



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-2724

Risk Management


300 Sixth Street

605-394-6620

MEMORANDUM

DATE: November 12, 2010

TO: Legal and Finance Committee

FROM: Keith L'Esperance
Risk Management Office 

SUBJECT: Berkley Risk Administrators Contract Addendum

Attached is the addendum for calendar year 2011 for the contract with Berkley Risk Administrators (BRAC), the City's third party claims administrator for the worker compensation program. The breakdown of increases is as follows:

Notice only — currently \$52 per claim increasing to \$53 per claim 01/01/11. This is not material as rarely if ever has BRAC been sent notice only claims. These are maintained in house in the Risk Management office.

Medical only — currently \$185 per claim increasing to \$190 per claim 01/01/11. Based on historical 10-year claims data, the medical only administrative fees average approximately \$21,000.

Indemnity — currently \$1164 per claim increasing to \$1198 per claim 01/01/11. Based on historical 10-year claims data, the indemnity administrative fees average approximately \$9,600. The fees for indemnity claims that remain open past the initial 12 months is \$350 for each additional 12 month period and does not change. At any one time, there are 10-15 of these indemnity claims open for more than one year which at the high end would be an additional \$5,250.

The annual administrative fee of \$5000 does not change.

Based on 10-year historical data, the total costs for BRAC worker compensation claims handling is anticipated to not exceed \$45,000.



EQUAL OPPORTUNITY EMPLOYER