



CITY AND COUNTY OF DENVER

Finance Office
Risk Management
Workers' Compensation Unit

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Interoffice Memorandum

TO: City Council, Finance Committee
 FROM: Raymond F. Sibley, Director of Risk Management
 DATE: May 18, 2011
 RE: Contract with Phoenix Loss Control

This is a request to approve an extension to the agreement with Phoenix Loss Control to provide subrogation services to the City for damages to City vehicles and property.

All damages to City vehicles and property reported to Risk Management are reviewed for subrogation potential. If the damage was caused by an adverse party the Phoenix Loss Control staff obtains damage and repair information from City agencies and pursues reimbursement directly from the adverse party or their insurance carrier.

The City has contracted with Phoenix Loss Control to provide these services since 2008. In the past three years Phoenix has recovered \$2,957,475 for the city. This amount includes subrogation for Workers compensation costs.

	Amount Recovered	Fee Paid	Balance to City
2008	\$ 863,036	\$150,967	\$ 712,069
2009	\$1,107,854	\$144,087	\$ 964,767
2010	\$ 986,584	\$ 87,799	\$ 898,785
Total	\$2,957,475	\$381,853	\$2,575,621

This activity can be direct, through the court (restitution), through collections, or in conjunction with the City Attorney's Office.

- Currently fees paid to Phoenix Loss Control are on an hourly basis not to exceed \$90,000 per year. This limits the amount of time Phoenix personnel can actively pursue subrogation. With this contract amendment we are changing the compensation model to a percentage of recovery. This will remove time limits and incentivize phoenix staff as their compensation increases based on recovery.
- We are also bringing the Workers' Compensation component in house, as it involves more time and interaction with the City Attorneys office, and will be more efficiently handled by current city Staff..

Fees vary based on the manner in which a recovery is made (see below) and will fluctuate annually based on the total amount recovered. annually depending on the amount recovered annually.

Direct Recovery	25%
Collections	10%
Restitution	15%
City Attorney Referrals	5%

Please contact me if you have questions or require additional information.

