RESOLUTION NO. 09-246

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

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

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

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

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

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

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

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

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

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

Filed with the Clerk September 16th, 2009.

MORGAN MCPHERSON, MAYOR

ATTEST:

CHERYL SMITH, CITY CLERK

CITY MANAGER'S OFFICE
MEMORANDUM

TO: Jim Scholl, City Manager

FROM: Mark Z. Finigan, Assistant City Manager

DATE: September 10, 2009

SUBJECT: RFP 09-011
City of Key West Insurance Program–Third Party Claims Administration

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ACTION STATEMENT:

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

BACKGROUND:

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

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

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

2. Cannon Cohran Management Services, Inc. (CCMSI)
   2600 Lake Lucien Drive
   Suite 225
   Maitland, FL 32751

3. Corvel Enterprises Comp, Inc.
   210 North University Drive, #501
   Coral Springs, FL 33071

4. EMCAS
   12466 West Atlantic Blvd.
   Coral Springs, FL 33071

5. Employers Mutual, Inc. (EMI)
   700 Central Parkway
   Stuart, FL 34994

6. Gallagher Bassett Services, Inc.
   2 Pierce Place, 5th Floor
   Itasca, IL 60143

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

8. Johns Eastern Company, Inc.
   P.O. Box 110259
   Lakewood Ranch, FL 34211-0004

9. Preferred Governmental Claim Solutions, Inc.(PGCS)
   P.O. Box 958456
   Lake Mary, FL 32795-8456

10. PMA Management Corp. (PMAMC)
    2701 North Rocky Point Drive
    Suite 250
    Tampa, FL 33607

11. York Claims Services, Inc.
    1117 Perimeter Center West
    Atlanta, GA 30338

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

FINANCIAL IMPACT:

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

RECOMMENDATION:

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

INTERISK CORPORATION

Consultants

Risk Management
Employee Benefits

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

September 10, 2009

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

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

Dear Mark:

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

In conjunction with the City's Request for Proposals (RFP) for its 2009/10 Property and Casualty Insurance program a separate RFP (#09-011) was issued seeking competitive proposals for the City's Claims Administration Services. The RFP specified that the successful proposer would be required to adjust the City's Liability, Workers' Compensation and Property 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 to provide the services that the City is seeking. The attached schedules reflect the major features of each proposal and are incorporated as part of this report. Each proposal will be discussed under separate caption. Prior to addressing the individual proposals, several issues should be discussed.

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

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

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

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

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

Gallagher Bassett Services, Inc.

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

Cannon Cochran Management Services, Inc (CCMSI).

Little is known about CCMSI with the exception of the information contained in their proposals. It is believed CCMSI has sufficient resources to provide the needs of the City. CCMSI proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately $89,510 annually. In addition, CCMSI would charge an initial one time fee of $7,500 for converting the City's historical claim history to their computer system. They would also charge the City a one time fee of approximately $122,961 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by CCMSI would amount to approximately $21,940 annually. This results in a projected first year cost of approximately $241,911 ($89,510+$7,500+$122,961+$21,940). Since 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 history to their computer system. They would also charge the City a one time fee of approximately $76,805 to assume the administration of the City's claims that are active as of October 1, 2009. Other administration fees proposed by PMA would amount to approximately $15,976 annually. This results in a projected first year cost of approximately $181,196 ($83,415+$5,000+76,805+$15,976). Since PMA's claim assumption fee would be a one time charge, the projected cost for PMA's services in subsequent years would be approximately $99,391.

Alternative Service Concepts (ASC)

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

York Claim Services, Inc.

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

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

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

Preferred Governmental Claim Solutions (PGCS).

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

Johns Eastern Company.

I have had numerous opportunities to evaluate the services provided by Johns Eastern and it is believed they are a quality claims administrator. It is believed that Johns Eastern has sufficient resources to provide the needs of the City. Johns Eastern proposed to assume the administration of the City's claims for specific fees based on the types of claims involved. Based on the City's historical claim experience these fees would amount to approximately $83,519 annually. Johns 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 ($84,350+$46,600+9,317). Since PGCS's claim assumption fee would be a one time charge, the projected cost for EMI's services in subsequent years would be approximately $93,667 ($84,350+$9,317).

