

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY
(ACCEL)**



REQUEST FOR PROPOSAL

FOR

LIABILITY CLAIMS AUDITING SERVICES

Date Issued: January 2, 2018

DEADLINE FOR RESPONSES:

February 23, 2018

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I. Introduction

The Authority for California Cities Excess Liability (ACCEL) is soliciting proposals from qualified consultants to provide liability claims auditing services. The initial agreement term will be for three years, with optional renewals thereafter.

A. ACCEL Overview

ACCEL, established in 1986, offers pooled excess liability coverage to twelve cities across California. Currently, Member Cities self-insure their liability risk to \$1 million; pool their liability risk between \$1,000,001 and \$5 million (i.e., the pool layer); and purchase excess liability coverage above the pool layer in tiers up to a maximum of \$200 million. Member Cities use in-house claims adjusters or third party administrators to manage losses within their self-insured retentions. ACCEL, in turn, contracts with Risk Management Services (RMS) for pool/excess liability claims administration services. Further, Alliant Insurance Services, Inc. (San Francisco office) serves as ACCEL's Program Administrator, and in this role, is responsible for managing the claims auditor's contract.

The chart below identifies each ACCEL Member City and provides information on payroll, total open claims, and risk management information systems. It also shows the number of claims that have been reported to ACCEL's excess claims administrator, RMS.

Member City	Payroll	Open Claims	Risk Management Information System
Anaheim	\$ 250,356,664	200	Systema/SIMS
Bakersfield	\$ 102,338,081	206	TPA-Claims Connect
Burbank	\$ 108,472,370	215	iVos
Modesto	\$ 79,987,673	214	JDI's Claims Manager
Monterey	\$ 38,641,324	26	Trackability
Mountain View	\$ 73,455,129	32	Systema/SIMS
Ontario	\$ 89,058,903	89	TPA-MyCarlWarren
Palo Alto	\$ 104,135,872	70	TPA-Systema/SIMS
Santa Barbara	\$ 97,792,362	91	Microsoft Office Programs
Santa Cruz	\$ 63,859,586	61	Ventiv Risk Console
Santa Monica	\$ 210,692,075	315	Origami
Visalia	\$ 47,474,260	48	Microsoft/Excel
Claims Reported to Claim Administrator		120	MicroNiche

For more information on ACCEL, please visit www.accelpool.org.

B. Project Description

ACCEL is seeking the services of a qualified consultant to audit its Member Cities and Claims Administrator for compliance with excess liability claims administration industry standards and ACCEL’s Claims Reporting and Handling Policies and Procedures (See Section VII -- RFP Attachments for copy) -- particularly -- in the areas of proper reserving, excess reporting, and litigation management. The ideal consultant will possess extensive experience with auditing complex liability claims for California public entities; providing accurate, candid, and well-documented audit findings; and offering sound recommendations for audit areas in need of strengthening.

C. Request for Proposal (RFP) Questions

All questions regarding this RFP should be directed to ACCEL’s Program Administrator, Conor Boughey, at cboughey@alliant.com.

D. RFP Timetable

Timetable	
RFP Issued	January 2, 2018
Questions Due	5:00 pm on February 2, 2018
Questions Answered By	5:00 pm on February 16, 2018
Proposals Due By	5:00 pm on February 23, 2018
Consultant Interviews	March 22, 2018
Contract Approval	June 21, 2018
Notice of Award	June 25, 2018
New Contract Operational	July 1, 2018

ACCEL reserves the right to cancel and/or modify the above dates to meet the needs of the organization.

II. RFP Instructions and Requirements

A. General

Consultants submitting proposals must comply with the all requirements contained in this RFP. Failure to comply with the RFP requirements will result in rejection of the proposal for non-responsiveness.

B. Consultant Qualifications

Only proposals submitted by consultants with the relevant experience, qualifications and capacity to meet the needs of ACCEL will be accepted. ACCEL reserves the right to reject any or all proposals, to waive technicalities, and to award a contract to the consultant offering the most favorable terms in the opinion of the ACCEL Board.

