
PART 1**FINAL**

ACCEL Liability Claims Administration Audit -2019 Member Summary

Preface

The 2019 Audit is similar to the 2018 Audit in focus and methodology. That is, primarily focused on potential pool exposure from an *excess perspective*. This is the second year for this auditor. Each Member was visited in person¹. I spent time with each of the Risk Management (RM) staff, which I feel was most productive and provided meaningful insight in to the RM process at the various cities.

Audit Focus

The ACCEL Audit primary objectives are to review claims management and provide feedback to the ACCEL Board in three key areas:

1. Exposure Recognition

- Determine if all reportable claims have been properly noticed to Risk Management Services (RMS).
- Making sure the RM files contain sufficient records to determine if ACCEL reporting requirements are being followed.
- Verify the various RM staffs are aware of the guidelines and recognize claims that require reporting.
- Verify that RMS is receiving all the records as required by the guidelines.

2. Claim risk liability to the pool

- Determine if any file management issues impact the pool, *i.e.*, all avenues of recovery and contribution have been pursued and conversely not waived.
- Potential areas where coverage may an issue.
- Conflicts.
- Management competence.

3. Verification that Member's files meet acceptable ACCEL and industry standards

¹ Except the City of Ontario, the wrap up and follow up discussion were via phone conference.

Executive Summary

Preliminarily

The 2019 liability claims audit was completed on December 16, 2019. The 2019 file review process was similar to the 2018 audit. In 2018 Praxis conducted the audits of Santa Monica, Ontario and Modesto with this auditor completing the audits for the other Members. The 2019 audit was conducted solely by this auditor.

Most audits were performed on site. Where the reviews were compiled on line, an in-person wrap up sessions was provided. These sessions usually involved the RM and key staff personnel. The auditor felt it was an important component of the audit process to observe the claim processing operations in person.

Each Member was asked to provide a listing of all open claims and current closed claims. The auditor then reviewed all the claims and selected the files to be reviewed.

The review was tabulated on an Excel spreadsheet that we named the "Claims Matrix." This contained the data elements for the file review. At the completion of the audit and the wrap up session, each Member was provided a draft "Narrative Report" of findings, observations, and recommendations. The Member was given time to add commentary, after which, a final Narrative Report along with the Claims Matrix was provided and filed with the Program Administrator, Alliant Insurance Services.

Observations/Conclusions

The audit of liability claims for ACCEL finds that Members, their respective administrators and the Third Party Administrator, Risk management Services (RMS) continue to be in general compliance with ACCEL claims handling guidelines and industry standards with the exception of the City of Modesto.

Audit Criteria/Focus

1. **Exposure Recognition** - The audit resulted in identifying two cases that required reporting to RMS. **See Appendix A**. In addition, the auditor identified a number of "borderline" claims that do not meet reporting criteria, but in the opinion of the auditor required more in depth analysis and evaluation to determine if reporting will be required. The auditor identified a few "bothersome" claims that should be monitored closely for adverse exposure development. These matters were identified on the individual audits and discussed in the wrap up sessions.
2. **Risk to Pool** - We did not find any specific claims that fall in this category, but we did point out potential matters in the individual audits.
3. **ACCEL/Industry Compliance** - The audit confirms that Members are in general compliance with ACCEL Guidelines and claim industry standards with the exception of the City of Modesto. Specific comments and rationale for this conclusion are contained in the Modesto individual city audit Narrative Report.

This will be discussed at the Claims Committee and the BOD Meetings.

Prior audits did not find any concerns or deviations in this important audit component.

4. **File Handling**² - (Many of these comments are carried over from the 2018 audit in that they still apply here). Each Member RM department has a claim file set up for every claim matter filed with the City. Each file has the necessary documents and associated records that we expect to see in a typical public entity file. This is generally consistent across the board with Members. The level of summaries and analysis is not consistent across the Membership. The individual audits contain specific recommendations for Members.

When we scheduled the audits, we asked each Member if there were any areas they would like us to review even though not specific to the *excess audit focus*. In those cases we reviewed primary claim handling and passed along observations and recommendation either in the Narrative or informally during the wrap up.

(From 2018) We continue to see an overuse of informal communication from TPA's and defense counsel. While an expeditious method of exchanging information, we often see this as a substitute for regular analysis and summaries.

We have added proper labeling of electronic files as a recommendation to Members. TPA's should be required to label files correctly. This should be part of job performance evaluation for internal staff.

Recommendations on file handling are contained in the individual audits.

5. **Reserving Accuracy** - (From 2018 audit and still apropos for 2019). Each Member has their own way of setting case reserves. We recognize some sensitivity in this area. **Case reserves for larger cases, where the City believes liability exists, are generally set appropriately.** Reserving for lower value cases is inconsistent. The individual audits contain more detail.

Injuries drive reserves and case resolution. All of the individual audits stress this as well as being discussed in the wrap up sessions. Training material has been provided where requested.

Some Members require City Counsel approval for higher reserves creating delays for setting reserves. Some cities are using ZERO while others place nominal reserves on small cases. The auditor's challenge is trying to connect the dots on the injury, liability and reserves with a dearth of information on the injury and only partially completed investigations. We also found a lack of understanding of Government Code 835, Dangerous Condition of Public Property. This impacts the auditor's ability to select cases for review.

² The City of Modesto will be discussed separately at the CC and BOD level.

The pre-audit activity reviews the Member's internal handling guidelines. We have no concerns in this area as most Members follow their own guidelines very well as would be expected.

- 6. Investigations** - In house claims administration relies on Departments for investigations. Some Members investigations are very good to excellent. However, there isn't a great deal of understanding of Government Code 835 by the Departments. Member's should analyze the investigations and follow up as appropriate. Those Members that utilize TPA's have them perform the investigations. Investigations, overall, range from very good (some excellent) to weak. A weak investigation is usually the result of a lack of understanding of the legal components that go into public entity liability. Again, the individual audits contains comments for each one of the Members.

I found no deficiencies in this area of the audit.

- 7. Litigation Management** - City Attorneys and outside Panel Counsel take over primary claim handling functions and responsibility once a case becomes litigated. The audit reviewed the RM file only, except Mountain View and Palo Alto where the CA handles claims pre litigation. In that case, we reviewed the CA file. The CA and outside defense counsel provide periodic status reports and other informal communication. A few Cities work as an integral part of the litigation management of the file, while other RM departments are only informed about the courses of litigation at arm distance. Keep in mind that once the claim is reported to RMS they take on an active role to monitor and provide input on cases.

One item that we noticed this year, versus last year, was that the RMS file often contains a great deal more information than that same file at the City RM Department. This isn't universal, but did prompt my attention. This means that some RM Departments aren't seeing the whole picture on some cases.

RMS recently introduced a Case Management Evaluation form for defense counsel. This helps in case evaluation and keeps the defense counsel on track to articulate defense strategy. Bakersfield has improved in this area as we saw a number of these reports in the RMS file although they were superficial.

While performing the audit, the direction and strategy of a lawsuit isn't always contained in the file, leaving the auditor to use "extrapolation methods" to determine what is going on. On larger reported cases this isn't a problem, but on the routine cases it is quite difficult to determine the City liability exposure (reserves) on litigated matters. Except for a few Members, litigation management is deferred to the CA.

The City of Santa Monica is sending out more cases to outside counsel, particularly the RMS reported cases. The City of Burbank has also had some CA staff changes.

8. **Staffing** - We find staffing acceptable for the number of active cases the Members have on their respective systems. Likewise for the TPA's, although Sedgwick (City of Salinas TPA) did not disclose the total number cases the adjuster was handling, only the number of *Salinas* files they had on diary.

Burbank added one position and the added help was evident in the files.

This year I spent considerable time interviewing claim staff during the file reviews. I believe this was very helpful to gain an understanding of the level of experience and technical knowledge of the various claim handlers. This will help me assess trends, point out the needs for improvement and recommend training where the case may be. The wrap up discussions following the individual audits covered my assessment of overall claims knowledge and experience of the RM staff.

The retirement of the RM at Anaheim has produced changes in that position as well as staff.

I found that Member's staffs have a satisfactory level of industry knowledge, experience, educational background and technical skill to perform their jobs. Modesto will be discussed at the Claims Committee level and BOD during the presentation of the audit.

Across the board, the RM staffs are aware of ACCEL reporting guidelines.

9. **Diary** - Most of these comments mirror last year's analysis. Modesto is the exception. That Member has had a number of staff changes over the last year. Diaries were seriously deficient with no evidence of active case management for many months.

Other than that observation, Member's files were up to date with evidence of active case management on a regular basis. Communication was good with no discernable lags that would impact claim handling.

My criterion for acceptable diary control is active/responsive communication that is up to date. If we see a communication in a file with no response then it is evident the file handler is not keeping the file up to date.

I found no concerns or deficiencies in this area with the one notable exception.

