average Amriel Claim Count | Claim Fee | Estimated Annual Claim Fees | | | | | | | | | | والمراجعة | | | Average Annual Claim, Count | Claim Fee | Estimated Annual Claim Fees |

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

| | | - 1- - 2- | | | | | | | | 311 | | | | - | 7.040 | ŀ | | |
|---|--------|---------------------------------|-------------|---|------------------|-------------------------|------------------------|--|--|------------|------------------|----------------|------------|-----------------------|-------------------------------|----------------------------|-----------|-----------------------------|
| | | Wed Cok | 6 | | | تودنها والمسابعة والمتا | | The state of the s | | | | مناه فيها | , | | W/C W/C | 100 CON | | |
| | | W/C. Lost Time | 40 | | | | | | , min | | A 104 | | | | O/M | 58 | | |
| | | Police Prof. | Ļ | | | | | | ************************************** | | | | 10 | | Police | | | |
| | | Gen, Llab, | 9 0. | (| N X | | 7 | 1 | | | | | | 92 | Gen Llab. Gen. Ligb. Bl PC | - | | |
| | | Errors & Gast. Llab. Gen. Llab. | F | *************************************** | | Ĭ | | 1 | 1 | 2 | 1 | | w : | Clarin Assumption Fee | Gen. Llab. Bi | | | |
| 1 | Corvel | | | | Jose Run Reports | On Line Access | Program Administration | Banking Fees | Claim Reporting | Set Up Fas | × | 4 | 9 | CRITICAL AS | Emons & Omlasons | 1 | | |
| | | Auto Phys. Damage | 30 | | Loss Ri | di Lin | Lite Cha | Bark | Clain | 8 | Claim Assumption | Bill Reduction | | Project | 10 | | 2 | |
| | | Auto P.D. | | | | | | | | | | | - | | Autory | | | |
| | | Auto BI | œ. | | | | | | | | | | | | Avito Bi | Ø. | | |
| | | St. 187) | Claim Fee | Estimated Annual Claim Fees. | | | | | | | | | | | | Average Annual Claim Count | Claim Fee | Estimated Annual Claim Fees |

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

| Total 157 157 | | W/C Med Only 61 8 165 8 16,065 | 1 | | Auto Paya Errors. & Gen, Liab. Gen. Liab. Prof. Demage Omissons B1 Prof. 300 1 Th S \$ 250 \$ 650 \$ 4,950 \$ 650 \$ 7,500 \$ 650 \$ 4,950 \$ 750 \$ 7,500 \$ 650 \$ 4,950 \$ 750 Loss Pun Reports Program Agministration Loss Control Services Barking Fees Claim Reporting Set Up Fee Set Up Fee Set Up Fee Claim Assumption Fee Claim Assumption Fee | Auto Pbys Errors & Gen, Liqb, Gen, Gen, Liqb, Gen, Gen, Gen, Gen, Gen, Gen, Gen, Gen | interesta (a) (a) (b) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c | Auto Phys Errors & Causous 7 20 30 1 1 250 \$ 250 \$ 850 | 250 8 250 8 1,750 8 P. | 350 \$ 350 \$ | Auto Bí \$ 460 \$ 1,350 | Average Annual Claim Count Claim Fee Estimated Annual Claim Fees |
|---|---------------|--|-----------|----------|---|--|--|--|--|---------------|-------------------------------|--|
| W | | | | | | The state of the s | | | | | | |
| 4.4.4 | ¥ | | | | nually) | Coessed at | 694 bills or | /erage of 1 | IN Fee (A) | (BOLIOUT | 11112 | |
| 25.020 | 40 | | | | | | ption Fee | alm Assum | 3 | | 7 | |
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| - | e | | | | | | orting | Claim He | : | - | | |
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| • | () | | | | | | Cervices | 20.00.00 | Ĭ | | | |
| 30,000 | ģ | | | | | | Taraca C | | | | | |
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| 22.5 | ď | | | | | | Peports | Loss Puni | | | | |
| 53 RAE | GF: | \$ 10.05 | \$ 26,000 | ŀ | ľ | 4,950 | 820 8 | 7,500 (\$ | 1,750 \$ | 9 | ٦٤. | L CRITT TEES |
| | 10 | ço | 9990 | | 250 | 450 \$ | 820 | 250 \$ | 2 0 0 0 | | ŀ | |
| 187 | 240 | Ø | 9 | - | 69 | Ţ. | | Sign. | | ? . | | |
| Total. | 5, | Med On | cst Time | _ | î | ā | 11SSOTA | and a | | | | Claim Count |
| | | ٧, | 2 | | A Property of | | 01000 | Camada | C 100 c | | Auto B | |
| | | O W | WY | <u> </u> | del Leb | em. Liseb. G | rors & G | to Payé E | A | | , | |
| | | | | ومروست | 2 | | - | | _ | | | |
| | | | | | | | | | | | | |

