



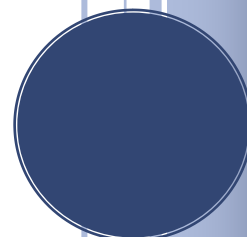
**Liability Claims
Administration Audit -
2009**

for

**Authority for
California Cities
Excess Liability**

June 30, 2009

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June 30, 2009

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Attn: Mr. Mike Simmons
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2009 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)

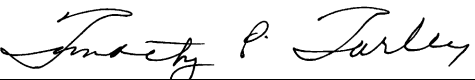
An individual audit of each ACCEL member was conducted either at the member's facility (self-administered) or at the member's third-party administrator (TPA).

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

FCS appreciates the opportunity to complete this important project for ACCEL and looks forward to discussing the report at the upcoming Board of Directors meeting.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by 

Timothy P. Farley, CPCU
President

Contents

I.	Executive Summary	1
A.	General Observations	1
B.	Areas of Inconsistency	2
II.	Audit Results	4
A.	Background.....	4
B.	Staffing/Caseloads.....	5
C.	Claims Handling Components.....	7
1.	Reserves.....	7
2.	Investigation	7
3.	Litigation Management.....	10
4.	Diary/File Closure	13
5.	Payments/Settlement.....	13
6.	File Organization and Documentation	13
7.	Excess Reporting	15
8.	Risk Management Information System (RMIS).....	15

Exhibits

Exhibit 1	– Caseload Analysis (as of the entity’s specific audit date).....	6
Exhibit 2	– Reserve Analysis.....	8
Exhibit 3	– Investigation Deficiency Analysis	11
Exhibit 4	– Litigation Status Report Analysis	12
Exhibit 5	– Diary Performance Analysis	14
Exhibit 6	– ACCEL Excess Reporting Analysis	16
Exhibit 7	– ACCEL Loss Data Reconciliation Analysis	17

I. Executive Summary

A. General Observations

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

Consistently timely litigation status updates from defense counsel to the member or the administrator have generated negative findings in past audits. FCS concludes that performance in this key category has generally improved, but deficiencies are still evident for some members. Exhibit 4 on page 12 provides each member's findings and compares performance observed this year with last year's (2008) audit findings.

Where possible, this report provides a comparison of performance in key claims administration categories with observations generated by similar audits conducted in 2007 and 2008.

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 the claim becomes litigated. FCS recommends a maximum caseload of 180 claims for claims handling technicians on municipal liability exposures. Caseloads for Anaheim, Ontario (Nova Pro Risk) and Santa Monica are excessive. A list of adjustor caseloads appears in Exhibit 1 – Caseload Analysis on page 6.

Burbank, Modesto and Monterey have had some staffing changes since the 2008 audit:

- Burbank – Risk Manager Jim Patricola has retired. Ann Lozano is still the primary claims handling technician, but she is now assisted by Betsy Dolan.
 - Modesto – Beverly Jensen had just assumed primary claims handling responsibilities during the 2008 audit. She has now handled City claims for more than a full year.
 - Monterey – Rhonda Combs assumed the position of Administrative Services Manager subsequent to the 2008 audit. She has now handled City claims and other duties for roughly one year.
2. Case reserves are generally accurate for all member entities. FCS concludes that members have improved performance in this area since last year's audit. Exhibit 2 on page 8 lists each member's reserve accuracy and findings and provides a comparison to

the findings presented in the 2008 audit report. The Cities of Anaheim, Modesto, and Palo Alto had multiple findings.

3. Minor deviations from accepted claims handling standards for investigation are evident for most of the cities, but there is continued improvement in this key area of claims administration. No particular member exhibits significant deficiencies.

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 2008.

4. ACCEL members are generally adhering to industry standards for diary. The analysis of diary includes those instances where the claims handling technician failed to respond to file closure potential. FCS deems the failure to adhere to diary as a primary catalyst of the failure to close claims timely. Exhibit 5 – Diary Performance Analysis on page 7 lists the files exhibiting ineffective diary activity for each ACCEL member and compares performance with 2008 findings.
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. Santa Barbara and Santa Monica have developed a “paperless” system with a significant amount of file material stored in their respective information systems. The process of establishing this paperless system is efficient for both cities. FCS was given access to all relevant claims handling material at both cities.
7. The administrators are generally complying with ACCEL excess reporting guidelines and communicating the perceived significant exposure to the ACCEL administrator (Carl Warren), but deficiencies are apparent with some cities. Claims that should have been reported to Carl Warren or that were reported to Carl Warren late are listed and discussed in Exhibit 6 on page 16.