Summary and Recommendations

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

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

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

It is believed that the Preferred Governmental Claims Solution (PGCS) and Employers Mutual, Inc. (EMI) offered the most competitive proposals while still providing quality claim services. While EMI's projected annual cost for the first year is approximately $24,467 higher then the fee 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

S G Webber

Sidney G. Webber
CPCU, ARM

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

RFP #09-011

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

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

RFP #09-011

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

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

RFP #09-011

	Corvel	PGCS	Johns Eastern	EMI
Type of Program	Submitted proposal for administering only Workers' Compensation Claims. Proposal deemed to be Non-Responsive. In addition, proposal did not provide information regarding adjusters that would be assigned to the City's account. Nor were examples of loss runs provided.	Life of Contract	Life of Contract	Life of Contract
Location of Services		Lake Mary	Sarasota	Stuart
Average Case Load of Adjuster		Lost Time – 130 Med Only – 350	Lost Time – 115 Med Only – 163	Lost Time – 125 Med Only – 300
Experience of Adjusters		Extensive	Extensive	Extensive
Quality of Loss Reports		Good	Good	Good
Initial contact with claimant within 24 hours		Yes	Yes	Yes
Recorded statements of claimant		Yes	Yes	Yes
Contact with treating physician within 24 hours		Yes	Yes	Yes
Narrative Summaries of major claims		Yes	Yes	Yes
Medical bills reduced to State Fee Schedule		Additional Charge	Additional Charge	Additional Charge
Pursue Subrogation and Second Injury Fund claims		Yes	Yes	Yes
Prepare State mandated reports		Yes	Yes	Yes
Report and pursue Excess claims		Yes	Yes	Yes
Quarterly claim reviews		Yes	Yes	Yes
Monthly loss runs		Yes	Yes	Yes
Projected Annual Cost		$115,800	$160,673	$140,267
Comments				

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

Current										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 1,066	$ 555	$ 452	$ 1,164	$ 1,066	$ 555	$ 1,164	$ 1,232	$ 170	
Estimated Annual Claim Fees	$ 3,198	$ 3,885	$ 13,560	$ 1,164	$ 11,726	$ 1,665	$ 1,164	$ 49,280	$ 10,370	$ 96,012
Loss Run Reports										$ 3,506
ON Line Access										$ 2,098
Program Administration										$ 11,132
Loss Control Services										$ 7,080
Banking Fees										$ 2,463
Claim Reporting										$ 1,570
Set Up Fee										$ -
Claim Assumption Fee										$ -
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 4,404
Total										$ 128,265

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

Gallagher Bassett										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 1,066	$ 555	$ 452	$ 1,164	$ 1,066	$ 555	$ 1,164	$ 1,232	$ 170	
Estimated Annual Claim Fees	$ 3,198	$ 3,885	$ 13,560	$ 1,164	$ 11,726	$ 1,665	$ 1,164	$ 49,280	$ 10,370	$ 96,012
Loss Run Reports										$ 3,506
On Line Access										$ 2,098
Program Administration										$ 11,132
Loss Control Services										$ 7,080
Banking Fees										$ 2,463
Claim Reporting										$ 1,570
Set Up Fee										$ -
Claim Assumption Fee										$ -
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 7,500
Total										$ 131,361

Comments:

1. Proposal did not specify fees for Ancillary Services (Loss Runs, On line Access, Administration, Loss Control Services, Banking, Claim Reporting and Set Up Fees. Used current fees for analysis.

2. Proposed bill reduction fee of 20% of savings. Used estimate of $7,500 for annual fee.

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

Cannon Cochran Mangement Services (CCMSI)										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 835	$ 418	$ 418	$ 975	$ 835	$ 418	$ 975	$ 1,250	$ 150	
Estimated Annual Claim Fees	$ 2,505	$ 2,926	$ 12,540	$ 975	$ 9,185	$ 1,254	$ 975	$ 50,000	$ 9,150	$ 89,510
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ 5,000
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ 7,500
Claim Assumption Fee										$ 122,961
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 16,940
Total										$ 241,911

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

Comments

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

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

PMA										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 795	$ 495	$ 495	$ 1,295	$ 795	$ 495	$ 1,295	$ 950	$ 195	
Estimated Annual Claim Fees	$ 2,385	$ 3,465	$ 14,850	$ 1,295	$ 8,745	$ 1,485	$ 1,295	$ 38,000	$ 11,895	$ 83,415
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ -
Loss Control Services (Billed at $125 per hour and assumed 16 hours of service)										$ 2,000
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee (Proposal reflects estimate of $5,000)										$ 5,000
Claim Assumption Fee										$ 76,805
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 13,976
Total										$ 181,196

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

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

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

Alternative Service Concepts										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 575	$ 450	$ 450	$ 575	$ 575	$ 450	$ 575	$ 950	$ 140	
Estimated Annual Claim Fees	$ 1,725	$ 3,150	$ 13,500	$ 575	$ 6,325	$ 1,350	$ 575	$ 38,000	$ 8,540	$ 73,740
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ 9,000
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee (Proposal reflects estimate of $5,000)										$ 5,000
Claim Assumption Fee										$ 41,100
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 14,399
Total										$ 143,239