C. Submission of Proposal

All proposals must be submitted electronically to ACCEL's Program Administrator at the following address: cboughey@alliant.com with "Liability Claims Auditing Services RFP" placed in the subject line of the email. The proposal must be received by the Program Administrator by 5 pm on February 23, 2018. Please address proposals to:

Mr. Conor Boughey, Program Administrator
Authority for California Cities Excess Liability
100 Pine Street, 11th Floor
San Francisco, CA 94111

D. Proposal Contents

The proposal submittal must contain:

- Consultant Response to Proposal Content (Section IV of the RFP);
- Completed and Executed Consultant Information & Signatory Page by the consultant or a responsible officer or employee of his/her firm (See Attachment A); and
- Evidence of RFP addenda issued by ACCEL (See Section II, H for more information)

E. Modifications to Submitted Proposal

All post-submittal modifications proposed by the consultant must be submitted in writing and received by ACCEL's Program Administrator by the proposal submission deadline established in this RFP. Proposal modifications not submitted in writing will not be accepted.

F. Evidence of Responsibility

Upon the request of ACCEL, a consultant whose proposal is under consideration shall promptly submit to the Program Administrator satisfactory evidence of the consultant's financial resources, and any other evidence of the consultant's qualifications to perform the scope of work requested in this RFP. ACCEL may consider such evidence before making its decision to award the proposed contract. Failure to submit requested evidence may result in rejection of the proposal.

G. Consultant Inquiries

Consultants may request clarifications or make other inquiries concerning this RFP. All inquiries must be submitted electronically to ACCEL's Program Administrator at the following address: cboughey@alliant.com with "Questions Regarding Liability Claims Auditing Services RFP" placed in the subject line of the email – and – received by the "Questions Due" date provided in the RFP timetable (see page 2).

Answers to all consultant questions will be posted on the ACCEL website (www.accelpool.org) in accordance with the "Questions Answered Date" provided in the RFP timetable.

H. Modifications to Request for Proposal

ACCEL reserves the right to modify this RFP by written addendum. Addenda issued by ACCEL interpreting or changing any of the items of this RFP shall be incorporated into this RFP. RFP addenda will be posted on the ACCEL website: www.accelpool.org.

It is the sole responsibility of the consultant to ensure all addenda posted (including answers to questions regarding the RFP) have been received prior to submitting any proposal. Further, the consultant shall provide evidence of receipt of this information by signing and dating the addenda cover sheet and submitting it with their proposal. ACCEL shall not be held liable in any event for failure of consultant to receive addenda.

I. Contract Terms & Conditions

Contract term is three years. By submission of a proposal, consultant agrees to abide by the terms and conditions of the proposal and contract documents. Any exceptions by the consultant shall be clearly noted in the proposal response and alternate language shall be proposed therein. Any and all agreements, forms, etc. that the consultant would require ACCEL to sign and approve in the event of the award of contract must be included with the proposal response. ACCEL reserves the right to cancel the contract resulting from this agreement with ninety (90) days written notification.

III. Scope of Services

The consultant will annually audit the Claims Administrator and all twelve Member Cities in accordance with the following work plan:

❖ Claims Administrator:

- Audit all open claims, and all claims closed in the past 12 months with a total incurred of more than \$1 million for compliance with ACCEL's claims administration contract requirements (See Section VII -- RFP Attachments for copy) which address: Claim Set Up and Documentation, Coverage Determinations, Investigations and

Reserving, Excess Reporting, Litigation Management, and Reporting to ACCEL Board of Directors; document findings;

- Review staffing qualifications and caseloads and note any concerns;
- Reconcile RMS reserves with Member Cities loss data maintained by Alliant and note any discrepancies;
- Conduct an exit interview at conclusion of audit, and document any follow-up items/Claim Administrator concerns, and forward to Alliant;
- Summarize keys findings and recommendations in an annual written report due to ACCEL on December 15 of each year; and
- Present key findings and recommendations to the ACCEL Board in January of each year.

