



Agenda Item #: _____



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager *GD*
Cathy Hanson, Human Resources Director *CH*

FROM: Howard Fishman, Risk Manager *HF*

DATE: June 17, 2008

SUBJECT: Authorize Renewal of Contract Agreements with Admisure for Workers' Compensation and General and Auto Liability Claims Administration Services

RECOMMENDATION:

Staff recommends the City Council authorize renewal of contract agreements with Admisure (formerly Colen & Lee) to provide liability and workers' compensation third party claims administration services effective July 1, 2008 through June 30, 2009.

FISCAL IMPLICATION:

For FY 2008-2009, the contract costs for workers' compensation and general liability are \$96,254 and \$23,395, respectively. These costs represent a 3% increase from the previous year.

The funds for this service are allocated in the FY 2008-2009 budget and will be expended from the Insurance Fund.

BACKGROUND:

The City has contracted with Admisure since 1984 to serve as its claims administrator. These contracts have been renewed on an annual or multi-year basis.

In 1999, the City hired another workers' compensation claims administrator that provided the City with significant savings over the course of a three-year service agreement. Unfortunately, this contract was terminated due to poor customer service and inability to produce accurate and timely reports. As a consequence of this termination, the City re-hired Admisure.

DISCUSSION:

The current contracts with Admisure expires on June 30, 2008. The services under these contracts include acting as the City's agent in investigations, adjustments, litigation management and resolution of workers' compensation and general liability claims filed against the City. Over 90% of their clients are cities.

The following are advantages in renewing an annual contract with Admisure:

- 1- The City of Manhattan Beach is a member of the Independent Cities Risk Management Authority (ICRMA). In 2005, the ICRMA conducted an extensive Request for Proposal process (RFP) to evaluate general liability and workers' compensation claims administrators. Admsure was ranked in the top five.
- 2- Admsure has continued to receive above average performance ratings based on annual audits conducted by the ICRMA.
- 3- Admsure's familiarity with the City's operating methods, claim file histories and staff is an added benefit.
- 4- Admsure has taken a proactive role with the State reform measures in Workers Compensation. They continue to implement medical bill and utilization review programs resulting in savings to the City amounting to approximately \$447,898 in 2007. They determine whether treatment is appropriate and necessary. If treatment is not deemed appropriate upon review, the City is not required to pay.
- 5- The current Risk Manager will be leaving city employment in early 2009. Renewing the contract with Admsure for one year will allow the incoming Risk Manager time to evaluate Admsure's performance. This evaluation shall determine whether a Request for Proposal (RFP) process should be conducted in FY 09-10.

Under the current agreement, the contracts with Admsure may be renewed on the expiration date through an amendment modifying the provisions regarding compensation only. Attached are the Amendments to the contracts approved as to form by the City Attorney.

Attachment: Amendments to Admsure Contracts

**FOURTH AMENDMENT TO AGREEMENT FOR WORKERS' COMPENSATION
CLAIMS ADMINISTRATION SERVICES**

The CITY OF MANHATTAN BEACH ("City") and ADMINSURE., a California Corporation (hereinafter collectively the "Parties") have previously entered into an Agreement for Workers' Compensation Claims Administration services ("Agreement") on July 1, 2005 which have been extended by Amendments until June 30, 2008.

WHEREAS, the parties are desirous of amending said Agreement to extend the term and compensation payable thereunder;

NOW, THEREFORE The Agreement is hereby amended to add a new paragraph 1 to read as follows:

1. TERM. This Agreement shall become effective as of July 1, 2008 and shall continue in effect through June 30, 2009 ending at midnight of said date. Thereafter it may be renewed annually on July 1 of each succeeding year by mutual consent of the parties.

12. CONSIDERATION. The City shall pay the Administrator \$96,254 per year (FY 2008-2009), for services rendered under this Agreement.

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF this Third Amendment to Agreement is entered into this _____ day of _____, 2008.

CITY OF MANHATTAN BEACH

ADMINSURE

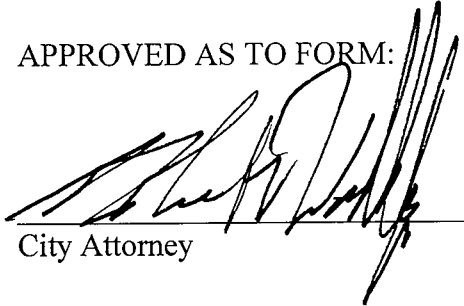
Geoff Dolan, City Manager

By _____

ATTEST:

APPROVED AS TO FORM:

Liza Tamura, City Clerk



City Attorney

**FOURTH AMENDMENT TO AGREEMENT FOR LIABILITY CLAIMS
ADMINISTRATION SERVICES**

The CITY OF MANHATTAN BEACH ("City") and ADMINSURE., a California Corporation (hereinafter collectively the "Parties") have previously entered into an Agreement for Liability Claims Administration services ("Agreement") on July 1, 2005 which have been extended by Amendments until June 30, 2008.

WHEREAS, the parties are desirous of amending said Agreement to adjust the term and compensation payable thereunder;

NOW, THEREFORE The Agreement is hereby amended to add new paragraphs 1 and 12 to read as follows:

1. TERM. This Agreement shall become effective as of July 1, 2008 and shall continue in effect through June 30, 2009 ending at midnight of said date. Thereafter it may be renewed annually on July 1 of each succeeding year by mutual consent of the parties.

12. CONSIDERATION. The City shall pay the Administrator \$23,395 per year (FY 2008-2009) for services rendered during the extended term of this Agreement. Payments shall be made by the 10th of the month billed.

All other provisions of the Agreement shall remain unchanged.

IN WITNESS WHEREOF this Third Amendment to Agreement is entered into this _____ day of _____, 2008.

CITY OF MANHATTAN BEACH

ADMINSURE

Geoff Dolan, City Manager

By _____

ATTEST:

APPROVED AS TO FORM:

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