

# 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, 2009 through June 30, 2010.

The 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, 2009 to June 30, 2010. The minimum claims fee of \$41,000, plus administrative fees of \$3,000 and system fees of \$2,500 totals \$46,500, which is the same as last year. There also contains the same provision that at the end of the contract year, ASC will multiply the actual number of claims by the fee per claimant (approximately \$600 per claim depending on the type of claim) 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 2008-2009, ASC handled 60 claims on behalf of the City. As

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such, if the City had approximately the same amount of claims this fiscal year, (60 x \$600 = \$36,000) the minimum claim fee of \$41,000 would apply.

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.