10. **Settlements/Payments/Closures** - Members are identifying cases for settlements and where applicable and entering into settlement negotiations with claimants and plaintiffs. A number of Members are actively trying to dispose of smaller cases before they become litigated. This is somewhat limited as the settlement authority for the RM departments is usually very low in the \$5,000 to \$15,000 range. More cases could be settled with higher authority levels. We recommend settlement

authority to \$25,000 to \$35,000. However, I do not detect a great deal of interest in making any changes in authority levels.

Editor's comments: As I review cases I often fall back on my own experience as a claim handler. I see many cases that should be disposed of early on slip into litigation and get caught on the litigation merry-go-round. Settlements usually follow, but after much wasted time and expense.

Files that were settled had the customary releases and dismissals. Most contained the Council's briefing and authority. Cases that were closed due to the running of the Statute of Limitations were so documented. We recommended to Monterey that they maintain an open file until the Statute of Limitations runs or there is evidence that the claimant is not pursuing the matter. Currently, they close the case after it is denied. This has no impact on ACCEL and is merely a suggestion to create uniformity among Members.

Burbank has closed out several very old cases after financial reconciliations were completed.

This area of claim handling exhibits full compliance with industry standards. This is consistent with comments in past audits.

Recommendations

For Members:

- RMS is more effective when they can get into a case pre-litigation in order to line up experts, consultants and assist in selection of defense counsel, where appropriate. If ACCEL takes on more risk in 2020 it is increasingly more important that RMS get involved at an earlier stage.
- Members should not have to be prompted to provide enough records and litigation developments so RMS can analyze risk exposure to pool. At best this is inconsistent. Some cities do this very well, others not so well.
- Educate staff re California Government Code 835, et seq.
- Educate staff re exposure recognition on civil rights cases.
- Discussion re City of Modesto.
- Discussion on shrinking knowledgebase of public entity liability experience.

Methodology

A total of 610 open files and 26 closed files were reviewed. Files were selected after reviewing all the open files of the City's Loss Run. The City was then provided a listing of selected files for the audit. The sample files were selected by potential risk to the pool: fatalities, cases where there is an exposure to legal fees (primarily civil rights, EPL, law enforcement matters) and potential for significant injury. We selected an number of low exposure claims, non-tort, land use, writs and contract cases to see how these were handled, investigated, resolved, denied, etc. These claims are often co-mingled with covered and non-covered claims that may have an impact on ACCEL and require a coverage position.

Appendix A

Member's cases reportable to RMS:

Anaheim	None
Bakersfield	None
Burbank	None
Modesto	File 01-18-0206 City has been prompted
Mountain View	None
Monterey	None
Palo Alto	None
Ontario	None
Salinas	None
Santa Cruz	Case 2018-0705 City has been prompted
Santa Barbara	None
Santa Monica	None
Visalia	None

Appendix B

MEMBER	FILES REVIEWED	AUDIT LOCATION	CLAIMS ADMINISTRATION
Anaheim	40 Open/5 Closed	On-Site	Self Administered
Bakersfield	48 Open/3 Closed	Remote/On-Site	TPA Sedgwick (York)
Burbank	47 Open/2 Closed	On-Site	Self Administered
Modesto	52 Open/Closed	On-Site	Self Administered
Mountain View	32 Open/4 Closed	On-Site	Self Administered-GHC for Loss Run
Monterey	12 Open/Closed	On-Site	Self Administered-GHC for some standby investigations (rarely used)
Ontario	38 Open/3 Closed	Remote	Carl Warren & Company
Palo Alto	27 Open/Closed	On-Site	Self Administered-GHC for BI/PD tort cases and Loss Runs
Salinas	16 Open	Remote/On-Site	Sedgwick TPA- <i>Heavily Monitored</i>
Santa Cruz	20 Open/1 Closed	On-Site	Self Administered
Santa Barbara	51 Open/3 Closed	On-Site	Self Administered
Santa Monica	60 Open/3 Closed	On-Site	Self Administered
Visalia	21 Open/2 Closed	On-Site	Self Administered-AIMS for some BI/PD Claim Handling
RMS	146 Open Closed	On-Site	
Totals	610 Open 26 closed		

Risk Management Services (RMS) – TPA Liability Claims Administration Audit- 2019

ACCEL Administrator (TPA) – Risk Management Services (RMS) – Cotati, CA.

Audit Dates: November 4th and 5th, 2019

Audit Location: RMS- On Site

Files Reviewed: 146

Audit Elements: Claim set up, Coverage Determination, Investigations, Reserving, Excess Reporting, Litigation Management, Reporting to ACCEL Board, Settlements.

Summary: The 2018 RMS audit provided considerable detail in all the areas noted above. There is no value restating those result as they are the same comments we have this year.

Results: ACCEL continues to receive very high quality claims management from Mr. Maiolini and his staff. I continue to be impressed with his skill negotiating settlements on very high value cases.

The below summarizes my comments for the 2019 year audit.

Observations

- Files very well documented. Where responses from Members were lacking, appropriate follow up was sent.
- Excess carriers noticed, responses and record of acknowledgement recorded in file. Regular updates were provided.
- The RMS files have more records, in many cases, than the RM file at the City.
- Diaries are excellent and meticulous. Sandy Manzoni is on top of file developments, causation issues, etc.
- Files up to date and proactively seeking additional records and developments.
- RMS benefits from good working relationship with Members RM/CA staff/outside counsel.
- RMS has good understanding of Members claims management practices.
- RMS effective assessing, analyzing and settling high exposure cases.
- WL files (and their related issues) properly recognized for inclusion to ACCEL BOD.
- WL BOD report captures exposure elements on files.
- Good communication and feedback to/from excess layers. Evidence of good cooperation. I didn't see any communication from excess layers that would be a concern to RMS or ACCEL.

Housekeeping Items for RMS following 2019 Audit

Bakersfield

Bakersfield: City defending Employee. There is a possible conflict with representation with allegation of intentional conduct (SEXUAL HARASSMENT). May need a coverage review and R/R on specific issues that are developing.

Bakersfield: School District making claim for Comparative Equitable Indemnity. City should be providing more facts and investigation with serious injuries in order to determine ACCEL exposure.

Bakersfield (ACC17-0628) Carrier clearly frustrated with lack of details in sparse reports to date

Bakersfield (ACC18-0220) Last report was in July 2019.

Bakersfield (ACC16-1216)-Counsel should look at exception to Ed Code 44808-Jennifer Joyce v Simi Valley Unified School District, see attached. Case site and synopsis info sent to RMS.

Burbank

Burbank (ACC16-1004)) Joint defense with potential conflict. Better to use a Mutual Non-waiver so allocation of culpability can be determined later on after case in chief resolves or tried.

Ontario

Ontario (ACC17-0427) Opened/closed and reopened. Needs to be open on loss run.

Ontario (ACC18-0831) Suggest in depth review to determine any City exposure. Many reports from counsel in file. I didn't see anything that tackles the liability question head on, recent developments warrant more ACCEL scrutiny. **(Completed)**.

Ontario: (ACC18-0914) Coverage determination for individual defendant now with conflict counsel. Allegation of intentional conduct needs coverage review and determination if defense costs are to be part of SIR, and related non-covered claims.

Ontario: (ACC14-0101) RE. R/R in file. May need update with assertion of Breach of Contract claim and whatever facts are plead in 2nd Amended Complaint recently filed.

Ontario (Santos)- Reset reserves to \$50K per city memo

Visalia

Visalia: (ACC17-0102) Already provided coverage determination. Bothersome Breach of Contract case with high degree of avarice among parties. Potential that an amended complaint could allege tort facts or related facts/remedies that may be covered by ACCEL.

Santa Monica

Santa Monica (ACC18-0701) City needs to report results on 9/16/2019 motion to dismiss.

Santa Monica: (Sawyer)-Suggest City take an Examination Under Oath (EUO) re course and scope of city employee involved in TA on 405 Freeway. Claimant has amputated leg. Lots of discussion in file, but facts re course/scope need to be **nailed down!**. Claimant filed against City and claim rejected.

Santa Cruz

Santa Cruz (ACC17-1114) -City should report more detailed analysis so RMS can assess exposure, if any.

See one case that needs to be reported on accompanied list.

Anaheim

Anaheim: (ACC17-0218) Depos in May. Could use a City update as promised.

Modesto

Modesto Claims-E-Mail Note sent re City management of large cases after the Modesto audit on November 8, 2019.

See one case that needs to be reported on accompanied list.

Claims Reportable

Anaheim	None
Bakersfield	None
Burbank	None
Modesto	File 01-18-0206 City has been prompted
Mountain View	None
Monterey	None
Palo Alto	None
Salinas	None
Santa Cruz	Case 2018-0705 City has been prompted
Santa Barbara	None
Santa Monica	None
Visalia	None

Note:

A number of files at the various cities have been identified as still below reporting threshold, but should be analyzed in depth and reserves recalculated for reports to ACCEL if needed.

