

Award of Request for Proposal No. Doc 2688784453 to ClaimsPro LP for the Provision of Insurance Adjusting Services

Date: March 15, 2021

To: General Government and Licensing Committee

From: Chief Financial Officer and Treasurer and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal (RFP) No. Doc 2688784453 for Insurance Adjusting Services for the City of Toronto and insured programs and agencies and to request authority to enter into an agreement with the recommended supplier, ClaimsPro LP, for a five (5) year term.

The estimated costs identified in this report represent insurance adjusting fees. The amounts are incurred on the basis of either a flat rate fee or a time and expense fee for each claim file handled. These fees are set for the five (5) year term of the agreement. The estimated costs do not include claim payments made to settle claims.

RECOMMENDATIONS

The Chief Financial Officer and Treasurer and the Chief Procurement Officer recommend that:

1. The General Government and Licensing Committee, in accordance with Section 195-8.4 of Toronto Municipal Code Chapter 195 (Purchasing), authorize the Chief Financial Officer and Treasurer to enter into an agreement with ClaimsPro LP, being the highest scoring supplier meeting the requirements of Request for Proposal No. Doc 2688784453 for a period of five (5) years from April 1, 2021 to March 31, 2026 for an estimated total cost of \$22.3 million net of all taxes and charges, based on the terms and conditions set out in the RFP and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The potential cost to the City is estimated at \$22.3 million as set out in this report. Insurance adjusting fees are paid from the Insurance Reserve Fund and recovered through contributions from the operating budgets of insured City divisions, programs and agencies as one component of their overall insurance charge. Adjusting fees are not subject to HST.

Funding in the amount of \$1.2 million has been included in the Non-Program 2021 Operating Budget cost centre NP2530 cost element 4733. Appropriate funding totaling \$21.1 million for 2022 - 2026 will be included in the Non-Program Operating Budget Submissions for the respective years.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its February 6, 2017 meeting, the Government Management Committee approved the award of RFP 9105-16-7054 for insurance adjusting services to ClaimsPro LP for a three (3) year term with an optional one (1) additional year term beginning April 1, 2017 and ending on March 31, 2021 in the amount of \$10.9 net of all taxes. The Government Management Committee report can be found at the following link:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getAgendaReport&meetingId=11822>

COMMENTS

The City relies on a full service insurance adjusting firm for public liability, automobile and property damage insurance claims in accordance with City Council established procedures. In 2020, when preparing RFP No. Doc 2688784453, pricing for insurance adjusting services was based on an average 6,934 claims/ incidents the City receives annually, broken down as follows: public liability - 5,746; automobile - 1,026; property - 162. For the purpose of evaluation, the Price Detail Form in the RFP set out the estimated number of claim files for flat fee pricing and the estimated number of hours for time and expense claim files.

As a result of the variable and unpredictable nature of insurance claims, e.g. weather related claims, high winds causing tree limbs to fall, snow and ice on sidewalks and heavy rains causing flooding, claims volume and the resultant expense of adjusting insurance claims is difficult to forecast. For example, in 2018 the City experienced various significant weather events including the April 6th ice storm, May 4th wind storm and August 7th rainstorm. These significant weather events generated over 434 liability claims. In addition, damage to the City's own property amounted to nearly \$6.6 million.

In 2018, there were 8,069 liability claims, doubling the claims volume compared to the previous year.

Request for Proposal No. Doc 2688784453- Procurement Process

Request for Proposal No. Doc 2688784453 for the provision of insurance adjusting services for the City of Toronto was issued by Purchasing and Materials Management Division (PMMD) on November 12, 2020 and made available on ARIBA. The closing date for submissions was December 9, 2020. As a result, four firms downloaded the document and the same four firms each submitted a proposal.

The RFP process was conducted as a two envelope system whereby the suppliers were required to submit two documents. Envelope one was the technical proposal submission and envelope two contained the cost of services. The cost of services envelope was only opened for those suppliers who met the 75% threshold or scored at least 56.25 points in the technical submission.

Evaluation for the Request for Proposal No. Doc 2688784453 Submissions

A formal selection committee was comprised of four staff members, three from Insurance & Risk Management and one from Legal Services, with ongoing support from PMMD and a fairness monitor. Prior to the evaluation process commenced, evaluation training was provided both from PMMD and the Fairness Monitor to the entire evaluation team. All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement, under the supervision of PMMD, and evaluated the technical proposals in compliance with the criteria set out in the RFP as follows:

Stage 1- Mandatory Technical Requirements

Stage 2- Technical Proposal

Stage 3- Rated Criteria/ Cost of Services

Stage 1 - Mandatory Technical Requirements

In compliance with the RFP, a list of mandatory technical requirements had to be met in order to advance to Stage 2 - Technical Proposal. All Proposals satisfied the mandatory technical requirement and advanced to Stage 2 of the evaluation process.

Stage 2 - Technical Proposal

In Stage 2, all Technical Proposals were evaluated in accordance with the evaluation criteria set out in the RFP and a minimum threshold score of 75% (or 56.25 points) had to be met in order to advance to the Cost of Services section. Out of the four firms that were evaluated, three firms met the minimum threshold and advanced to Stage 3 of the evaluation process.

Stage 3 - Cost of Services

In Stage 3, the costs of services submissions were reviewed and the calculations of the total annual costs and price scores were validated by PMMD.

Robinson Global Management was retained through a competitive procurement process to act as Fairness Monitor for the RFP. The Fairness Monitor's scope of work included:

- Providing oversight on the procurement process for the purpose of ensuring adherence to high standard, objectivity of evaluation and transparency;
- Addressing any concerns relating to accountability/ fairness (monitoring the level of openness and competitiveness of the procurement process);
- Independent assurance of the integrity of the procurement with a signed attestation statement; and
- Preparing a Final Attestation Report for the City.

Robinson Global Management concluded that the procurement process satisfied the principles of openness, fairness, consistency and transparency. The Final Attestation Report is included as Attachment 1.

Suppliers' scores and staff analysis of the evaluation results can be provided to the General Government and Licensing Committee in an in-camera presentation if required.

The Fair Wage Office has reported that the recommended supplier has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trade requirements and has agreed to comply fully.

CONTACT

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SIGNATURE

Heather Taylor
Chief Financial Officer and Treasurer

Michael Pacholok
Chief Procurement Officer

ATTACHMENTS

Attachment 1 - Fairness Monitor's Final Attestation Report

Staff Report- Award of RFP Doc 2688784453 for Insurance Adjusting Services