| | | | Projecte | d Claim Ass | Umption Fe | Ď | | | | بمعدد التناسلية |
|------------------------------|---------|---------------|--------------|--|----------------------|--------------|--------------|-------------|--|-----------------|
| - | | | | | | | | | | |
| | | | Auto Phys | Auto Phys Errors & Gen. Liab. Gen. Liab. | Gen. Llab. | Gen. Llab. | Police | ري ه/ک | W/C | |
| | Auto Bi | Auto PD | Damade | Auto Bi Auto PD Damade Omissons | m | G | Dio | nat Tma | net Time Med Onky | 10404 |
| Average Annual Claim Count. | # | | 4 | | | | | 200 | TAIL O NO. | ınıai |
| Claim Fee | esodo | 19 8 1181 166 | or #25,020 \ | to assume a | axisting c | Tarre Co | will be able | to pay assu | Proposed a nation of \$25,020 to assume all existing claims. City will be able to pay assumption fee in 36 equal | .36 equal |
| Estimated Arinual Claim Fees | | | - | • | mouthly installments | liments of & | 695, | • | | |

Comments 1. Proposed.a bill reduction fee of 象1,40 per line with a 总 line minimum

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

| | | Johns Bastem | em | | | | | | Г |
|--|--|------------------------|---|---------------------------------|--------|-----------------------|----------|-----------|----------|
| Auforst | | Errors & | Gen. Lieb. | Errors & Gen.Lists (Sen. Lists. | Police | W/C | W | | T |
| unual Claim Count | - 100 | | Ĭ, | PD | Prof. | Lost Time | Med Only | Total | |
| 20E | Q € V3 V | į, | | E) | | \$ | 9 | - | 57 |
| Amilial Claim Boss o a don de | | 99 | \$ 698 | \$ 450 | 8 098 | 8 1,125 | \$ 149 | - | Ţ |
| # KINOD # | 3,150 \$ 13,500 | 850 | \$ 7,646 | \$ 1,350 | | 45,000 | S O CHO | 00 540 | ļ |
| | F-029-P | Coss Run Reports | | | - | | 1 | 0000 | D. |
| | 97.40 | On the Words | ************************************** | | | | | ì. | |
| | E training | | | | | | | 69 | ı. |
| | | ריםומ אלעומות איניים | | | | | | \$ 7.50 | ē |
| | r iografin | riggram Administration | | | | | | 3 800 | Ţ |
| | LOSS CON | oss Control Services | | | | | | 8 | <u>.</u> |
| | Ser.K | Banking Fees | | | | | | 9,6 | 1 |
| | CARILL | Claim Reporting | | | | سنندر ودوابها والمالة | | 9 6 | 1 |
| | Set | Set Up Fee | *************************************** | | | | | | 1 |
| | Claim Ass | Claim Assumption Fee | | | | | | 1 | ٦ |
| EC CART | THE TOTAL OF THE PARTY OF THE P | 100 | | | | | | \$ 48,575 | 5 |
| | of Block Charles | 2011G + 2017 | DIDCESSED | annually) | | | | \$ 10,078 | Ø |
| والمتعالم المتعالم والمتعالم والمتعا | | - OIG | | | | | | 160,673 | g |
| | | | | | | | | | |

| | Liab Gen, Liab, Police W/G W/C | 58 14 | 5 \$ 225 \$ 425 \$ 600 \$ | 5 8 225 8 850 8 34,800 8 8 48,578 |
|------------|--------------------------------|-----------|-----------------------------|-----------------------------------|
| seumption | G9 | 4 | 65 64 | 0 6 5 5 |
| er Claim A | Errors & Omlasons | | 5 42 | 1.70 |
| Project | Auta Phys Damage | | - C20 | 4,050 |
| | Auto PD | 27.2 | QYZ P | 400 |
| | Auto Bi | 0 4 | 5 to 1 | 9,00 |
| | AVENSITE APPRILIA PARTIE | Cialm Fee | Estimated Appries Malm Cana | deal lines deal Lees |

