



**Liability Claims Administration  
Audit – 2014**

for

**Authority for  
California Cities  
Excess Liability**

**May 19, 2014**

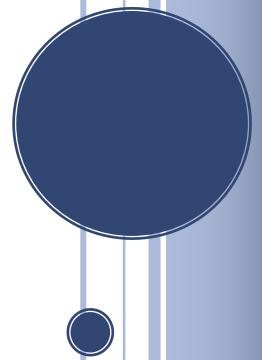
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May 19, 2014

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## 2014 Liability Claims Administration Audit

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

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

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

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

The claims handling entity for each member was provided with audit results at the conclusion of its specific review. FCS also executed the "Claims Audit Exit Meeting Form" and provided it to each Board

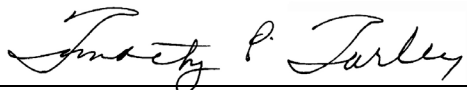
member at the conclusion of their respective audit. Each member or its administrator was encouraged to respond to the findings.

This draft edition may be subject to change before or subsequent to the June 19-20, 2014 Board of Directors' meeting in Ontario.

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

Respectfully submitted,

**FARLEY CONSULTING SERVICES**

by  \_\_\_\_\_

Timothy P. Farley, CPCU  
President

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## I. Executive Summary

### A. General Observations

The audit of liability claims for ACCEL finds that members and their respective administrators continue to be in general compliance with industry standards for public entity liability claims administration. Key to the success of the administration of ACCEL is the timely and compliant reporting to ACCEL of potentially catastrophic claims that will or could penetrate into ACCEL's coverage layer. Member performance has improved in this area since the 2013 audit. Specific findings for this key category are indicated in Section II.C.7 of this report and documented in Exhibit 6 on page 16.

Consistently timely litigation status updates from defense counsel to the member or the administrator have generated negative findings in past audits. FCS concludes that performance in this key category continues to improve. The audit of City of Burbank claims identified no deficiencies. This continues the positive trend the City has been exhibiting over the last 3 audit cycles. City of Modesto claims exhibit no improvement over the poor performance identified in last year's audit. Exhibit 4 on page 12 provides each member's findings and compares performance observed this year with observations from last year's (2013) audit findings.

Palo Alto is experiencing some significant data collection/information system accuracy issues. Several claims listed as open on the loss runs provided by its information system vendor had actually been closed some time ago. The City is communicating this deficiency to the administrator.

Where possible, this report provides a comparison of performance in key claims administration categories with observations presented in the 2013 audit report.

Specific findings and observations are:

1. Many of the individuals assigned to the claims administration function also have other risk management related duties. Nearly all of the members delegate primary claims handling duties to defense attorneys/city attorneys once a claim becomes litigated. FCS recommends a maximum caseload of 180 claims for claims handling technicians on municipal liability exposures. Caseloads for Ontario (Carl Warren-Joe Klecansky) continue to be excessive. This has been a finding in the past few audits. A list of adjustor caseloads appears in Exhibit 1 – Caseload Analysis on page 6.

Only Santa Barbara had staffing changes since the 2013 audit. Ms. Marisa Kahn replaced John Forner in December 2013.

2. Case reserves are generally accurate for all member entities. FCS concludes that members and their administrators continue to improve performance in this key area. Exhibit 2 on page 8 lists each member's reserve accuracy findings and provides a comparison to the findings presented in the 2013 audit report. Only Santa Barbara required changes to more

than one claim. This is likely due to the relatively recent change in staff. The City's reserves were discussed during its exit meeting.

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

Exhibit 3 – Investigation Deficiency Analysis on page 11 lists the claims exhibiting a specific investigation deficiency for each ACCEL member and provides a comparison of findings presented in 2013.

4. ACCEL members are generally adhering to industry standards for diary. City of Burbank claims exhibit a significant improvement in this category.

The analysis of diary includes those instances where the claims handling technician failed to respond to file closure potential. FCS deems the failure to adhere to diary as a primary catalyst of the failure to close claims timely. Exhibit 5 – Diary Performance Analysis on page 14 lists the files exhibiting ineffective diary activity for each ACCEL member.

5. The review concludes that all members are considering important valuation criteria when resolving claims. This includes obtaining and documenting executed releases and dismissals (litigated claims) after claim resolution. This has been a key finding in all past audits.
6. All claims handling entities are generally maintaining organized and clearly documented claim files. City of Bakersfield claims were reviewed remotely via access to the claims management information system of York Risk Services Group, its administrator. That system is efficiently capturing and documenting City claims activity.
7. The administrators are consistently complying with ACCEL excess reporting guidelines and communicating the perceived significant exposure to the ACCEL administrator (Carl Warren-Glendale), but deficiencies are apparent when reviewing Modesto claims. Claims exhibiting late or absent excess reporting to Carl Warren or claims exhibiting a lack of correspondence from defense counsel to Carl Warren are listed and discussed in Exhibit 6 on page 16.

