

**ADDENDUM # 2**

(please sign and return with the submittal)

**QUESTIONS AND ANSWERS:**

Note: Spelling, grammar, and punctuation of the questions are shown exactly as submitted by the potential respondents.

No.	Question	Answer										
1.	Please explain what is a "limited adjustment service" on page 9.	Please reference Section 3, Scope of Work, Subsection 11, LIMITED INVESTIGATION/ADJUSTMENT SERVICES, for more information on this service (page 25).										
2.	What is City of Phoenix's SIR?	The City of Phoenix's Self-Insured Retention (SIR) Liability is \$7.5 M and property approximately \$325,000.										
3.	Are the third-party administrator (TPA)'s handling claims above the SIR or just claims under the SIR?	Third-party administrators (TPAs) are managing claims under the Self-Insured Retention (SIR).										
4.	Please provide any information on possible volumes and historic loss runs, even if it is just average annual volume per service line so we can better price our response.	Please refer to this table supplied by Risk Management: <table border="1" data-bbox="862 968 1414 1136"> <thead> <tr> <th data-bbox="862 968 1268 997">Row Labels</th> <th data-bbox="1268 968 1414 997">Sum of #</th> </tr> </thead> <tbody> <tr> <td data-bbox="862 997 1268 1031">FY 21</td> <td data-bbox="1268 997 1414 1031">1169</td> </tr> <tr> <td data-bbox="862 1031 1268 1064">FY 22</td> <td data-bbox="1268 1031 1414 1064">1298</td> </tr> <tr> <td data-bbox="862 1064 1268 1098">FY 23</td> <td data-bbox="1268 1064 1414 1098">1384</td> </tr> <tr> <td data-bbox="862 1098 1268 1131"><b>Grand Total</b></td> <td data-bbox="1268 1098 1414 1131"><b>3851</b></td> </tr> </tbody> </table> <p data-bbox="862 1136 1414 1262"><b>This is for General liability and Auto claims by date of accident. Not all claims will be sent to TPA's</b></p>	Row Labels	Sum of #	FY 21	1169	FY 22	1298	FY 23	1384	<b>Grand Total</b>	<b>3851</b>
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FY 22	1298											
FY 23	1384											
<b>Grand Total</b>	<b>3851</b>											
5.	Is the TPA required to provide monthly or quarterly loss runs? Are we managing an escrow?	No, the third-party administrators (TPAs) are required to track the claims that they are managing along with any expenses associated with the claim. All claims are managed through the City's Risk Management Information System (RMIS). No, the third-party administrators (TPAs) are not managing an escrow.										
6.	GENERAL: How long has current TPA handled your program?	The current third-party administrators (TPAs) have been working with the City of Phoenix for at least the last ten years. Their services have been limited to liability claim adjustment and vehicle damage appraisal services.										
7.	GENERAL: What is current pending of open claims per adjuster?	The City of Phoenix Claims Manager has 200, the two internal Adjusters have over 400, and the current third-party administrators have 225.										

8.	GENERAL: Are the Required Meetings with the City Staff in person or Virtual?	The meetings can be either in-person or virtual, at the discretion of the Risk Management Division. Please reference Section 3, Scope of Work, Subsection 6, REQUIRED ACTIVITIES - FULL-SERVICE CLAIM ADJUSTMENT, Paragraph B, INVESTIGATION AND ADJUSTMENT ACTIVITIES, Item 17, 17. MEETINGS WITH CITY STAFF, which states, "These meetings will be at no additional charge to the City and will be conducted at times and locations established by the Risk Management Division."
9.	STAFFING: What is current staffing model?	The current staffing model for the City of Phoenix is one Claims Manager with two internal Adjusters and expanding services with the current third-party administrators (TPAs).
10.	STAFFING: Is it required for dedicated staff to work on-site at a State location?	No, it is not required for Contractors to be based on-site at a City of Phoenix office location.
11.	STAFFING: If Staff is dedicated to work within a State location - will [REDACTED] be charged for use of the State facility? <ul style="list-style-type: none"> <li>• Will furniture be provided?</li> <li>• Will Phones/Computers/other necessary items be provided?</li> </ul>	This question is not applicable because it is not required for Contractors to be based on-site at a City of Phoenix office location.
12.	STAFFING: Is remote working acceptable?	Yes, remote working is acceptable because it is not required for Contractors to be based on-site at a City of Phoenix office location.
13.	STAFFING: Is it required for all staff to be located in AZ?	No, it is not required for all staff to be located in Arizona, however, please reference Section 3, Scope of Work, Subsection 3.5, GENERAL REQUIREMENTS APPLICABLE TO THE SERVICE, Paragraph G, which states, "Contractor shall assign an Account Manager located full-time in the Phoenix area, who is sufficiently qualified, to work with City on all matters relating to the contract."
14.	METRICS: What is the volume of open takeover claims that [REDACTED] will be required to assume?	The volume of open takeover claims is to be determined.
15.	METRICS: How many 3rd party appraisals were completed over the past 3 years?	This information is not currently being tracked.
16.	METRICS: How many 1st party appraisals were completed over the past 3 years?	There were no first-party appraisals completed over the past three years.