Comments 1. Loss Control Sarvioss will be provided atta pastrof \$95.00 par hour. 2. Proposed a bill reduction fee of \$5.95 peribili

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

| *************************************** | | | | | | | | | | | |
|--|---------|-------------|--|---------------------------|---|------------|----------|---|-------------|-----------|---|
| - | · · : | | | Employare Michig | leine. | | | | | | |
| | | _ | | | 1 | | | · | | | |
| | | | Auto Phys | Errors & | Auto Phys. Errors & Gen. Leb. Gen. Lieb | Gen. Listh | <u> </u> | . AV.YC. | GA CAS | | |
| Consolidation of the Consolida | Auto Bi | Auto PD | | Damage. Omlasoms | 7 | 9 | Prof. | Lost Time Medicinic | MacColv | To to | |
| The same of the country of the count | - | | 30 | áj ma | # | 3 | Ŧ | UV. |) i | | 1 |
| Jail 768 | 8 920 | 850 | \$ 850 | \$ 1007 | 3 700 | | 100 | 6 | | 701 | 7 |
| estimated Annual Claim Fees | 3950 | \$ 4,550 | \$ 19 500 | ı | 1 | 207 | 3 5 | POR P | 06) 4 708 4 | | _ |
| | | | | 17 | 74/75 | 7 21.5 | 3 | 000,85 | 9.150 | 84,350 | |
| | | | בר ממי | | | | | , | _ | er. | Ť |
| | | | S L | On Line Access | , | | | - | | 9 6 | 7 |
| | | | C ata | Data Conversion | | | | | | 9 | - |
| | , | | | | | | | | | | - |
| | | | r rogram A | Figuration soministration | 2 | | | | | 6 | ī |
| | | | LOSS COL | OSS CONTO Services | · | | | | | \$ | - |
| | | | Bankli | Banking Fees | | | | ······································ | | | 3 |
| | | | Claim | Claim Reporting | | | | | | 9 6 | T |
| | | | 0 | Oof 14x Exa | - | - | | | | à | _ |
| | | | 100 | 90 - 27 | | | | | | G) | |
| | | | CIBITI ASS | CIRILL ASSUMPTION FEE | 6 | | | | | \$ 46.600 | |
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Comments 1. Proposed a bill reduction (se 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, Prichasing

Froms

Cheri Smith, City Clerk

Date

Angust 25, 2009

Subject

THIRD PARTY CLAIM ADMINISTRATION

RFP 09-011

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.

- Alternative Service Concepts, LLC 6010 Cattleridge Drive Suite 103 Sarasofa, FL 34232
- Cannon Cohran Management Services, Inc. (CCMSI)
 2600 Lake Lucien Drive
 Suite 225
 Maitland, FL 32751
- Corvel Enterprises Comp. Inc.
 210 North University Drive, #501
 Coral Springs, FL 33071
- A. HMCAS
 12466 West Atlantic Blvd.
 Coral Springs, FL 33071
- Employers Mutual, Inc. (EMI)
 700 Central Packway
 Stuart, FL 34994
- Gallagher Bassett Services, Inc.
 Pierce Place, 5th Floor
 Itäsca, IL 60143

INTEROFFICE MEMORANDUM

To: Sandy Barroso, Risk Manager

CC. Mark Finigan, Assistant City Manager

Sue Snider, Purchasing

From: Cheri Smith, City Clerk

Dater August 25, 2009

Subject: THIRD PARTY CLAIM ADMINISTRATION

REP 09-011

7. Intergrated Claim Solutions, Inc. 668 Maitland Avenue Alianouse Springs, FL 32701

- 8. Johns Eastern Company, Inc. RO. Hox 110259 Lakewood Ranch, FL 34211-0004
- 9. Preferred Governmental Claim Solutions, Inc.(PGCS) P.O. Box 958456 Lake Mary, FL 32795-8456
- PMA Management Corp. (PMAMC)
 2701 North Rocky Point Drive
 Suite 250
 Tampa, FL 33607
- York Chims Services, Inc.
 1117 Perinctor Center West Atlanta, GA 30338

