



AGENDA - Revised

JPA: ACCEL CLAIMS COMMITTEE

DATES/TIMES: Wednesday, April 14, 2004
2:00 p.m.

PRIMARY LOCATION: Offices of the ACCEL Program Administrators
Main Conference Room
Driver Alliant Insurance Services
600 Montgomery Street, 9th Floor
San Francisco, CA 94111
(415) 403-1414

LEGEND: A – Action may be taken
I - Information
1 - Included
2 - Handout
3 - Separate
4 – Verbal

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, in each of the member agencies involved.

LOCATION(S) VIA TELEPHONE: Pursuant to Government Section Code 54953, members of the public may hear a discussion of this conference at the offices of each teleconference location as listed below.
This Meeting Agenda shall be posted at the address of the teleconference location with access for the public via phone/speaker phone.

- City of Santa Barbara, 735 Anacapa, Santa Barbara, CA
- City of Modesto, 1010 Tenth Street, Suite 5600, Modesto, CA
- City of Santa Cruz, 809 Center Street, Santa Cruz, CA, Room 6
- Carl Warren & Company, 1000 South Hill Road, Ventura, CA

4 A. CALL TO ORDER

1 B. CLAIMS COMMITTEE (A)

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1. Approval of Minutes – January 27, 2004 - Claims Committee Meeting
Members will receive a copy and may take action to approve or amend.
 2. Liability Claims Administrator Contract Renewal – July 1, 2004 to 2007
Members will receive a renewal proposal from the Liability Claims Administrator and members may take action to make a recommendation to the Board.

4 C. PUBLIC COMMENTS (I)

The public is invited at this point to address the Committee on issues of interest to them.

D. ADJOURNMENT

**MINUTES OF THE
ACCEL CLAIMS COMMITTEE MEETING
TUESDAY, JANUARY 27, 2004, 10:00 A.M.
TELECONFERENCE**

B1

MEMBERS PRESENT

Ben Bankard, City of Modesto
Erwin Young, City of Santa Cruz
Brad Landreth, City of Santa Barbara

GUESTS AND CONSULTANTS

Craig Schweikhard, Carl Warren & Company
Janelle Cabanding, Driver Alliant Insurance Services
Mike Simmons, Driver Alliant Insurance Services

A. CALL TO ORDER

Brad Landreth called the meeting to order at 10:02 a.m.

CLAIMS COMMITTEE

B1. Appointment of Claims Committee Chair.

A motion was made to appoint Brad Landreth to the Claims Committee as Chair.

MOTION: Erwin Young **SECOND:** Ben Bankard **MOTION CARRIED**

C. PUBLIC COMMENTS

There were no public comments made.

D. ADJOURNMENT

There was a motion to adjourn the meeting.

MOTION: Ben Bankard **SECOND:** Erwin Young **MOTION CARRIED**

The meeting was adjourned at 10:13 a.m.



Item No. B2
ACCEL Claims Committee Meeting
Wednesday, April 14, 2004

LIABILITY CLAIMS ADMINISTRATOR CONTRACT RENEWAL

Attached is a letter addressed to the ACCEL Board of Directors from Craig Schweikhard of Carl Warren & Company, and a renewal proposal for 2004 to 2007. The Claims Committee will have the opportunity to discuss this contract and take action at today's meeting to make a recommendation to the Board at their upcoming April Meeting in San Francisco.



April 8, 2004

To: ACCEL Board of Directors
From: Craig Schweikhard
Carl Warren & Co.
Re: Claims Administration Contract

Proposal

Carl Warren & Company has been the ACCEL Claims Administrator since 1988. The existing Service Contract Expires on June 30, 2004. We propose a three-year extension of the existing contract under the same terms and conditions though July 1, 2007. The proposed changes involve no increase of the hourly rate.

The proposed rate is a composite with no additional charges except: photographs, mileage, and steno. The proposal does however include a \$1,000 increase to the administration fee to cover the increase cost of travel and administration of the program. The increase in charges should have a minimal financial impact.

Background

Carl Warren & Co. is required to provide a budget for the **Service Fee** expense at the April Board of Directors meeting each year. The claims committee is to hear the recommendations and provide the full board a budget amount to be adopted in the annual budget. The claims administration contract is for a three-year period. July 1, 2004 will commence the first year (if approved) of the three-year contract.

The contract provides for expenditures in three areas: the **Administration Fee**, which is a fixed amount at \$11,000, the **Service Fee**¹ which varies from year to year, dependent on case demands, and ACCEL managed cases that are ALE and authorized by the Claims Committee.

The **Service Fee** and **Administration Fee** budget for **2003-2004** was \$63,000.

The caseload as of April 1, 2004 was 186 open Claims. Projected average service charge per case is 4.8 hours. At this time last year we had 154 claims opened.

¹ The **Service Fee** is a time and expense with a fixed not to exceed amount.
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Based upon this projection we estimate the cost to handle ACCEL cases within the Service Fee should not exceed \$55,500. With the proposed administration fee increase we project the overall net impact to ACCEL will be under \$3,500 for the year². Since ACCEL is charged by actual time spent on cases, this is a top end estimate and actual charges could possibly be less (but not more).

Recommendations³

We recommend that ACCEL adopt a claims handling budget of \$66,500: \$55,500 for the **Service Fee** and \$11,000 for the **Administration Fee**. All other costs are ALE assigned to files. This proposal covers the next three years. The proposed administration fee increase is 10%. We will be present at the meeting to discuss this proposal with the members.

