



Monterey County

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Board Report

Legistar File Number: A 15-347

October 27, 2015

Introduced: 10/7/2015

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign Amendment No. 2 to Agreement No. A-12239 with Carl Warren & Company for general liability claims administration services to increase the total amount not to exceed by \$30,000 for subrogation and excess claim purposes only, for a new total not to exceed amount of \$352,404;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute up to two (2) one-year extensions of the Agreement at the request of the Risk Manager, provided the compensation terms for fixed annual fees do not increase by more than five percent (5%) of the annual fixed rate, and compensation for subrogation and excess claim fees do not exceed \$30,000 per fiscal year, with all other terms remaining unchanged; and
- c. Approve and authorize County Counsel Risk Management Division to implement the attached Agreement with Carl Warren & Company for general liability claims administration services.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign Amendment No. 2 to Agreement No. A-12239 with Carl Warren & Company for general liability claims administration services to increase the total amount not to exceed by \$30,000 for subrogation and excess claim purposes only, for a new total not to exceed amount of \$352,404;
- b. Authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to execute up to two (2) one-year extensions of the Agreement at the request of the Risk Manager, provided the compensation terms for fixed annual fees do not increase by more than five percent (5%) of the annual fixed rate, and compensation for subrogation and excess claim fees do not exceed \$30,000 per fiscal year, with all other terms remaining unchanged; and
- c. Approve and authorize County Counsel Risk Management Division to implement the attached Amendment No. 2 with Carl Warren & Company for general liability claims administration services.

SUMMARY/DISCUSSION:

The County began its self-insured General Liability program in 1979. The self-insured program is administered by County Counsel Risk Management Division and funding is provided through the General Liability - Internal Service Fund (ISF). The County utilizes a Third-Party Claims Administrator (TPA) to assist with management of its General Liability claims, including claims processing, program administration, and data management information system.

The County of Monterey completed a Request for Proposal (RFP) process and Carl Warren & Company was selected as the successful bidder. Carl Warren & Company has been administering general liability claims since 1944 and acquired the County's prior third party administrator, NovaPro, last year. Carl Warren & Company is currently providing public entity liability claims

management for 350 public entities, including over 175 cities and counties. In the selection process, Carl Warren demonstrated superior skills and experience in matters concerning claims administration.

The professional services agreement has a fixed annual rate fee (the “fixed fee”) structure up to a set number of claims, after which a “per claim” flat fee will apply as set forth in Section 6.2 of the Agreement. The fixed fee also includes the handling of the County’s open and pending claims. Each new incident report/file/claim in excess of the annual threshold will be priced at a “per claim” basis of \$610. Consistent with industry standard, fees for time and expense adjustment are charged to the individual claim files. At the time the Agreement was approved by the Board in 2012, authority was granted to allow up to three one-year extensions of the agreement, as well as to allow increases in the “not to exceed” amounts, up to 5% of the annual rates.

Amendment No. 1 extended the term of the Agreement by one year through June 30, 2016. It also increased the “not to exceed” amount of the Agreement by \$82,404, to \$322,404, which reflected the additional year of service with a 5% increase to the annual rate. This amendment did not go before the Board because it was within the authorization previously granted to Contracts/Purchasing. However, the 5% increase did not reference or include amounts for subrogation fees or excess claims fees that were contemplated in the original agreement. In order to accommodate the contingent and uncertain nature of additional expenses in a fiscal year relative to subrogation and excess claims, Amendment No. 2 is needed to cover such fees.

Amendment No. 2 allows the County and Carl Warren & Company to amend the Agreement by increasing the total “not to exceed amount” by \$30,000 for FY 2015-16 for a new “not to exceed” amount of \$352,404. Authority is also sought to allow additional increases in compensation up to \$30,000 per year, to cover subrogation and excess claims, as in addition to the previous authorization to extend and allow minimal (not to exceed 5%) increases to fixed, annual rates. This will accommodate the contingent and uncertain nature of additional expenses in a fiscal year resulting from existing agreement term relative to subrogation and excess claims.

OTHER AGENCY INVOLVEMENT:

The attached Amendment #2 has been approved by County Counsel as to legal form; the Auditor-Controller as to fiscal terms; and Risk Management for insurance and indemnity provisions.

FINANCING:

Funding for this professional services agreement is provided from the General Liability - ISF.

Prepared by:

Steve Mauck, Risk Manager, x. 3006

Approved by:

Charles McKee, County Counsel, x. 5045

Attachments:
Carl Warren Amendment No. 2
Carl Warren Amendment No. 1
Carl Warren Original Agreement