



**Liability Claims Administration
Audit –
2012**

for

**Authority for
California Cities
Excess Liability**

June 25, 2012

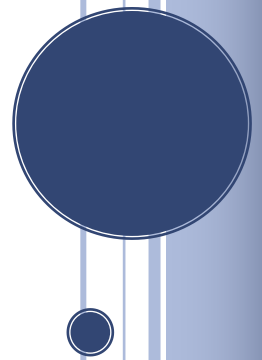
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June 25, 2012

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2012 Liability Claims Administration Audit

This report summarizes the results of an audit of general liability claims for the Authority for California Cities Excess Liability (ACCEL). This report documents FCS's findings of all ACCEL members. This project includes the analysis of the following ACCEL members:

- Anaheim
- Bakersfield*
- Burbank
- Modesto
- Monterey
- Mountain View
- Ontario
- Palo Alto
- Santa Barbara
- Santa Cruz
- Santa Monica
- Visalia
- ACCEL Administrator (Carl Warren & Company in Glendale)

*Bakersfield claims were reviewed remotely via access to its administrator's (York) claims management information system.

An individual audit of each ACCEL member was conducted at the member's facility (self-administered), remotely via access to the particular member's claims management information system, or at the member's third-party administrator (TPA).

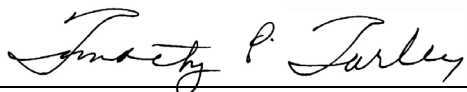
The claims handling entity for each member was provided with audit results at the conclusion of its specific review. Each member or its administrator was encouraged to respond to the findings.

This final edition incorporates minor changes to a May 15, 2012 preliminary report resulting from discussion at the June 22, 2012 Board of Directors' meeting in Palo Alto.

FCS appreciates the opportunity to complete this important project for ACCEL.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by  _____

Timothy P. Farley, CPCU
President

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I. Executive Summary

A. General Observations

The audit of liability claims for ACCEL finds that members and their respective administrators continue to be in general compliance with industry standards for public entity liability claims administration. Key to the success of the administration of ACCEL is the timely and compliant reporting to ACCEL of potentially catastrophic claims that will or could penetrate into ACCEL's coverage layer. Some deficiencies continue in this area. Specific findings for this key category are indicated in Section II.C.7 of this report and documented in Exhibit 6 on page 16.

Consistently timely litigation status updates from defense counsel to the member or the administrator have generated negative findings in past audits. FCS concludes that performance in this key category continues to improve, but significant deficiencies are still evident for the cities of Bakersfield, Burbank, Santa Barbara and Santa Monica. Exhibit 4 on page 12 provides each member's findings and compares performance observed this year with observations from last year's (2011) audit findings.

Where possible, this report provides a comparison of performance in key claims administration categories with observations presented in the 2011 audit report.

Specific findings and observations are:

1. Many of the individuals assigned to the claims administration function also have other risk management related duties. Nearly all of the members delegate primary claims handling duties to defense attorneys/city attorneys once a claim becomes litigated. FCS recommends a maximum caseload of 180 claims for claims handling technicians on municipal liability exposures. Caseloads for Ontario (Nova Pro Risk) and Modesto are excessive. While Ms. Akin at Modesto has a caseload of only 171 (slightly below the recommended level), her significant other responsibilities warrant either a substantial reduction in the claims caseload or assignment to another party. A list of adjustor caseloads appears in Exhibit 1 – Caseload Analysis on page 6.

The cities of Palo Alto and Santa Monica have had staff changes since the 2011 audit:

- Palo Alto – Ms. Janet Billups now assists Stacy Lavelle with claims handling responsibilities. George Hills' office in San Jose provides assistance on bodily injury claims.
- Santa Monica – Michael Mack is now the primary claims handler at the City. Jonathan Lackey and Gary Sanchez left City employment prior to this year's audit. Carol Tang handles subrogation claims.

2. Case reserves are generally accurate for all member entities. FCS concludes that members and their administrators continue to improve performance in this key area. Exhibit 2 on page 8 lists each member's reserve accuracy and findings and provides a comparison to the findings presented in the 2011 audit report.

Anaheim and Burbank had multiple findings of reserve inaccuracy.