CS/amb

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS RFP #09-011



THIRD PARTY CLAIM ADMINISTRATION EFFECTIVE DATE OCTOBER 1, 2009

Proposal Return Date August 25, 2009

I. BACKGROUND INFORMATION

Key West lies near the end of the chain of islands known as the Florida Keys, and is the southern-most city in the continental United States. The island-community is located about 90 miles north of Cuba and 150 miles southwest of Miami at a latitude of 24 degrees, 33 minutes, 5 seconds North and at a longitude of 81 degrees, 48 minutes, 14 seconds West. The island has an area of 4.2 square miles, while the City-incorporating the northern part of neighboring Stock Island-has an area of 5.79 square miles. The City initially developed because of its proximity to the Florida Straits, the abutting Florida Reef, strong offshore ocean currents (the Gulf Stream), and the area's unpredictable winds, combined with a large natural deep-water harbor and deep channels into the harbor. The Florida Straits are the northern-most sea passage from the Gulf of Mexico to the Atlantic Ocean. For three centuries this passage formed part of the great nautical trade route that carried ships from Caribbean and South American ports to their European homelands. The location of Key West serves as a gateway both to the Caribbean and between the Atlantic Ocean and the Gulf of Mexico was recognized by the military at an early date. Another important regional factor in the development of the City has been its proximity to Cuba, 90 miles to the south.

Key West's long and colorful past begins with its European discovery in 1513 by Ponce de Leon. The island was first known as Cayo Hueso (Isle of Bones) because it was littered with remains from an Indian battlefield or burial ground. The name "Key West" is the English version of the Spanish term. The first permanent occupancy in the City occurred in 1822, complete with a small naval depot, whose purpose was to rid the area of pirates. The presence of the U.S. Navy has been a major factor in the growth and development of Key West ever since. The settlement was incorporated in 1828, four years after becoming the county scat of Monroe County. The City grew and prospered, based first on fishing and salvaging ships wrecked on the nearby reefs, and later on cigar manufacturing with Cuban refugees and imported Cuban tobacco. Other economic activities included sponging and related commercial functions. By 1890, Key West was the largest and richest city in Florida. However, after the turn of the century its major industries were in decline. Little construction was undertaken between the First and Second World Wars and the City saw a steady decline in population between 1919 and 1935. World War II brought prosperity back to Key West. Population more than doubled between 1940 and 1960. Nation-wide military base closings and personnel reductions beginning in the 1960s were major contributors to the City's second major cycle of population decline. After recording the highest number of residents in its history in 1960, Key West experienced over a 25 percent loss in population by 1980. The 1990 Census showed a slight increase.

Further information may be obtained from the City's website at: http://www.keywestcity.com

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

GENERAL INFORMATION AND COVERAGES REQUESTED

The City of Key West, Florida is requesting proposals for the following:

> Third Party Claims Administration

The City's current insurance program is structured on a "Multi-Peril" basis that contains various self-insured retentions. It is the desire of the City for the selected administrator to adjust all claims that fall within its retentions. Following displays the City's current retention levels.

| Property | \$50,000 except 5% for wind related losses and \$1.5 million for flood related losses |
|----------------------------|---|
| General Liability | \$100,000 |
| Automobile Liability | \$100,000 |
| Public Officials Liability | \$100,000 |
| Workers' Compensation | \$325,000 |
| Police Professional | \$100,000 |

The target effective date of the programs will be October 1, 2009 however, may be delayed depending on the amount of time a new claims administrator may require to convert the City's historical claim information so it is compatible with their claim system. It is the intent of the City to agree to a one (1) year term with rights to renew with the successful proposer(s) for four (4) additional one-year ferms at the sole option of the City. Consideration may be given to longer-term agreements based on price, terms and conditions.

In conjunction with this RFP, the City Is seeking proposals for its Property and Casualty Insurance Program. Based on the proposals received, it is possible that a Large Deductible or Fully Insured program will be selected. The selection of a third party claims administrator will be contingent upon the City maintaining a Self Insured program.

As a prerequisite of being selected, the Third Party Administrator must be acceptable to the Insurers selected by the City.

Items contained in this Request For Proposals (RFP) are considered to be an integral part of the proposed programs. Adherence to the Items listed here is intended by the City unless specifically otherwise accepted by both the Proposer and the City. Acceptance of modification of any portion of the items contained herein will not serve to waive or modify any other portion of the proposed program.

CURRENT PROGRAM

Gallagher Bassett Services Inc. currently administers all claims that fall within the City's self-insured retention. The agreement with Gallagher Bassett requires them to administer the claims for a single fee as long as a contractual relation exists between the two organizations. Depending on the cost, the successful proposer may be requested to assume the administration of all open claims. Proposers will be requested to provide separate pricing for the assumption of all open claims.

