RMS

CSAC-EIA GENERAL LIABILITY AUDIT

TRINDEL INSURANCE FUND – 2017

An audit of Trindel Insurance Fund was conducted at their offices in Weaverville, CA on May 22, 2017. After a pre-audit discussion with the General Manager and GL Adjustor, a review of the open loss run was conducted. This resulted in a selection of 50 files to be reviewed.

An RMS Audit Review form was completed on each file reviewed and is included as a confidential document.

The Member has recently switched from a TPA to self-administering claims. The GL Adjustor has been with the Member for over 4 years handling Workers' Comp claims prior to taking over the GL claims on July 1, 2016. The new GL Adjustor was provided monitoring from Praxis Claims Services from July 1, 2016 till Fall 2017.

The Member also utilizes an outside investigator and auto damage appraiser to assist in the investigation of the claims.

The Member utilizes JDI Claims Management as an MIS for data and information management.

The audit would indicate the following:

INVESTIGATION: The files contain good documentation related to facts and liability issues. The Adjustor then produces a Plan of Action (POA), which is well done and a good tool to lay out a game plan for future handling of the claim. The results of the investigation and POA are well documented and layed out in the file.

RESERVES: Overall we found the reserves to be well thought out and set at a value than represents the ultimate realistic value of the claim.

(**NOTE**: In the exit interview the following was discussed:

- A placeholder reserve is set at $200 – we advised that the Adjustor should not get lulled into a comfort level with this practice and consider financial and economical resolution on cases to avoid defense costs. In cases of non-jurisdictional or tendered matters the $200 reserve is appropriate.

- GHC0012668 – based on game plan documented in file, advised there needs to be an evaluation of legal reserves.

- SAN15-0003 – new lawsuit assigned to Defense Counsel – needs legal reserve to cover litigation costs.)

LITIGATION MANAGEMENT: Since the Adjustor is new to handling the GL claims, it was noticed that on inherited files he needed to be more aggressive with Defense Counsel on litigation strategy and cost control. It should be noted that these are older mature claims where a pattern of litigation management had been established well before the Adjustor took over the claims load. The claims that have developed into litigation since July 1, 2016 do indicate a stronger level of litigation management and better cost control. It was discussed that the Adjustor needs to develop a collaborative approach to litigation management and work closer with Defense Counsel.

(**NOTE**: One helpful tool is to use an electronic Defense Counsel Evaluation (DCE) form. We have included a DCE as an attachment (Exhibit I) and will provide a copy electronically to the Member. The DCE requires the Defense Counsel to provide valuable quantifying information on the claim and assists in reserving and litigation strategy.)

LIABILITY/DAMAGE EVALUATION: The files reflect a good evaluation of both liability and damages. Rationale for liability determination is well documented, and on damages there are appropriate verifications of medicals, injury, wage loss and property damages.

FILE MANAGEMENT: We found the files to be handled in a proactive and appropriate manner. The following is indicated in the files:

- The Adjustor utilizes courtesy letters related to non-jurisdiction and other non-liability factors.

  (**NOTE**: This practice should be used more and a Declaration of Non-Interest by Public Works should be included to dissuade the claimant from pursuing litigation – a copy of a sample Declaration of Non-Interest is included as Exhibit II. Also, Members should be encouraged to send out the suggested statutory notices timely and copies sent to the Adjustor. This benefits the Trindel Pool and all its Members.)

- Good communication with the Member on status and ongoing issues.

- The diary is well documented and maintained.

- The Trindel MIS is a good system, well maintained and documented.

- EIA reporting is well done.

(**NOTE**: GHC007766 – if MSJ is unsuccessful, need to consider EIA reporting based on serious injury.

TIBT-6000200 – consider reporting the matter to Medical Malpractice program.)

- Risk transfer is explored appropriately.

- File notes are well done.

  (**NOTE**: GHC0010663 and GHC0013547 indicate the wrong Member in file notes – Adjustor was aware of this and will correct the input.)