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

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

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

York Claim Serives - Life of Contract										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 1,082	$ 385	$ 385	$ 953	$ 953	$ 649	$ 953	$ 1,258	$ 150	
Estimated Annual Claim Fees	$ 3,246	$ 2,695	$ 11,550	$ 953	$ 10,483	$ 1,947	$ 953	$ 50,320	$ 9,150	$ 91,297
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ -
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ -
Claim Assumption Fee										$ 41,100
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 15,246
Total										$ 147,643

York Claim Serives - Life of Claim										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 1,202	$ 428	$ 428	$ 1,059	$ 1,059	$ 721	$ 1,059	$ 1,397	$ 150	
Estimated Annual Claim Fees	$ 3,606	$ 2,996	$ 12,840	$ 1,059	$ 11,649	$ 2,163	$ 1,059	$ 55,880	$ 9,150	$ 100,402
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ -
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ -
Claim Assumption Fee										$ 41,100
Bill Reduction Fee (Based on 1,694 bills annually and fee of $9.00 per bill										$ 15,246
Total										$ 156,748

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

Comments

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

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

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

Non Responsive

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

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

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

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

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

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

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

Non Responsive

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

Preferred Governmental Claim Solutions										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 450	$ 250	$ 250	$ 650	$ 450	$ 250	$ 650	$ 650	$ 165	
Estimated Annual Claim Fees	$ 1,350	$ 1,750	$ 7,500	$ 650	$ 4,950	$ 750	$ 650	$ 26,000	$ 10,065	$ 53,665
Loss Run Reports										$ -
On Line Access										$ -
Program Administration										$ 30,000
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ -
Claim Assumption Fee										$ 25,020
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 7,115
Total										$ 115,800

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

Comments
1. Proposed a bill reduciton fee of $1.40 per line with a 3 line minimum

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

Johns Eastern										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 695	$ 450	$ 450	$ 850	$ 695	$ 450	$ 850	$ 1,125	$ 149	
Estimated Annual Claim Fees	$ 2,085	$ 3,150	$ 13,500	$ 850	$ 7,645	$ 1,350	$ 850	$ 45,000	$ 9,089	$ 83,519
Loss Run Reports										$ -
On Line Access										$ -
Data Conversion										$ 7,500
Program Administration										$ 3,500
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ 7,500
Claim Assumption Fee										$ 48,575
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 10,079
Total										$ 160,673

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

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

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

Employers Mutual										
	Auto BI	Auto PD	Auto Phys Damage	Errors & Omissons	Gen. Liab. BI	Gen. Liab. PD	Police Prof.	W/C Lost Time	W/C Med Only	Total
Average Annual Claim Count	3	7	30	1	11	3	1	40	61	157
Claim Fee	$ 650	$ 650	$ 650	$ 700	$ 700	$ 700	$ 700	$ 950	$ 150	
Estimated Annual Claim Fees	$ 1,950	$ 4,550	$ 19,500	$ 700	$ 7,700	$ 2,100	$ 700	$ 38,000	$ 9,150	$ 84,350
Loss Run Reports										$ -
On Line Access										$ -
Data Conversion										$ -
Program Administration										$ -
Loss Control Services										$ -
Banking Fees										$ -
Claim Reporting										$ -
Set Up Fee										$ -
Claim Assumption Fee										$ 46,600
Bill Reduction Fee (Average of 1,694 bills processed annually)										$ 9,317
Total										$ 140,267

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

Comments

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.

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

2. Cannon Cohran Management Services, Inc. (CCMSI)
   2600 Lake Lucien Drive
   Suite 225
   Maitland, FL 32751

3. Corvel Enterprises Comp, Inc.
   210 North University Drive, #501
   Coral Springs, FL 33071

4. EMCAS
   12466 West Atlantic Blvd.
   Coral Springs, FL 33071

5. Employers Mutual, Inc. (EMI)
   700 Central Parkway
   Stuart, FL 34994

6. Gallagher Bassett Services, Inc.
   2 Pierce Place, 5th Floor
   Itasca, IL 60143

INTEROFFICE MEMORANDUM

To: Sandy Barroso, Risk Manager

CC: Mark Finigan, Assistant City Manager
Sue Snider, Purchasing

From: Cheri Smith, City Clerk

Date: August 25, 2009

Subject: **THIRD PARTY CLAIM ADMINISTRATION**
RFP 09-011

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

8. Johns Eastern Company, Inc.
P.O. Box 110259
Lakewood Ranch, FL 34211-0004

9. Preferred Governmental Claim Solutions, Inc.(PGCS)
P.O. Box 958456
Lake Mary, FL 32795-8456

10. PMA Management Corp. (PMAMC)
2701 North Rocky Point Drive
Suite 250
Tampa, FL 33607

11. York Claims Services, Inc.
1117 Perimeter Center West
Atlanta, GA 30338

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.

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

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.

	Workers' Compensation						
Policy Year	Lost Time	Medical Only	Police Professional	Auto Liability	General Liability	Public Officials	Total
1981/83	1						1
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						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

Proposers must submit their proposals on the forms included in this Request. 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: _____

_____

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_____
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?

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, please explain _____

_____

_____

Are Curriculum Vitae's of adjusters attached? Yes _____ No_____

What is the current caseload for the adjusters who will be assigned to the City's account? _____

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. _____

_____

_____

Will the proposer charge any initial or maintenance fees? Yes _____ No_____

If so, please explain _____

_____

Please explain required banking arrangements _____

_____

_____

Does the proposer have an approved safety program filed with the State of Florida? Yes _____ No_____

Quoted Price:

	Cost Per Claim	Cost Per Run-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 structure proposed? Yes _____ No_____

If so, please specify _____

_____

_____

Will a minimum fee apply to the contract? Yes _____ No_____

If so, please specify _____

Are there any exceptions to the specifications? Yes _____ No_____

If so, please specify _____

_____

The Proposer stated below is the authorized agent of the company or companies proposed, and is authorized to commit the proposing company to the terms and conditions stated above.

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 OPERATIONS AND DRIVERS	221,246
7590	GARBAGE WORKS	197,132
7704	FIREFIGHTERS & DRIVERS	4,166,694
7720	POLICE OFFICERS & DRIVERS	5,628,140
8380	AUTOMOBILE SERVICE OR REPAIR CENTERS & DRIVERS	314,130
8392	AUTOMOBILE STORAGE GARAGE/ PARKING LOT	422,326
8810	CLERICAL	5,737,821
8820	ATTORNEY	392,510
9015	BUILDINGS – OPERATIONS BY OWNER	341,940
9102	PARK – NOC	1,549,901
9410	MUNICIPAL EMPLOYEES	1,288,684
TOTAL		$22,197,469

EXPERIENCE MODIFICATION WORK SHEETS

FORM 3S - 12 (REV. 08/2002)

STATE OF FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF WORKERS' COMPENSATION

SELF INSURER EXPERIENCE RATING

EFFECTIVE DATE	EMPLOYER NAME	FUND	ACCOUNT	EMPLOYER NO.
10/01/2006	KEY WEST, CITY OF	999	08900	010444

ACTUAL LOSSES — PROMULGATION DATE — 08/05/2005 — PAGE 1

ACCIDENT DATE		CASE NUMBER		TOTAL CASES	ACTUAL LOSSES		PRIMARY	ACTUAL EXCESS
09/30/2005	3	291 66 1666	FINAL		46,786		5,000	41,786
11/10/2004	2	117 42 7688	FINAL		10,255		5,000	5,255
09/02/2005	3	588 48 9884	FINAL		16,488		5,000	11,488
05/13/2005	2	259 55 4432	FINAL		5,254		5,000	254
05/31/2005	3	218 68 8894	FINAL		6,708		5,000	1,708
08/13/2005	2	257 87 7436	FINAL		9,310		5,000	4,310
01/12/2005	3	158 56 8842	FINAL		12,728		5,000	7,728
03/07/2005	3	339 72 3546	FINAL		13,018		5,000	8,018
07/25/2005	3	588 41 8838	FINAL		15,365		5,000	10,365
01/31/2005	3	558 96 7971	OPEN		20,000		5,000	15,000
12/28/2004	3	041 32 4181	FINAL		76,845		5,000	71,845
08/02/2005	3	396 70 7116	FINAL		13,048		5,000	8,048
07/11/2005	3	261 71 3879	FINAL		35,120		5,000	30,120
08/19/2005	3	260 65 2955	OPEN		306,370	¥	5,000	177,500
	3	EXCESS CASES		14	483,331	^	70,000	393,331
	3	NON-EXCESS CASES		81	96,049		26,049	0
		10/01/2004 - 09/30/2005		95	498,380	+	105,049	393,331
09/30/2006	2	286 28 8080	FINAL		16,766		5,000	11,766
05/02/2006	2	993 62 6143	FINAL		19,723		5,000	14,723
08/16/2006	2	217 44 0284	OPEN		59,283		5,000	54,283
04/25/2006	2	257 48 2923	FINAL		7,592		5,000	2,592