❖ Member Cities: Anaheim, Bakersfield, Burbank, Modesto, Monterey, Mountain View and Santa Monica:

- Audit 50% of each Member City's open claim files up to a maximum of 50 focusing on claim files with large reserves, and claim files with descriptions involving potentially costly losses (e.g., excessive force claims, employment claims, etc.);
- Document findings for each claim file relative to investigation, reserving, litigation management, liability/damage evaluation, file management, timely negotiations, and excess reporting practices using ACCEL's audit form (See Attachment B).
- Review staffing qualifications and caseloads and note any concerns;
- Confer with Member City's legal staff to discuss reserving and/or litigation strategy, as appropriate;
- Reconcile Member Cities loss data with loss data provided to Alliant and note any discrepancies;
- Conduct an exit interview at conclusion of audit, and document any follow-up items/Member City concerns, and forward to Alliant;
- Summarize keys findings and recommendations in an annual written report due to ACCEL on December 15 of each year; and
- Present key findings and recommendations to the ACCEL Board in January of each year.

❖ Member Cities: Ontario, Palo Alto, Santa Barbara, Santa Cruz, and Visalia:

- Audit 35% of each Member City's open claim files up to a maximum of 35 focusing on claim files with large reserves, and claim files with descriptions involving potentially costly losses (e.g., excessive force claims, employment claims, etc.);
- Document findings for each claim file relative to investigation, reserving, litigation management, liability/damage evaluation, file management, timely negotiations, and excess reporting practices using ACCEL's audit form (See Attachment B).
- Review staffing qualifications and caseloads and note any concerns;
- Confer with Member City's legal staff to discuss reserving and/or litigation strategy, as appropriate;

- Reconcile Member Cities loss data with loss data provided to Alliant and note any discrepancies;
- Conduct an exit interview at conclusion of audit, and document any follow-up items/Member City concerns, and forward to Alliant;
- Summarize keys findings and recommendations in an annual written report due to ACCEL on December 15 of each year; and
- Present key findings and recommendations to the ACCEL Board in January of each year.

IV. Proposal Content

The proposal must contain the following components:

- A. Consultant Identification:** Identify firm name, address of principal place of business, and the name, title, email address and telephone number of contact person for this RFP.
- B. Project Team:** Identify all personnel to be assigned to the project and designate the individual who will serve as project manager. Describe the qualifications of each project team member, including their job titles, experience, professional qualifications, and certifications. Include a professional resume for each team member.
- C. Relevant Experience:** Describe your firm’s experience with providing the “Scope of Services” requested in this RFP; emphasize experience with entities similar to ACCEL. Provide a copy of a recent liability claims audit completed by your firm.
- D. Approach:** Describe your firm’s approach/philosophy to the following:
 - Claims auditing for an excess pool (e.g., what techniques does your firm rely on to ensure you capture the key audit information that ACCEL needs to effectively manage its pool, etc.);
 - Reserving claims in an excess pool; and
 - Carrying out the work plan set out in this RFP.
- E. References:** Provide the names and telephone numbers of three public entities/companies that your firm currently provides services similar to those requested in this RFP and one public entity/company client your firm has lost in the past two years.
- F. Compensation:** Identify all costs associated with completing the work plan set out in this RFP:

	Year 1	Year 2	Year 3
Audit Preparation			
Travel			
Total			

All pricing proposals shall remain firm for at least ninety (90) days from the RFP deadline submission date.

G. Value Added: Identify any additional services that your firm provides free-of-charge that set you apart from your competitors (e.g., training, publications, etc.).

H. Disclosure: Disclose all conflicts of interest, apparent or real, that would prohibit or affect your firm’s ability to carry out the services requested in this RFP.