NEGOTIATION PRACTICES: File review would indicate that all meritorious matters are proactively resolved either through informal negotiations, mediation or judicial settlement conferences. The Adjustor works collaboratively with the Members on strategy and POA for resolution. The settlements negotiated indicate favorable results for both the Pool and Members.

Overall we found that the new GL Adjustor is handling the claims well and is very proactive. He will gain valuable experience as he handles more claims and seems very receptive to accepting advice and training. At this point he only lacks experience, but seems to grasp the concept of handling Members' claims, evaluation of risk and importance of status reports.

The claims handing at Trindel is done in a manner that meets or exceeds industry standards, CSAC-EIA Claims Handling Guidelines and CAJPA criteria.

Other than the recommendation "NOTE", we have no other recommendations at this time.

Respectfully submitted,

Kenneth R. Maiolini, ARM-P

Attachments: RMS Audit Review Forms (Confidential Document)
RMS Audit Matrix
RMS Audit Checklist
Exhibit I – DCE
Exhibit II – Declaration of Non-Interest Sample

RMS Audit Matrix

Entity Reviewed: Trindel

Program: GL I

Date of Review: 5/22/2017

# of Claims Reviewed: 50

Average Case Loads: 100+

TPA (If Applicable): N/A

Claims Handling Compliance by % and/or 1-10 Rating

Government Code / Statutory Notices	9	/
File Documentation	10	/
Liability Determination	10	/
Damage Evaluation	10	/
Litigation Management	8	/
Subrogation	N/A	/
Risk Transfer	10	/
Excess Reporting	10	/
Reserving	9	/
Negotiation Practices	10	/
Supervision Oversight	10	/
Averages	9.6	

Auditor: Kenneth Maiolini

RMS Audit Checklist

Entity Reviewed: Trindel Program: GL I

Member Contact: David Nelson TPA Contact: N/A

Auditor Tasks during Audit:

	Date Completed
Pre-audit interview with member	4/18/17
Pre-audit interview with TPA	N/A
Exit Interview with Member	5/22/17
Exit Interview with TPA	N/A

What type of filing system does the Entity/TPA operate with? (paperless, paper files, combination of paperless and paper)

Paperless – reviewed MIS at Member location.

If paper files exist, were they reviewed? If no, please explain why.

N/A

EXHIBIT I

Defense Counsel Evaluation Form

Please complete the DCE below and return it via email to our office within 10 working days. In order to anticipate future expense and loss reserves, please be complete in your liability and damage analysis. Thank you for your cooperation.

To complete this form, place your cursor in the first grey field "Prepared By:", enter the appropriate information and then "tab" to the next field. The form provides for as much space that is needed. Once complete, save the document to your computer under the plaintiff's name and email it to us.

Should you have any questions, please do not hesitate to contact our office.

DEFENSE COUNSEL EVALUATION (DCE)

Prepared By:
Date:
Case Name:
Date of Loss:
County Claim No.:
Court File No.:

ALLEGATIONS:

LIABILITY ISSUE (Include Co-Defendants if Applicable):

DAMAGES (Include Liens):

CASE STRENGTHS:

CASE WEAKNESSES:

SETTLEMENT VALUE:

VERDICT VALUE:

CURRENT LITIGATION STATUS:

SIGNIFICANT LITIGATION DATES:

Mediation	Settlement Conference	Trial

DATES (OTHER):

EXHIBIT II

DECLARATION OF NON-INTEREST

CLAIM OF:
CLAIM NO.:
DATE OF LOSS:

FILED WITH THE _____ COUNTY BOARD OF SUPERVISORS ON:

I, _____, am (Job Title) of (Department) of the County of _____. I have caused a search to be made of the records and files of my Department, and I hereby certify that the incident location _____ as described in the above-captioned claim is not now owned by the County of _____ nor does the County of _____ have any jurisdiction over such property.

I hereby certify that on the date specified in said claim, the County of _____ had no contractual relationships with the (Responsible Party) or any other agency which is involved in the site set forth in said claim.

Name: _____ **Date**: _____
(Person Signing Form), (Job Title)

Department: **Place:(City where you are employed, CA)**