As of May 31, 2009 the City has the following number of claims currently active.

| | | kers' ensation | | | | | *** |
|----------------|--------------|-------------------|-----------------------|-------------------|----------------------|---------------------|-------|
| Policy Year | Lost Time | Medical Only | Police Professiona | Auto Liability | General Liability | Public Officials | Total |
| 1981/83 | 1 | | | | | | 11 |
| 1983/85 | 1 | | | | | | 1 |
| 1988/89 | 1 | | | | | | 1 |
| 1989/90 | 1 - | - | | | : | | 1 |
| 1990/91 | 1 | | | | | | 1 |
| 1991/92 | 1 | | , | | | | 1 |
| 1998/99 | 2 | | | | | | 2 |
| 1999/00 | 2. | | | | | | 2 |
| 2000/01 | 4 | - | 5 | | | | 4 |
| 2001/02 | 7 | | · | | | | 7 |
| 2002/03 | 9 | | -1 | | | | 10 |
| 2003/04 | 7 | | 1 | 1 | 1 | | 10 |
| 2004/05 | 1 | | | | 1 | 1 | 3 |
| 2005/06 | 9 | | | | . 4 | | 13 |
| 2006/07 | 14 | | 1 | - | 2 | 1 | 18 |
| 2007/08 | 17 | 1 | 1 | 1 | 5 | 1 | 26 |
| 2008/09 | 17 | 13 | | 5 . | 7 | 11_ | 43 |
| Total | 95 | 14 | 4 | 7 | 20 | 4 | 144 |

DESIRED PROGRAM

The City prefers the successful Proposer to provide its services on a "Life of Contract" basis and to agree to administer all claims until they are concluded as long as a contractual relationship exists between the City and the Proposer. Alternatives, such as "Cradle to Grave" will be considered.

The City utilizes the current claims administrator to reduce all medical bills to the State Fee Schedule. Proposers are therefore requested to include this service in their pricing structure. If a separate charge is required for this service, it should be clearly stated within the proposal.

It is anticipated that the successful proposer will assume the administration for all prior year claims. All proposals should clearly state the cost associated with the assumption of all claims.

RATING DATA

The following information has been included as attachments to assist in the underwriting of the account:

- > Projected payrolls by workers' compensation classification codes;
- > The City's most recent Experience Modification worksheets.

Currently valued loss runs and narrative description of losses in excess of \$50,000 will be provided upon request. Please direct your requests to:

Mr. Sid Webber Interisk Corporation 1111 N. Westshore Blvd. Suite 208 Tampa, Florida 33607 Ph: (813) 287-1040 Fax: (813) 287-1041

All interested proposers are solely responsible to ensure requests for loss runs and narrative description of major are properly received. The City of Key West nor Interisk assumes responsibility for the timely receipt of such requests.

EFFECTIVE DATE OF AGREEMENT

The effective date of the Agreement will be October 1, 2009 to October 1, 2010. It is anticipated that the agreement will be renewed with the successful proposer for a minimum of four (4) additional years, however City maintains the right to terminate the agreement upon each anniversary date without penalty.

REQUEST FOR PROPOSALS SCHEDULE

The following schedule will be strictly adhered to. No extension of deadlines will be granted.

| Activity | Deadline |
|---|----------|
| Distribution of RFP | 6/23/09 |
| Deadline for Agents to Submit Requests for Additional Information | 7/29/09 |
| Issue Addendum to RFP | 8/4/09 |
| Proposal Return Date | 8/25/09 |
| Finalize Recommendation Report | 9/8/09 |
| Presentation of Recommendations to City Commission | 9/15/09 |
| Effective Date of Coverage | 10/1/09 |

SUBMISSION OF PROPOSALS

All proposal forms must be executed and submitted in a sealed envelope. The face of the envelope shall contain, in addition to the below address, the date and time of the bid opening. Bids not submitted on attached bid forms may be rejected. All blds are subject to the conditions specified herein and on the attached sheets.

Sealed Proposals should be submitted with two (2) signed originals and four (4) complete copies of the originals clearly marked on the outside of the sealed envelope with:

The City of Key West, Florida Proposal for 2009/2010 Claims Administration Program

Hand delivered Proposals may request a receipt. Proposals received after the deadline will be returned unopened. <u>The deadline for the submission of all proposals is 3:30 PM, August 25, 2009.</u> Proposers should be aware that certain "express mail" services do not guarantee specific time delivery to Key West, Florida. It is the sole responsibility of each proposer to ensure its proposal is received in a timely fashion.

All proposers are required to complete the following forms that are attached to this RFP.