V. Evaluation Criteria

Proposals will be evaluated using the following criteria:

Criteria	Points
Experience auditing public entities similar to ACCEL	25
Quality of sample audit report provided	15
Approach/philosophy to auditing & reserving	20
References	15
Cost	20
Value Added Services	5
Total	100

VI. Other Terms and Conditions

All proposals are subject to the following “Other Terms and Conditions”:

A. Independent Contractor Status

Consultant hereby agrees that ACCEL has hired the respondent as an independent contractor and not as an agent or employee of ACCEL. Further, consultant agrees that it has and retains the right to exercise control and supervision of the work and full control over the employment, direction, compensation and discharge of all persons assisting in the work.

B. Conflict of Interest

No officer, member or employee of ACCEL and no member of its governing bodies shall have any financial interest, direct or indirect, in this contract or the proceeds thereof. No consultant or member of the consultant’s family shall serve on a ACCEL board, committee, or hold any

such position which either by rule, practice or action nominates, recommends, or supervises the consultant's operation or authorizes funding to the consultant.

C. Legal Entity

Should a change be contemplated in the name or nature of the consultant's legal entity, the consultant shall first notify ACCEL to ensure that proper steps are taken to have the change reflected in all legal documents.

D. Title to Documents

All documents and other papers, or copies thereof prepared by the consultant pursuant to the terms of the Audit Services Contract shall, upon preparation, become the property of ACCEL.

E. Insurance

Prior to commencement of contract, consultant shall provide a certificate of insurance with evidence of the following insurance coverages placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise acceptable to ACCEL:

- **Commercial General Liability:** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury, with limits of no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (Insurance Services Office Form CG 25 04) or the general aggregate limit shall be twice the required occurrence limit.
- **Automobile Liability:** Insurance Services Office Form CA 00 01 covering Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and Code 9 (non-owned), with limits of no less than \$1,000,000 per accident for bodily injury and property damage.
- **Workers' Compensation:** Workers' Compensation insurance as required by the State of California, with Statutory Limits and Employers' Liability Insurance with limits of no less than \$1,000,000 per accident for bodily injury or disease
- **Professional Liability:** Insurance appropriate to the Consultant's profession with a limit of not less than \$2,000,000 per occurrence.

F. Indemnification

Consultant shall hold harmless, defend and indemnify ACCEL and its Member Cities, officers, officials, employees and volunteers from and against all claims, damages, losses and expenses including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of the consultant, anyone directly or indirectly employed by any of them or anyone for whose acts any of

them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of ACCEL.

VII. Attachments

- A. Consultant Information and Signatory Page
- B. Member Cities Audit From
- C. Claims Administrator's Contract Requirements
- D. Claims Reporting and Handling Policies and Procedures

Attachment A

Consultant Information & Signatory Page

Company Name: _____

Business Address: _____

Telephone: _____ Fax: _____

Email: _____ Web Site: _____

Type of Firm: Corporation: _____ Proprietorship: _____
Partnership: _____ Joint Venture: _____
Other (please describe): _____

Business License Number: _____

Number of years in business under firm name: _____

Full names of firm's owners (> 10% ownership), officers and managing employees:

Has the firm changed its name within the past 3 years?

YES NO

If yes, provide former name(s):

Have there been any recent (within the last three years) changes in control/ownership of the firm?

YES NO

If yes, explain.

Have officers or principals of the firm ever had their business license suspended or revoked for any reason?

YES NO

If yes, please explain.

Name and title of person responsible for submission of this proposal:

Name & Title: _____

Signature: _____

Phone: _____

Email: _____

**Attachment B
Member City Audit Form**

**ACCEL MEMBER CITY
AUDIT FINDINGS FORM**

MEMBER CITY NAME
FILE NAME
FILE NUMBER

FILE STATUS	DATE OF LOSS	CLAIM DATE	REJECTION DATE
LAWSUIT DATE	CLOSED DATE	TYPE OF LOSS	LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION

LIABILITY

Liability review attempts to determine, through file information, degree of liability. If no information in file, the undetermined box is checked indicating a deficiency in this area.