Carl Warren & Company (Glendale) Excess Files

During the audit of excess files at Carl Warren, FCS recommended that the files begin exhibiting a tabulation of primary retention deterioration inside the file jacket. It was, routinely, difficult or impossible to determine how much of the involved members' retention had been exhausted.

3. Minor deviations from accepted claims handling standards for investigation are evident for only a few of the cities. There is continued improvement in this key area of claims administration. No particular member exhibits deficiencies that could impact ACCEL's awareness of exposure on the case.

Exhibit 3 – Investigation Deficiency Analysis on page 11 lists the claims exhibiting a specific investigation deficiency for each ACCEL member and provides a comparison of findings presented in 2010.

4. ACCEL members are generally adhering to industry standards for diary. The analysis of diary includes those instances where the claims handling technician failed to respond to file closure potential. FCS deems the failure to adhere to diary as a primary catalyst of the failure to close claims timely. Exhibit 5 – Diary Performance Analysis on page 7 lists the files exhibiting ineffective diary activity for each ACCEL member. Member performance is similar to 2011 findings. Burbank and Santa Monica have multiple diary deficiencies. Santa Monica's performance has improved since 2011.
5. The review concludes that all members are considering important valuation criteria when resolving claims. This includes obtaining and documenting executed releases and dismissals (litigated claims) after claim resolution. This has been a key finding in all past audits.
6. All claims handling entities are generally maintaining organized and clearly documented claim files.
7. The administrators are generally complying with ACCEL excess reporting guidelines and communicating the perceived significant exposure to the ACCEL administrator (Carl Warren), but deficiencies are apparent with some cities. Claims that should have been reported to Carl Warren or that were reported to Carl Warren late are listed and discussed in Exhibit 6 on page 16.

The review of excess claims at Carl Warren confirms that Carl Warren continues to effectively monitor ACCEL reportable claims and document its files thoroughly.

B. Areas of Inconsistency

With the multiple claims handling arrangements involved in the ACCEL program, FCS believes it is imperative that general claims handling guidelines are consistently followed by all claims handling entities. FCS concludes that claims handling is consistent among all claims handling entities and improvement is evident in all areas, including the timely updating of case status from defense attorneys to the claims handler. Still, the key areas listed below merit discussion and should be a focus of improvement:

- **Litigation Management (Status Updates).** Exhibit 4 on page 12 reveals that most member cities have improved the efficiency of the delivery of updated status reports from counsel to the assigned claims handler, but the cities of Anaheim, Bakersfield, Santa Barbara, and Santa Monica are not complying with this standard. The remedy here does not require formal, captioned reports to the claims handler. Rather, simple and concise email correspondence is sufficient. Burbank has significantly improved its performance in this key area, but there were still five files lacking effective litigation management.
- **Excess Reporting to ACCEL (Carl Warren).** The audit did not identify a large number of files failing to comply with excess reporting requirements. In fact, FCS concludes that member performance has improved since the 2011 audit, but due to the importance of this category, it is listed as an area of inconsistency. Only complete compliance by all members should be considered acceptable for this category. Exhibit 6 (page 16) lists the files deemed deficient.

These and other results of this study are discussed in more detail in the remainder of this report.

II. Audit Results

A. Background

Member audits were conducted from April 4, 2012 (Anaheim) to April 26, 2012 (Santa Cruz). Review of excess files at Carl Warren was conducted on May 11, 2012.

The primary objectives for this audit are:

- To assure all ACCEL members that claims are effectively adjusted according to industry standards.
- To identify inconsistencies in fiscal and technical procedures that could impact the efficiency of the ACCEL program, particularly the timely and accurate reporting of high exposure claims that may penetrate into ACCEL's layer of coverage.
- To assess similarities and differences in reserving practices among the members.
- To ensure that all ACCEL claims handling requirements are complied with.
- To reconcile loss data maintained by Alliant Insurance Services (Alliant) utilized for ACCEL's retrospective rating calculation with loss data maintained by each member. The results of this reconciliation were provided to Alliant on May 11, 2012.

The table below lists the ACCEL members audited, the number of files reviewed for each member, and the claims handling entity where the files were reviewed.

