



October 18, 2021

Michigan County Road Commission  
Lori Friedlis, Assistant Administrator  
417 Seymour Avenue, #2  
Lansing, Michigan 48933

### **Michigan County Road Commission Self Insurance Pool. 2021 Renewal Proposal**

Dear Lori,

We are grateful for the opportunity the Michigan County Road Commission has provided Sedgwick in servicing your Auto and General Liability claims program for the last several years, and into the future. Sedgwick is providing the pool the attached proposal to extend our relationship through 2023.

#### **Partnership with Michigan County Road Commission**

Sedgwick remains committed to delivering exceptional outcomes and will continue to enhance the claims process. Last year we were able to develop with your team's input a monthly report to record reported claims which helps with overall tracking and communications.

#### **Highlights from our pricing proposal**

Sedgwick has a vested understanding of the intricacies of your program. We value our partnership and are committed to your program. We have a proven designated team that continues to maintain premium services. We will continue to simplify the billing process with a flat rate fee. If the reported claims volume continues to increase significantly, we may propose additional charges.

The renewal budget attached provides full pricing details for the 1 and 3 year option. We are pleased to offer a first-year flat fee renewal with a three-year option. After the first-year flat renewal, there will be a slight increase of 1% for the second year, and 2% for the third year. Also included is pricing for SIU services.

#### **Commitment**

The Renewal Budget provided in the appendix contains full pricing details through 2024. Sedgwick is committed to continuing our long-term partnership with the Michigan Road Commission and enhancing the program to continue the positive outcomes. Additionally, Sedgwick will continue to bring the resources, expertise, and results that the Road Commission expects on a long-term basis.

Please let me know if you have any questions.

Sincerely,

*Karen S. Blair*

Karen S. Blair  
Client Service Manger  
Enclosures

Sedgwick Claims Management Services, Inc.

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## Renewal Fee Proposal for Michigan Road Commission Self Insured Pool

### Michigan Road Commission Self Insured Pool – Automobile Liability /General Liability

#### Summary of Options for claims handling fees:

All auto liability and general liability claims will be managed centrally from our Lansing, Michigan service office.

#### Annual Flat Fee Pricing Options

Sedgwick's annual flat fee pricing is based on the annual estimated claim volumes and the estimated required staffing to service those claims. If acquisitions, divestitures, changes in program requirements, or an increase in claim volume by 10% impacts the staffing requirements of the unit, Sedgwick reserves the right to modify the annual flat fee

Coverage line	Estimated frequency
AL and GL, property damage	117
First party physical damage	105
New GL – Fast Track	184
Incident Only	29
Property	16
Property Incident Only	1
Open – Property Damage	47
Open – Property	1

#### Option 1- 3 year Contract 01/01/2022 – 12/31/2024

Coverage line	Life of contract	Life of Contract	Life of contract
	Year 1 ( 0%)	Year 2 (1.0%)	Year 3 (2.0%)
Liability	\$104,022	\$105,062	\$107,143

#### Option # 2 – 1 year only - 01/01/2022 – 12/31/2022

Coverage line	Life of contract
	Year 3 (3.0%)
Liability	\$107,143

Sedgwick offers an annual flat fee pricing, this option is based on the estimated claim volumes outlined above and the estimated required staffing to service those claims. Under this option, Sedgwick reserves the right to modify the annual flat fee if acquisitions, divestitures, changes in program requirements, or an increase in claim volume of greater than 10% impacts the staffing requirements of the unit.

#### Items included in the quoted fees include:

- **RMIS access:** viaOne access for four users, which provides a platform-independent, web-based tool for viewing and analyzing claims data. Access provides secure, near real-time information from Sedgwick's proprietary claims information systems, including:

- Customizable dashboards with drill-down capabilities
- Detailed information about the incidents, claimant work status, and time tracking information
- Financial information about an event, including the claim's payment history and available reserves
- Client diary capability, allowing for the creation of client diaries and customized alerts
- Access to viaOne reports, which create ad hoc detailed reports with user-specified fields and filters
- Access to Sedgwick's advanced analytics portal, a data warehousing platform that takes a deep dive to discover meaningful risk information at the program level
- Claim Reporting: Sedgwick pricing includes the use of Sedgwick call center and/or web reporting technology. Other methods (i.e. Fax, email) are also available.
- Semi-annual telephonic claim reviews with electronic status reports

#### Additional bundled services and fees:

- Subrogation and other recovery services (second injury funds & other special funds) will be charged 25% of recoveries
- SIU services will be charged at prevailing rates.
- RMIS access: Additional viaOne user access is \$870 per user per year.
- RMIS data feeds: Additional interface files are \$225 per month for monthly file, \$645 per month for weekly file or \$1,945 per month for daily file
- RMIS: System interfaces or custom programming charged at \$185 per hour
- Risk control services are available for \$155 per hour plus direct expenses for general safety personnel, \$170 per hour plus direct expenses for specialized industrial hygiene and \$180 per hour plus direct expenses for ergonomists/analytics
- MMSEA/SCHIP Medicare Reporting Fee: One time \$9 charge per claim for claims involving bodily injuries (WC, liability, no fault).