^LOSS EXCEEDS STATE ACCIDENT LIMITATION OF $ 182,500.00. PRIMARY VALUE BASED ON ACTUAL LOSS, ACTUAL EXCESS BASED ON LIMITED LOSS, LIMITED LOSS USED IN TOTALS

ESTIMATED LOSSES

CLASS	MANUAL RATE	PAYROLL	E.L. RATE	EXPECTED LOSSES	D RATIO	PRIMARY	EXPECTED EXCESS
8808	0.1134	64,826	0.0316	2,052	.18	369	1,683
8836	0.0974	484,548	0.0168	7,901	.20	1,480	5,841
7382	0.1182	515,880	0.0287	14,834	.20	2,967	11,867
7580	0.0470	247,698	0.0140	3,615	.18	661	2,984
7580	0.1270	43,409	0.0250	1,085	.20	217	868
7704	0.1116	4,203,014	0.0158	66,828	.18	12,029	54,798
7720	0.0641	5,772,871	0.0128	73,894	.20	14,779	59,115
8380	0.0717	212,370	0.0141	4,404	.19	837	3,567
8382	0.0838	386,765	0.0133	5,277	.22	1,161	4,116
8810	0.0062	4,749,555	0.0014	6,645	.20	1,329	5,316
8820	0.0053	252,828	0.0010	264	.20	57	227
9015	0.1007	945,148	0.0181	8,247	.20	1,249	4,998
9102	0.1037	1,547,779	0.0168	26,769	.20	5,758	23,031
9410	0.1331	1,393,548	0.0152	21,182	.20	4,236	16,946
10/01/2004 - 09/30/2005		20,309,498		242,437		47,099	195,338
8808	0.1151	164,338	0.0316	5,851	.18	1,071	4,880
8217	0.1272	51,307	0.0278	1,416	.18	255	1,161
8836	0.0802	513,619	0.0188	8,525	.20	1,725	6,800
7382	0.1147	937,776	0.0287	26,814	.20	5,383	21,531
7580	0.0477	286,712	0.0140	4,332	.18	780	3,552
7590	0.1046		0.0250	0	.20	0	0
7704	0.0880	4,506,108	0.0158	71,647	.18	12,898	58,751
7720	0.0601	7,124,677	0.0128	91,247	.20	18,249	72,998

EXPERIENCE MODIFICATION

PRIMARY OF ACTUAL LOSS		TOTAL EXPECTED LOSS		INELIGIBLE FOR RATING**	
A VALUE		B VALUE		TOTAL PREMIUMS	
ACTUAL EXCESS		TOTAL B		3-YEAR AVERAGE PREMIUMS	
LIMITED EXCESS					
TOTAL A					

TOTAL "A" DIVIDED BY TOTAL "B"

STATE OF FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF WORKERS COMPENSATION

SELF INSURER EXPERIENCE RATING

EFFECTIVE DATE	EMPLOYER NAME	FUND	ACCOUNT	EMPLOYER NO.
10/01/2006	KEY WEST, CITY OF	990	09300	010444

ACTUAL LOSSES — RECALCULATION DATE 06/05/2006 — PAGE 2

ACCIDENT DATE		CASE NUMBER		TOTAL CASES	ACTUAL LOSSES	PRIMARY	ACTUAL EXCESS
08/11/2005	2	580 08 0083	FINAL		8,811	5,000	3,811
09/09/2005	2	516 08 6759	FINAL		5,823	5,000	823
12/28/2005	2	373 58 5043	FINAL		8,558	5,000	3,558
03/10/2006	2	939 72 8546	OPEN		87,095	5,000	82,095
12/02/2005	2	287 17 0078	OPEN		52,500	5,000	47,500
08/24/2006	2	594 28 0795	OPEN		11,388	5,000	6,388
08/05/2005	2	515 58 8922	FINAL		26,780	5,000	21,780
10/18/2005	2	522 98 4248	FINAL		74,787	5,000	69,787
08/28/2006	2	593 76 8800	FINAL		28,302	5,000	23,302
10/21/2005	2	102 54 5091	FINAL		5,508	5,000	508
03/31/2006	2	102 58 5091	FINAL		5,904	5,000	904
01/20/2006	2	299 60 0653	FINAL		5,884	5,000	884
01/23/2006	2	011 60 4151	OPEN		155,755	5,000	145,755
05/24/2006	2	002 48 9336	OPEN		78,087	5,000	73,087
04/00/2006	2	588 22 4017	OPEN		47,000	5,000	42,000
02/01/2006	2	002 48 9336	OPEN		31,543	6,000	25,543
05/19/2006	2	283 55 0745	OPEN		17,828	5,000	12,828
04/13/2006	2	284 11 7181	OPEN		53,701	5,000	48,701
01/23/2005	2	212 52 4165	FINAL		24,657	5,000	18,857
07/12/2006	2	480 04 8321	FINAL		7,248	5,000	2,248
07/01/2006	2	112 60 9432	FINAL		11,187	5,000	6,187
01/23/2006	2	595 05 5843	FINAL		16,299	5,000	11,299

