



Legislation Text

File #: 2021-0221, **Version:** 0

Title

Subrogation of Claims Addendum to Service Agreement with CCMSI

History

The Horton Group completed a market analysis on behalf of the Village of Orland Park and provided the final recommendations for the January 1, 2021, renewal of liability insurance. The liability insurance renewal was approved on December 7, 2020, by the Board of Trustees, and included a contract with Cannon Cochran Management Services, Inc. (CCMSI) as the Village's third party administrator for insurance claims. The term of the current contract with CCMSI is from January 1, 2021, to December 31, 2021.

The Village is partially self-insured and handles its own auto physical damage claims below the deductible amount. This agreement is an addendum to the Village's current contract with CCMSI which would allow CCMSI to handle the subrogation of these claims for the Village as well. For the life of the agreement, CCMSI would manage newly reported first-party auto physical damage claims that fall under the Village's carrier deductible, where there is a third-party at fault, and the Village would like to subrogate against the third-party or insurance carrier for recovery of their deductible on a per claim fee basis of \$200 per claim plus 15% of subrogation recovery.

Claims would be analyzed by the number and type of claim on an on-going basis for reporting and tracking purposes.

Financial Impact

Funds are available in the Village's Insurance Fund for the payment of the associated service fees. The subrogation fees will be charged as an allocated expense against the claim upon receipt of the recovery check.

Recommended Action/Motion

I move to approve an addendum to the service agreement with Cannon Cochran Management Services, Inc. to incorporate auto physical damage claims administration services on behalf of the Village;

And,

Authorize the Village Manager to execute an addendum to the service agreement with Cannon Cochran Management Services, Inc. to incorporate auto physical damage claims administration services on behalf of the Village, subject to Attorney review.