**INDIVIDUAL
AUDITS BY
CITY**

ANAHEIM



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Ms. Tracey Matthews Esq., Risk Manager
City of Anaheim
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Anaheim, CA 92805

December 14, 2019

Re: ACCEL/City of Anaheim Claim File Review 2019

Audit Dates: October 13, 2019
Audit Location: On Site. Wrap up in person.
Claims Administration: In-House
Defense Counsel: In-House/Outside/Panel Counsel
Files Reviewed: 31 Open 7 Closed (Some claims with multiple claimants)

Dear Ms. Matthews

Note: The audit results are identical to the comments from last years file review. There have been no substantive changes in the GL/Auto claim-handling program this year except the one staff change noted below.

The recent promotion in the RM office has left a vacancy for a file manager. Due to the sheer volume of claims and the complexity of pending matters we suggest this position be filled as soon as possible.

In order to avoid redundancy, this is a brief report capturing only current relevant comments. Most of these are contained in the Claims Matrix and highlighted. I am including last years report for reference as well.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specific comments on claims. If there are any recommendations, these are detailed at the end of the report. We thank you and your staff for their assistance and time.

Organization

Risk Management Division (RM) reports to the Human Resources Director. Liability claims are managed internally with staff positions. The City Attorneys Office (CA) handles litigation and assigns out some cases to specialty panel counsel.

The audit only reviewed cases in the RM office.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

The City of Anaheim Risk Management Division (RM) has a highly competent claims management/claim resolution program. This system has been in place for many years and served the city well. The RM Division is responsible for a volume of highly complex claims and does an excellent job managing these cases to resolution.

Overall management of liability risks exceeds ACCEL expectations and industry standards.

OBSERVATIONS

- Claim resolution is effective and timely as noted via excellent settlements/resolution/dismissals on the closed claims.
- Files are up to date with management notes and summary reports.
- One staff position should be filled to maintain the current high level of claim management.

TECHNICAL REVIEW (NO CHANGE FROM THE PRIOR YEARS AUDIT)

Investigation:

The files we reviewed were well investigated, documented accordingly with good analysis and understanding of causation issues. Analysis of important facts, records and related documentation is quite sophisticated. This is due to Tracey Mathew's skill as an attorney with many years experience.

File Management:

Files were well organized, up to date with financial data separated from other records.

Supervision

Via roundtable discussions on important cases, risk evaluation and reserving. There is regular consultation with RMA on ACCEL reportable cases.

Excess Reporting

ACCEL is receiving timely notifications and updates on potential and claims.

Recommendations

We have no specific recommendations other than the staff position noted above.

Comments

It was a pleasure to review these highly organized well-documented files.

If we can be assistance on any matter within the scope of our work with ACCEL, please feel free to contact me. We appreciate any feedback or comments on this years audit.

Thank you

Very truly yours

R. E. Powers & Company, LLC

Robert E. Powers

Enclosures

Claims Data Matrix

BAKERSFIELD



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Jena Covey, Risk Manager
City of Bakersfield
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Sept 6, 2019

Re: ACCEL/City of Bakersfield Claim File Review 2019

Audit Dates: August 19-23, 2019
Audit Location: Remote via York "Claims Connect" RMS
Claims Administration: York TPA
Defense Counsel: Outside/Panel Counsel
Files Reviewed¹: 48 Open/ 3Closed.

Dear Jena:

Note: The 2019 and 2018 Audits are similar in some areas since there were no substantive changes in staffing, policy or procedural changes. Many of the files we reviewed were audited last year.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report. Libby McGrevey and Laura Harmon provided assistance and commentary on your program/claims during the review. We thank them for their help.

In performing this year's audit I reviewed the 2016, 2017 and 2018 audits. Those reports indicated "no exceptions" were found for your City based on audit criteria.

This audit only reviewed the Risk Management (RM) claims files. From our interview: the City Attorneys Office (CA) handles Litigation Management, oversight and supervision of outside counsel. Outside counsel reports directly to the CA. Counsel Reports are not part of the RM file. The CA does provide monthly updates via regularly scheduled meetings. The CA Suit File updates from the meetings are in the RM (Claims Connect) file. Reserves are a collegiate process with RM and the TPA based upon information gathered through investigation.

CA directs Outside Counsel and provides authority to proceed to trial, resolves litigated claims and suits, negotiates settlements and obtains the releases and other closings documents. York RSG will negotiate and settle claims assigned to them by RM.

¹ I did review the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Bakersfield files are competently managed and meet or exceed industry standards and ACCEL's expectations.

The city has an establish procedure to manage incoming claims and suits, manage, and resolve claims. This system has been in place for many years and has served the city well.

OBSERVATIONS

- The claim handler is actively documenting the file. Diaries are up to date.
- RM recognizes exposures and potential risk to ACCEL.
- ACCEL is getting regular updates from Laura Harmon.
- The file documentation has the necessary records, reports and documents to allow the auditor to determine how the case is being handled, both litigated and non-litigated.
- New claim filings were reviewed with compliance with Government Code filing deadlines; appropriate notices and denials were sent out timely.
- Reserves are appropriate with the limited amount of information available on litigated cases.
- I found no unusual claims, risks or other issues that would pose potential risk for ACCEL.
- Evidence of risk transfer and contribution were observed.
- File documentation is maintained in the York RSG claim system called "Claims Connect". York RSG requires the claim handler to put *all* communication, *i.e.* e-mails, reports, correspondence, police reports, pictures, etc. in the system. Accordingly, the file has an unwieldy mass of records that presents a significant challenge for the auditor.
- York RSG peer review and supervision is now evident in the claim files. This was not evident last year.
- York had miss-coded some files and incorrectly set up new claims that should have been set up as a supplement to the original occurrence. This was brought to the attention of the TPA who has corrected the coding.
- Active RM involvement is evident in the claim file.
- File labeling has improved since last year.

TECHNICAL REVIEW

Investigation:

The City has an established program that requires the TPA claim handler to respond to the scene of serious accidents 24/7. Routine cases are investigated competently, documented with department reports, photographs and related investigation records. Police cases are usually handled internally. Newer files do have some police records in them (redacted accordingly).

File Management:

The claim files contained all the paper/electronic media pertaining to the claim. However, the "Claims Connect" system is overly cumbersome. Locating a specific record is challenging. Otherwise file management is active and acceptable.

Supervision

See above commentary.

Excess Reporting

ACCEL is receiving timely notifications and updates on potential and claims.

Recommendations

For this Audit:

- The claims supervisor should review and make a file note in the file every 90-120 days, comment on handling and instructions to the claim handler.
- The claim handler should summarize important e-mail strings for relevant information., attach a "Label" to describe important content.
- Note and highlight the trial date, CMC and MSC.
- Make e-file documentation accuracy and labeling part of job performance or requirements for TPA's.

(Note: The following four recommendations are not specific to the City of Bakersfield Audit, but general recommendations we are making for all ACCEL Members).

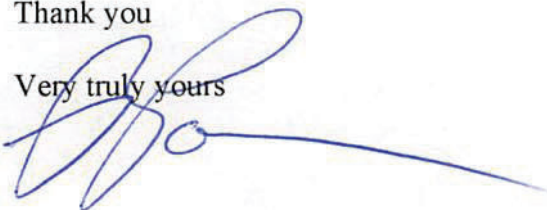
- Focus and develop **injury information** and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.
- The claim file would be enhanced with periodic status updates covering operative facts, those in dispute, injury, specials and "insights" into the claim where appropriate. This requires the claim handler to go through a thought process periodically.
- Non Litigated Files-A Plan of Action (POA) comment re resolution, *i.e.* settlement, procedural dismissal, etc., or even "still developing a plan".

Comments

If we can be assistance on any matter within the scope of our work with ACCEL, please feel free to contact me. We appreciate any feedback or comments on this years audit.

Thank you

Very truly yours



BURBANK



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Management Services Director
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October 28, 2019

Electronic Transmittal Only

Re: ACCEL/City of Burbank Claim File Review 2019

Audit Dates: 10/8/2019
Audit Location: On Site
Claims Administration: In-House
Defense Counsel: In-House
Files Reviewed 47 (some were multi-party claims)¹

Dear Ms. McClinton:

Preface

Note: The 2019 and 2018 Audits are similar in some areas. Many of the files we reviewed were audited last year. Most of the comments below are similar to observations from last years audit.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of this report. I greatly appreciated your staff having the files organized and the assistance provided during the file review.

In performing this year's audit I reviewed the 2017 and 2018 audits. Prior audits did not identify any notable exceptions, trends or concerns in the way the RM administers its liability risk program.

This will also acknowledge our wrap up session following the file review and those items we discussed. I provided Alvaro with materials on reserving, file documentation and settlement strategies. It appears that recommendations from last years audit are being addressed.

¹ I did review the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

This audit only reviewed the Risk Management (RM) claims files. The City Attorney Office (CA) is responsible for litigation management, reserve adjustments on litigated matters and case evaluation for the City Council. The City Attorneys Office also resolves claims and suits, negotiates settlements and obtains releases and other closings documents. RM reserves on non-litigated cases and attempts settlements on certain cases deemed appropriate for early resolution.