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

B. Areas of Inconsistency

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

- **Litigation Management (Status Updates).** Exhibit 4 reveals that some member cities continue to experience inconsistency in the delivery of updated status reports from counsel. The Cities of Burbank and Santa Cruz generated the highest number of files exhibiting this deficiency. The primary issue is the failure of counsel to consistently copy the member's claims handler and/or Carl Warren on legal correspondence on litigated claims.
- **Excess Reporting to ACCEL (Carl Warren).** The audit did not identify a large number of files failing to comply with excess reporting requirements, but due to the significant 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. Mountain View and Visalia generated the highest percentage of deficiencies. The Visalia claims are civil rights oriented and unlikely to generate any significant exposure, but FCS recommends that the City advise Carl Warren.

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 March 30 (Anaheim) to May 12 (Visalia). Review of excess files at Carl Warren was conducted on May 15, 2009.

The primary objectives for this audit are:

- To assure all ACCEL members that claims are effectively adjusted according to industry standards.
- To identify inconsistencies in fiscal and technical procedures that could impact the efficiency of the ACCEL program, particularly the timely and accurate reporting of high exposure claims that may penetrate into ACCEL's layer of coverage.
- To assess similarities and differences in reserving practices among the members.
- To ensure that all ACCEL claims handling requirements are complied with.
- To reconcile loss data maintained by Alliant Insurance Services (Alliant) utilized for ACCEL's retrospective rating calculation with loss data maintained by each member. The results of this reconciliation were provided to Alliant in late May, 2009.

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 - 2009

ACCEL Member	Number of Files Reviewed	Claims Handling Entity (Audit Site)
Anaheim	30 open; 15 closed	City-self administered
Bakersfield	27 open; 6 closed	Gregory Bragg & Associates (Bragg)-Ventura
Burbank	19 open; 10 closed	City-self administered
Modesto	25 open; 5 closed	City-self administered
Monterey	16 open; 5 closed	City-self administered
Mountain View	17 open; 10 closed	City-self administered
Ontario	31 open; 5 closed	Nova Pro Risk (Nova Pro)-Tustin
Palo Alto	20 open; 5 closed	City-self administered
Santa Barbara	18 open; 5 closed	City-self administered
Santa Cruz	11 open; 10 closed	City-self administered
Santa Monica	25 open; 10 closed	City-self administered
Visalia	15 open; 5 closed	City-self administered
ACCEL Excess & Watch List	21 open, including all 6 Watch List files	Carl Warren-Glendale

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

member's audit sample by selecting claims that, by description, could develop into reportable claims. Fatalities and civil rights claims were primary candidates for inclusion in the audit sample.

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 recommended 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.

Exhibit 1 lists the claims handling entity, the ACCEL members' claims administration arrangement, and an assessment of caseloads as reported to FCS during the audit process. Exhibit 1 reveals that caseloads at Anaheim, Santa Monica, and Ontario (Nova Pro Risk) may be excessive.

The caseloads listed for Nova Pro Risk (Ontario), Bragg (Bakersfield), and Carl Warren (Watch List and other excess) in Column 3 of Exhibit 1 are the individual's total caseload, including assignments from other non-ACCEL clients.

Other notable findings pertaining to staffing are:

- City of Burbank – Ann Lozano is still the primary claims handler, but following the retirement of Jim Patricola, City Risk Manager, she has temporarily assumed other risk functions. She is currently assisted by Ms. Betsy Dolan.
- City of Modesto – Ms. Beverly Jensen had just been hired to administer its liability claims at the time of the 2008 audit. She has now handled City claims for more than a year. The review of City claims confirms that Ms. Jensen is competently performing these duties.
- City of Monterey – Ms. Sherrell Freeman left employment with the City just prior to the 2008 audit. Ms. Rhonda Combs assumed primary claims handling responsibilities shortly after the 2008 audit. Review of City claims confirms that she is competently handling City claims.
- City of Palo Alto – The City had been utilizing the services of George Hills Company for some claims investigation and data recording activity. The City has now retained the Walnut Creek office of Carl Warren & Company for some claims investigation while still retaining George Hills for data collection.
- City of Santa Monica – Tom Phillips is no longer the City's Risk Manager. Jonathan Lackey is assuming risk management responsibilities on an interim basis. The City expects to hire a new risk manager shortly.