REQUIRED FORMS TO BE COMPLETED BY ALL PROPOSERS

All proposers shall complete the "Anti-Kickback Affidavit and the Public Entity Crime Form that is attached and made part of this RFP.

PROPOSAL RETURN ADDRESS

Proposals should be returned to:

City Clerk City of Key West 525 Angela St. Key West, FL 33040 (305) 809-3831

VALID DATE OF PROPOSALS

Proposals shall remain valid until November 1, 2009 to provide additional time for clarification in the event that an extension of the current program(s) is undertaken.

RIGHT TO REJECT PROPOSALS

The City reserves the right to reject any or all proposals, to waive irregularities and informalities in any or all proposals, and to re-advertise for proposals.

The City specifically reserves the right to separately accept or reject any item and/or items of a proposal and to award and/or negotiate a contract in the best interest of the City.

ADHERENCE TO INFORMATION AND PROPOSAL

Information presented in this Request for Proposal and all statements contained in the written proposals received are intended to be relied upon by the City. All coverages and services must be issued as proposed unless the City authorizes individual changes. Any changes authorized by the City will not alter any other items contained in this Request for Proposal.

ADMINISTRATOR'S QUALIFICATIONS

All Proposers must be currently licensed in Florida as a Third Party Administrator in accordance with Florida Statute §626.88 – 626.894.

AUTHORITY OF PROPOSER

Proposals should be signed by an authorized representative of the Third Party Administrator providing the service.

ADDITIONAL INFORMATION/INSPECTION

Every attempt has been made to furnish complete and accurate information to the best of City's knowledge. Proposers are encouraged to determine, at their sole expense, additional information required to develop their proposals including any inspections and loss control surveys.

If additional information is required, requests must be submitted in writing to:

Mr. Sid Webber Interisk Corporation 1111 N. Westshore Blvd. Suite 208 Tampa, Florida 33607 Ph: (813) 287-1040 Fax: (813) 287-1041

All requests for additional information must be received no later than 3:00 PM, July 29, 2009 Based on the requests received, an addendum to the specifications will be issued to all Proposers.

SAMPLE POLICIES AND CONTRACTS

All proposals must contain a sample contract for review.

RATE CHANGE

All proposers must ensure that the rates proposed will apply for a minimum of 1 year. Proposers will be required to provide Ninety (90) days written notice of the rates that will be charged for subsequent contract years.

TERMINATION/NON-RENEWAL NOTICE

Proposer will be required to provide a ninety (90) days written notice prior to the termination or non-renewal of the agreement.

CLAIM REPORTS

Claim reports shall be furnished monthly. Reports should be completed in plain English and received by the City within twenty (20) days following the end of each month. The reports should include a detailed description of individual claims and the amount paid for each claim and any open reserves that are assigned. Individual allocations by operating location may be necessary.

Claim reports must continue to be furnished without charge until the last open claim is closed, or until the Proposer is no longer providing a service to the City.

COORDINATION WITH EXCESS INSURER

The Proposer will adhere to any and all reporting requirements of the City's Insurers and to coordinate all specific and aggregate recoveries.

SUBROGATION AND SECOND DISABILITY FUND RECOVERIES

The Proposer will coordinate all subrogation and Second Disability Fund recoveries for all claims being administered by the Administrator even if such a claims are no longer active.

USE OF PROPOSAL FORMS

<u>Proposers must submit their proposals on the forms included in this Request.</u> Additional information regarding the Proposer's organization may be submitted in addition to the Proposal Forms.

In addition, if an addendum to this request is issued, the Proposer must acknowledge receipt of such addendum by completing and returning with their proposals the acknowledgment form, which will accompany the addendum.

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

GENERAL

The City is seeking competitive proposals from organizations that have the ability to administer the claims that are within the self-insured retentions of the City's insurance programs. Concurrent with this effort, the City is seeking competitive proposals for its Property and Casualty insurance. Proposers participating in the RFP for the City's insurance programs are being encouraged to submit alternative programs to include "Large Deductibles" and other more traditional programs. This may result in the successful insurer being unwilling to unbundle the claims service. In addition, the Proposer must be acceptable to the insurers if such a program is maintained.

Allocated and Unallocated Fees

All proposals must clearly and completely explain all charges that are not included in the Proposer's base fee. The amount of such fees should be clearly presented.

Insurance Requirements

The successful proposer will be required to maintain throughout the life of the contract, insurance protection as specified in the attached forms.