The review of excess claims at the ACCEL administrator (Carl Warren-Glendale) confirms that Carl Warren continues to effectively monitor ACCEL reportable claims and document its files thoroughly.

## **B. Areas of Inconsistency**

With the multiple claims handling arrangements involved in the ACCEL program, FCS believes it is imperative that general claims handling guidelines are consistently followed by all claims handling entities. FCS concludes that claims handling is consistent among all claims handling entities and improvement is evident in all areas, including the timely updating of case status from defense attorneys

to the claims handler. Still, the key areas listed below merit discussion and should be a focus of improvement:

- **Litigation Management (Status Updates).** Exhibit 4 on page 12 reveals that most member cities have improved the efficiency of the delivery of updated status reports from counsel to the assigned claims handler. Burbank exhibited the most obvious improvement. Modesto is not complying with this standard. The remedy here does not require formal, captioned reports to the claims handler. Rather, simple and concise email correspondence is sufficient.
- **Excess Reporting to ACCEL (Carl Warren).** The audit did not identify a large number of files failing to comply with excess reporting requirements. In fact, FCS concludes that member performance continues to improve, but due to the importance of this category, it is listed as an area of inconsistency. Only complete compliance by all members should be considered acceptable for this category. Exhibit 6 (page 16) lists the files deemed deficient.

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

## II. Audit Results

### A. Background

Member audits were conducted from April 8, 2014 (Anaheim) to May 8, 2014 (Visalia). Review of excess and watch list claims at Carl Warren-Glendale was conducted on May 12, 2014.

The primary objectives for this audit are:

- To assure that all ACCEL members that claims are effectively adjusted according to industry standards.
- To identify inconsistencies in fiscal and technical procedures that could impact the efficiency of the ACCEL program, particularly the timely and accurate reporting of high exposure claims that may penetrate into ACCEL's layer of coverage.
- To assess similarities and differences in reserving practices among the members.
- To ensure that all ACCEL claims handling requirements are complied with.
- To reconcile loss data maintained by Alliant Insurance Services (Alliant) utilized for ACCEL's retrospective rating calculation with loss data maintained by each member. The results of this reconciliation will be provided to Alliant by early June 2014.

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

#### ACCEL Audit Composition and Facility – 2014

ACCEL Member	Number of Files Reviewed	Claims Handling Entity (Audit Site)
Anaheim	30 open claims	City self-administered
Bakersfield	22 open claims	York Insurance Services-Oxnard/Bakersfield (audit was completed remotely)
Burbank	23 open claims; 3 closed claims	City self-administered
Modesto	13 open claims; 5 closed claims	City self-administered
Monterey	23 open claims; 3 closed claims	City self-administered
Mountain View	10 open claims; 3 closed claims	City self-administered
Ontario	23 open claims; 3 closed claims	Carl Warren & Co.-Riverside
Palo Alto	22 open claims	City self-administered
Santa Barbara	15 open claims	City self-administered
Santa Cruz	16 open claims; 3 closed claims	City self-administered
Santa Monica	30 open claims	City self-administered
Visalia	10 open claims; 3 closed claims	City self-administered
ACCEL Excess and Watch List	25 open, including all 16 Watch List files	Carl Warren-Glendale

All members and/or their claims handling entity either provided a list of open liability claims from which a sample could be selected or made all open claims available while on site. All claims with incurred costs of \$50,000 or more were reviewed for each member.

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

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

## **B. Staffing/Caseloads**

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

Many of the individuals assigned to the claims administration function also have other risk management related duties. The caseload for Ontario (Carl Warren-Joe Klecansky) is excessive. A list of adjustor caseloads appears in Exhibit 1 on page 6.

The caseloads listed for Carl Warren (Ontario and Glendale-excess/watch list) and York (Bakersfield) in Exhibit 1 are the individual's total caseload, including assignments from other non-ACCEL clients.