Exhibit 1 - Caseload Analysis (as of the entity's specific audit date)

Claims Handling Entity	ACCEL Members	Caseloads
Gregory Bragg & Associates	Bakersfield	Craig Schweikhard, Laura Harmon - 150
Carl Warren & Co. – Glendale	ACCEL excess/watch list claims	Keyan Aghili - 200 (plus 400 subrogation files)
Nova Pro Risk – Tustin	Ontario	Joe Klecansky - 300
Self-Administered	Anaheim	Dave Nunley - 189 Bob Santos - 60 Yazmin Lopez -5
	Burbank	Ann Lozano - 123
	Modesto	Bev Jensen - 166
	Monterey	Rhonda Combs - 16
	Mountain View	Lynn Dobson, City Attorney - 82
	Palo Alto	Stacy Lavelle with George Hills assistance - 55
	Santa Barbara	John Forner - 77
	Santa Cruz	Kris Kamandulis-43
	Santa Monica	Jonathan Lackey - 251 Gary Sanchez - 41 Mike Mack – 34, includes 22 subrogation
	Visalia	Charlotte Dunn; Christin Duheaney - 37

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.

Generally, 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.
- Obtaining police accident reports when the damage or injury is the result of a traffic accident.

Exhibit 2 - Reserve Analysis

ACCEL Member (Administrator)	Claim Requiring Reserve Adjustment in 2009 (Claim Number)	Reserve Adjustment Analysis		Deviation from Accuracy	Claims Requiring Reserve Adjustment in 2008
		Current Reserve	Recommended Reserve (Rationale)		
Anaheim (Self Administered)	9599	\$0 (legal expense)	\$25,000 (legal expense). Defense counsel has been retained for this excess force claim that resulted in a fatality. A legal reserve is necessary. Trial is scheduled for late July.	\$85,000 under reserved	1
	10447	\$40,000 (loss)	\$100,000 (loss) The City may not be able to invoke the "notice" defense for this claim where the claimant's scooter hit a hole in the sidewalk, severely fracturing her leg.		
Bakersfield (Bragg)	No adjustments necessary	n/a	n/a	n/a	No adjustments necessary
Burbank (Self-Administered)	07149	\$2,668 (expense)	\$10,000 (expense) The City received a defense verdict on this civil rights action, but the claimant is appealing the verdict.	\$7,334 under reserved	No adjustments necessary
Modesto (Self-Administered)	08-530	\$100 (loss)	\$25,000 (loss) This excess force allegation appears unlikely to generate any exposure to the City, but a more precautionary reserve is warranted.	\$29,900 under reserved	2
	08-5711	\$0 (loss)	\$5,000 (loss) The claimant tripped and fell on a City sidewalk. Liability is doubtful, but some precautionary reserve is necessary.		
Monterey (Self-Administered)	09003	\$0 (loss)	\$5,000 (loss) This slip and fall incident may not have occurred on City property, but some precautionary reserve is necessary	\$5,000 under reserved	2
Mountain View (Self-Administered)	No adjustments necessary	n/a	n/a	n/a	No adjustments necessary
Ontario (Nova Pro Risk-Tustin)	No adjustments necessary	n/a	n/a	n/a	No adjustments necessary
Palo Alto (Self Administered)	L97090	\$0 (expense)	\$25,000 (expense) This excess force claim is currently being considered by the California Supreme Court. Clearly, some legal expense reserve is necessary.	\$45,000 under reserved	No adjustments necessary
	L05092	\$0 (expense)	\$20,000 (expense) This civil rights claim is actively litigated.		
Santa Barbara (Self Administered)	05-110	\$5,000 (loss)	\$0 (loss) The City's motion for summary judgment was granted and the City was awarded costs. No loss reserve is necessary.	\$5,000 over reserved.	No adjustments necessary

ACCEL Member (Administrator)	Claim Requiring Reserve Adjustment in 2009 (Claim Number)	Reserve Adjustment Analysis		Deviation from Accuracy	Claims Requiring Reserve Adjustment in 2008
		Current Reserve	Recommended Reserve (Rationale)		
Santa Cruz (Self Administered)	02-G-043	\$150,000 (legal expense)	\$100,000 (legal expense). The only remaining legal activity is a pending argument in front of the California Supreme Court.	\$45,000 over reserved.	1
	08-G-040	\$0 (expense)	\$5,000 (expense) Discovery is active on this litigated claim.		
Santa Monica (Self Administered)	06-1899	\$0 (expense)	\$25,000 (expense). Litigation is active with a trial upcoming.	\$25,000 under reserved	1
Visalia (Self-Administered)	09-014	\$20,000 (loss)	\$10,000 (loss) The claimant fell up stairs leading to a stage and lacerated his hand. This claim was received by the City just a month ago. No medical documentation has been received. The claim will likely be rejected and there is no indication the injury is severe enough to warrant the current reserve.	\$10,000 over reserved	No adjustments necessary
ACCEL excess/watch list (Carl Warren)	no adjustments needed	n/a	n/a	n/a	No adjustments necessary