CLEAR
 PROBABLE
 QUESTIONABLE
 DOUBTFUL
 UNDETERMINED
 N/A

Audit reviews the current reserves and paid amounts - if adjustments are needed, they are indicated in the recommended reserves section. Additional comments would be noted in the "Reserving" section below.

<u>CURRENT RESERVES</u>	<u>PAID TO DATE</u>	<u>RECOMMENDED RESERVES</u>
LOSS	LOSS	LOSS
EXPENSE	EXPENSE	EXPENSE

RATING GUIDE: 1=BELOW STANDARDS; 2=MEETS STANDARDS; OR 3=EXCEEDS STANDARDS

RATING	<u>INVESTIGATION</u> Review examines the investigation process for thoroughness, including opportunities for risk transfer.
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RATING	<u>RESERVING</u> Review examines the timeliness and basis for file reserves. The areas of indemnity and expense are examined as to past and future costs. Litigation expenses are evaluated in respect to other factors (liability, damages, etc.).
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RATING	<u>LITIGATION MANAGEMENT/ATTORNEY HANDLING</u> Review examines the management of defense counsel and individual attorney performance. Confirms member city is complying with ACCEL's Claims Reporting and Handling Procedures in such areas as timely assignment, reporting, case handling, and litigation strategy.
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RATING	<u>LIABILITY/DAMAGE EVALUATION</u> Review examines basis for determining if liability exists and to what degree. Also file information on damages is reviewed, as well as, the analysis of the damage components.
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RATING	<u>FILE MANAGEMENT</u> This area includes physical file management, statutory management, diary timeliness, and overall file coordination/ handling.
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RATING	<u>TIMELY NEGOTIATIONS</u> Review examines settlement practices and file resolution through the use of negotiations. Proactive use of informal negotiations and voluntary mediations are examined.
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RATING	<u>EXCESS REPORTING</u> Review examines excess reporting practices to ensure member city is complying with ACCEL's Claims Reporting and Handling Procedures.
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COMMENTS

Attachment C

Claims Administrator Contract Requirements

RMS will provide the following services to ACCEL and its Member Agencies:

1. Manage all occurrences/claims/lawsuits (hereinafter referred to as “claims”) reported to RMS by ACCEL Member Agencies in accordance with claims administration best practices and ACCEL’s Policies and Procedures, including, but not limited to:
 - a. Claim Set-Up/Documentation: RMS will maintain a properly documented claim file for each claim reported by ACCEL. The claim file is ACCEL property and will be available for ACCEL inspection.
 - b. Coverage Determinations: RMS will evaluate claim to determine whether coverage is available under ACCEL’s Memorandum of Coverage. All notifications involving rejection of coverage or reservation of rights of coverage will be handled in accordance with ACCEL’s Claims Reporting and Handling Policy & Procedures.
 - c. Claim Investigation/Reserving: RMS will obtain and analyze all reports and documents pertinent to claim to assess liability and potential damages, and establish an appropriate reserve. RMS will reevaluate reserves as necessary, but no less than every ninety days until claim file is closed.
 - d. Reporting Claims to Excess Carriers: RMS will assess every claim for potential exposure to excess carriers upon receipt of claim and every ninety days until claim file is closed. RMS will notify the excess carriers of claims with exposure potential in accordance with excess carriers’ claims reporting and handling policies. Further, RMS will notify the Claims Committee Chair of all claims reported to excess carriers.
 - e. Litigation Management: ACCEL or Member Agency will assign defense counsel to all litigated reported claims and advise RMS of selection. RMS will serve as ACCEL’s point of contact for the duration of litigation and assume responsibility for the following:
 - i. Monitoring the work of Member Agency’s legal counsel to ensure sound defense strategies are employed;
 - ii. Identifying and reporting to ACCEL emerging issues with potential to adversely impact the ACCEL or Member Agency;
 - iii. Monitoring key dates (e.g., mediations, settlement conferences, trial dates, etc.) and providing timely notice to ACCEL when action by ACCEL is required (e.g., settlement decisions, litigation strategy decisions, etc.);
 - iv. Monitoring reserves to ensure adequacy;