I did advise Alvaro that I would be willing to volunteer time after January to train the staff on areas pertinent to their claims handling.

Audit Criteria

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.
-

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Burbank's files are competently managed and meet or exceed industry standards and ACCEL's expectations.

Risk Management has added one staff person. The City Attorney's office had two departures.

The claims staff works closely with the City Attorneys office, which acts as the City's defense counsel. The City will utilize outside counsel on specialty cases.

We note efforts to resolve some claims pre-litigation.

OBSERVATIONS

- The files were generally up to date with good communication between the CA office and RM.
- The additional staff member is a plus for the RM department.
- Reserves are generally good and up to date.
- The file documentation is very well organize, contains the necessary records, reports and documents to allow the auditor to discern how the case is being handled, both litigated and non-litigated.
- Investigations are generally good. Alvaro has good understanding of causation issue on tort cases.
- There is good cooperation between CA and RM. The litigated files have updates on a regular basis. Some CA reports are very good and thorough while some are still cursory.
- Álvaro's notes are good and detailed.

- Files reflect good contact with claimant attorneys to discern information on injuries (a recommendation from last years audit).

TECHNICAL REVIEW

(NOTE: MOSTLY, NO CHANGE FROM LAST YEARS AUDIT.)

Investigation:

It was evident in the files reviewed, that claims being brought against the City were analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

File Management:

Files were well organized and contained all the paper/electronic media pertaining to the claim. We did discuss with Alvaro the methodology of maintain paper files. He indicated that the City may go paperless. We prefer paper files to electronic files, but we are aware of the storage issue. Electronic files must be properly maintained and labeled, if not the files become disintegrated and of little value for review purposes.

Supervision:

The claim staff has regular meetings with the Risk Manager to discuss files, proposed handling, reserves etc. review of important correspondence.

Excess Reporting

The reports to ACCEL were timely and contained all the mandatory information that ACCEL requires to be sent to RMS. (Recognizing that the CA has primary duties to keep RMS updated)

RECOMMENDATIONS

We recommend that these two claims be scrutinized as injuries or potential damages could escalate as the cases ripen. If reserve adjustments meet reporting requirements then RMS should be noticed²:

- 18117-Fx foot in two places, reserves should be analyzed against future possible permanent limitation for earnings.
- 18000-This case was reviewed last year. The injury may impact this hairdresser's earning capability in the future. This may escalate the damage potential.
- RM staff should continuous to focus and develop injury information and make it part of the file updates periodically and independent from the CA office.
- Continued staff development and education.

² The ACCEL BOD has asked us to only utilize case numbers in this report.

Comment:

I am available to discuss this report and any related matter. Again I want to thank the RM staff for the assistance during the file review.

We also acknowledge our upcoming conference call to discuss Statutory Liens.

Thank you

Very truly yours

R. E. Powers & Company, LLC



Robert E. Powers

MODESTO



PO box 3295, Ventura, Calif. 93006-3295
Voice (805) 647-9835 Fax (805) 647-9835
rnwrs@nachell.net

Norma Santoyo, Director -Human Resources
City of Modesto
1010 10th Street
Modesto, CA 95354

November 14, 2019

Electronic Delivery Only

Sent to: nsantoyo@modestogov.com

Re:

Re: ACCEL/City of Modesto Claim File Review 2019

Audit Date: November 8, 2019

Audit Location: In Person

Claims Administration: In House, Self-Administered

Defense Counsel: City Attorney/Select Panel cases on some cases.

Files Reviewed¹: 48 Open/Closed – The City provided a list of 355 “Open Claims” to select files.

Dear Ms. Santoyo:

Note: The 2019 and 2018 Audits are similar in most areas. The prior ACCEL Auditor, Brian Stiefel, audited many of the files we reviewed this year.

Preface

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report.

Following the audit I reviewed the findings with Mr. Charles Mitchell who is overseeing the RM department on a temporary basis.

In performing this year’s audit I reviewed the 2017 and 2018 audit reports. The 2017 report indicated “no exceptions” were found for your City based on audit criteria. The 2018 narrative report is attached. Several key areas, although not emphasized, suggested concern.

This audit only reviewed claim files and associated records provided by the Risk Management (RM) Department. From our interview with staff: the (Contract) City Attorneys Office (CA) handles litigation as well as Litigation Management, oversight and

¹ I did review the description and reserves in all the open files to select those files that could possibly hit my “radar” (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

supervision of outside counsel. Outside counsel reports directly to the CA. Counsel Reports are sometimes part of the RM file. Many of the RM file records are informal messages (E-Mails) from counsel. The RM office reports to the HR Director.

The ACCEL Audit primary focus is: The

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Note: The Risk Management Office is in the process of being evaluated by a professional independent consulting firm to evaluate current RM practices. The stated objective is to implement best practices and improve the RM function for the City.

The claim records we reviewed were a combination of paper files and electronic records in the *JDI Claims Manager RMS* system².

Observations

- One file needs to be reported to the ACCEL TPA. See below.
- In most cases the files did not contain enough records to determine ACCEL Handling expectations:
 1. Reserves not established or maintained.
 2. Investigation was lacking or not part of the file.³
 3. Liability determination not apparent.
 4. No case evaluations.
- Many files had no active case oversight for many months.
- Incomplete file records.
- Staff changes resulted in large gaps in file diaries.
- Some file records are so dated as to be irrelevant
- No claimant contact in most files.
- Numerous files with reserves could be closed.
- The Open Litigation Log from the CA doesn't necessarily match the "Open" claims register in the JDI system.

TECHNICAL REVIEW

Investigation:

See above

² The system was *very* slow to retrieve files.

³ The investigation may very well have occurred as reference pictures and other department responses were mentioned in notes, but not made a part of the record we observed.

File Management:

The current system may be different than in months passed. New claims are placed in a hard copy folder, labeled and evaluated by Krisha Lew-Heyden for Government Code requirements. Appropriate letters are then sent out. She advises that she has access to the CA for more complicated non-routine claims. She also maintains the JDI system for processing claim payments and legal expenses. She updates the JDI system as appropriate. Some smaller claims with obvious liability are processed for payment.

However, from our observations, she has come on to the scene fairly recently. There is a gap of records in the JDI system for many months.

The current system is below industry standards.

Supervision

I found no evidence of peer review or file oversight in the records I reviewed.

Excess Reporting

I reviewed the four ACCEL claims that have been reported to RMS while on site for the TPA audit. These files are up to date and getting regular updates and cooperation from defense counsel. Those cases are not properly reserved at the city level.

I have no confidence that knowledgeable RM personnel are reviewing claims that need to be reported to ACCEL at the claim stage. The CA and outside counsel need to be advised re ACCEL Reporting criteria in a *formal letter*.

We found one file that requires ACCEL reporting. *See Below.*

Recommendations

- File 01-18-0206 needs to be reported to ACCEL.
- File 01-18-0124 is probably closed, but *probably met ACCEL* reporting criteria. There are few meaningful records in this file
- Send a formal letter to CA and outside counsel reporting requirements to protect ACCEL during any transition or changes in the RM Department.
- Train personnel in exposure recognition.
- Review each case for injury exposure. Close files that need to be closed.
- Maintain appropriate diaries.
- Insure proper maintenance and labeling of electronic records.
- Determine total financial liability for claims and legal expenses.
- Correct negative observations above.

I am available to discuss any matter or concern raised in this report and provide recommendations. I believe an on going dialogue with the City would be more helpful than trying to articulate other concepts for management correction.

Thank you

Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers

Enclosure:
ACCEL 2018 Narrative Report and Claims Matrix

MONTEREY



PO box 3295, Ventura, Calif. 93006-3295
Voice (805) 647-9835 Fax (805) 917-7021
rpwrs@pacbell.net

Sent to: Mandersen@monterey.org

Michael Anderson, Risk Manager
City of Monterey
735 Pacific Street, Suite A
Monterey, CA 93940

November 22, 2019
sent electronically only

Re: ACCEL/City of Monterey Claim File Review 2019

Audit Dates: November 1, 2019
Audit Location: On Site
Claims Administration: In-House.
Defense Counsel: City Attorney
Files Reviewed: 12 Open /Closed¹

Dear Michael:

Note: This report is very similar to last years report since there have been no changes in the City of Monterey claim handling program. I have underlined those sections that are new this year.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report.

In performing this year's audit I reviewed the 2017 and 2018 audits. Last year, I reviewed the City's Risk Management Handling Guidelines. These are still being followed. There are no other comments in this area.

This will also acknowledge our "wrap up" session and the in depth review and discussion on the three cases highlighted in the Claims Matrix and discussion with your Staff Attorney.