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

ACCEL member files reviewed generally exhibit thorough investigation activity. Still, minor investigation deficiencies unique to specific claims are evident. The most prominent deficiency is the failure to document photographic evidence. Routinely, this results when handling of the claim is referred to defense counsel without maintaining copies of photographs in the original claim file.

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 2008 audit. Lack of any number in parentheses indicates no findings in the 2008 audit. Blank categories indicates there were no findings in either 2008 or 2009.

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 2008 audit.

This year's audit finds some improvement in this area. Still, several members continue to experience non-compliance from defense counsel.

Industry standards require some status update from counsel at least every 60 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.

Exhibit 3 - Investigation Deficiency Analysis

ACCEL Member	Number of Files Exhibiting Deficiency (blank categories mean no deficiencies in either 2008 or 2009) Numbers in parentheses are 2008 findings						
	Failure to Index	Failure to Obtain Statement	Failure to Obtain Police Report	Failure to Document Photographic evidence	Failure to Obtain Release	Failure to Invoke Risk Transfer	Failure to Obtain Estimates
Anaheim							
Bakersfield				3 (1)			
Burbank			(1)	2 (2)			
Modesto				1 (1)			
Monterey	(2)						
Mountain View							
Ontario				2 (4)			
Palo Alto	1 (1)			(1)			
Santa Barbara							
Santa Cruz				1			
Santa Monica							
Visalia				1 (2)			
Excess/watch list							

Anaheim

- No investigation deficiencies

Bakersfield

- Photos – 06050883 (no photos of scene)
- Photos – 07060134 (no photos of scene)
- Photos – 08083996 (photos on disk, but not displayed in file)

Burbank

- Photos – 08115 (no photos of scene)
- Photos – 07099 (no photos of scene)

Modesto

- Photos – 09- 6294 (no photos of scene)

Monterey

- No investigation deficiencies

Mountain View

- No investigation deficiencies

Ontario

- Photos – A01539 (no photos of accident scene)
- Photos – A01406 (no photos of accident scene)

Palo Alto

- Indexing – L06018 (no documentation claimant indexed)

Santa Barbara

- No investigation deficiencies

Santa Cruz

- Photos – 08-G-056 (no photographs of accident scene)

Santa Monica

- No investigation deficiencies

Visalia

- Photos – 08-034 (no photographs of accident scene)

Exhibit 4 - Litigation Status Report Analysis

ACCEL Member	Number of Files Lacking Status Reports or Exhibiting Late Status Reports from Defense Counsel (Numbers in parentheses are 2008 audit findings)
Anaheim	1 3.6% of the litigated files reviewed (5)
Bakersfield	2 12.5% of the litigated files reviewed (4)
Burbank	4 26.7% of the litigated files reviewed (4)
Modesto	1 4.8% of the litigated files reviewed (8)
Monterey	No deficiencies identified (2)
Mountain View	No deficiencies identified (0)
Ontario	No deficiencies identified (2)
Palo Alto	No deficiencies identified (0)
Santa Barbara	No deficiencies identified (2)
Santa Cruz	2 25% of the litigated files reviewed (1)
Santa Monica	No deficiencies identified (1)
Visalia	No deficiencies identified (2)
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.

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. The number in parentheses represents the number of deficiencies identified in the 2008 audit.

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.

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 documents in instances when a claim settlement is effected.

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 adjuster. It also ensures that important documents such as settlement demands, release/dismissal documents, and important investigation items are not misplaced.

Generally, all claims handling entities are maintaining clearly documented claim files.

