

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Robert R. Lehnhardt, Director of Finance/Treasurer

DATE: October 18, 2021

SUBJECT: Third Party Administrator Service Agreement Extension – Cannon Cochran Management Services, Inc.

Request

City Council approval of a 2-year extension to the Service Agreement for third-party claims administration services for the City’s property, liability and workers compensation self-insurance program with Cannon Cochran Management Services, Inc. (“CCMSI”).

Background

Since 1982, the City of Wheaton has utilized a self-insurance program for the City’s property, liability, and workers compensation. The City’s property and liability insurance plan year runs from November 1st through October 31st. Since 2009, CCMSI has served as the City’s third-party administrator (“TPA”) to handle and process claims.

Renewal Analysis

The following table shows the history of third-party administrative fixed costs for the past five years and the 2-year proposal submitted by CCMSI. CCMSI has reduced and held their costs over the past five years; however, they can no longer offer these reduced amounts going forward. The first year of the agreement for \$22,500 reflects an increase of \$3,299 and the second year at a not to exceed 3% increase of \$675 to an annual amount of \$23,175.

5-Year History of CCMSI Costs

Contract Period	Annual Amount	Annual Change	
		\$	%
2016-2017	\$ 19,857	\$ (896)	-4.3%
2017-2018	\$ 19,857	\$ -	0.0%
2018-2019	\$ 19,857	\$ -	0.0%
2019-2020	\$ 19,201	\$ (656)	-3.3%
2020-2021	\$ 19,201	\$ -	0.0%
2021-2022	\$ 22,500	\$ 3,299	17.2%
2022-2023	\$ 23,175	\$ 675	3.0%



Recommendation

The Finance and Human Resources Departments have been very satisfied with the service provided by CCMSI. They provide exceptional service, handle claims promptly, and ensure claims are completed in a timely manner. I believe this type of service requires continuity, with the TPA having the knowledge and background of the City's claims history and experience. This experience gives them the opportunity to see trends occurring and make recommendations to the City to reduce our claims and costs.

Staff recommends approval of the attached resolution approving a 2-year extension to the Service Agreement for third-party claims administration services for the City's property, liability and workers compensation self-insurance program with Cannon Cochran Management Services, Inc.

The Agreement, exhibits, RFQ package and response is on file in the City Clerk's office and available for review.

RESOLUTION R-2021-

A RESOLUTION AUTHORIZING THE EXECUTION OF AGREEMENT NO. 243 BETWEEN THE CITY OF WHEATON AND CANNON COCHRAN MANAGEMENT SERVICES INC. FOR THIRD PARTY ADMINISTRATOR SERVICES OF THE CITY'S PROPERTY AND LIABILITY INSURANCE PROGRAM FOR A TWO (2) YEAR TERM AND A TOTAL AMOUNT NOT TO EXCEED \$45,675

WHEREAS, the City of Wheaton, Illinois, ("City") is an Illinois Home Rule Municipality pursuant to the provisions of Article VII, Section 6, of the Illinois Constitution of 1970; and as such the City may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City prepared a Request for Quotation package (RFQ Number 21-104) for Cannon Cochran Management Services, Inc. ("CCMSI") for third party administrator services of the City's Property and Liability Insurance Program; and

WHEREAS, CCMSI submitted a proposal to provide third party administrator services for the City's Property and Liability Insurance Program for two (2) years for a total amount not to exceed \$45,675 (Year 1-\$22,500 and Year 2-\$23,175); and

WHEREAS, the City budgeted funds in the 2021 Liability Insurance Fund for a total amount of \$20,000 for third party administrator services. Reserves are available in the Liability Insurance Fund to accommodate the additional cost; and

WHEREAS, both parties agree to the terms and conditions set forth in the Request for Quotation and the agreement contained in the City's quotation package for third party administrator services; and

WHEREAS, the corporate authorities of the City of Wheaton, DuPage County, Illinois find it reasonable and appropriate to enter into an agreement with Cannon Cochran Management Services, Inc., 2 E. Main St., Danville, Illinois 61832, for third party administrator services.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Wheaton, Illinois, that:

The Mayor is hereby authorized to execute, and the City Clerk is hereby directed to attest to City of Wheaton Agreement No. 243 with Cannon Cochran Management Services, Inc., 2 E. Main St., Danville, Illinois 61832, for third party administrator services for a two (2) year term and for a total amount not to exceed \$45,675; and that a copy of that certain City of Wheaton Agreement No. 243 is on file with the City Clerk's office as Exhibit A to this Resolution R-2021- and is hereby incorporated into this Resolution as if fully set forth herein.

ADOPTED this 18th day of October 2021.

Mayor

ATTEST:

City Clerk

Roll Call Vote:

Ayes:
Nays:
Absent: