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April 21, 2017

Michael J. Miller, C.P.A., C.I.S.A.
Auditor-Controller
County of Monterey
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

Dear Mr. Miller,

In keeping with Intercare's commitment to provide you with periodic progress reports, I am taking this opportunity to update you on a number of items. As you know, Intercare has been managing the claims for the County of Monterey since July 2016. Following are observations and thoughts for your review, consideration and discussion if you feel it would be appropriate to do so.

During our meeting last July we discussed the need for timely reporting and updates on litigated files being handled by County Counsel. We shared with the group Intercare's Litigation Guidelines which contain an outline to assist in summarizing the case, recommending action plans going forward and includes a template for budgeting purposes to establish credible expense and indemnity reserves on each file.

Recently I reviewed 23 litigated cases managed by County Counsel. None of the files reviewed contain attorney reports even when specifically requested by Intercare. We are not getting the cooperation expected which is inhibiting our ability to set credible reserves according to accepted reserving principles. A list of cases reviewed needing reports is included with this letter.

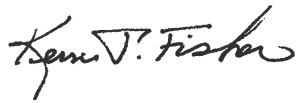
Another area that could use some streamlining is non-litigated cases with exposure at or less than \$10,000.00. When we initially met with Steve Mauck in Rocklin, CA last June, he advised us that we would have autonomous authority to negotiate appropriate claims against the County for up to \$10,000. That authority was removed by County Counsel prior to our meeting in July. Our experience to date confirms that a good majority of the claims made against the County are very low exposure cases. For example, these cases arise from alleged auto damage from potholes, minor fender bender auto accidents, trees falling on private property and alleged loss of personal items during incarceration, etc. Notwithstanding those instances where the County is within its rights to reject and deny claims; many cases that do get paid could easily be negotiated directly by the Intercare adjuster without the time and expense to the County arising from the involvement of County Counsel. I would suggest that the County revisit this issue and request that Intercare be given authority to negotiate legitimate claims against the County that are valued at \$10,000 or less.

In addition to the above, Intercare needs ready access to the appropriate department heads at the County to conduct our own independent investigation of claims. Currently we are waiting on County Counsel to make the contact with the department head. The department head in turn sends their report to County Counsel. County Counsel then sends us the report. This is not very efficient and prolongs the process on non-litigated low dollar matters. If the proper introductions are made to the department head and we are given a contact list or a point person to use for our investigation, we are very capable of conducting a timely investigation without incurring County Counsel's time and additional expense to the County while keeping all parties informed in the process.

The above are some thoughts and observations over the past nine months since program inception with Intercare. I welcome your thoughts and discussion of the above at your convenience. Please note I will be away from the office from April 25th and will return on May 3rd.

We appreciate your confidence in our abilities and also highly value our relationship with the County of Monterey.

Respectfully,

A handwritten signature in black ink, appearing to read "Kevin P. Fisher". The signature is written in a cursive, flowing style with a large initial "K".

Kevin P. Fisher