ACCEL Audit Composition and Facility – 2012

ACCEL Member	Number of Files Reviewed	Claims Handling Entity (Audit Site)
Anaheim	35 open; 10 closed	City self-administered
Bakersfield	24 open; 5 closed	York Insurance Services (York)-Oxnard (audit was completed remotely)
Burbank	22 open; 5 closed	City self-administered
Modesto	19 open; 5 closed	City self-administered
Monterey	18 open; 5 closed	City self-administered
Mountain View	13 open; 5 closed	City self-administered
Ontario	21 open; 5 closed	Nova Pro Risk (Nova Pro)-Tustin
Palo Alto	19 open; 3 closed	City self-administered
Santa Barbara	20 open; 5 closed	City self-administered
Santa Cruz	13 open; 5 closed	City self-administered
Santa Monica	26 open; 5 closed	City self-administered
Visalia	18 open; 5 closed	City self-administered
ACCEL Excess and Watch List	25 open, including all 6 Watch List files	Carl Warren-Glendale

All members and/or their claims handling entity either provided a list of open liability claims from which a sample could be selected or made all open claims available while on site. All claims with incurred costs of \$25,000 or more were reviewed for each member.

FCS also reviewed the loss description of *all* open claims regardless of the amount of incurred costs and augmented each member's audit sample by selecting claims that, by description, could develop into reportable claims. Fatalities and civil rights claims were primary candidates for inclusion in the audit sample. Claims clearly representing no potential exposure to ACCEL (e.g., pothole/tire damage claims or tree limb property damage claims) were not reviewed.

ACCEL directed FCS to evaluate the claims handling performance of each member and the excess administrator to verify compliance with generally accepted industry standards for public entity liability claims handling. Recommendations for improvements are incorporated into the report.

B. Staffing/Caseloads

The recommended maximum caseload for an individual handling liability claims, including litigated cases similar to those incurred by ACCEL members, is 180. This recommended caseload maximum requires the claims handling entity to assign member claims only to technicians with at least five years of experience adjusting public entity claims. However, this recommend maximum also assumes the technician will be actively involved in the claims administration process until case resolution, even if the claim is litigated. That is not the case with most of the ACCEL claims handlers. Adjustors are routinely relieved of all claims handling responsibilities once the claim becomes litigated. Accordingly, it was either necessary to discuss claim status with defense counsel/City Attorneys or discuss the status with the claims handler at many of the members.

Many of the individuals assigned to the claims administration function also have other risk management related duties. Nearly all of the members delegate primary claims handling duties to defense attorneys/City Attorneys once the claim becomes litigated. FCS recommends a maximum caseload of 180 claims for claims handling technicians on municipal liability exposures. Caseloads for Ontario (Nova Pro Risk) and Modesto are excessive. A list of adjustor caseloads appears in Exhibit 1 Caseload Analysis on page 6.

The caseloads listed for Nova Pro Risk (Ontario), York (Bakersfield), and Carl Warren (Watch List and other excess) in Exhibit 1 are the individual's total caseload, including assignments from other non-ACCEL clients.

Exhibit 1 – Caseload Analysis

Claims Handling Entity	ACCEL Members	Caseloads (as of the entity's specific audit date)	
		Entity Name	Caseload
York Insurance Services- Bakersfield (files were reviewed at York office in Oxnard)	Bakersfield	Laura Harmon	167
Carl Warren & Co. – Glendale	ACCEL excess/watch list claims	Keyan Aghili	220 (plus approximately 400 subrogation files)
Nova Pro Risk – Tustin	Ontario	Joe Klecansky	220 (81 are for City of Ontario)
Self-Administered	Anaheim	Dave Nunley	approximately 140
		Jorge Solis	approximately 94
		Yasmin Lopez	fewer than 8
	Burbank	Ann Lozano	133
	Modesto	Mary Akin	171
	Monterey	Rhonda Combs	19
	Mountain View	Lynn Dobsen Assistant City Attorney Nicole Clemens	85 total claims between 2.
	Palo Alto	Janet Billups with Stacey Lavelle supervision; bodily injury claims handled by George Hills' San Jose	81
	Santa Barbara	John Forner	142
	Santa Cruz	Barbara Choi	20
	Santa Monica	Michael Mack	104
		Carol Tang	Subrogation claims
	Visalia	Charlotte Dun Mary Sharp	33

C. Claims Handling Components

Specific claims handling activities are analyzed for this section of the report. The objective for this section is to provide ACCEL with general observations of the particular component for the entire program. Individual ACCEL members' findings are detailed in exhibits contained within this section of the report.