**Exhibit 1 – Caseload Analysis**

<b>Claims Handling Entity</b>	<b>ACCEL Member</b>	<b>Primary Claims Handler</b>	<b>Caseloads (as of the entity's specific audit date)</b>
York Insurance Services-Bakersfield (files were reviewed remotely via access to the York Claims Connect system)	Bakersfield	Laura Harmon	211; roughly one-third of these are record keeping only
Carl Warren & Co. – Glendale	ACCEL excess/watch list claims	Keyan Aghili	220 (plus approximately 400 subrogation files)
Carl Warren & Co.-Riverside	Ontario	Joe Klecansky	200 (28 are for City of Ontario)
Self-Administered	Anaheim	Dave Nunley	79
		Roger Lambert	86
		Yasmin Lopez	1
	Burbank	Arlene Gallardo	172
	Modesto	Mary Akin	114
	Monterey	Rhonda Combs	24
	Mountain View	Lynn Dobsen Assistant City Attorney Nicole Clemens	120 open claims split roughly evenly. Ms. Dobsen assumes handling of claims when litigated.
	Palo Alto	Janet Billups with Stacey Lavelle supervision; bodily injury claims handled by George Hills' San Jose	51
	Santa Barbara	Marisa Kahn	81
	Santa Cruz	Patty Haymond Tanya Malko	35; Ms. Malko assists Ms. Haymond with claim intake and filing activity.
	Santa Monica	Michael Mack	63
		Carol Tang	11
		Deb Hossli	204 – -mostly rejected claims awaiting statute expiration
	Visalia	Charlotte Dunn	51
Mary Sharp		Ms. Sharp is responsible for claim intake activity and conducts necessary communication with departments.	

## C. Claims Handling Components

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

### 1. Reserves

All liability case reserves should be based primarily on:

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

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

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

### 2. Investigation

Proper investigation of ACCEL member liability claims includes:

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

**Exhibit 2 – Claims Requiring Reserve Adjustment in 2014**

ACCEL Member (Administrator)	Claim Number	Reserve Adjustment Analysis		Deviation from Accuracy (net reserve change required)	Claims Requiring Reserve Adjustment in 2013
		Current Reserve	Recommended Reserve (Rationale)		
Anaheim (self-administered)	No adjustments necessary				1
Bakersfield (York)	No adjustments necessary				2
Burbank (self-administered)	10165	\$60,000 (loss)	\$260,000 (loss) Legal correspondence indicates that defense counsel believes the case could settle for up to \$192,000 in claimant attorney fees in addition to the \$45,000 jury verdict the City is appealing.	\$200,000 under-reserved	0
Modesto (self-administered)	13-0201	\$10,000 (bodily injury)	\$50,000 (bodily injury) The claimant, a bystander, sustained severe lower extremity fractures when 2 vehicles collided. One of the drivers has only the minimum liability coverage limits. The other driver has no insurance.	\$40,000 under-reserved	2
Monterey (self-administered)	No adjustments necessary				0
Mountain View (self-administered)	No adjustments necessary				1
Ontario (Carl Warren- Riverside)	No adjustments necessary				1
Palo Alto (self-administered)	L09011	\$0 (legal expense)	\$20,000 (legal expense) This claim is actively litigated with a trial date scheduled this month. Clearly, a legal reserve is warranted	\$20,000 under-reserved	0
Santa Barbara (self-administered)	1856661	\$0 (loss)	\$25,000 (loss) The claimant sustained a traumatic brain injury. Even though liability is questionable, some precautionary reserve is warranted.	\$25,000 under-reserved	2
	14-047	\$0 (loss)	\$25,000 (loss) The claimant sustained a head injury while riding his bicycle. He alleges the City created a dangerous condition. Some precautionary reserve is warranted.	\$25,000 under-reserved	
	14-049	\$0 (loss)	\$25,000 (loss) City police shot the claimant resulting in death. Liability is doubtful, but due to the severity of the claim, a precautionary reserve is warranted.	\$25,000 Under-reserved	
Santa Cruz (self-administered)	No adjustments necessary, but expense reserve payments are not being recorded				0

ACCEL Member (Administrator)	Claim Number	Reserve Adjustment Analysis		Deviation from Accuracy (net reserve change required)	Claims Requiring Reserve Adjustment in 2013
		Current Reserve	Recommended Reserve (Rationale)		
Santa Monica (self-administered)	05-0076	\$1,775 (legal expense)	\$25,000 (legal expense) An ex-employee of the City's bus service presents a wrongful termination claim. The City has prevailed, but a new trial has been granted.	\$23,225 under-reserved	2
Visalia (self-administered)	12-012	\$873 (expense)	\$10,000 (expense) This claim alleging excess force is litigated. A trial date of April 2015 is scheduled.	\$9,127 under-reserved	0
ACCEL excess/watch list (Carl Warren)	No adjustments necessary				0

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

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

Exhibit 3 lists the claims exhibiting a specific investigation deficiency for each ACCEL member. Numbers appearing in parentheses are the number of deficiencies identified in the 2013 audit. Blank categories indicate there were no findings in either 2014 or 2013.

