



Legislation Text

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Resolution to Approve a Three Year Professional Services Agreement (with an Additional Two Year Option) with Hylant Group for Property, Casualty and Automotive Third Party Claims Administration Services Not to Exceed \$48,300.00 for Fiscal Year 2008/2009

The resolution before you is to approve a professional services agreement with Hylant Group for property, casualty and automotive third party claims administration services. The current contract with ASU Group expires April 16, 2008. Funding for this project is budgeted and available in the Risk Fund.

Request for Proposals (RFP) #693 was issued January 29, 2008. Six responses were received. Based on preliminary review of the responses, three firms were selected for interview, ASU Group (ASU), Risk Management Services Corp. (RMSC) and Hylant Group (Hylant), before a panel including the Treasurer, Risk Management Specialist and Risk Management Consultant.

The interviewed firms were evaluated based on:

- Past experience, generally and as it related to specific types of insurance claims
- Staffing turn-over rates
- Cost proposals

Hylant was selected based on its demonstrated comprehension of Michigan No Fault law and governmental immunity defenses, commitment to customer service and understanding of the importance of managing claimant expectations. They answered all interview questions correctly and used the appropriate methodology to arrive at their answers. Following the interviews, references of Hylant were contacted with positive results.

RFP #693 asked respondents to submit pricing on per claim and per year bases. Below is a table representing the bids of the three qualified respondents:

	Annual <u>Per Claim</u>	<u>Claims</u>	(Annualized based <u>on 70 claims/year)</u>
HYLANT	\$55,000	\$575	\$40,250*
RMSC	\$48,900	\$485	\$33,950
ASU	\$35,000	\$750	\$52,500

* Hylant also provided a \$50 per claim fee for non-investigated claims, which could reduce the annualized claim cost by up to 25%.

The recommendation of the selection committee is to award the contract to Hylant on a per claim basis. The Insurance Board has reviewed the recommendation of staff and concurs with their conclusions.

The proposed agreement includes a fee structure for services (attached), which consists of a per

claim fee of \$575 for general liability claims, \$300 for property claims and \$50 for non-investigated claims. Based on claims history, we expect a total expense of \$40,250 or less in Fiscal Year 2008/2009. The not to exceed amount of \$48,300 includes a contingency that could accommodate a 20% increase in claims to handle any unforeseen events. The contract includes an option to extend the agreement at the discretion of the City for two years at the conclusion of the initial term.

Passage of this resolution is recommended.

Prepared by: Matthew Kulhanek, Fleet and Facilities Manager

Reviewed by: Tom Crawford, Chief Financial Officer

Whereas, The City must secure adequate property, casualty and automotive third party claims administration services;

Whereas, The City currently has a contract which expires April 16, 2008 to provide said services through the ASU Group;

Whereas, The City issued RFP #693 and determined Hylant Group to be the most qualified respondent;

Whereas, The Insurance Board has reviewed the RFP results and recommends selection of Hylant Group; and

Whereas, Hylant Group received human rights and living wage approval on March 11, 2008;

RESOLVED, That City Council approves the Professional Services Agreement with Hylant Group and authorizes the expenditures not to exceed \$48,300 per fiscal year for the life of the contract, subject to the availability of funding beyond Fiscal Year 2008/2009;

RESOLVED, That the Mayor and City Clerk are authorized and directed to execute the agreement after approval as to substance by the City Administrator and approval as to form by the City Attorney; and

RESOLVED, That the City Administrator is authorized to take all necessary actions to implement this Resolution, including the execution of the two year option at the conclusion of the initial term.