#### Definitions, terms and conditions

##### Definitions

**Life of contract:** Sedgwick will administer all claims received during the contract for the quoted fee. Claims open at contract termination will either be transferred to the new administrator or handled by Sedgwick for an additional annual fee.

- For which Michigan County Road Commission Self-Insurance Pool requests to be investigated or classified as an indemnity claim;
- That Sedgwick determines additional investigation is necessary to determine compensability, to comply with applicable laws, or both;
- For which subrogation is investigated or pursued; or
- That is open longer than 12 months.

**Incident Only:** Incident Only claims are claims reported by Michigan County Road Commission Self-Insurance Pool that require no payment or activity other than generating a record in the claims administration system. These claims carry no reserves and no contacts are made by Sedgwick. If contacts are required on Incident Only cases, additional fees will apply.

**Liability claim clarification:** Any liability claimant filing both a property damage claim and a bodily injury claim, or any combination of the two, will incur the per claim fee for each claim. Additionally, any event with claims filed by multiple claimants will incur the per claim fee for each claim filed.

**Allocated expenses:** The claim fees agreed to shall include all costs incurred by Sedgwick in handling claims submitted, except those costs normally referred to as “allocated expenses.” These expenses will be billed to the individual claim file when incurred.

In some cases, Sedgwick engages subcontractors to assist us in providing services. In order to hold down the cost to our clients, Sedgwick may have arrangements with these subcontractors to cover expense for certain activities, including but not limited to, development of integrated data systems, account management, quality oversight and ongoing projects that improve penetration and efficiency for our examiners. These cooperative service agreements are not transactional-based and are not dependent on any activity generated by Michigan County Road Commission Self-Insurance Pool. In fact, the flat cooperative service fees remain the same regardless of whether Michigan County Road Commission Self-Insurance Pool uses these vendors on their program or not.

Allocated expenses include but are not limited to:

- Attorney fees and costs
- Hearing representation in lieu of attorney fees including preparation, travel expenses, attendance and system notations
- Court costs and appeal bonds
- Cost of providing rehabilitation services
- Cost of surveillance activities and other outside investigations
- Cost of expert witnesses, accident reconstruction specialists, or any other specialist necessary for the investigation and/or defense of a claim
- Cost incurred to obtain statements, photographs, records, transcripts, depositions, digital call recording, etc.
- Cost of inspections, appraisals, repair management, rental/replacement, etc.
- Cost of independent medical exam
- Cost of medical bill review, PPO, managed care and other similar programs
- Cost of medical experts, peer review, utilization review, case management, pre-certifications and medical necessity evaluations
- Cost of translation services
- Medicare reporting and compliance services fees and costs
- Index filings
- Cost of vocational evaluations, vocational services, training or other vocational activities

- Cost of outside assistance necessary to prepare or protect a client's subrogation right or Special Disability Trust Fund claim; or
- Expenses for travel to depositions, mediations, arbitrations, hearings or other legal proceedings at the client's request or as required by law or rule of a federal, state or local agency

### Terms and conditions

**Quotation expiration:** All pricing quoted is valid for a period of 180 days from submission unless a written extension is requested.

**Takeover of existing claims:** There is no takeover of existing claims anticipated in this program. If takeover handling is required, additional fees will apply.

**Payment terms:** All recurring fees such as claim service, program management and information technology fees are billed on actuals on a monthly basis in arrears.

All service fees contemplate program service commencing on 01/01/2022. In the event the effective date of services is delayed at the request of Michigan County Road Commission Self-Insurance Pool, Sedgwick reserves the right to bill Michigan County Road Commission Self-Insurance Pool for program deployment expenses incurred outside of the scope of agreed implementation period, up to and including full fees for service on the originally scheduled implementation date with invoices payable upon receipt.

**Taxes:** All applicable taxes will be added to the service fees where this is required. Sedgwick may be required, in some jurisdictions, to collect and remit sales tax on the services provided to Michigan County Road Commission Self-Insurance Pool. If billed, the taxes will be stated separately on the invoice. If Sedgwick is provided an exemption certificate, in good faith, tax will not be charged. In the event that a jurisdiction invalidates or does not accept the exemption certificate, Sedgwick will not be liable for any penalty or interest that may be charged.

**Submission of all applicable claims:** The fees quoted are based on the assumption that Michigan County Road Commission Self-Insurance Pool will forward to Sedgwick all claims arising during the applicable time period in a covered jurisdiction. In the event that Michigan County Road Commission Self-Insurance Pool does not forward all such claims to Sedgwick, we reserve the right to adjust the fees accordingly.

**Contract term:** All fees for the three-year contract option assume annual increases (Year 1 – 0.00%, Year 2 – 1.00% & Year 3 - 2.00%) to all fees. All fees for the one-year contract option assume annual increases (Year 1 – 3.00%) to all fees.