



Legislation Text

File #: 21-0207, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Lisa Jenkins, Human Resources Director
Briza Morales, Risk Manager

SUBJECT:

Consideration of a Resolution Approving a Five-Year Agreement with AdminSure, Inc. for Third Party Administration Services in Support of the Self-Insured General Liability Program for an Amount Not-To-Exceed \$180,000 (Human Resources Director Jenkins).

ADOPT RESOLUTION NO. 21-0060

RECOMMENDATION:

Staff recommends that the City Council approve an agreement with AdminSure, Inc. (AdminSure) for an amount not to exceed \$180,000 over five years for third party administration of general liability claims and litigation management.

FISCAL IMPLICATIONS:

Funds in the amount of \$30,000 are budgeted in the Fiscal Year (FY) 2021-2022 Risk Management Liability Fund. Funds for FY 2022-23 through FY 2025-2026 will be budgeted accordingly.

FY 21-22	\$30,000
FY 22-23	\$33,000
FY 23-24	\$36,000
FY 24-25	\$39,000
<u>FY 25-26</u>	<u>\$42,000</u>
5-Year Total:	\$180,000

BACKGROUND:

The City administers a self-insured general liability program and maintains a self-insured retention (SIR) level of \$500,000 per claim. In addition, the City purchases general liability insurance for coverage up to \$25 million per claim, inclusive of the SIR, through a risk-sharing pool, Public Risk Innovation, Solutions, and Management (PRISM), formerly named the California State Association of Counties-Excess Insurance Authority (CSAC-EIA).

As a self-insured public entity, the City contracts with a third party administrator (TPA) to administer

its general liability claims and assist with litigation management. The TPA is responsible for assigning the necessary personnel with the knowledge and skills to effectively and efficiently collaborate with claimants, attorneys, and staff in investigating all claims. The TPA makes recommendations to the City on the appropriate disposition of claims, such as compromising a claim or rejecting a claim. The TPA manages the claim through final resolution and ensures that all necessary documentation and reporting is completed. The TPA attends settlement conferences, mediations, and other appointments as necessary. The TPA also serves as the lead representative for the City in Small Claims Court matters.

The TPA is responsible for complying with all laws and regulatory agencies, such as Medicare, which has strict reporting requirements for claimants that are Medicare recipients. Additionally, the TPA is responsible for complying with PRISM's underwriting and claims administration standards, including loss data and exposure data reporting and claim auditing procedures. Claims audits are coordinated by PRISM and conducted every two years. Due to the level of training, expertise, the volume of activity, and technological infrastructure required for effective claims management, the City has historically contracted with a TPA for claim administration services.

DISCUSSION:

AdminSure has provided liability claims administration services for the City for over twenty years. They specialize in providing services to public entities. They are the current provider for several surrounding cities, including Redondo Beach, Hermosa Beach, Inglewood, and El Segundo. AdminSure's familiarity with the City's claim history and unique jurisdictional characteristics often aids in the quick and efficient resolution of claims. AdminSure has demonstrated competence and commitment in delivering the services they provide to the City. They have been an integral part of the City's ability to maintain a proactive claims management program.

AdminSure has historically provided the City pricing below their standard rates for general liability claims handling as an incentive for the City to utilize AdminSure for both general liability and workers' compensation administration. The City has averaged forty-five claims per year for the past five years. The proposed agreement reflects an average monthly cost of \$55.55 per claim.

To ensure competitive pricing, staff reviewed contracts entered into by other cities, including Newport Beach and Beverly Hills, which issued requests for proposals for general liability claims administration in 2019. The City of Newport Beach averages eighty-eight claims per year and awarded a five-year contract to AdminSure in the amount of \$565,015.34, an average monthly cost of \$107 per claim. The City of Beverly Hills awarded a five-year contract to George Hills in the amount of \$796,370, based on an average of one hundred fifty claims per year, an average of \$88.48 per claim.

The City's current agreement with AdminSure expired June 30, 2021. While the proposed agreement reflects an increase from the prior year, the rates continue to be significantly discounted. Pursuant to Manhattan Beach Municipal Code (MBMC) Section 2.36.130, contracts for professional persons are exempt from bidding. However, if the amount equals or exceeds \$50,000, such contracts can only be approved by the City Council. Accordingly, staff recommends that the City Council adopt the resolution approving the agreement with AdminSure, Inc.

LEGAL REVIEW:

The City Attorney has approved the agreement as to form.

ATTACHMENTS:

1. Resolution No. 21-0060
2. Agreement - AdminSure, Inc.