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

Exhibit 5 - Diary Performance Analysis

ACCEL Member	Files Exhibiting Diary Deficiency (Numbers in parentheses are 2008 findings)
Anaheim	1 (1)
Bakersfield	2 (0)
Burbank	4 (0)
Modesto	2 (2)
Monterey	0 (1)
Mountain View	0 (0)
Ontario	0 (1)
Palo Alto	0 (1)
Santa Barbara	0 (0)
Santa Cruz	0 (0)
Santa Monica	1 (0)
Visalia	0 (1)
Watch list/excess	0 (0)

Anaheim

- 10601

Bakersfield

- 07065375
- 08077211

Burbank

- 08020
- 06096
- 07133
- 07143

Modesto

- 07-4643
- 09-6132

Monterey

- No deficiencies identified

Mountain View

- No deficiencies identified

Ontario

- No deficiencies identified

Palo Alto

- No deficiencies identified

Santa Barbara

- No deficiencies identified

Santa Cruz

- No deficiencies identified

Santa Monica

- 08-4788

Visalia

- 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 \$25,000 or more), since these would logically have the greatest potential for excess exposure. All claims reaching this threshold were reviewed for each member.

The audits confirm that most ACCEL members are consistently complying with ACCEL excess reporting guidelines and communicating the perceived significant exposure to ACCEL and the Watch List administrator (Carl Warren). Burbank (2), Modesto (2), Mountain View (3), Ontario-NovaPro-Tustin (2), and Visalia (2) had multiple deficient reporting findings.

The review of Watch List and other excess files at Carl Warren confirms that Carl Warren is effectively monitoring these claims. Exhibit 6 indicates 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 claims were presented to the particular member or their administrator after that member’s audit.

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 will be used to develop the Loss Data Reconciliation Report used for ACCEL’s retrospective rating calculation.

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

Loss information generated generally reconciles with financial information documented in the claim files. No significant RMIS deficiencies are identified.

Exhibit 6 - ACCEL Excess Reporting Analysis

Member	Claim Number	Discussion
Anaheim	All excess reportable claims reported timely.	
Bakersfield	07061085	This motor vehicle accident fatality resulted following a police pursuit.
Burbank	8131	This civil rights claim should be reported.
	09100	This wrongful death claim has not been reported.
Modesto	08-5302	It appears the claim has been reported to Carl Warren, but defense counsel is not copying Carl Warren on key legal correspondence.
Monterey	All excess reportable claims reported timely.	
Mountain View	070083	This false arrest/civil rights claim has not been reported to Carl Warren.
	080119	A pedestrian was struck by a vehicle and sustained severe injuries. The claim has been reported to Carl Warren, but counsel is not copying Carl Warren on legal correspondence.
	080145	The claimant, a pedestrian, sustained severe injuries and contends the cause of the accident is that the City created a dangerous condition. The claim has not been reported to Carl Warren.
Ontario	A01553	This excess force/civil rights claim has not been reported to Carl Warren.
	A01430	This is a wrongful death claim following a motor vehicle accident. The claimant alleges City police officers were negligent for releasing the responsible party from custody earlier in the evening. Liability is groundless, as the facility was not the City's. Still, the claim qualifies for reporting to Carl Warren.
Palo Alto	All excess reportable claims reported timely.	
Santa Barbara	All excess claims reported timely.	
Santa Cruz	All excess claims reported timely.	
Santa Monica	06-2248	This excess force/civil rights claim has not been reported to Carl Warren.
Visalia	07-49	This claim alleging excess police force and civil rights violation has not been reported to Carl Warren
	07-63	This excess police force claim has not been reported to Carl Warren.

Exhibit 7 - ACCEL Loss Data Reconciliation Analysis

Member	Claim Number	Discussion
Anaheim	10353	The loss run provided displays a \$25,000 loss reserve, but file documentation indicates the reserve is only \$1000.
Bakersfield	No RMIS deficiencies identified	
Burbank	08163	The claim file lists a loss reserve of \$75,000 and an expense reserve of \$25,000. The file lists \$1,000 and \$6,000, respectively.
Modesto	No RMIS deficiencies identified.	
Monterey	No RMIS deficiencies identified	
Mountain View	Four claims on the "open" loss run of claims over \$25,000 have actually been closed for several months.	
Ontario	A01582	This claim does not appear on the loss run provided. Mr. Klecansky indicated that this claim was paid by NovaPro's Riverside office, so it does not appear on a loss run generated by the Tustin office where the claim file is housed. This explanation is unusual. Any NovaPro loss run should contain all Ontario loss information.
Palo Alto	No RMIS deficiencies identified.	
Santa Barbara	No RMIS deficiencies identified.	
Santa Cruz	No RMIS deficiencies identified.	
Santa Monica	No RMIS deficiencies identified	
Visalia	No RMIS deficiencies identified.	
Watch List	No RMIS deficiencies identified.	