1. Reserves

All liability case reserves should be based primarily on:

- Anticipated extent of damages/injuries sustained.
- Degree of liability attributable to the ACCEL member.
- Existence of additional tortfeasors (responsible parties that may share in the application of liability).
- Application of statutory defenses or immunities available to ACCEL and its members.
- History of settlement trends of the involved venue.

All ACCEL claims administration entities are utilizing these criteria when establishing and amending case reserves. Exhibit 2 lists each member, the member's claims requiring reserve adjustment, and FCS's analysis as to why adjustment is needed.

The exhibit also lists the number of claims requiring reserve adjustment identified during last year's audit for comparison.

2. Investigation

Proper investigation of ACCEL member liability claims includes:

- Making prompt contact with the injured claimant.
- Verifying the extent of the ACCEL member's liability.
- Accounting for injury history to determine any pre-existing condition or concurrent causation.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant and witnesses, when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury.

Exhibit 2 – Reserve Analysis

ACCEL Member (Administrator)	Claims Requiring Reserve Adjustment in 2012				
	Claim Number	Reserve Adjustment Analysis		Deviation from Accuracy (net reserve change required)	Claims Requiring Reserve Adjustment in 2011
		Current Reserve	Recommended Reserve (Rationale)		
Anaheim (self-administered)	11356	\$95,000 (bodily injury)	\$20,000 (bodily injury) Claimant alleges violation of civil rights. Liability is unlikely. A trial is scheduled for November 2012.	\$75,000 over-reserved	0
	10996	\$386,700 (bodily injury)	\$250,000 (bodily injury) A city vehicle collided with the rear of the claimant's vehicle. The claimant is alleging a severe back injury from this minor impact (the City vehicle was a motorcycle) and is alleging a significant loss of earning capacity. His profession is "roofer." Clearly, there is some possibility that any back ailment may be pre-existing and arising out of his employment.	\$136,700 over-reserved	
Bakersfield (York)	No adjustments necessary	n/a	n/a	n/a	0
Burbank (self-administered)	07090	\$5,000 (bodily injury)	\$0 This claim was settled for \$200,000 in January. It is resolved.	\$335,000 under-reserved	0
	09151	\$675,000 (bodily injury)	\$1,000,000 A jury awarded the claimant \$1.25 million. It is unclear if the City will appeal this verdict, but clearly the reserve requires increase.		
	12109	\$5,000 (bodily injury)	\$20,000 (bodily injury) The claimant tripped and fell on a City sidewalk. She is represented by counsel. Documentation indicates the City may have been on notice of the defect. The reserve should be increased.		
Modesto (self-administered)	No adjustments necessary	n/a	n/a	n/a	0
Monterey (self-administered)	No adjustments necessary	n/a	n/a	n/a	1
Mountain View (self-administered)	970001	\$10,000 (loss)	\$100 (loss) The claimant presents a completely unfounded civil rights claim. There has been no activity for some time. The City may be justified in closing the claim.	\$9,900 over reserved	1

ACCEL Member (Administrator)	Claims Requiring Reserve Adjustment in 2012				
	Claim Number	Reserve Adjustment Analysis		Deviation from Accuracy (net reserve change required)	Claims Requiring Reserve Adjustment in 2011
		Current Reserve	Recommended Reserve (Rationale)		
Ontario (Nova Pro Risk- Tustin)	02074	\$100,000 (bodily injury)	\$25,000 (bodily injury) The claimant alleges police used excess force while arresting him. He has countless past felonies and was a parolee at the time of this incident. He was fleeing police when the incident occurred. Liability seems remote.	\$75,000 over-reserved	0
Palo Alto (self-administered)	No adjustments necessary	n/a	n/a	n/a	0
Santa Barbara (self-administered)	No adjustments necessary	n/a	n/a	n/a	1
Santa Cruz (self-administered)	2G043	\$0 (legal expense)	\$10,000 (legal expense) File notes indicate the U.S. 9 th Circuit Court of Appeals has remanded this civil rights case back to the trial court. Additional legal costs are likely.	\$10,000 under-reserved	0
Santa Monica (self-administered)	05-0076	\$1,775 (expense)	\$10,000 (expense) File notes indicate a hearing before the California Supreme Court is scheduled.	\$8,225 under-reserved	0
	08-5719	\$3,379 (expense)	\$10,000 (expense) Litigation is active. A trial is imminent.	\$6,621 under-reserved	
Visalia (self-administered)	09-034	\$75,000 (bodily injury)	\$5,000 A City street sweeper collided with the claimant's vehicle. The claimant is clearly exaggerating her injury, and she was awarded only \$4,885 at trial. Any opportunity to appeal this judgment has expired.	\$70,000 over -reserved	0
ACCEL excess/watch list (Carl Warren)	No adjustments necessary	n/a	n/a	n/a	0

