

**Sterling Adjustment Company Inc.
And Related Services**

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Located in the heart of the Triad

TO: Mr. Everette Arnold **Date:** October 26, 2016
Guilford City/County Insurance Advisory Committee
3200 Northline Ave. Suite 135
Greensboro, NC 27408

FROM: Sterling Adjustment Company Inc.

RE: **Bid Proposal for Third Party Claims Administration for the City of Greensboro Self-Funded General Liability Fund Claims 01/01/2017 thru 12/31/19**

Dear Mr. Arnold:

We appreciate, once again, the opportunity to submit to you the following proposal for the purpose of our company handling automobile, general, law enforcement and other liability claims on behalf of the City of Greensboro. This proposal includes the cost and time required for computer programming to run monthly and annual reports which are electronically submitted, the keeping of books and the maintaining of a bank account for paying claims and related legal expenses as required or requested; and, for setting up claim files and for file reports. An additional charge may be needed for significant changes and upgrades of computer programs, if such changes are requested or required by the City. We will discuss those costs, should they arise, before they are charged. This proposal is for three (3) years from 01/01/2017 through 12/31/2019 or for a possible extended period that would be agreed upon in writing.

Our charges will be \$65.00 per hour, for services for year one (1). At the beginning of year two (2) through year three (3) our hourly rate will increase to \$70.00 per hour. We charge the actual cost of police reports and for the use of experts or independent adjusters. We do not expect to involve other independent adjusters unless there is a catastrophe, unusual illness in our office or conflict of interest so as to maintain continuity in our claim process. At such time we would involve other independents only as a last resort and we would advise of such intentions. We will make request for use of other experts such as for accident reconstruction and engineers and private investigators. There will be a \$2.00 charge for each photograph and \$4.00 for each recording disc or cassette used. There is a 20% office expense charge applied to all service charges with a \$20.00 minimum only in the initial month of the claim file setup when the service charges do not exceed \$100.00. The office expense includes use of all equipment and our clerical staff and will be 20% of the service charge. It should be noted that we have not and do not charge extra for the cost of development, processing and generation of our monthly,

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annual and some other reports that may be requested from time to time. We include these costs in our above stated fees. In the event there are calls for many and unusual computer or other involved reports, it may be necessary to discuss with you some sort of reasonable fee for such.

We will make a minimum flat charge for travel within Guilford County of \$15.00 per file annually and for each file that is open and remains open for more than one year. Outside Guilford County will be at \$.60 per mile over the flat rate.

We will make a minimum flat charge for telephone expense of \$15.00 per file annually and for each file that remains open for more than one year. There will be no long distance charges except, if necessary, outside the United States of America.

Utilization of the Index System for injury claims data currently costs \$1,100.00 per year plus the \$6.00 or the usual charge per usage fee. We share this cost with the City of High Point. Thus, the City of Greensboro current exposure is \$550.00 per year plus the usage fee. This is a most valuable tool in resolving some injury claims and developing data with which to mitigate the value of certain injury claims. This saves the City thousands of dollars per year.

We meet all requirements and will adhere to all stipulations and requirements as set out in the Request for Proposal and Statement of Requirements for General Liability Fund Third Party Administrator.

We utilize fax and e-mail communication. Please note our e-mail address and fax number on the top of this contract.

It should be noted that our company is covered by both General Liability and Errors and Omissions Insurance. We also have in place Fidelity Bond coverage for coverage related to the processing and signing of checks to settle claims made against the City. Verification and certification of coverage will be on file with the Insurance Advisory Committee and copies will be available as needed.

In conjunction with the information stated above, I would make the following stipulations with regards to this proposed three-year (3) contract:

1. That Sterling Adjustment Company Inc. has been chosen to adjust general liability, auto and any other liability claims for the benefit of and at the direction of the City of Greensboro based on established policy as set out and documented by City Council.
2. That the duration of this agreement be for three (3) years; or, for an extended period, upon agreement in writing of all parties concerned.
3. That Sterling Adjustment Company will conduct such investigation as is deemed customary and required on each claim assigned and will follow to conclude the

adjustment of such claims in accordance with good claim practice, City policy, and the law with careful consideration given to the individual claim and its merits. There are claims from time to time that must be discussed with the City Legal Department to seek their opinion and guidance. Governmental Immunity will be considered and rendered to the City Legal Department for application.

4. That Sterling Adjustment Company will exercise authority to settle uncomplicated claims for amounts up to \$25,000.00 on bodily injury claims and \$50,000.00 on property damage claims or for greater amounts at the direction of the City of Greensboro. We would only consider payment of those claims that meet the criteria set out by City policy and for which the City of Greensboro would be perceived to be legally liable, if pursued.
5. Sterling Adjustment Company will submit a report and request for a written opinion or direction from the City of Greensboro for claims in excess of these amounts or for cases where precedence may be set.
6. That Sterling Adjustment Company will maintain a checking account with funds furnished by the City for the purpose of our writing checks to settle claims and pay legal expenses up to the above amounts and at written direction of the City of Greensboro for amounts above that authority. Sterling will furnish data to the City in a timely fashion so as to allow the City to file Federal 1099 forms.
7. We will take releases on claims when necessary but would exercise some discretion in some open-and-shut type cases where a release would be of little benefit.
8. That Sterling Adjustment Company will furnish monthly and annual reports giving account of each claim as well as the expenses incurred and set reserves relative to that claim. We will make all records and information available for inspection and review upon reasonable notification.
9. We will continue to monitor closed file dates and have these files shredded at the appropriate date. This is done at no cost to the City.
10. That Sterling Adjustment Company will agree to the charges set out above for adjustment expense and will hold to these charges as presented for the duration of the three (3) year contract beginning January 1, 2017 through December 31, 2019 and for other period(s) as agreed by both parties.
11. That the City of Greensboro will furnish monies to maintain a bank account for the purpose of our paying claims pursued against the City of Greensboro. We would recommend that this figure should be flexible depending on the claims experience and subject to change only if necessary upon agreement of all parties concerned. All claims paid can be processed through the same checking account. The present amount to support this bank account monthly is \$300,000.00, which appears to be adequate. These