EXPECTED LOSSES

CLASS	MANUAL RATE	PAYROLL	EL RATE	EXPECTED LOSSES	D RATIO	PRIMARY	EXPECTED EXCESS
8350	0.0872	408,199	0.0141	5,758	.19	1,094	4,662
8392	0.0795	569,249	0.0133	7,555	.22	1,683	5,895
8810	0.0084	8,406,243	0.0014	7,567	.20	1,512	6,054
8820	0.0049	299,349	0.0010	289	.20	58	231
9015	0.0864	341,617	0.0151	5,183	.20	1,237	4,946
9102	0.0876	1,643,777	0.0155	90,574	.20	8,115	24,459
9410	0.1189	1,900,611	0.0152	24,828	.20	4,886	19,462
10/01/2005	09/30/2006	29,879,282		292,887		58,905	235,492
5509	0.1123	243,697	0.0315	7,701	.19	1,986	6,315
8217	0.1112	52,144	0.0275	1,439	.15	259	1,180
8836	0.0641	681,299	0.0168	11,446	.20	2,289	9,157
7382	0.0874	581,409	0.0287	24,436	.20	4,887	19,548
7580	0.0440	211,852	0.0148	4,850	.16	618	3,731
7704	0.0718	4,558,831	0.0158	68,278	.18	12,470	55,808
7720	0.0509	7,036,602	0.0128	90,069	.20	18,014	72,055
8380	0.0588	887,970	0.0141	5,470	.19	1,038	4,431
8392	0.0823	584,269	0.0133	7,804	.22	1,739	6,165
8810	0.0058	5,899,380	0.0014	7,898	.20	1,540	6,158
8820	0.0042	414,967	0.0010	415	.20	83	332
9015	0.0778	633,986	0.0151	7,855	.20	1,571	6,284
9102	0.0876	1,743,701	0.0188	32,433	.20	6,487	25,948
9410	0.0823	1,825,958	0.0152	27,755	.20	5,551	22,204
10/01/2006	06/30/2007	24,433,595		295,446		58,134	240,312

EXPERIENCE MODIFICATION

PRIMARY ACTUAL LOSS		TOTAL EXPECTED LOSS		INELIGIBLE FOR RATING**	
LE		D VALUE		TOTAL PREMIUMS	
EXCESS ACTUAL EXCESS		TOTAL B		AVERAGE PREMIUMS	
EXPECTED EXCESS					
TOTAL A					

TOTAL "A" DIVIDED BY TOTAL "B"

FORM 151 12 (REV. 03/2002)

STATE OF FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF WORKERS COMPENSATION

SELF INSURER EXPERIENCE RATING

EFFECTIVE DATE	EMPLOYER NAME	FUND	ACCOUNT	EMPLOYER NO.
10/01/2008	KEY WEST, CITY OF	999	09300	010444

ACTUAL LOSSES — PROMULGATION DATE 08/05/2008 — PAGE 3

ACCIDENT DATE		CASE NUMBER		TOTAL CASES	ACTUAL LOSSES	PRIMARY	ACTUAL EXCESS
01/24/2006	2	264 27 5836	OPEN		34,795	5,000	29,795
03/18/2006	2	595 14 0588	FINAL		5,893	5,000	893
01/18/2006	2	592 07 5827	OPEN		154,275	5,000	149,275
11/29/2005	2	264 77 4552	FINAL		45,559	5,000	40,559
11/12/2005	2	257 78 0343	OPEN		32,264	5,000	27,264
05/25/2005	2	251 55 1855	OPEN		10,483	5,000	5,483
02/28/2005	2	594 44 8171	OPEN		116,524	5,000	111,524
	2	EXCESS CASES		33	1,272,312	165,000	1,107,312
	2	NON-EXCESS CASES		85	38,619	38,619	0
		10/01/2005 - 09/30/2006		118	1,310,931	203,619	1,107,312
03/02/2007	1	117 42 7688	FINAL		27,403	5,000	22,403
12/18/2006	1	566 13 4516	OPEN		79,836	5,000	74,936
12/12/2006	1	264 11 6783	FINAL		9,045	5,000	4,045
12/14/2006	1	266 85 7800	OPEN		28,820	5,000	23,820
05/08/2007	1	262 92 8985	OPEN		156,121	5,000	151,121
12/12/2006	1	556 17 4282	OPEN		92,822	5,000	87,822
03/01/2007	1	264 87 1020	OPEN		42,436	5,000	37,436
13/22/2006	1	266 39 8359	OPEN		14,486	5,000	9,486
07/03/2007	1	006 04 7365	FINAL		6,675	5,000	1,675
01/30/2007	1	403 17 8080	FINAL		5,544	5,000	544
01/17/2007	1	516 99 8822	FINAL		7,075	5,000	2,075