- Obtaining police accident reports when the damage or injury is the result of a traffic accident.
- Obtaining photographs of accident scenes, when applicable. This requires the documentation and description of vital accident scene photographs to the file. Photographs stored on a disc are not sufficient.
- Aggressive pursuit of additional responsible parties to offset the member's contribution to damage/injury awards.
- Obtaining signed releases, including court approved releases when minors are involved, prior to final claim resolution.
- Invoking risk transfer devices available to the members (e.g., hold harmless, indemnification, or additional insured agreements).

ACCEL member files reviewed generally exhibit thorough investigation activity. Still, minor investigation deficiencies unique to specific claims are evident.

Exhibit 3 lists the claims exhibiting a specific investigation deficiency for each ACCEL member. Numbers appearing in parentheses are the number of deficiencies identified in the 2011 audit. Blank categories indicate there were no findings in either 2012 or 2011.

3. Litigation Management

The control of litigation activity and its associated expense is vital to the fiscal performance of any public entity.

A primary performance measure for litigation management is the timeliness and clarity of information provided by handling counsel in status reports to the claims handler. Exhibit 4 lists the files exhibiting late litigation status reports or no status reports at all from defense counsel. The number in parentheses is the number of deficiencies identified in the 2011 audit.

Industry standards require some status update from counsel at least every 90 days on actively litigated claims. These litigation status updates need not be elaborate or inclusive of discovery documentation such as deposition transcripts or interrogatory responses. A simple written status (e.g., email) is sufficient.

FCS has identified this as a point of concern in every audit it has conducted for ACCEL (beginning in 2006).

Exhibit 3 – Investigation Deficiency Analysis

ACCEL Member	Number of Files Exhibiting Deficiency Numbers in parentheses are 2011 findings (blank categories mean no deficiencies in either 2011 or 2012)						
	Failure to Index	Failure to Obtain Statement	Failure to Obtain Police Report	Failure to Document Photographic evidence	Failure to Obtain Release	Failure to Invoke Risk Transfer	Failure to Obtain Estimates
Anaheim	-	-	-	-	-	-	-
Bakersfield	-	-	-	0 (2)	-	-	-
Burbank	-	-	-	0 (1)	-	-	-
Modesto	-	-	0 (1)	-	-	-	-
Monterey	-	-	-	-	-	-	-
Mountain View	-	-	-	0 (1)	-	1 (0)	-
Ontario	-	-	-	-	-	-	-
Palo Alto	-	-	-	0 (2)	-	-	-
Santa Barbara	-	-	1 (0)	-	-	-	-
Santa Cruz	-	-	-	1 (0)	-	-	-
Santa Monica	-	-	-	-	-	-	-
Visalia	-	-	-	-	-	-	-
Excess/watch list	-	-	-	-	-	-	-

Anaheim

- No investigation deficiencies

Bakersfield

- No investigation deficiencies

Burbank

- No investigation deficiencies

Modesto

- No investigation deficiencies

Monterey

- No investigation deficiencies

Mountain View

- Claim number 110062; file notes indicate the claim was rejected in August 2011. The file contains no copy of the rejection notice.

Ontario

- No investigation deficiencies

Palo Alto

- No investigation deficiencies

Santa Barbara

- Claim number-11-048; the claimant presents a dubious civil rights action against the City regarding police activity. There is no copy of the police report in the file. Mr. Forner requested it in November 2011.