- v. Providing recommendations and advice to ACCEL on key matters impacting litigation (e.g., litigation strategies, settlement options, reserve levels, etc.);
 - vi. Attending mediations, settlement conferences, and all other hearings and court dates as necessary; and
 - vii. Reviewing Member Agency's litigation expenses (i.e., legal bills and expenses) and recommending payment to ACCEL.
- f. Reporting to ACCEL: RMS will provide the following reports to ACCEL:
- i. A quarterly Loss Run history that identifies all open and closed claims reported to RMS; and
 - ii. A "Watch List" of claims that, in the professional evaluation of RMS, have the greatest potential to penetrate the ACCEL's pool layer or greater. Further, the "Watch List" will include, at a minimum, the information identified in Appendix 1 for presentation at each Board of Director's meeting.

Attachment D

ADMINISTRATIVE PROCEDURE

SUBJECT: CLAIM REPORTING AND HANDLING POLICIES AND PROCEDURES

DATE: May 1, 1987

REVISED: December 10, 2015

Policy Statement

It is the policy of the ACCEL Joint Powers Authority (hereinafter referred to as “Authority”) that:

1. Each Member Agency will report all occurrences, claims, and lawsuits (hereinafter referred to as “claims”) meeting the Authority’s reporting criteria to its Claims Administrator as soon as possible and in accordance with the Authority’s Memorandum of Coverage.
2. Each Member Agency will assume primary responsibility for managing all reported claims filed against the Member Agency. However, the Authority reserves right to associate in or participate with a Member Agency in the negotiation, investigation, defense, appeal or settlement of a claim subject to the terms and conditions of the Authority’s Memorandum of Coverage.
3. The Authority’s Claims Administrator is responsible for notifying the Authority’s excess insurance carriers of all Member Agency claims with the potential to exceed the Authority’s retained limit in accordance with excess carriers’ claims reporting and handling policies. Each Member Agency, in turn, is responsible for notifying and complying with all underlying insurance policies purchased individually by the Member Agency (i.e., outside of the Authority).
4. Should a discrepancy arise between this document and the Authority’s Memorandum of Coverage, the Memorandum of Coverage will govern.

Role of Claims Committee

The Claims Committee is composed of a minimum of three Board Members appointed by the Executive Committee and approved by the Authority; Committee Chair is selected by Committee members. The Claims Committee, with support from the Authority’s claims management firm, is responsible for the following activities:

1. Monitoring all claims reported by Member Agencies to the Authority to ensure reserves are adequate, defense strategies are sound, coverage issues are promptly identified and communicated to Member Agencies, and excess carriers are promptly notified of claims with potential to exceed the Authority’s retained limit;
2. Reporting key developments and/or concerns regarding active claims to the Authority’s Board of Directors;

3. Providing recommendations to the Board of Directors on claims and claims matters requiring Authority action, including, but not limited to, coverage determinations, reserve levels, defense strategies, settlement offers, and decisions to try or appeal lawsuits;
4. Overseeing the activities of the Authority's claims management firm; and
5. Assisting with the selection of the Authority's claims management firm and claims auditor.

The Claims Committee will meet at least quarterly to fulfill its designated responsibilities.

Role of Claims Administrator

The Authority will retain the services of a claims management firm to oversee all claims reported by its Member Agencies. The claims management firm, in turn, will assign a claims administrator to the Authority. The Claims Administrator will serve as the Authority's point of contact for all reported claims, and be responsible for fulfilling the scope of work contained in the service contract between the Authority and the claims management firm.

