

COUNCIL COMMUNICATION

From: The City Manager

Subject: Claims Service Contract with Alternative Service Concepts

Manager's Recommendation:

I recommend approval of the Claims Service Contract with Alternative Service Concepts as the City's third party administrator for insurance claims for the period July 1, 2008 through June 30, 2009.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances. This contract is approved by me as to substance and by the City Attorney as to form.

Funds are available in the Self-Insurance Fund, Insurance Expense Account No. 677-1762-711-8006.

Justification:

Alternative Services Concepts, LLC (ASC) has been the City's third party administrator since the City first switched insurance carriers in 1995. The third party administrator reviews all claims and loss reports arising under the City's insurance policy and investigates, adjusts, settles, or resists all losses and/or claims with specific prior approval of the City. The contract is for one year from July 1, 2008 to June 30, 2009. In the prior two (2) years, ASC charged a flat fee of \$54,570.00. This year ASC requests a minimum claim fee of \$41,000, plus Administrative Fees of \$3,000 and System Fees of \$2,500, for a grand total of \$46,500. In addition, at the end of the contract year, ASC will multiply the actual number of claims by the fee per claimant (approximately \$500) and if the actual number of claims is more than \$41,000, ASC will invoice the City for the difference between the actual fee and \$41,000. In fiscal year

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2007-2008, ASC handled 70 claims on behalf of the City. As such, if the City had approximately the same amount of claims this fiscal year, (70 x \$500 = \$35,000) the minimum claim fee of \$41,000 would apply. The overall contract price would ultimately reflect a savings of \$8,070 from last year's contract price.

ASC will continue to indemnify and hold the City harmless for any claims asserted as a result of any errors, omissions, torts, intentional torts or other negligence on the part of ASC or its employees, unless the complained of actions of ASC were taken at the specific direction of the City.

Council Action:

Council_____ moved that the recommendation from the City Manager be approved.