

REQUEST FOR PROPOSAL

LIABILITY THIRD PARTY CLAIMS ADMINISTRATION AUDIT

CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY

The California Sanitation Risk Management Authority (CSRMA) is seeking professional service proposals from qualified claims auditing firms to provide a Liability claims audit. This project arises out of CSRMA's desire to be assured that the third party claims administrator is doing an effective job in adjusting the JPA's claims, using sound and accurate reserving practices, and that the price for service is comparable to that offered by other qualified claims administrators.

CSRMA is a Joint Powers Authority that provides Liability coverage to forty two (42) sanitation districts in accordance with the attached Memorandum of Coverage. The Pooled Liability Program provides its members with third party liability coverage specifically designed to meet the exposures faced by the wastewater industry. Members are provided with coverage for General Liability, Automobile Liability, Employment Practices Liability and Public Entity Errors and Omissions Liability.

The claims are administered by Carl Warren & Company out of its Tustin, CA office, (650) 622-4200.

The audit shall focus on the administrator and its claims management program.

It is anticipated that an appropriate sampling of claim files will be reviewed. The final report will apprise CSRMA as to whether or not the third party administrator's program is in accordance with acceptable claims administration practices and standards. The report will make recommendations to improve the program.

OBJECTIVES

The overall objectives of the audit are to:

1. Assess the efficiency and effectiveness of the present claims administrator.
2. Review all claims as follows, OR as recommended by the proposed audit firm:
 - All open claims with a total incurred cost of \$25,000 or more (as of December 31, 2024 there are 35 such claims)
 - 5 closed claims with a total incurred cost of \$25,000 or more



- 20 open claims with a total incurred cost below \$25,000
- 5 closed claims with a total incurred cost below \$25,000

As of December 31, 2024 CSRMA had 77 open claims.

3. Make certain the adjusters have the experience and competence to protect CSRMA's retained limit of \$750,000 per accident.
4. To ensure that all provisions of the contract for services are met, using the "Claims Handling Instructions" document from the CSRMA's contract with Carl Warren as a guide. This document will be provided to the selected Auditing Firm.

AREAS OF EXAMINATION

To achieve these objectives, the audit shall include, but not be limited to, the following areas of examination:

1. Accuracy and promptness of payments.
2. Evaluation of reserve accuracy.
3. An audit of the administrative system used to pay claims. Identification of bottlenecks, delays and weakness in procedures.
4. Proper case monitoring procedures.
5. Degree and use of outside services including legal services. Monitoring of outside service. Review of approved litigation panel.
6. Accuracy, completeness, and timeliness of computer claims runs.
7. Timely notification of all claims that need to be reported to CSRMA's excess insurers.
8. Accessibility of administrator during non-working hours.
9. Processing claims or potential claims in accordance with CSRMA's policy and Statutory Compliance.
10. Reasonableness of administrator's fees.
11. Technical competence and expertise of personnel handling the claims.
12. Diary system maintained.
13. Claims Information System evaluation.
14. Indexing of claimants.
15. Timely contact with claimant.
16. Determination that administrator is keeping members of CSRMA informed and involved as to the status and development of claims.
17. Quality control mechanisms in place.
18. Pursuit of subrogation opportunities and collection success.
19. Adequacy of claim file documentation, including properly executed releases.
20. Determine that the administrator carries adequate professional liability and liability insurance.
21. Evaluate mechanisms to monitor attorney's costs and activities.



22. Case load is within industry standards for good to excellent adjusters.

CONDITIONS

1. The auditing firm selected will be considered as an independent contractor, and although the results and scope of the work will be under the control of CSRMA, in no way is it to be construed that the auditing firm is an agent or employee of CSRMA while providing services.
2. The auditing firm shall hold CSRMA and its member agencies, its officers, agents and employees harmless and shall defend and indemnify CSRMA, against any and all claims which may arise, excluding sole negligence of CSRMA. Proof of Liability coverage and Professional Liability coverage in the amounts of \$1,000,000 shall be provided to CSRMA prior to commencement of work.
3. The audit report shall be the sole property of CSRMA and not used or reproduced for any other purpose without the written permission of CSRMA.
4. The claims audit should be performed within the period of time August 1, 2025 – October 1, 2025 with the exact dates to be coordinated between the selected Auditing Firm and the TPA. The final written report will be due to CSRMA staff by October 31, 2025. A presentation of the report will be made by the selected auditor on November 17, 2025 to the CSRMA Pooled Liability Committee in Alliant's Walnut Creek office.
5. A copy of the June 30, 2025 loss run will be provided to you prior to the actual audit.
6. Your proposal will be evaluated on the basis of the knowledge and experience of the firm and its personnel in conducting similar audits, scope of services offered, references, costs and other such factors. CSRMA reserves the right to reject any and all proposals.
7. Attached is the timeline for this project.

PROPOSAL FORMAT

Proposals will only be accepted via e-mail with an electronic version sent to pskarlanic@alliant.com. The proposal shall be divided into three sections:

1. Recommendations. Recommendations as to specific areas you will examine and the anticipated results. List the number of open and closed claims you would propose to examine to properly audit the program. Suggest any other areas you propose to examine as a part of the audit.



2. **Qualifications.** Describe the scope and approach of previous similar audits by your company and the individuals who would actually do the audit. Outline your experience in auditing self-insurance programs and particularly public entities.
3. **Cost of Service.** Costs should be quoted on a flat rate basis. Time and expense may be quoted, but only in addition to a flat fee quotation.

Questions regarding preparation of the proposal should be referred to P.J. Skarlanic at (415) 403-1455 / pskarlanic@alliant.com. Your proposal must be submitted via email to P.J. Skarlanic no later than 5:00 p.m. PST on April 21, 2025.

<u>CALIFORNIA SANITATION RISK MANAGEMENT AUTHORITY</u> <u>POOLED LIABILITY CLAIMS AUDIT</u>	
<i>TIMELINE</i>	
DATE	ACTION
March 14, 2025	RFP Posted on CSRMA.org
April 21, 2025	RFP Responses Due
April 21 – May 5, 2025	CSRMA Staff and Liability Committee Review of Responses, Oral Interviews at discretion of CSRMA Staff may be conducted
May 5, 2025	Contract Awarded
August 1 – October 1, 2025	Audit Period, exact dates to be coordinated between the selected Auditing Firm and TPA
October 31, 2025	Final Audit Report Due
November 17, 2025	Presentation of Final Audit Report to CSRMA's Pooled Liability Committee at Alliant's Walnut Creek, CA office