



April 15, 2002

To: ACCEL Board of Directors
From: Craig Schweikhard
Carl Warren & Co.

Re: Claims Administration Contract

The **Service Fee** and **Administration Fee** budget for **2002-2003** is \$53,000.

The caseload as of March 31, 2002 was 130. Projected average service charge per case is 5.53 hours. At this time last year we had 112 cases opened. For the twelve months beginning in March 2001 through the current period, we opened 50 new cases, and closed 32 cases.

Based upon this projection we estimate the cost to handle ACCEL cases within the Service Fee should reach the budgeted amount. This is primarily due to activity in the conclusion of three large cases, (Mancha, Cox and Bell) and the Sepulveda v. City of Modesto Claim which has required travel.

The following is a breakdown of prior years:

Policy Year	Service Fee Cap	Service Fee Invoiced	ACCEL Managed Case (ALE)	Total (Includes ALE)
1993-1994	41,000	29,059	7,541	36,600
1994-1995	41,000	33,554	11,705	45,259
1995-1996	41,000	26,751	5,357	32,108
1996-1997	41,000	31,397	6,530	37,927
1997-1998	41,000	18,3981	6,064	24,462
1998-1999	41,000	41,164.67	32,626	73,789
1999-2000	41,000	35,499.99	6,006.51	41,505
2000-2001	41,000	37,533.40	2,473.29	40,039
2001-2002	43,000	38,501.37*	3,951.73*	42,453*

* as of March 31, 2002

Recommendations

We would anticipate that with the closure of several large cases that we would not require an increase in budget for the 2002-2003 year. We recommend that ACCEL adopt a claims handling budget of \$53,000: \$43,000 for the **Service Fee** and \$10,000 for the **Administration Fee**. All other costs are ALE assigned to files.