

CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Risk Management


300 Sixth Street

605-394-6620

MEMORANDUM

DATE: December 20, 2011

TO: Legal and Finance Committee
City Council

FROM: Keith L'Esperance
Risk Manager 

SUBJECT: Berkley Risk Administrator Contract Amendment

Attached is the 2012 amendment to the Berkley Risk Administrator (BRAC) third party claims administrator contract. BRAC is the City's worker compensation TPA. The proposed fee increases for 2012 are as follows:

Notice Only

2011 \$53.00 per claim
2012 \$54.00 per claim

This change is immaterial. All no treatment claims are maintained in-house and not sent to BRAC.

Medical Only

2011 \$190 per claim
2012 \$194 per claim

Based on a 10-year average of approximately 113 for reported medical only claims, the increase would be approximately \$452 for 2012 calendar year.

Indemnity Lost Time Claims

2011 \$1198 per claim
2012 \$1222 per claim

Based on a 10-year average of approximately 9 for reported indemnity lost time claims, the increase would be approximately \$216 for 2012 calendar year.



EQUAL OPPORTUNITY EMPLOYER

Annual Administrative Fee

2011	\$5000
2012	\$5000

No change.

Based on historical 10-year averages, the total annual impact to the 2012 TPA costs would be \$668 which is negligible. I respectfully request approval of the contract amendment for 2012. Thank you.

Attachment

**ADMINISTRATIVE SERVICES AGREEMENT
AMENDMENT NO. 8**

THIS ADMINISTRATIVE SERVICES AGREEMENT AMENDMENT NO. 8, made in South Dakota and effective January 1, 2012, amends the Administrative Services Agreement of January 1, 1999, and subsequently amended, ("Agreement"), by and between The City of Rapid City ("Self-Insured") and Berkley Risk Administrators Company, LLC ("TPA") as follows:

I. Section 2.01 FEES, paragraph A., of the Agreement is amended and replaced in its entirety by as follows:

A. New Claims

All new claims will be handled at the following cost:

- Notice Only..... \$54 per claim
- Medical Only..... \$194 per claim
- Indemnity..... \$1222 per claim for the first 12 months and \$350 for each additional 12 month period the claim remains open. The costs per claim will be reviewed annually and mutually agreed upon by the parties.
- Annual Administrative Fee of \$5,000

The estimated fee payable monthly is based on the number and type of claims indexed the prior month. If a claim's type changes, any additional amount due will be invoiced on the next monthly billing.

All other terms and conditions of the Agreement remain unchanged.

**BERKLEY RISK ADMINISTRATORS
COMPANY, LLC**

Dated: _____

By: _____

Its: _____

THE CITY OF RAPID CITY

Dated: _____

By: _____

Its: _____