THE CITY OF KEY WEST, FLORIDA REQUEST FOR PROPOSALS FOR THIRD PARTY CLAIMS ADMINISTRATION

PROPOSAL FORMS

GENERAL INFORMATION

Use of the proposal forms will enable a faster more complete analysis of the Proposal(s) submitted. Please complete this general proposal form in addition to a separate proposal for each coverage proposed. Additional information can be attached to the forms.

| 4 | | | |
|----|--|-----|----|
| Na | me of Third Party Administrator? | | |
| Ad | dress: | | · |
| Te | lephone Number: | | |
| | e the following services included within the price? | × | 9 |
| | Initial contact with claimant within 24 hours? | Yes | No |
| | Recorded statements of the claimant? | Yes | No |
| | Contact with the treating physician within 24 hours? | Yes | No |
| 15 | Narrative summaries on major claims? | Yes | No |
| | Medical bills reduced to State fee schedule? | Yes | No |
| | Subrogation and Second Injury Fund activities? | Yes | No |
| | Preparation of all State mandated reports? | Yes | No |

| Notification of all potential excess cl | aims | | |
|--|------------------|-----|-----|
| to insurer? | | Yes | No |
| Quarterly meetings with the City? | | Yes | No |
| Provide monthly loss reports to the | City? | Yes | No |
| * | | | |
| If any of the above responses are no, p | lease explain | | |
| | *> | | |
| 26 | | | |
| Are Curriculum Vitae's of adjusters atta | ched? | Yes | No |
| What is the current caseload for the ad who will be assigned to the City's according | ljusters unt? | | |
| | 5/54 | | 2. |
| Are services being proposed on: | 0 | | |
| a Life of Contract Basis? | 6 6 | Yes | No |
| Cradle to Grave Basis? | 2 2 | Yes | No |
| Other Basis? | | Yes | No |
| If services being proposed is no either a Life of Contract Basis o | <u>t</u> on r | | |
| Cradle to Grave Basis provide for explanation on how the fee will lapplied. | ull | 27 | |
| | | | |
| | | | 1 |
| | | | # g |
| Will the proposer charge any initial or fees? | maintenance | Yes | No |
| If so, please explain | (*) E | | |
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| Diegos avalais required hanki | | | | | |
|---------------------------------------|------------------------|---------------|----------|--|--|
| Please explain required banki | ny ananyomento | A1 52 | N | | |
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| | 34 | | 50 | | |
| | | | | | |
| - | 1 | | | | |
| Does the proposer have an ap | oproved satety program | Yes | No | | |
| filed with the State of Florida? | | 100 | | | |
| | 19 | | | | |
| Quoted Price: | | | | | |
| | 2 | | | | |
| | | | | | |
| | | | 055 01-1 | | |
| * | Cost Per Claim | Cost Per Run- | Un Claim | | |
| General Liability | | <u> </u> | | | |
| Bodily Injury | | | | | |
| Property Damage | | | | | |
| Automobile Liability | | | | | |
| Bodily Injury | | | | | |
| Property Damage | | | , | | |
| Public Officials Liability | | | | | |
| Police Professional | - | - | • | | |
| Liability | | | | | |
| Workers Compensation | | | ····· | | |
| Medical Only Claims | | | | | |
| Indemnity Claims | | | | | |
| | | | 14 | | |
| | | Yes | No | | |
| Is an alternative pricing struct | me blobosed (| [63 | 140 | | |
| If so, please specify | | | | | |
| ii so, please specify | | | | | |
| 2 | | | | | |
| · · · · · · · · · · · · · · · · · · · | | | | | |
| | 98 | | | | |
| | 4.5 | 1.0 | | | |
| Will a minimum fee apply to t | he contract? | Yes | No | | |
| | | | | | |
| If so, please specify | | | - | | |
| | | • • | 11 | | |
| Are there any exceptions to t | he enerifications? | Yes | No | | |
| Are there any exceptions to t | ne obecureanue: | | | | |
| If so, please specify | 55 | | | | |
| it oot broom absort | | | | | |

| ne Proposer stated below is the nd is authorized to commit the prop | posing compar | ny to the te | rms and condition | ns stated abo |
|---|---------------|--------------|-------------------|---------------|
| | | | | |
| | | | | |
| | | | | 7.9 |
| | | * | | |
| Signature of Authorized Represer | ntafa (o | _ | Date | |