Reporting Requirements for Member Agencies

1. Member Agencies will report to the Authority's Claims Administrator as soon as possible all events meeting any of the criteria identified below:
 - a. Claims¹ in which the ultimate net loss is estimated to exceed 25% of the Member Agency's retained limit.
 - b. Claims¹ falling within any of the following classifications, without regard to liability:
 - i. one or more fatalities;
 - ii. spinal cord injuries (paraplegic or quadriplegic);
 - iii. amputations;
 - iv. loss of sight or hearing;
 - v. severe burns or disfigurement;
 - vi. serious head injuries;
 - vii. serious loss of use of any body part or function;
 - viii. long term hospitalization (30 days or more); or
 - ix. Multiple claims arising out of the same occurrence in which the aggregate ultimate net loss is estimated to exceed 25% of the Member Agency's retained limit.
 - c. Lawsuits or writs involving employment practices liability, without regard to liability.
 - d. Demands in excess of \$250,000 arising out of any of the following settings, without regard to liability:

¹ See page 1 of policy – the definition of "claim" includes occurrences and lawsuits.

- i. Statutory demand;
- ii. Post closed discovery (not expert) demand;
- iii. Mandatory Settlement Conference demand;

- iv. Mediation demand; or
 - v. Arbitration demand.
2. Member Agencies will ensure the initial report provided to the Claims Administrator contains a brief description of what occurred, along with all available/relevant documents (e.g., claim, investigative reports, photos, medical reports, etc.) and a reserve recommendation.

Member Agencies will provide the initial report and all future reports to the Authority's Claims Administrator:

Risk Management Services
8000 Old Redwood Hwy
Cotati, CA 94931
(707) 792-4980
Attention: Ken Maiolini

Once a reported claim is litigated, Member Agencies will promptly advise the Claims Administrator of legal counsel selection and forward a copy of the lawsuit along with any additional relevant documents available not provided with the initial report.

3. Member Agencies will ensure assigned legal counsel provides the Claims Administrator with a case analysis report (CAR – sample attached) or equivalent as soon as reasonably possible after receipt of the lawsuit, and status reports every ninety days thereafter or when an action occurs that could change the value of a lawsuit, whichever occurs first. Further, Member Agencies will ensure status reports are complete and contain sufficient information for the Claims Administrator to properly evaluate the lawsuit and keep the Claims Committee informed of key developments that may require its action. If Member Agencies fail to comply with these requirements, the Claims Administrator will promptly alert the Claims Committee and request intervention.

Coverage Determinations

The Claims Administrator will promptly evaluate all reported claims to determine whether coverage is available under the Authority's Memorandum of Coverage.

If this review reveals a potential coverage issue(s), the Claims Administrator will send the affected Member Agency a reservation or rights letter that clearly states the basis and justification for the finding; a copy of the letter will be provided to each Claims Committee Member. The Claims Committee, in turn, will apprise the Board of Directors of all reservation of rights letters issued to Member Agencies, and provide regular status updates until matters resolve. All denials of coverage must be approved by the Authority.

Member Agencies can dispute a reservation of rights letter by contacting the Authority's Board President and requesting an item be placed on the next available Board of Directors meeting agenda to discuss the matter. In the event of a conflict (i.e., the Board President's Member

Agency is disputing a reservation of rights letter), the Vice President will assume the Board President's responsibilities.

Claims Audits

All Member Agencies are required to complete an annual claims audit. Such audits will be conducted by a qualified outside audit firm recommended by the Claims Committee and approved by the Authority. The cost of the audits will be shared equally by Member Agencies.

The Claims Auditor will issue a written report summarizing the findings and recommendations for each Member Agency. This report will be presented and approved by the Authority's Board of Directors at a regular Board meeting. The Authority may require a Member Agency to formally respond to an audit finding contained in the report. A Member Agency shall submit its response to the Authority within sixty days of the request.