Organization

This audit reviewed the claims files in the Risk Management Office (RM). RM is under the auspices of the Finance Department. RM administers claims and actively collaborates with the City Attorneys Office (CA). The CA manages litigation and uses Staff Attorneys for most cases. Some cases may be assigned to outside counsel. George Hills Company may be assigned claims to handle. This is done rarely. Claims over \$50,000 need City Council approval for denial. Settlements over \$25,000 need Council approval

¹ I reviewed the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Monterey files are handled within acceptable industry standards and ACCEL's expectations.

OBSERVATIONS

- Files are investigated and actively managed.
- Files are up to date and well organized.
- RM collaborates closely with the CA.
- Claims activity is relatively light.
- The Public works department conducts good investigations on dangerous condition cases.
- The community is small enough that information about claimant's injuries is readily available. A big plus.

TECHNICAL REVIEW

Investigation:

The files are in paper format. Claims being brought against the City were investigated, analyzed to determine legal/risk exposure (most have CA input) and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

Investigations are for the most part good. *The three cases we reviewed in depth had very good to excellent investigations.*

File Management:

Files were very well organized and contained all the media pertaining to the claim. These records were regularly updated. All files have evidence of active management. Files reflect responsive communication with claimants and internal staff. Files are organized logically and easy to review.

The claim files contain enough information for the auditor to discern any ACCEL Pool risk.

Supervision

The RM reports to the Finance Director. The CA oversees and has input in the handling of claims since the City Counsel approves claim settlements above \$25,000. The files reflect evidence of active CA oversight and collaboration.

Excess Reporting

- Good and in compliance.
- The one case in the RMS “pipeline” is consistently updated and communication with RMS is good.

RECOMMENDATIONS (SAME AS LAST YEAR)

- Some consideration should be given to placing “nominal” reserves on cases of no liability or when they are denied. This is consistent with insurance industry standards.
- Cases should be open where denied until the Statute of Limitations has run for filing of lawsuit.

For all members:

- Focus and develop injury information and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.
- The claim file would be enhanced with periodic status updates covering operative facts, those in dispute, injury, specials and “insights” into the claim where appropriate. This requires the claim handler to go through a thought process periodically.
- A Plan of Action (POA) comment re resolution, *i.e.* trial, settlement, procedural dismissal, etc., or even “still developing a plan”.

Otherwise we have no other recommendations. Again, I thank the RM staff for assistance during the file review. As stated above, I am available for discussion on any matter in this narrative summary of the recent audit.

Thank you
Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers

MOUNTAIN VIEW



PO box 3295, Ventura, Calif. 93006-3295
Voice (805) 647-9835 Fax (805) 917-7021
rpwrs@pachell.net

Sent to: Claudia.Koob@mountainview.gov

Claudia Koob, Risk Manager
City of Mountain View
500 Castro Street
Mountain View, CA 94039-7540

November 22, 2019

Sent Via E-Mail

Re: ACCEL/City of Mountain View Claim File Review 2019

Audit Dates: November 7, 2018
Audit Location: On Site
Claims Administration: In-House.
Defense Counsel: Inside Staff Counsel
Files Reviewed: 19 Open¹

Dear Claudia:

Note: The audit results are identical to the comments from last years file review. There have been no substantive changes in the GL/Auto claim-handling program this year.

In order to avoid redundancy, this is a brief report capturing only current relevant comments. Most of these are contained in the Claims Matrix and highlighted. I am including last years report for reference as well.

We thank your staff and the City Attorney's staff for assistance during the audit.

Below is a summary of findings following the recently completed claim review. We also acknowledge our discussion during the "wrap up" session following the audit. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report.

Organization

This audit reviewed the claims files in the City Attorney's Office. From our interview at the time of the audit: the City Attorneys Office (CA) administers claims and litigation management. The Risk Manager reviews each file on a regular basis and places notes in the CA file. The City uses Staff Attorneys for most cases. Some cases are assigned to outside counsel. Legal support staff maintains the files and process releases and other closing records. George Hills Company is utilized for Loss Runs only.

¹ I reviewed the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Mountain View files are *very well* managed and in many areas exceed industry standards and ACCEL's expectations.

OBSERVATIONS

- The files are meticulously maintained with important records tabbed and highlighted
- Consistent review by RM staff is evident with commentary.
- Investigations were good and in many cases excellent.
- Legal analysis and comments are very good.
- We did not discover any unusual matters that would *potentially* impact ACCEL's layer.

TECHNICAL REVIEW

Note: These are the same as last years audit except for the underlined section under Excess Reporting.

Investigation

The files are in paper folder format. It was evident in the files reviewed, that claims being brought against the City were investigated, analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

File Management

Files were very well organized and contained all the paper media pertaining to the claim. Lynette King organizes the files, tabs and notes important documents. Files are consistent with the type of records in a typical law office. Records are kept chronologically and important records are analyzed by Staff Attorneys. These are among the easiest files to review due to their organization, logical layout and regular updates.

Supervision

CA supervises the claim process and all litigation. Regular communication from more senior Staff Attorneys is evident in the files.

Excess Reporting

All matters that require reporting have been noticed to RMS.

Otherwise, cases in the RMS "pipeline" are consistently updated and communication to/fro RMS is good.

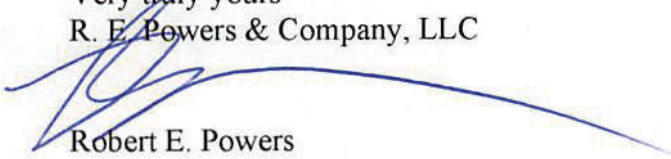
RECOMMENDATIONS

Generally, for all Members:

- Focus and develop injury information and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.

Otherwise we have no other recommendations. Again, I thank the RM staff and the City Attorneys Staff for assistance during the file review.

Thank you
Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers

Enclosures:
2018 Audit Narrative

ONTARIO



PO box 3295, Ventura, Calif. 93006-3295
Voice (805) 647-9835 Fax (805) 647-9835
rnwrs@nachell.net

Jeanette Chavez, Risk Manager
City of Ontario
303 East "B" Street
Ontario, CA 91764

August 26, 2019
Sent via E-Mail

RE: CITY OF ONTARIO CLAIM FILE REVIEW

Audit Dates: August 14-15, 2019
Audit Location: Remote Audit
"Wrap up" 8/22/2019
Files Audited: 38 Open/3Closed

Dear Jeanette:

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated Reta Lewis at Carl Warren & Company assistance provided during the file review.

In performing this year's audit I reviewed the prior years audits. I also reviewed the material provided in the Pre-Audit Checklist by Carl Warren & Company. They provided resumes of the file handlers and internal handling guideline. I am available to discuss any item contained in the attached Claims Matrix or this report.

This audit reviewed the claims files in the TPA file. File notes were in the MyCarlWarren system. The file records were provided electronically from their Engnyte system. I was able to review PDF files, but the message files were unreadable due to an incompatible file format for Windows/Mac systems. Certain Engnyte records were not accessible due to lack of permission. Accordingly, some of my comments and understanding of the file contents are limited to what I was able to review. However, I do believe I was able to review enough records to consider this a full audit¹.

From our interview at the time of the audit with the TPA and our wrap up discussion: The City utilizes Carl Warren as the TPA for claims processing, investigation, reserving, most settlements and other overall handling. The City uses outside panel counsel for litigation.

¹ For example, in Litigation Management, the messages to/from attorneys and RMS are evident, but the content was not reviewed due to reason set forth above. Some of the document scans were garbled and had missing pages.

Carl Warren interfaces with defense counsel to update the file and participate in most settlements. The TPA sets reserves. The RM has \$25,000 settlement authority with a stair step up to the HR director and City manager. Cases over \$100,000 require City Council approval.

The Risk Manager actively monitors claims activity and supported in the CWC files.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Ontario claim files are well managed and in many areas exceed industry standards and ACCEL's expectations. The process of reviewing new claims, determination if ACCEL reporting is required, reserving and appropriate file documentation was evident in the files we reviewed.

I reviewed 41 files. I did review the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

OBSERVATIONS

- The previous account adjuster, Joe Klecansky, retired after working on the City of Ontario account for 20 years. The TPA replaced him with three new adjusters.
- Caseloads appear reasonable². The TPA has the three adjusters assigned to the account:
 - Kimberly Smith-Lead Adjuster /107 pending
 - Steve Rolon-Excessive Force cases 160/pending
 - Christina Holt-Minor PD 150/pending
- Files are reasonably up to date and possess the necessary documentation to assess claim handling and resolution.
- The TPA advised that they are converting to a new system later in the year. The current system does not meet current industry standards for electronic files.
- Some defense counsels, especially on large complex cases, are slow with initial reports, but I don't see where this has any adverse affect on claim handling/evaluation.
- One of the new adjuster, K. Smith, provided very good analytical File Notes.

² Many Public Entity claims have long periods of inactivity, thus these case loads do not appear excessive. The files were up to date.

TECHNICAL REVIEW

The attached Claims Matrix has comments on the technical aspect required in the audit. Generally, all the file records that ACCEL requires are evident.