PROJECTED PAYROLLS

CITY OF KEY WEST, FLORIDA PROJECTION OF PAYROLLS

BY WORKERS' COMPENSATION CLASSIFICATION

| | PROJECTED PAYROLLS | |
|------------|---------------------------|-------------------|
| CLASS CODE | DESCRIPTION | PROJECTED PAYROLL |
| 5508 | STREET OR ROAD PAVING | \$263,286 |
| 6836 | MARINA & DRIVERS | 681,399 |
| 7382 | BUS COMPANY & DRIVERS | 992,260 |
| 7580 | SEWAGE DISPOSAL PLANT | 221,246 |
| | OPERATIONS AND DRIVERS | |
| 7590 | GARBAGE WORKS | 197,132 |
| 7704 | FIREFIGHTERS & DRIVERS | 4,166,694 |
| 7720 | POLICE OFFICERS & DRIVERS | 5,628,140 |
| 8380 | AUTOMOBILE SERVICE OR | 314,130 |
| | REPAIR CENTERS & DRIVERS | |
| 8392 | AUTOMOBILE STORAGE | . 422,326 |
| | GARAGE/ PARKING LOT | |
| 8810 | CLERICAL | 5,737,821 . |
| 8820 | ATTORNEY | 392,510 |
| 9015 | BUILDINGS - OPERATIONS BY | 341,940 |
| | OWNER | |
| 9102 | PARK-NOC | 1,549,901 |
| 9410 | MUNICIPAL EMPLOYEES | 1,288,684 |
| TOTAL | | \$22,197,469 |

EXPERIENCE MODIFICATION WORK SHEETS

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REQUIRED FORMS TO BE COMPLETED BY ALL PROPOSERS

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SS

COUNTY OF MONROE

I, the undersigned, hereby duly sworn, depose and say that no portion of the sum herein bid will be paid to any employee of the City of Key West as a commission, kickback, reward or gift, directly or indirectly by me or any member of my firm or by an officer of the corporation.

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| NOTARY PUBLIC, State of F | lorida | -/4 | | 9 |
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| My commission expires: | | | | |

SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A) FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES

THIS FORM MUST BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS,

| 1. | This: | swom st | atement is su | ibmitted to | | | | |
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| 3 | | | | 25 | | | | |
| 4. | I und | | that an "affi | liate" as defin | ned in Paraș | graph 287.133(1 |)(a), <u>Florida</u> | Statutes, |
| | IIIca | 15. | | H . | | | | |
| | | 1. | A predece | ssor or succe | essor of a pe | erson convicted | of a public c | ntity crime; |

OF

- 2. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. the term "affiliate' includes those officers, directors, executives, partners, shareholders, employees, members and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment of income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
- I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
- Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement (indicate which statement applies).

Neither the entity submitting this sworn statement, or any of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, nor any affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of the entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 01, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (attach a copy of the final order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH ONE (1) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR THE CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

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My commission expires:

REQUIRED INSURANCE TO BE MAINTAINED BY SUCCESSFUL PROPOSER

Prior to execution of the final contract, the successful proposer will be required to provide evidence that the following insurance is in place.

| Limits |
|-------------|
| Statutory |
| \$500,000 |
| \$1 million |
| \$1 million |
| \$1 million |
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The successful proposer will be required to maintain the above insurance during the entire term and any extensions of the contract. All coverages must be provided by insurers licensed to conduct business within the State of Florida and acceptable to the City.

New Name. New Look. More Solutions.

EMI is now Ascension Benefits & Insurance Solutions



We've changed our name, but you can count on the same dedicated, local team of professionals to provide the consultative approach, attention to detail and high quality services you've come to expect from EMI. Now, as part of Ascension's nationwide network, we can offer even greater access to specialized expertise, resources and best practices to meet your specific goals.

For more information about how about how Ascension can address your governmental insurance needs, please contact me or visit www.ascensionfl.com.

Kevin Cothron
Chief Operating Officer
Ascension Benefits & Insurance Solutions of Florida
772-919-8593 direct
kcothron@ascensionins.com

Our name change is effective October 22, 2012. You can still reach us through our current email addresses, or the address noted here.



Public Entity Solutions

For over 30 years, our consultants have been trusted advisors to municipalities in Florida and throughout the Southeast. Our comprehensive services include:

- General Liability
- Umbrella Liability
- Employee Benefits Liability
- · Directors & Officers Liability
- Liquor Liability
- Property & Casualty
- Employee Benefits
- Auto Liability
- Workers Compensation
- Third Party Claims Administration
- Loss Control Services