Attachments

- 1) Sample Case Analysis Report (CAR)

APPENDIX 1

CASE ANALYSIS REPORT

Caption of Lawsuit: _____

Court: _____

Case Number: _____

Date Suit Filed: _____

Date of Service: _____

Fast Track? ____ Yes ____ No

Date of Loss: _____

I. PARTIES

A. Plaintiffs:

B. City and City-Related Defendants:

C. Third-Party and Other Defendants:

II. TRIAL DATE AND OTHER IMPORTANT DATES

III. JURISDICTION AND EVALUATION

IV. TRIAL JUDGE AND EVALUATION

V. EVALUATION OF COUNSEL

A. Plaintiff's Attorney's Name and Evaluation:

B. City's Defense Attorney's Name:

C. Co-Defendants' Attorneys' Names and Evaluations:

VI. STATEMENT OF FACTS

VII. INJURIES

VIII. SPECIAL DAMAGES

A. Medical Expenses:

1. Past:

2. Future:

B. Loss of Earnings:

1. Past:

2. Future:

C. Other (specify);

IX. LIABILITY ALLEGATIONS

A. Plaintiff's Contentions:

B. Defenses:

1. Legal Defenses:

2. Factual Defenses:

C. Plaintiff's Expert Witnesses and Opinions:

D. Defense Expert Witnesses and Opinions:

X. VERDICT EXPOSURE

A. Chances of Defense Verdict:

[Note: a percentage number shall be provided.]

B. Gross Verdict Range as to all Defendants:

C. Potential Offsets and Credits:

D. Net Verdict Range to City after Offsets, Credits and Allocation of Fault:

E. Plaintiff's Attorney's Fees (if applicable)

F. Punitive Damages (if applicable)

XI. SETTLEMENT HISTORY

A. Last Demand:

- B. Last Offer:
- C. History of Settlement Negotiations:
- XII. RECOMMENDATIONS OF COUNSEL
 - A. Reasonable Settlement Value:
 - B. Proposed Litigation Strategy:
 - C. Other Recommendations:
- XII. BUDGET
 - A. Fees and Costs Invoiced to Client as of the Date of this Report:
 - B. Fees and Costs from this Date to Trial:
 - C. Fees and Costs of Trial:
 - D. Initial Case Budget:
 - E. Experts' Fees and Costs to Date
 - F. Experts' Fees and Costs through Trial
 - G. Litigation Budget Summary Form (see attachment 1)
- XIII. MISCELLANEOUS
 - A. Does Complaint Conform to the Tort Claim Filed?
(If not, specify differences)
 - B. Is Indemnification or Contribution Available?
(If so, specify by whom, and in what amounts)

Attachments

1 – Litigation Budget Summary Form

ATTACHMENT 1 -- LITIGATION BUDGET SUMMARY FORM

Name of Attorney: _____ Case Name: _____

EST Hrs. / Cost

1. **Preliminary Activity**
(Review File, Interview Witnesses, Case Analysis, Litigation Plan, Budget)
2. **Initial Pleadings**
(Answer, Cross-Complaint, Demurrer)
3. **Fact Finding – Information Gathering**
(Document Review, Research, Strategy Development, Sub Rosa, Travel)
4. **Discovery**
(Interrogatories, Depositions [by individual], Other Requests)
5. **Law & Motion and Pre-Trial Activity**

(Motions [specify], Arbitrations, Settlement Conferences, Mediations, Court Hearings, Pre-Trial Reports)
6. **Experts**

(Identify Each Expert [if known] and Area of Expertise,)
7. **Documentation – Administrative Support**

(Correspondence, Copies, Faxes, Other Costs)
- 8... **Trial Activity**
(Trial Preparation, Trial Attendance, Briefings, Exhibits, Post-Trial Report)

TOTAL _____

BUDGET SUMMARY:

- | | |
|---|----|
| 1. Preliminary Activity | \$ |
| 2. Initial Pleadings | \$ |
| 3. Fact Finding-Information Gathering | \$ |
| 4. Discovery | \$ |
| 5. Law & Motion and Pre-Trial Activity | \$ |
| 6. Experts | \$ |
| 7. Documentation – Administrative Support | \$ |
| 8. Trial Activity | \$ |

TOTAL \$ _____

SUBMITTED BY:

Defense Counsel: _____