Investigation:

The files reflect competent investigation. As indicated above, for the reasons set forth, our review encompassed comments on the investigations from the adjusters File Notes and Defense Counsel comments, but we were not provided the actual documents/ records, i.e. photographs, inspection reports etc.

However, I could discern the level of investigation and details of the operative facts sufficient for this “excess” type audit.

File Management:

Generally good and what we would expect from the City’s TPA. This follows standard industry standards.

Supervision

The files reflect active supervision by CWC. The files reflect that the Risk Manager is in the loop re activity, payments of bills and other important matters, authority/payments and settlements.

Excess Reporting

Good. We only found one case that is admittedly borderline. This is highlighted on the Claims Matrix.

RECOMMENDATIONS

- The only recommendation we have is to require the TPA to comment on exposure to legal fees on Civil Rights/EPL cases and factor that into loss reserves.
- Look at the one “borderline case” to determine if ACCEL reporting is required.

(Note: The following three recommendations are not specific to the City of Ontario Audit, but general recommendations we are making for all ACCEL Members).

- Focus and develop injury information and make it part of the claim file and update periodically. *It is our experience that injuries drive the claims processes.*
- The claim file would be enhanced with periodic summary status updates covering operative facts, those in dispute, injury, specials and “insights” into the claim where appropriate. This requires the claim handler to go through a thought process periodically.
- A Plan of Action (POA) comment re resolution, i.e. trial, settlement, procedural dismissal, etc., or even “still developing a plan”.


- Make e-file documentation accuracy and labeling part of job performance or requirements for TPA's.

Otherwise we have no other recommendations. Again, I thank the TPA staff and the your office for assistance during the file review.

Thank you

Very truly yours

R. E. Powers & Company, LLC



Robert E. Powers

PALO ALTO



PO box 3295, Ventura, Calif. 93006-3295
Voice (805) 647-9835 Fax (805) 647-9835
rnpwrs@nachel.net

Sent to: Sandra.Blanch@CityofPaloAlto.org

November 22, 2019

Electronic Transmission Only

Sandra Blanch, Risk Manager
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

Re: ACCEL/City of Palo Alto Claim File Review 2019

Audit Dates: November 7, 2019

Audit Location: On Site

Claims Administration: In-House/GHC for BI investigations, some settlements.

Defense Counsel: Inside/Outside Counsel

Files Reviewed: 27 Open¹

Dear Sandra

Note: Many of the comments and observations are the same as last year. I have underlined any section that is new this year.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specific comments on claims. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated Tricia Hoover, who replaces Stacey Lavelle, having the files organized and the assistance provided during the file review.

In performing this year's audit I reviewed the 2017 and 2018 audits to determine trends and/or changes over that time. There were no other changes or to the administrative handling guidelines.

This will also acknowledge our wrap up session with Tricia Hoover following the file review and those items we discussed.

Organization

There are no changes from last year. This audit reviewed the City Attorney (CA) claims files and the on-line files of George Hills Company. The City Attorneys Office (CA) administers claim management and litigation management. Bodily Injury claims are assigned to George Hills Company (GHC). The City uses outside panel counsel for most cases. Chief Assistant City Attorney Terrence Howzell oversees and supervises claim management activities. Payment recommendations require City Council approval for above \$35,000. Outside Counsel receives authority and resolves litigated claims and suits, negotiates settlements and obtains the releases and other closings documents.

¹ I reviewed the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

George Hills Company will obtain authority, negotiate and settle claims assigned to them by CA.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Palo Alto's files are competently managed and meet industry standards and ACCEL's expectations.

OBSERVATION

- **Note:** GHC only handles assigned BI cases. It establishes a record of CA in house cases (mostly EPL, law enforcement and other civil rights type cases) to track expenses. It has no other duties on those files. *This means the CA has the responsibility to notice RMS on potential ACCEL cases (emphasis added).*
- Files are up to date.
- Reserving and payment tracking are good.
- GHC electronic files do not contain a great deal of analysis or formal reports. I observed a little more analyses this year over last year.
- Most GHC communication comes via e-mail exchanges.
- The file documentation has the necessary records, reports and documents to allow the auditor to determine how the case is being handled, both litigated and non-litigated.
- The CA uses the "City Law" System to track claims/litigation activity. I reviewed those non-assigned GHC cases on this system.

TECHNICAL REVIEW

Investigation:

Claims being brought against the City were investigated, analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

File Management:

Files were organized and contained all the media pertaining to the claim. I was provided access to the GHC Claims System and reviewed their electronic records on line. These were regularly updated. George Hills provides investigation results and comments on potential liability on claims. Please see our recommendations below.

Supervision

CA supervises the claim process internally and the activity performed by GHC. There is evidence that the CA actively oversees the GHC files and communication on a regular basis. Not all the GHC electronic files had evidence of GHC supervisor's input.

Excess Reporting

Acceptable. All cases that meet ACCEL requirements have been reported. The RMS files show regular updates by counsel

The auditor reviewed the RMS ACCEL reported claims. Communication was good and provided timely.

RECOMMENDATIONS

- GHC should make a specific comment in each an every file on the nature and extent of injury. Last year the one case was reported late due to GHC oversight of the injury potential that was readily available in the claim submitted by the attorney.
- Periodic status updates covering operative facts, those in dispute, injury, specials and "insights" into the claim where appropriate. This requires the claim handler to go through a thought process periodically.
- A Plan of Action (POA) comment re resolution, *i.e.* trial, settlement, procedural dismissal, etc., or even "still developing a plan".

(From Last Years Audit):

- The claim handler should summarize important e-mail strings for relevant information.

Thank you, and I welcome any feedback on this report or the audit process in general.

Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers

SALINAS



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rpwrs@pacbell.net

Sent via e-mail to: rhondac@ci.salinas.ca.us

Ms. Rhonda Combs, Esq., Assistant City Attorney
City of Salinas
200 Lincoln Ave
Salinas, CA 93901

November 14, 2019

Re: ACCEL/City of Salinas Claim File Review 2019

Audit Dates: October 21, 2019 to October 25, 2019
Audit Location: Remote via York (hereinafter referred to as "Sedgwick"¹ "Claims Connect" RMS
Claims Administration: Sedgwick Claims Management Services, LTD.
Defense Counsel: Inside/Outside Panel Counsel
Files Reviewed: 14 Open

Dear Ms. Combs:

This is a follow-up and will summarize details discussed in our recent audit "Wrap-Up" session.

The City of Salinas became a Member of ACCEL on January 1, 2019. Accordingly, this is the first ACCEL Audit. We reviewed 14 claims with dates of loss since inception of the ACCEL coverage. Only one file was in litigation. The remaining files were for the most part still being worked up.

The auditor had limited access within the Claims Connect system. That is, not all file documents are accessible due to security settings/limitations. Not all supervisor file notes are accessible for the same reason. Some file material cannot be opened outside the TPA "firewall." However, we were able to review enough records to discern ACCEL handling expectations. Additionally, we reviewed the TPA's "Account Instructions" (claim handling instructions) dated 7/30/2019.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specific comments on claims. If there are any recommendations, these are detailed at the end of the report.

I am available to discuss any item contained in the attached Claims Matrix or this report.

¹ York became a part of Sedgwick in early September 2019. The management and staff along with the claim system are all legacy "York" systems.

REPORT

This audit reviewed the claims files in the Thirds Party Administrator (TPA) system called "Claims Connect" (RMS). No City Attorney files were audited. Risk Management is part of the City Attorney's Office (CA) administered and overseen by Assistant City Attorney Rhonda Combs. Accordingly, the City Attorney's Office administers claims and litigation management. The Assistant City Attorney actively oversees and supervises Sedgwick who acts as the City's Third Party Administrator. The CA handles most litigation in house with a few specialty cases, such as excessive force cases, assigned to outside counsel.

This is an "Excess Audit." The ACCEL Audits primary focus points are:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City Salinas files are generally well managed and meet industry standards and ACCEL's expectations. This is *due primarily* to Ms. Comb's knowledge, experience and oversight administering GL/Auto liability claim risk. Again, this is based upon a very limited review of cases opened in 2019.

OBSERVATIONS²

- Files were reasonably up to date with all the pertinent records labeled appropriately.
- The only ACCEL reportable case was noticed to RMS.
- New claim filings were reviewed for compliance with Government Code filing deadlines; appropriate notices and denials were sent out timely.
- Ms. Combs is actively involved with file direction and oversight.

These comments are being passed on as observations of underlying TPA claim handling:

- Some liability analyses were weak vis-a-vis the Government Code.
- Some scene investigations were superficial, *i.e.*, did not contain measurements or other details that impact causation.
- Reserves are set only on cases where liability exists. I saw two cases where liability is possible, but no reserves were set.
- Injury details were not developed beyond passing comments.
- Some cases are identified for settlement early in the life of the claim. A plus for the City as it saves expense and staff time.
- Some investigations were slow to develop.