	<ul style="list-style-type: none"> <li>Statements...does the [REDACTED] determine the need for statements?</li> </ul>	<ul style="list-style-type: none"> <li>This question is unclear, so if we have not answered it please resubmit the question with more detail.</li> </ul>										
17.	<p>METRICS: Is there a panel of approved defense counsel?</p>	<p>Matters relating to approved defense counsel are determined by the Law Department and are out of the Scope of this solicitation.</p>										
18.	<p>SYSTEMS: What systems are preferred for Claims Estimation</p> <ul style="list-style-type: none"> <li>Property = Xactimate</li> <li>Auto = Mitchell or CCC</li> <li>Liability = ?</li> </ul>	<p>The City of Phoenix does not have a preferred system for claims estimation.</p>										
19.	<p>SYSTEMS: Is the City's System STARS accessible to the incumbent?</p> <ul style="list-style-type: none"> <li>Will Training be available from the City of Phoenix?</li> <li>Are there any Costs to [REDACTED] to have access to STARS</li> </ul>	<p>Contractors who provide services under Full-Service Claim Adjustment are provided with access to the City's Risk Management system, currently STARS.</p> <ul style="list-style-type: none"> <li>Yes, training on the City's Risk Management system, currently STARS, will be provided by internal Risk Management staff.</li> <li>The City of Phoenix will pay for the additional cost of adding adjusters to the City's Risk Management system, currently STARS.</li> </ul>										
20.	<p>HISTORICAL: Are you able to provide a copy of the last RFQ and the results or score cards</p>	<p>As this question deals with an existing City of Phoenix contract please submit a Public Records Request to get this specific information, please use <a href="mailto:pr@phoenix.gov">pr@phoenix.gov</a>.</p>										
21.	<p>HISTORICAL: Please provide loss runs for the last 3 years showing claims received, claims open, reserves.</p> <ul style="list-style-type: none"> <li>Delineated by line of business if possible</li> </ul>	<p>Please refer to this table supplied by Risk Management:</p> <table border="1"> <thead> <tr> <th>Row Labels</th> <th>Sum of #</th> </tr> </thead> <tbody> <tr> <td>FY 21</td> <td>1169</td> </tr> <tr> <td>FY 22</td> <td>1298</td> </tr> <tr> <td>FY 23</td> <td>1384</td> </tr> <tr> <td><b>Grand Total</b></td> <td><b>3851</b></td> </tr> </tbody> </table> <p><b>This is for General liability and Auto claims by date of accident. Not all claims will be sent to TPA's</b></p> <p>Due to the potentially confidential nature of the requested information please submit a Public Records Request and please be specific regarding what you are requesting, please use <a href="mailto:pr@phoenix.gov">pr@phoenix.gov</a>.</p>	Row Labels	Sum of #	FY 21	1169	FY 22	1298	FY 23	1384	<b>Grand Total</b>	<b>3851</b>
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22.	<p>SUBROGATION: Please provide the number of subrogation recoveries with the current vendor? (Breakdown within the lines of business if possible)</p>	<p>Subrogation services have been added to the requested list of contractor services since the previous solicitation. The City of Phoenix has not previously solicited subrogation services, so we do not have</p>										

		any current data on those services. Previously this process was one internally with a City claims Adjuster.
23.	SUBROGATION: Please provide the value of total recoveries with current vendor.	Subrogation services have been added to the requested list of contractor services since the previous solicitation. The City of Phoenix has not previously solicited subrogation services, so we do not have any current data on those services.
24.	SUBROGATION: What is the average life cycle of subrogation claim?	Subrogation services have been placed on hold at this time, due to the lack of staff.
25.	SUBROGATION: What is the percentage of recovered dollars to the paid claim amount?	Subrogation services have been added to the requested list of contractor services since the previous solicitation. The City of Phoenix has not previously solicited subrogation services, so we do not have any current data on those services.
26.	<p><i>Section 3.7 Subrogation Services</i></p> <p><i>5. communicate with Risk Management Coordinator, Risk Manager or Deputy Finance Director (as applicable) on all settlements and must submit written requests for settlement approval to the Risk Management Coordinator, Risk Manager or Deputy Finance Director (as applicable) along with the documentation supporting settlement recommendation. Contractor must at all times appropriately protect the City's interests and negotiate settlements as authorized by the Risk Management Coordinator, Risk Manager or Deputy Finance Director (as applicable);</i></p> <p>Is in reference to partial settlements or applicable to all payments?</p>	Owing to the fact that the City of Phoenix has not previously solicited subrogation services, initially, all subrogation settlements need to be approved by the Risk Management Coordinator / Risk Manager or Deputy Finance Director. It is our expectation that as The City's contracted subrogation process matures we be able to make future adjustments.
27.	<p>Regarding subrogation claims, could you provide the anticipated annual volume? Specifically:</p> <ul style="list-style-type: none"> <li>• Claim volume is per year.</li> <li>• Total 2024 subrogation recoveries, both in dollars and claim count.</li> <li>• What percentage of subro claims went to UM or litigation.</li> </ul>	Subrogation services have been added to the requested list of contractor services since the previous solicitation. The City of Phoenix has not previously solicited subrogation services, so we do not have any current data on those services.
28.	Regarding subrogation claims, could you provide the anticipated annual volume?	Subrogation services have been added to the requested list of contractor services since the previous solicitation. The City of Phoenix has not previously solicited subrogation services, so we do not have any current data on those services.

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## CHANGES

Change 4 – Section 1, Instructions, Subsection 1.4, Timeline – Schedule of Events is amended. The Offer Due Date is extended to Friday, March 14, 2025, at 2:00 p.m. (All times are local Phoenix time.)

The balance of the specifications and instructions remain the same. Bidder must acknowledge receipt and acceptance of this addendum by signing below and returning the entire addendum with the bid or proposal submittal.

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_