Santa Cruz

- Claim number 10-0035; A bicyclist sustained injury falling while crossing railroad tracks. There are no photographs of the scene in the file.

Santa Monica

- No investigation deficiencies

Visalia

- No investigation deficiencies

Exhibit 4 – Litigation Status Report Analysis

ACCEL Member	Number of Files Lacking Status Reports or Exhibiting Late Status Reports from Defense Counsel		2011
	2012		
Anaheim	3	14.3% of the litigated files reviewed	0
Bakersfield	10	62.5% of the litigated files reviewed	10
Burbank	5	22.7% of the litigated files reviewed	14
Modesto	2	10.5% of the litigated files reviewed	2
Monterey	No deficiencies identified		0
Mountain View	No deficiencies identified		0
Ontario	1	4.3% of the litigated files reviewed	0
Palo Alto	No deficiencies identified		0
Santa Barbara	4	26% of the litigated files reviewed	0
Santa Cruz	1	12.5% of the litigated files reviewed	0
Santa Monica	5	22.7% of the litigated files reviewed	1
Visalia	1	8.3% of the litigated files reviewed	4
Watch list/excess	No deficiencies identified		0

4. Diary/File Closure

Industry standards require documented adjusting activity every 30 days on open active cases. The failure to adhere to an aggressive, timely diary routinely results in the failure to respond to settlement/resolution opportunities and the failure to close claims timely.

Certain files may maintain a longer diary. For example, claims that have been rejected and for which the only remaining activity is the monitoring for potential receipt of legal action may maintain a six-month diary. FCS considered these criteria when evaluating diary performance.

ACCEL members are generally adhering to industry standards for diary. The analysis of diary includes those instances where the claims handling entity failed to respond to file closure potential. FCS deems the failure to adhere to diary as a primary catalyst of the failure to close claims timely. Exhibit 5 lists the files exhibiting ineffective diary activity for each ACCEL member for both this year's audit and the 2011 audit.

5. Payments/Settlement

FCS concludes that ACCEL members and their claims handling entities are generally considering the following important criteria when resolving claims:

- The extent of liability attributable to the ACCEL member.
- The existence of additional tortfeasors.
- The existence of risk transfer devices (e.g., indemnification language or contractual hold harmless agreements) that allow the member to tender the responsibility to the responsible party.

The evaluation also seeks to confirm that claims handling entities are securing and documenting release/dismissal correspondence in instances when a claim settlement is reached.

This area of claims handling also exhibits general compliance with industry standard. This has been a conclusion in all past audits.

Exhibit 5 – Diary Performance Analysis

ACCEL Member	Files Exhibiting Diary Deficiency	
	2012	2011
Anaheim	1	0
Bakersfield	0	3
Burbank	2	0
Modesto	0	1
Monterey	0	0
Mountain View	0	1
Ontario	0	1
Palo Alto	0	0
Santa Barbara	0	0
Santa Cruz	1	0
Santa Monica	2	3
Visalia	0	1
Watch list/excess	1	1

Anaheim

- 11636

Bakersfield

- No deficiencies identified

Burbank

- 11151
- 12033

Modesto

- No deficiencies identified

Monterey

- No deficiencies identified

Mountain View

- No deficiencies identified

Ontario

- No deficiencies identified

Palo Alto

- No deficiencies identified

Santa Barbara

- No deficiencies identified

Santa Cruz

- 2G043

Santa Monica

- 09-8041
- 10-0615

Visalia

- No deficiencies identified

Watch List/excess

- 1514299

6. File Organization and Documentation

FCS encourages the consistent and chronologically accurate documentation of claim files. This ensures that the file will be clearly interpreted upon review by a party other than the handling adjustor. It also ensures that important documents such as settlement demands, release/dismissal documents, and important investigation items are not misplaced.

All claims handling entities are maintaining clearly documented claim files.

Minor documentation deficiencies such as unsecured or disorganized file contents exist in a small percentage of the files.

7. Excess Reporting

This is a vital element of this study. The very nature of this project and the composition of ACCEL as an excess pool make the timely and consistent reporting of serious claims to the excess provider a main indicator of efficiency.