monies are furnished solely for the benefit of paying claims made against the City of Greensboro and related fees and for no other purpose except for checking account charges and bank account supplies and membership and usage in the Index System.

12. That Sterling Adjustment Company will conduct business in a manner that is fitting and proper and without bias in keeping with the good name of the City of Greensboro.
13. Having handled liability claims on behalf of the City of Greensboro for over twenty-five (25) years, we believe Sterling Adjustment Company has adequate experience, knowledge and expertise in the processing of municipal self-funded claims. Also, we generally know what department and personnel to contact when information is needed, which saves time which, indirectly saves money.
14. We will give prompt, courteous service and have overall very good citizen relations should they be within our control and without bias.
15. Sterling Adjustment Company has reported potential hazards to the appropriate departments to avoid unnecessary claims for injury or property damage and will continue to do so.
16. Sterling Adjustment Company will meet occasionally with various departments of the City to answer questions and offer recommendations that will help prevent claims or help to resolve potential claim situations that might be posing problems for them and will continue to do so as needed or requested.
17. It is proposed that the City of Greensboro or Sterling Adjustment Company Inc may terminate this contract with a ninety (90) day advanced written notice to the other party.
18. Our references are:
 - 1) Mr. Everette Arnold, Executive Director, Guilford City/County Insurance Advisory Committee, Greensboro, N. C., phone (336) 299-1339; known and worked with for over 22 years
 - 2) Mr. Robert Caldwell, President, North Carolina Grange Mutual Insurance Company, Greensboro, N. C., phone (336) 294-5336; known and worked with since 2007.
 - 3) Mr. Drue Carrick, Secretary/Treasurer, Davidson County Mutual Insurance Company, Lexington, N. C., phone (336) 248-6922; known and worked with for about 9 years.
 - 4) Ms. Joanne L. Carlyle, City Attorney for the City of High Point, NC. Phone: (336) 883-3301. Have known and worked with Ms. Carlyle for about Seven (7) years.

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We have appreciated the experience and opportunity of working with City personnel and Guilford City/County Insurance Advisory Committee under the direction of Mr. Everette Arnold to help in the development and implementation of the claims handling aspect of the self-funding program.

We at Sterling Adjustment Company would appreciate the opportunity to again serve the City of Greensboro and its citizens for the duration of this contract, and for whatever extended period thereafter.

Respectfully submitted,



Kay Sterling
Secretary
Sterling Adjustment Company Inc.
Tax Id #: 56-1764487

Accepted: CITY OF GREENSBORO, North Carolina

BY: _____

cc: Guilford City/County Insurance Advisory Committee

E-VERIFY COMPLIANCE FORM

The Contractor, represents and covenants that the Contractor and its subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (NCGS). In this E-Verify Compliance section, "contractor," its subcontractors," and "comply" shall have the meanings intended by NCGS 160A-169.1. The CITY OF GREENSBORO is relying on this section in entering into this contract. The parties agree to this section only to the extent authorized by law. If this section is held to be unenforceable or invalid in whole or in part, it shall be deemed amended to the extent necessary to make this contract comply with NCGS 160A-169.1.

The undersigned hereby certifies that he or she is authorized by the Contractor, listed below to make the foregoing statement.

NAME OF CONTRACTOR

DATE

Sterling Adjustment Company Inc.

11/15/2016

Signature

Kay H. Sterling

Printed Name

Kay H. Sterling

Title

Secretary

IRAN DIVESTMENT ACT CERTIFICATION REQUIRED BY N.C.G.S. 147-86.59

N.C.G.S. 147-86.59(a) requires this certification for bids or contracts with the State of North Carolina, a North Carolina local government, or any other political subdivision of the State of North Carolina. The certification is required at the following times:

- When a bid is submitted
- When a contract is entered into (if the certification was not already made when the vendor made its bid)
- When a contract is renewed or assigned

N.C.G.S. 147-86.59(b) requires that contractors with the State, a North Carolina local government, or any other political subdivision of the State of North Carolina must not utilize any subcontractor found on the State Treasurer's Final Divestment List.

The State Treasurer's Final Divestment List can be found on the State Treasurer's web address www.nctreasurer.com/Iran and will be updated every 180 days.

As of the date listed below, the vendor, bidder, or proposer named herein is not listed on the Final Divestment List created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.58.

The undersigned hereby certifies that he or she is authorized by the vendor, bidder, or proposer listed below to make the foregoing statement.

NAME OF VENDOR, BIDDER, OR PROPOSER

DATE

Sterling Adjustment Company Inc.

11/15/2016

Signature Kay H. Sterling

Printed Name Kay H. Sterling

Title Secretary