EXPECTED LOSSES

CLASS	MANUAL RATE	PAYROLL	E.L. RATE	EXPECTED LOSSES	O RATIO	PRIMARY	EXPECTED EXCESS

EXPERIENCE MODIFICATION

PRIMARY ACTUAL LOSS		TOTAL EXPECTED LOSS		INELIGIBLE FOR RATING**	
VALUE		B VALUE		TOTAL PREMIUMS	
ACTUAL EXCESS		TOTAL B		AVERAGE PREMIUMS	
EXPECTED EXCESS					
TOTAL A					

TOTAL "A" DIVIDED BY TOTAL "B"

FORM BSI - 13 (REV. 03/2002)

STATE OF FLORIDA
DEPARTMENT OF FINANCIAL SERVICES
DIVISION OF WORKERS COMPENSATION

SELF INSURER EXPERIENCE RATING

EFFECTIVE DATE	EMPLOYER NAME	FUND	ACCOUNT	EMPLOYER NO.
10/01/2008	KEY WEST, CITY OF	888	09900	010444

ACTUAL LOSSES — PROMULGATION DATE 08/05/2008 — PAGE 4

ACCIDENT DATE		CASE NUMBER		TOTAL CASES	ACTUAL LOSSES	PRIMARY	ACTUAL EXCESS
07/10/2007	1	337 12 6954	FINAL		43,135	5,000	38,135
08/13/2007	1	252 76 3214	OPEN		13,581	5,000	8,581
12/18/2006	1	591 34 9098	OPEN		168,527	5,000	163,527
09/13/2007	1	285 58 3776	OPEN		7,501	5,000	2,501
12/31/2006	1	252 75 3214	OPEN		30,000	5,000	25,000
02/01/2007	1	418 98 0482	OPEN		76,291	5,000	71,291
05/18/2007	1	591 76 7584	OPEN		20,482	5,000	15,482
10/08/2006	1	138 76 6495	OPEN		52,136	5,000	47,136
10/05/2006	1	284 11 8833	OPEN		47,362	5,000	42,362
05/18/2007	1	287 81 7645	OPEN		69,669	5,000	64,665
04/12/2007	1	288 70 4221	OPEN		26,237	5,000	21,237
04/18/2007	1	288 96 8325	OPEN		15,000	5,000	10,000
06/01/2007	1	287 81 7645	OPEN		43,151	5,000	38,151
	1	EXCESS CASES		39	1,072,412	120,000	953,412
	1	NON-EXCESS CASES		107	44,417	44,417	0
		10/01/2006 - 09/30/2007		131	1,117,829	164,417	953,412
		EMPLOYER TOTALS		344	2,927,140	473,085	2,454,055

EXPECTED LOSSES

BYPASS	MANUAL RATE	PAYROLL	E.L. RATE	EXPECTED LOSSES	D RATIO	PRIMARY	EXPECTED EXCESS
EMPLOYER	TOTALS...	68,622,678		833,270		162,138	671,132

EXPERIENCE MODIFICATION

PRIMARY ACTUAL LOSS		473,085	TOTAL EXPECTED LOSS	833,270	INELIGIBLE FOR RATING**	
VALUE		102,200	B VALUE	102,200	TOTAL PREMIUMS	4,231,281
ACTUAL EXCESS	.42	1,036,703	TOTAL B	835,470	AVERAGE PREMIUMS	1,410,427
EXPECTED EXCESS	.58	358,287				
TOTAL A		1,995,245		2.13		

TOTAL "A" DIVIDED BY TOTAL "B"

REQUIRED FORMS TO BE COMPLETED BY ALL PROPOSERS

ANTI-KICKBACK AFFIDAVIT

STATE OF FLORIDA

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.

BY:_____

_____

sworn and prescribed before me this_____day of_____, 2009

_____

NOTARY PUBLIC, State of Florida

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 sworn statement is submitted to_____
by_____
(Print individual's name and title)
for_____
(print name of entity submitting sworn statement)

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:_____

2. I understand that a "public entity crime" as defined in Paragraph 287.133(1)(g), Florida Statutes, 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 or 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.