² Base on a three year average

CONTRACT AMENDMENT

WHEREAS, Carl Warren & Co. entered into a contract for claims administration with the AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY, hereafter known as ACCEL, on July 1, 1989. The parties have mutually agreed to amend the contract and extend the terms as follows:

1. Section VI: SERVICE FEE, shall be amended as follows:

“1. The service fee cap will be based on the previous 12 months average case load as of April 1st each year. Caseload to be determined from the Carl Warren & Co. loss run.

Carl Warren & Co. will provide a budget amount to ACCEL for approval for the following fiscal year.

The contract period will be extended to July 1, 2007

The service fee will be for file handling of cases reported to the Claims Administrator. The service fee is a cap, not to exceed, amount. Each file to be billed for time and expenses according to Appendix I, but in no case shall exceed:

2004 - 2005 - \$55,500

2005 – 2006 – to be determined April 2005

2006 -2007 – to be determined April 2006

“2. In addition to the Service Fee, the Claims Administrator will charge an annual Administration Fee of \$11,000.00.

“3. Certain claim files will not be considered part of the Annual Service Fee and Administration Fee (paragraph 1 & 2). These will be files that the Claims Committee authorizes handling, and will be billed on a time and expense basis and will not be included in the not to exceed.

“4. The fee schedule is attached as Appendix I.

“5. If new members are added or members withdraw so as to significantly increase or decrease the case load in any fiscal year, then the parties will negotiate any additional or diminution of the annual Service Fee.”

2. Section II: CARL WARREN & CO. OBLIGATIONS, shall be amended to add subsection 20 which will read:

“(10) The Claims Administrator will be responsible for reporting enforcement to assure compliance with THE POLICY AND PROCEDURE MANUAL and associated resolutions by the ACCEL board.”

3. Section VIII: Notices, part 1 and 2, shall be amended:

1. Carl Warren & Co.
1000 S. Hill Rd., Suite 100
Ventura, CA 93003
Attn.: Craig Schweikhard
2. ACCEL, Board President c/o:
Driver Alliant Insurance Services
600 Montgomery Street, 9th Floor
San Francisco, California 94111

4. Indemnification:

HOLD HARMLESS The Claims Administrator agrees to indemnify, hold harmless, reimburse and defend ACCEL at all times against any claim, costs, expense, liability, obligation, loss or damage (including reasonable legal fees) of any nature, incurred by or imposed upon ACCEL and based upon any acts errors or omissions of the Claims Administrator, its agents or employees, with respect to the services provided by the Claims Administrator under this Contract; except to the extent the act error or omission arises from the Claims Administrator's reasonable reliance on information provided by ACCEL or from the Claims Administrator's following instructions from ACCEL. In the event that ACCEL tenders its defense in any such claim, , to the Claims Administrator, and the Claims Administrator accepts such tender, the defense of ACCEL shall be conducted by counsel selected and paid by the Claims Administrator. Claims Administrator shall provide a certificate of insurance evidencing insurance coverage acceptable to ACCEL.

All other terms and conditions of the contract will be in force and remain the same.

Executed this day of 2004 at Ventura, California.

CARL WARREN & CO.

By. _____ Dated:

_____ Dated:
ACCEL

APPENDIX I

Service charges effective July 1, 2004 through July 1, 2007.

Adjuster's Hourly Rate	\$ 62/ Hour
Photos	\$2.00/color print
Miles	\$.40/mile
Secretarial	\$4.50 per page
Data Processing	\$35.00/claim/suffix (one time charge only)*

DATA PROCESSING

1. **Standard Services:**

Carl Warren Administration (Equipment, supplies and software) Monthly Report Processing- Monthly Report Printing/Assembly/Mailing of the Standard Reports- All Location Code changes- All Cause Code changes.

2. **Standard Monthly Reports** (Three or less hard-copies):

- Claims Register Summary and Detail.
- Coverage Profile.
- Cause Profile.
- Transaction Summary.
- Transaction Detail.
- Check Register.
- Payments Summary.
- Location Summary.
- Recovery Register.

3. **Standard Quarterly Reports** (Three or less hard-copies)

- Location Register Summary and Detail.
- Coverage Profile by Location.
- Cause Profile by Location.
- Transaction Summary by Location.

Additional Copies \$.40/page

Carl Warren & Co. does not possess any interest, title, lien or right to any client data or records. Therefore, upon termination of the contract, Carl Warren & Co. is relieved of all obligations to provide data processing services to the client and will deliver to the client all data and records in a ASCII or Excel format. If the client desires a different format, Carl Warren & Co. will provide that to the client at an agreed upon and reasonable cost.

Exhibit A

The Claims Administrator shall provide ACCEL, per conditions contained above, a budget amount for the basis of the “do not exceed” provisions of the contract described herein. This shall be the Service Fee amount (Section VI, as amended).

The formula shall be based on the total ACCEL caseload and the number of average hours per case. The conditions of the contract determine the hourly charges and additional applicable charges, if any.

The Claims Administrator will prepare a cost projection based on the previous 12 months average caseload. The April 1st Carl Warren & Co. loss run will be the basis of the projection. A report will be prepared and presented to the Claims Committee at the April Board of Directors meeting each year. The Claims Committee will negotiate and make specific recommendations for discussion at the next appropriate Board of Directors meeting. The agreed upon budget amount will be effective the following July 1st and apply for that policy year.