

**To Extend the Agreement for Insurance Claims
Adjusting Services with Granite Claims Solutions for a
Three Month Term Ending March 31, 2012**

Date:	November 21, 2011
To:	City Council
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2011\Internal Services\Cf\Cc11039cf (AFS # 14887)

SUMMARY

The City's agreement with Granite Claims Solutions (formerly McLarens Canada) to provide insurance claims adjusting services expires on December 31, 2011. This report recommends that Council authorize extending the agreement until March 31, 2012 to allow sufficient time for staff to re-issue a formal Request for Proposals in order to place appropriate weight to customer service as requested by Council at its meeting on October 24 and 25, 2011.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. City Council authorize an extension for a further three months, from December 31, 2011 to March 31, 2012, of the existing agreement with Granite Claims Solutions to provide insurance claims adjusting services.

Financial Impact

The annual cost of adjusting services varies depending on volume and types of claims but is typically in the range of \$2.4 Million annually. The cost of the recommended three month extension is estimated at \$600,000. Granite has agreed to extend their services at

the fees set in the expiring agreement. Costs of insurance claims adjusting services are ultimately reflected in corporate insurance charges to divisions and applicable agencies.

DECISION HISTORY

At its January 25, 2007 meeting the General Government Committee adopted the staff recommendations in the report (January 9, 2007) from Deputy City Manager and Chief Financial Officer and the Director, Purchasing and Materials Management. The report provided information on the results of the Request for Proposal (RFP) 9105-06-7349 for insurance adjusting services and requested approval to enter into an agreement with the recommended proponent Granite Claims Solutions for a five year period, January 1, 2007 to December 31, 2011.

<http://www.toronto.ca/legdocs/mmis/2007/gg/decisions/2007-01-25-gg01-dd.pdf>

City Council, on October 24 and 25, 2011 endorsed the findings of the October 17, 2011 Ombudsman Report entitled, An Investigation into the Processing of Third Party Liability Claims under \$10,000. Council also requested the City Manager to consider the Ombudsman's recommendations when scoping the terms of reference for the next Request for Proposals (RFP) for Adjusting Services and to place appropriate weight to customer service in scoring and evaluating the responses.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.CC13.1>

ISSUE BACKGROUND

In August, 2011, staff issued an RFP for Insurance Adjusting Services in preparation for the December 31, 2011 expiry of the current service agreement. Prior to obtaining final approval of the successful proponent to the RFP, City staff issued notice of cancellation on the basis of a change in scope and staff will re-issue the RFP in accordance with Council's request.

COMMENTS

It is necessary to extend the current Insurance Adjusting Service agreement under the same terms, conditions and fee structure for a three month period, from December 31, 2011 to March 31, 2012. The agreement extension will allow sufficient time for staff to change the scope of the RFP to include the Ombudsman Report recommendations, re-issue, evaluate and report the findings and recommended proponent to Bid Committee for authorization to enter into a new five year agreement.

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SIGNATURE

Cam Weldon
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