3. 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.

4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:

    1. A predecessor or successor of a person convicted of a public entity crime; or

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)

_____

(DATE)

STATE OF_____

COUNTY OF_____

PERSONALLY APPEARED BEFORE ME, the undersigned authority_____who, after first being sworn by me,
(name of individual)
affixed his/her signature in the space provided above of this
_____day of_____, 2009

_____

NOTARY PUBLIC

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.

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.

INTERISK CORPORATION

Consultants

Risk Management
Employee Benefits

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

June 2, 2009

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

Subject: Remarketing of the City's Property and Casualty Insurance Program

Dear Mark:

The City's current Property and Casualty Insurance Program is scheduled to expire on September 30, 2009. It is believed that the City has not formally remarketed its program in a number of years. If the City desires to receive competitive proposals for its 2009/10 Property and Casualty Insurance program, Interisk is available to assist the City in the re-marketing of its program. It is believed that Interisk is the most qualified firm to assist the City with such a project for the following reasons:

1) Interisk is an independent consulting firm that has no financial or managerial relationship with any aspect of the insurance industry. This will ensure that the City will receive unbiased opinions regarding which proposal(s) will offer the City with the most comprehensive program at the most cost effective price.
2) Interisk has had the pleasure of working with the City in the past which has allowed us to have a working understanding of the City's operations, the exposures they face and a broad understanding of the insurance they are currently purchasing.
3) Interisk has developed a highly professional relationship with the major agents/brokers and insurers within the State. Such relationship will directly benefit the City.
4) It is understood that the City is partially self-insured and utilizes the services of a third party claim administrator to administrate the claims that are within the City's self-insured retention. Interisk is extremely familiar with most, if not all, of the claim administrators in the State. This will enable Interisk to recommend a claims administrator that can satisfy the needs of the City.
5) All of the consultants at Interisk have obtained the highest professional designations available in the insurance industry and remain current with the insurers that have the ability and desire to offer the types and amounts of insurance required by the City.

If the City elects to engage the services of Interisk to assist in the remarketing of its insurance program, the following services are proposed.

- Perform a detail review of all insurance policies currently being purchased by the City.
- Prepare detailed bid specifications that can be incorporated in the City's RFP that will ensure the City will receive insurance proposals that will respond to the exposures created by their operations.

- Coordinate the RFP process to include, but not limited to:
    - Market Assignments – Since insurance companies will normally work with only one agent at a time on any given account, assigning of markets is a critical activity to ensure the City receives proposals from those insurers with the ability and desire to provide the insurance coverages desired by the City.
    - Prepare an addendum to the RFP that responds to questions raised by the agents/brokers participating in the RFP process.
    - Respond to other questions and issues that arise during the RFP process.

- Review and evaluate all proposals received in response to the RFP.
- Prepare a side-by-side comparison of the major features contained in each proposal
- Review the side-by-side comparison with the City.
- Prepare a narrative report with specific recommendations on which proposal(s) offer the City with the most comprehensive program at the most cost effective price.
- If desired, make a formal presentation to the City Council regarding which proposal(s) best serves the City and the reasons why.
- Assist the City in notifying the successful proposers to ensure the coverages approved by the City Council are properly communicated to the proposer.
- Perform a detailed review of the actual policies, when issued, to ensure they comply with the proposals submitted.

It is anticipated that the services will incorporate the following insurance coverages;

a) All Risk Property
b) General Liability
c) Vehicle Liability
d) Workers' Compensation
e) Crime
f) Public Officials
g) Marine Coverages associated with the City's sea port operations

In addition, the RFP will contain a section for third party claims administration or at the City's desire a separate RFP will be produced for such services. All third party claims administration services will be evaluated and Interisk will provide the City with a recommendation of which proposal best serves the City.

Based on our long term relationship with the City, Interisk is able to offer the above services at our preferred client rate of $150.00 per consulting hour. All clerical costs are included in the consulting rate. Out of Pocket expenses, such as travel, will be billed at cost with no markup. All such expenses will be approved by the City before they are incurred. To assist the City with their budgetary process, Interisk is agreeable to establishing a maximum not to exceed cost of $19,500 for the project.

The above proposal applies to the remarketing of the City's Property and Casualty insurance program and does not include assisting the City in the remarketing of its Employee Benefit insurance program.

Cordially,

INTERISK CORPORATION

S G Webber

Sidney G. Webber
CPCU, ARM

Accepted by the City of Key West, Florida as outlined above.

Mark Finigan
Assistant City Manager

6.2.09
Date