When selecting audit samples for each member, FCS focused primarily on higher valued claims (e.g. cases with incurred costs of \$25,000 or more), since these would logically have the greatest potential for excess exposure. All claims reaching this threshold were reviewed for each member.

The audits confirm that most ACCEL members are consistently complying with ACCEL excess reporting guidelines and communicating the perceived significant exposure to ACCEL and the Watch List administrator (Carl Warren). Only Bakersfield (York) and Modesto had multiple deficient reporting findings.

Burbank may be reporting too many claims to Carl Warren. FCS discovered a memorandum in one of the files indicating that City concludes they are required to report all claims with incurred costs of \$25,000 or more regardless of loss description. This, of course, is inaccurate. FCS encourages the City to refer to the ACCEL claim reporting guidelines.

The review of Watch List and other excess files at Carl Warren confirms that Carl Warren is effectively monitoring these claims. Exhibit 6 displays claims that were either not reported to Carl Warren timely – even though it appears that claim characteristics qualify for excess reporting – or lack timely follow-up correspondence from the member or defense counsel. These findings were presented to the particular member or their administrator after that member's audit.

Exhibit 6 – ACCEL Excess Reporting Analysis

Member	Claim Number	Discussion
Anaheim	All excess reportable claims reported timely.	
Bakersfield	2010103878	Carl Warren was not copied on a status report generated by York submitted to Mr. Korn.
	2009094543	The claim was reported to Carl Warren timely in November 2009, but the file exhibits no subsequent updates.
Burbank	09151	The claim was reported timely. Follow-up reports are lacking.
Modesto	11-7333	The claim was reported to Carl Warren timely, but defense counsel is not consistently copying Carl Warren on legal correspondence.
	11-7471	The claim was reported to Carl Warren timely, but defense counsel is not copying Carl Warren on legal correspondence.
Monterey	All excess reportable claims reported timely.	
Mountain View	All excess reportable claims reported timely	
Ontario	All excess reportable claims reported timely	
Palo Alto	All excess reportable claims reported timely.	
Santa Barbara	All excess claims reported timely.	
Santa Cruz	All excess reportable claims reported timely	
Santa Monica	All excess reportable claims reported timely	
Visalia	07-073	A motorcyclist hit a rope line sustaining serious injury.

8. Risk Management Information System (RMIS)

The objective here is to confirm that loss data captured by the member entities are accurate, allowing ACCEL to assess the potential excess exposure.

FCS was provided a list of all open claims as well as a specific list of open claims with incurred costs of \$25,000 or more for all members. A separate loss run of all open and closed claims with incurred costs of \$25,000 or more that occurred in ACCEL membership years was also provided and was used to reconcile the Loss Stratification Report used for ACCEL's retrospective rating calculation.

Many of the cities utilize Carl Warren or George Hills to document loss data and generate periodic loss run documents.

Loss information generated generally reconciles with financial information documented in the claim files. No significant RMIS deficiencies are identified. Exhibit 7 on page 18 lists some minor deficiencies.

Exhibit 7 – ACCEL Loss Data Reconciliation Analysis

Member	Claim Number	Discussion
Anaheim	11201	The claim was closed in May 2011, yet it still listed as open on loss run provided.
	9744	Multiple volumes for this open claim are labeled/stamped as "closed."
	9730	The loss run provided for this audit list no payments for the legal expense category, but the information system exhibits expense payments of approximately \$200,000.
	10452	The loss run provided lists an outstanding loss reserve of \$100,000 and no payments made. The file exhibits a \$100,000 settlement payment in January 2012.
Bakersfield	No RMIS deficiencies identified	
Burbank	No RMIS deficiencies identified	
Modesto	No RMIS deficiencies identified	
Monterey	No RMIS deficiencies identified	
Mountain View	No RMIS deficiencies identified	
Ontario	No RMIS deficiencies identified	
Palo Alto	No RMIS deficiencies identified.	
Santa Barbara	No RMIS deficiencies identified.	
Santa Cruz	No RMIS deficiencies identified	
Santa Monica	No RMIS deficiencies identified	
Visalia	No RMIS deficiencies identified.	
Watch List	Carl Warren's loss run lists an inaccurate date of loss on 4 of the 25 files reviewed. The loss run also consistently lists litigated claims as "not litigated."	