### **3. Litigation Management**

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

A primary performance measure for litigation management is the timeliness and clarity of information provided by handling counsel in status reports to the claims handler. Exhibit 4 lists the files exhibiting late litigation status reports or no status reports at all from defense counsel. The number in parentheses is the number of deficiencies identified in the 2013 audit.

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

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

Burbank has improved its performance in this area. No deficiencies are identified this year. Anaheim, Ontario, Santa Cruz, and Santa Monica have also improved performance in this area of administration.

**Exhibit 3 – Investigation Deficiency Analysis**

ACCEL Member	Number of Files Exhibiting Deficiency Numbers in parentheses are 2013 findings (blank categories mean no deficiencies in either 2013 or 2014)						
	Failure to Index	Failure to Obtain Statement	Failure to Obtain Police Report	Failure to Document Photographic Evidence	Failure to Obtain Release	Failure to Invoke Risk Transfer	Failure to Obtain Estimates
Anaheim	2 (0)	–	–	2 (1)	–	–	–
Bakersfield	–	–	–	1 (0)	–	–	–
Burbank	–	–	–	–	–	–	–
Modesto	1 (0)	–	–	2 (1)	–	–	–
Monterey	–	–	–	–	–	–	–
Mountain View	–	–	–	0 (1)	–	–	–
Ontario	–	–	–	–	–	–	–
Palo Alto	–	–	–	1 (0)	–	–	–
Santa Barbara	–	–	–	0 (1)	–	–	–
Santa Cruz	–	–	–	–	–	–	–
Santa Monica	–	–	–	–	–	–	–
Visalia	–	–	–	–	–	–	–
Excess/watch list	–	–	–	–	–	–	–

**Anaheim**

- Claim numbers 11673 and 12033: Lack photographs of the accident scene/vehicles and indexing of injured parties

**Bakersfield**

- Claim number CBAH-010537: Notes document that photographs were taken, but they are not displayed in the claim file. There is a disc in the file with the photographs. The City should display relevant photographs.

**Burbank**

- No investigation deficiencies

**Modesto**

- Claim number 11-7386: The claimant tripped and fell on a railroad structure. The file contains no photographs of the accident scene or an indication that the claimant was indexed to determine injury history.
- Claim number 14-0091: The claimant was killed in a motor vehicle accident. The City is accused of creating a dangerous condition that caused the accident. The file contains no photographs of the accident scene.

**Monterey**

- No investigation deficiencies

**Mountain View**

- No investigation deficiencies

**Ontario**

- No investigation deficiencies

**Palo Alto**

- Claim number C12084: The claimant, a minor, was struck by a vehicle and alleges the City created a dangerous condition that caused the accident. There are discs in the file that apparently contain photographic evidence, but no photographs are visible.

**Santa Barbara**

- No investigation deficiencies

**Santa Cruz**

- No investigation deficiencies.

**Santa Monica**

- No investigation deficiencies

**Visalia**

- No investigation deficiencies

**Exhibit 4 – Litigation Status Report Analysis**

ACCEL Member	Files Lacking Status Reports or Exhibiting Late Status Reports from Defense Counsel		2013
	2014		
Anaheim	No deficiencies identified		2
Bakersfield	No deficiencies identified		0
Burbank	No deficiencies identified		7
Modesto	5	29.4% of the litigated claims reviewed	5
Monterey	No deficiencies identified		0
Mountain View	No deficiencies identified		0
Ontario	No deficiencies identified		1
Palo Alto	1	5.6% of the litigated claims reviewed	0
Santa Barbara	No deficiencies identified		0
Santa Cruz	No deficiencies identified		1
Santa Monica	No deficiencies identified		2
Visalia	1	11.1% of the litigated claims reviewed	0
Watch list/excess	No deficiencies identified		0

#### **4. Diary/File Closure**

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

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

ACCEL members are generally adhering to industry standards for diary. The analysis of diary includes those instances where the claims handling entity failed to respond to file closure potential. FCS deems the failure to adhere to diary as a primary catalyst of the failure to close claims timely. Exhibit 5 lists the files exhibiting ineffective diary activity for each ACCEL member for both this year's audit and the 2013 audit.

#### **5. Payments/Settlement**

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

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

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

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

#### **6. File Organization and Documentation**

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

All claims handling entities are maintaining clearly documented claim files. City of Bakersfield claims were reviewed via on-line access to its administrator's information system.