² The audit was limited to 14 new cases selected from a list of open cases. These comments apply to those cases only. Prior policy years were not reviewed.

- We did not see any Recorded Statements in cases where unrepresented claimants were asserting injury claims.
- The TPA did not provide the total caseload for the adjuster outside the number of City of Salinas claims on diary. Accordingly, we cannot advise re total caseload for the adjuster and if this was an acceptable caseload.

TECHNICAL REVIEW

Investigation

Investigations were generally acceptable. It was evident in the files reviewed that claims being brought against the City were analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

File Management

File management and documentation are generally good. TPA utilizes Case Management Reports (CMR) which is helpful for the reviewer. Labeling of electronic documents is generally good.

Supervision

There is evidence in the file of regular supervisory review. The Assistant City Attorney Combs is actively involved with feedback and direction to the file handler. This is an important component in the City's self-insurance program.

Excess Reporting

The report to ACCEL was timely and contained all the mandatory information that ACCEL requires to be sent to RMS. As indicated, there is only one case reported at this time.

RECOMMENDATIONS

- File CITS 1457A1 caught my attention. The injury is potentially significant, but still well below any reporting threshold. Liability is possible. The CA suggests settlement within TPA authority, but this appears doubtful with the injury indicated in adjuster's notes. Further analysis is warranted.
- The TPA should review Government Code 835 et seq. and analyze liability accordingly.
- TPA should focus and develop injury information and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.
- Additional peer review by TPA.
- The TPA should review and comply with the Account Instructions.

Otherwise, we have no other recommendations. I thank the RM staff and the TPA Staff for assistance during the file review.

Thank you.

Very truly yours,

Robert Powers

R. E. Powers & Company

**SANTA
BARBARA**



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Mark Howard, Risk Manager
City of Santa Barbara
735 Anacapa St.
Santa Barbara, CA

Sept. 24, 2019
Sent electronically only

RE: ACCEL/City of Santa Barbara Claim File Review 2019

Audit Dates: 9/16/2019
Audit Location: On Site
Claims Administration: In-House
Defense Counsel: In-House
Files Reviewed: 51 (some were multi-party claims)¹

Dear Mark:

Note: The 2019 and 2018 Audits are similar in some areas since there were no substantive changes in staffing, policy or procedural changes. Many of the files we reviewed were audited last year. Most of the comments below are similar to observations from last years audit. This will also acknowledge our wrap up session following the file review and those items we discussed

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated your office having the files organized and the assistance provided during the file review.

In performing this year's audit I reviewed the 2016, 2017 and 2018 audits. Prior audits did not identify any exceptions, trends or concerns in the way the RM administers its liability risk program.

This audit only reviewed the Risk Management (RM) claims files. From our interview: Litigation Management is a collaborative process with Risk Management and the City Attorneys Office (CA). RM sets reserves.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.

¹ I did review the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

The City of Santa Barbara has a well-established and efficiently administered liability claims program. Overall, the files are actively managed, meet and exceeds ACCEL file handling guidelines and industry standards.

The high degree of cooperation and collegiate approach to claim and litigation management with the CA office contributes to the effectiveness of the RM program.

We did see where the file handler Melisa Kahn has incorporated our recommendation from last year re injury assessment into her files. We saw a number of very good injury analyses.

OBSERVATIONS

- Files were well documented and contain all the records we expect to see in claim files.
- Cases were actively managed and up to date.
- Injury cases were indexed.
- Diaries are up to date.
- Files were regularly updated
- Good file notes
- Files were easy to review and I was able to find important records easily
- Marissa has a very good understanding of liability issues and understanding of injury potential. This reflects her industry background.

TECHNICAL REVIEW

Investigation:

It was evident in the files reviewed, that claims being brought against the City were analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

File Management:

Files were well organized and contained all the paper/electronic media pertaining to the claim.

Supervision:

The claim staff has regular meetings with the Risk Manager to discuss files, proposed handling, reserves etc. The staff also has regular meeting with the City Attorneys Office on litigated and potential litigation.

Excess Reporting

The reports to ACCEL were *well* crafted and contained all the mandatory information that ACCEL requires to be sent to RMS. Regular updates are provided.

RECOMMENDATIONS

We have no specific recommendations at this time. We do acknowledge the informal discussion on several claims that have no bearing on this audits results.

- For all ACCEL Members were are suggesting:
- Continue to focus on injury evaluations as this drives the claim and resolution.
- Periodic summaries of relevant facts, liability assessment and plan of action (POA)
- Consistent labeling of documents of electronic files

Comment:

Marissa is well conversant on her files with a very good understanding of facts, liability and RM risks.

I would appreciate any feedback that will assist or enhance the audit process for ACCEL.

Thank you

Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers

SANTA CRUZ



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Sent to: phaymond@cityofsantacruz.com

November 22, 2019

Electronic Transmission only

Ms. Patty Haymond, Risk Manager
City of Santa Cruz
877 Cedar Street, Suite 100
Santa Cruz, CA 95060

Re: ACCEL/City of Santa Cruz Claim File Review 2019

Audit Dates: November 7, 2019
Audit Location: On Site
Claims Administration: In-House.
Defense Counsel: Inside Counsel (Contract City Attorney)
Files Reviewed: 19 Open and 1 Closing¹

Dear Patty:

Note: Many of these comments are the same as last year with a few exceptions. I have underlined any area that is new this year.

Below is a summary of findings following the recently completed claim review and “wrap up” session. The Excel Worksheet that accompanies this letter contains specifics comments on claims. Many of the cases reviewed last year were reviewed this year. I reviewed in depth those cases reported to RMS. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated your and your staff having the files organized and the assistance provided during the file review.

In performing this year’s audit I reviewed the 2017 and 2018 audits in order to determine any changes or trends. I am available to discuss any item contained in the attached Claims Matrix or this report.

Organization

This audit reviewed the claims files in the Risk Management Office (RM). From our interview at the time of the audit: RM administers claims and actively collaborates with the City Attorneys Office (CA). The City Attorneys office manages and directs litigation. Some matters are assigned to outside counsel. Ross Brandon has joined the staff and is assisting with claims management.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL’s expectations/guideline

¹ I reviewed the description and reserves in all the open files to select those files that could possibly hit my “radar” (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Santa Cruz files are well managed and in many areas exceed industry standards and ACCEL's expectations.

OBSERVATIONS

- Files are very well organized.
- Files were up to date and contained all the records we expect to find in a claim file.
- Investigations are good.
- CA analyses are very good & helpful to the review process.
- The Risk Manager closely scrutinizes claim activity.
- The City of Santa Cruz is a low risk entity. It is small enough that the RM and departments will know of any matter that would create risk/exposure to the City.
- The Departments are responsive to inquiries re investigation, records etc.
- RM has excellent understanding of factual causation leading to possible City liability exposure.

TECHNICAL REVIEW

Investigation

The files are a combination of paper/electronic media format. The City's claims were investigated, analyzed to determine legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City.

Investigations are good and if the exposure warrants, excellent. RM has extensive background with technical City Planning activities and understands design immunity very well.

File Management

Files were very well organized and contained all the paper/electronic media pertaining to the claim. These records were regularly updated. All files have evidence of active management. Files reflect response communication with claimants and internal staff. Files are organized logically and easy to review. Reserves are not established until the case is actively pursued. Other matters are part of the overall RM budget.

Supervision

The RM reports to the Finance Director and works closely with the City Attorney's Office. The Risk Manager has authority to settle claims up to \$5,000; to \$20,000 with approval of the Finance Director; to \$50,000 with approval of the City Manager. The City Council authorizes settlements greater than \$50,000. The CA oversees litigated claims and has input in the handling of non-litigated claims.

Excess Reporting

- The city reported one new case where a falling tree in a wilderness area owned by the City resulted in a fatality.

- ACCEL reported cases are routinely updated.
- Case 2018-0705 needs to be reported to ACCEL.

RECOMMENDATIONS

- Case 2017-0637 should be monitored if actively pursued due to exposure to legal fees. You advised that this may not happened after a recent meeting with plaintiff counsel, however, it is well below ACCEL reporting requirements at this time.
- Focus and develop injury information and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.
- A Plan of Action (POA) comment re resolution, *i.e.* trial, settlement, procedural dismissal, etc., or even “still developing a plan”.

Otherwise we have no other recommendations. Again, I thank the RM staff for assistance during the file review. And again, I am available for discussion on any matter in this narrative summary of the recent audit.

Thank you.
Very truly yours,



Robert E. Powers
R. E. Powers & Company, LLC

**SANTA
MONICA**



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Deb Hossli, Risk Manager
City of Santa Monica
1717 4th Street, Suite 250
Santa Monica, CA 90401

July 17, 2019

Electronic Transmission only

Re: ACCEL 2019 Liability Claims Audit

Audit Dates: July 11, 2019
Audit Location: On Site
Files Reviewed: 55 Open, 4 Closed

Dear Ms. Hossli:

This is a follow-up and will summarize details discussed in our recent audit "Wrap-Up" session.

