



*Kevin P. Fisher
Vice President, Liability Claims
(425)-636-1021
kfisher@intercareins.com*

November 13, 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,

This correspondence is to supplement my letter to you of April 21, 2017.

Previously we had discussed the need for timely reporting on litigated cases handled by County Counsel. Although reporting has improved somewhat since April, there is still much improvement needed in this area. We need full and consistent cooperation of County Counsel in order to set timely and credible reserves according to accepted reserving principles.

As mentioned previously there are many non-litigated cases presented against the County with exposure at or less than \$10,000.00. Our experience to date still confirms that a good majority of the non-litigated cases 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 strongly suggest that the County once again 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.

We recommend that Intercare have ready access to the appropriate department heads at the County to conduct our own independent investigation of claims in keeping with industry standards. 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.

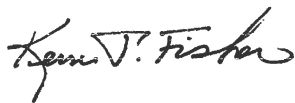
Another area that needs oversight is litigation management and bill review of invoices submitted by outside counsel retained to defend the County of Monterey. There does not appear to be any focused effort by County Counsel to review or question outside retained counsel's invoices. We believe that this is an area that would benefit from our oversight to mitigate the legal costs and expense incurred by the County on cases assigned to outside counsel.

There are certain cases where a conflict of interest arises from involvement of County Counsel. The Hughes and Zane matters involve County of Monterey employees who have filed alleged wrongful employment claims against the County. It would be our recommendation that outside counsel be retained to represent the County with Intercare's oversight in order to avoid any conflicts of interest.

As you are aware, we process all invoices submitted by the County of Monterey. To ensure accuracy in this process, all invoicing should be accompanied by a W-9 even though the vendor may already be in our claims system. By attaching the W-9 on each invoice, Intercare can be assured that the invoice is allocated to the correct vendor and to confirm correct processing on the 1099 filings that are done on behalf of the County at the end of year on all vendors.

Thank you for this opportunity to provide our feedback to you. 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 fluid and cursive, with the first name "Kevin" and last name "Fisher" clearly legible, and "P." as a small initial in the middle.

Kevin P. Fisher