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

**Exhibit 5 – Diary Performance Analysis**

ACCEL Member	Files Exhibiting Diary Deficiency	
	2014	2013
Anaheim	1	0
Bakersfield	0	1
Burbank	1	9
Modesto	0	1
Monterey	1	0
Mountain View	1	0
Ontario	1	0
Palo Alto	1	1
Santa Barbara	0	1
Santa Cruz	0	1
Santa Monica	2	0
Visalia	0	0
Watch list/excess	0	1

Anaheim

- 12103

Bakersfield

- No deficiencies identified

Burbank

- 09163

Modesto

- No deficiencies identified

Monterey

- 13018

Mountain View

- 130030

Ontario

- 1754689

Palo Alto

- L10068

Santa Barbara

- No deficiencies identified

Santa Cruz

- No deficiencies identified

Santa Monica

- 13-0155
- 11-0644

Visalia

- No deficiencies identified

Watch List/excess

- No deficiencies identified

## 7. Excess Reporting

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

When selecting audit samples for each member, FCS focused primarily on higher valued claims (e.g. cases with incurred costs of \$50,000 or more), since these would logically have the greatest potential for excess exposure. All claims reaching this threshold were reviewed for each member.

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

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

**Exhibit 6 – ACCEL Excess Reporting Analysis**

Member	Claim Number	Discussion
Anaheim		All excess reportable claims reported timely
Bakersfield	CBAD 18389A	Last update to excess administrator is 2/13/12.
Burbank		All excess reportable claims reported timely
Modesto	10-7089	The claim has been reported, but defense counsel is not, consistently, copying the excess administrator on legal correspondence.
	12-7646	The claimant was struck by a vehicle while in a crosswalk. She sustained a brain injury. The claim has not been reported to the excess administrator. The City should consider reporting it.
	14-0091	This is a motor vehicle accident fatality alleging dangerous condition. The claim has not been reported to Carl Warren. It should be reported immediately.
Monterey		All excess reportable claims reported timely
Mountain View		All excess reportable claims reported timely
Ontario	1814288	The claimant died after being tased. Liability is doubtful, but the claim should have been reported to Carl Warren upon receipt (December 2012). It was ultimately reported, but defense counsel is not consistently copying the excess administrator on legal correspondence.
Palo Alto		All excess reportable claims reported timely
Santa Barbara	14-044	The claimant, on a bicycle, was struck by a motor vehicle and sustained a significant head injury. The City should consider reporting this to the ACCEL Administrator.
Santa Cruz		All excess reportable claims reported timely; one prospect being watched
Santa Monica		All excess reportable claims reported timely
Visalia	14-014	This claim was just recently received. It involves a fatal police shooting incident. Notes in the claim file indicate that Ms. Dunn has advised the City Attorney's office to report the claim to the excess administrator. It had not been done as of the date of this review.

## 8. Risk Management Information System (RMIS)

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

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

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

Santa Barbara's loss run is not capturing the date of formal claim notice. This is an important data element. The City will contact Carl Warren (loss document creation vendor) to instruct that this item be included in periodic loss reports.

Palo Alto is experiencing deficient information system service from its administrator. Four of the 22 claims reviewed are likely closed, but still appear as open with outstanding reserves on the most current loss run. The City has requested updates from the administrator in all instances.

Loss information generated generally reconciles with financial information documented in the claim files. Exhibit 7 on page 18 lists the observed deficiencies.

**Exhibit 7 – ACCEL Loss Data Reconciliation Analysis**

Member	Claim Number	Discussion
Anaheim	11839	This is an example of the City policy of not recording expense/legal payments until the claim is closed. FCS does not concur with this policy.
	11478	This claim is still listed as open on the loss run. It was resolved/closed in 2012.
Bakersfield	No RMIS deficiencies identified	
Burbank	No RMIS deficiencies identified	
Modesto	No RMIS deficiencies identified	
Monterey	No RMIS deficiencies identified	
Mountain View	No RMIS deficiencies identified	
Ontario	No RMIS deficiencies identified	
Palo Alto	The following claims were closed but still appear as open on the most current loss run. Two of these claims were closed more than a year ago: <ul style="list-style-type: none"> <li>• L10068</li> <li>• L10001</li> <li>• C130027</li> <li>• C12078</li> </ul>	
Santa Barbara	No RMIS deficiencies identified. Loss data vendor will be instructed to include date of formal claim notice on future loss run documents.	
Santa Cruz	City will begin documenting and debiting expense payments	
Santa Monica	No RMIS deficiencies identified	
Visalia	No RMIS deficiencies identified	
Watch List/other excess	Carl Warren's loss run lists an inaccurate date of loss on 2 of the 25 files reviewed.	