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specific comments on claims. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated Michael Spenelli's assistance provided during the file review. The hard copy and electronic files were organized for easy access.

In performing this year's audit I reviewed the prior audits. I also reviewed the material provided in the Pre-Audit Checklist. I am available to discuss any item contained in the attached Claims Matrix or this report.

This audit reviewed the claims files in the Risk Management Office (RM). From our interview at the time of the audit: RM receives new claims, processes them into the claim system, sets initial reserves and handles tort cases. Cases are reviewed for potential liability and handled accordingly with staff adjusters. RM has \$15,000 settlement authority. Mr. Mack is the primary handler. Non-tort cases are referred to the City Attorney's Office (CAO). The CAO advises on litigated and non-tort case reserves. The City uses Staff Attorneys for most cases. Some cases are assigned to outside counsel.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

This report should be viewed from that perspective.

ACCEL requires us to use file numbers and not refer to specific claims by names.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Santa Monica meets ACCEL Claim Handling Requirements /Industry Standards and in some cases exceeds expectations. The staff and handling procedures have been in place for many years. The City is well served by the current staff and claims processing system.

I found that all ACCEL reportable cases were in compliance with ACCEL requirements.

The City has begun utilizing outside counsel for some matters within the last year.

We found no trends that would cause any area of concern; likewise, prior audits did not note any handling deficiencies. There were no RM staff changes from last years audit. There was one departure from the CAO and a replacement attorney is just getting on board.

OBSERVATIONS

- Files were evaluated for liability exposure, investigated and analyzed for possible resolution. Handling is timely. Good knowledge of Public Entity liability exposures/risk. There is recognition of equitable and contractual liability of other parties.
- ACCEL reporting requirements are recognized.
- Files are updated regularly. Litigated files have status reports from the CAO and outside counsel.
- Reserving is generally good and timely overall.
- Good staff culture, *i.e.* defined roles, motivated staff, communication and knowledge of RM policies. Most staff personnel have been on board for many years.
- Closed files generally contained the necessary records.

TECHNICAL REVIEW

Investigation:

Files were investigated and contained enough information to evaluate liability for denial or resolution. Field investigations were good, contained pictures and other technical information. Third party and contracts were obtained and tendered where applicable.

File Management:

All the files we reviewed exhibited good file management along industry standards, contained regular updates, checklists for capturing important information/dates, indexing etc.

Supervision

The Risk Manager reviews and provides direction on files. We observed notes or formal correspondence in the files. I observed staff regularly conferring with the RM during my prior work with the City.

Excess Reporting

When we determined which files to review, out of all the open claims, we pulled those cases likely to trigger reporting. The file review looked at those cases to determine if the adjuster or the CAO recognized possible exposure to the ACCEL Pool. Files reflect timely reporting and updates to the ACCEL TPA. We also saw regular communication to/from the TPA on cases.

RECOMMENDATIONS

- The RM file would be enhanced with more consistent analysis by the CAO. However, we found evidence of very good to excellent case analyses by City Attorneys Michele Huggard and Lance Gams. We reviewed one pre trial report by Karen Duryea that was excellent.
- RM staff should factor in exposure to legal fees (Civil Rights type cases) when evaluating whether case reserves warrant notice to ACCEL. Some of the reserve recommendations from the CAO didn't address this risk factor. Two cases we reviewed had plaintiffs represented by high profile attorneys that obviously were looking to earn high fees. Courts are awarding up to \$1,100 per hour on these cases. Large six figure awards are common.
- As the City continues to moves all paper files into electronic files, careful labeling of electronic files is important to retrieve reports, documents and other records.

(Note: The following three recommendations are not specific to the City of Santa Monica Audit, but general recommendations we are making for all ACCEL Members).

- Focus and develop injury information and make it part of the claim file and update periodically. It is our experience that injuries drive the claims processes.
- The claim file would be enhanced with periodic status updates covering operative facts, those in dispute, injury, specials and "insights" into the claim where appropriate. This requires the claim handler to go through a thought process periodically.
- A Plan of Action (POA) comment re resolution, *i.e.* trial, settlement, procedural dismissal, etc., or even "still developing a plan".

Otherwise we have no other recommendations. Again, I thank the RM staff for assistance during the file review.

Thank you
Very truly yours
R. E. Powers & Company, LLC


Robert E. Powers

VISALIA



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Charlotte Dunn
Charlotte Dunn, Risk Manager
City of Visalia
220 N. Santa Fe Street
Visalia, CA 93292

To: Charlotte.Dunn@visalia.city
September 17, 2019
Sent via e-Mail

Re: ACCEL/City of Visalia Claim File Review 2019

Audit Dates: September 9, 2019
Audit Location: On Site
Claims Administration: In-House/AIMS for investigations, some settlements.
Defense Counsel: Outside Counsel
Files Reviewed: 21 Open¹ and 3 Closed.

Dear Ms. Dunn:

Note: The 2019 and 2018 Audits are similar in some areas since there were no substantive changes in staffing, policy or procedural changes. Many of the files we reviewed were audited last year. Most of the comments below are similar to observations from last years audit. This will also acknowledge our wrap up session following the file review and those items we discussed

Below is a summary of findings following the recently completed claim review. The Excel Worksheet that accompanies this letter contains specifics comments on claims. If there are any recommendations, these are detailed at the end of the report. I greatly appreciated your office having the files organized and the assistance provided during the file review.

In performing this year's audit I reviewed the 2016, 2017 and 2018 audits. Prior audits did not identify any exceptions, trends or concerns in the way the RM administers its liability risk program.

This audit only reviewed the Risk Management (RM) claims files. From our interview: Litigation Management is a collaborative process with Risk Management, the City Attorneys Office (CA) and outside counsel. Reserves require City Council approval for adjustments above \$30,000. Outside Counsel receives authority and resolves litigated claims and suits, negotiates settlements and obtains the releases and other closings documents. AIMS will negotiate and settle claims assigned to them by RM.

¹ I did review the description and reserves in all the open files to select those files that could possibly hit my "radar" (mostly police, civil rights and EPL). These were evaluated for inclusion in my selection of files to be reviewed.

The ACCEL Audit primary focus is:

- Exposure recognition and reporting to RMS.
- Claim risk liability to the pool.
- Overall claims handling in light of ACCEL's expectations/guidelines.

EXECUTIVE SUMMARY, OBSERVATIONS AND RECOMMENDATIONS

Based upon the results of the audit, the City of Visalia's files are competently managed and meet or exceed industry standards and ACCEL's guidelines.

The RM is actively involved in the various stages of liability matters including settlements and resolution. The RM is well versed on activity and background of pending claims.

The city has an established procedure to manage incoming claims and suits, manage, and resolve claims. This system has been in place for many years and has served the city well.

OBSERVATIONS (These are same as the 2018 Audit except the last point)

- The files were generally up to date with good communication between RM Counsel and AIMS.
- Evidence of continuous monitoring of claims activity. Responses from attorneys and City departments are up to date.
- RM recognize exposures and potential risk to ACCEL
- The file documentation has the necessary records, reports and documents to allow the auditor to discern how the case is being handled, both litigated and non-litigated.
- New claim filings were reviewed with compliance with Government Code filing deadlines; appropriate notices and denials were sent out timely.
- I found no unusual claims, risks or other issues that would pose potential risk for ACCEL.
- Evidence of risk transfer and contribution were observed.
- Files contained police and other departmental reports as part of the investigation.
- AIMS assigned files contained the necessary detail and summaries. Diaries were up to date.

TECHNICAL REVIEW

Investigation:

It was evident in the files reviewed, that claims being brought against the City were analyzed to determine applicable legal/risk exposure and that proper filing requirements procedure are followed by the claimant/plaintiff in bringing a case against the City. Files contained photographs and other relevant investigative material: i.e., statements, medical records etc.

File Management:

Files were well organized and contained all the paper/electronic media pertaining to the claim. There were regular updates from Counsel. These are via monthly updates from counsel. Records and updates are part of the file. Last year we recommended more file notes, and we did observe notes in various files.

Supervision

Evidence of active RM involvement in claims were found in the files I reviewed.

Excess Reporting

ACCEL is receiving timely notifications on potential claims.

RECOMMENDATIONS

- Claim 020 should be carefully analyzed for reserves. The current reserve is \$100,000. We recommend a detailed legal analysis of the liability and the injury. If over 25% of the SIR it should be reported.
- Factual development on file 011/041 after mediation in November if necessary to determine any coverage changes.
- This is a general recommendation for all Members- RM staff should focus and develop injury information and make it part of the file and update periodically. It is our experience that injuries drive the claims processes.

Your office has good working knowledge of the pending claims and any activity that may become claims. You have a good system in place. The City doesn't have a great deal of potential liability risk for the pool.

Thank you, and I welcome any feedback on this report or the audit process in general.

Very truly yours
R. E. Powers & Company, LLC



Robert E. Powers