

***APTA RISK MANAGEMENT
SEMINAR
Des Moines, Iowa
June, 2011***



**Selecting a Third Party
Claims Administrator**

*Santa Clara Valley
Transportation Authority
VTA*



*San Jose, California
The Capital of Silicon Valley*

VTA HQ



VTA



- FY10-11 Budget: Operating -\$ 424 M
Capital - \$ 231 M
- Employees: 2,005
- Service Area: Santa Clara County - 326 square miles
- Passengers per year: 45M
- Multi-Modal: Buses, Light Rail,,
Highways, Bike and Ped Facilities

Hybrid Buses



Congestion Management



VTA Green Grazing



99 LIGHT RAIL VEHICLES



RISK MANAGEMENT DEPARTMENT



18 positions including the Risk Manager responsible for:

- **Self insured Workers Compensation and Public Liability Claims Management, FMLA & ADA claims**
- **Insurance**
- **Environmental Health and Safety**
- **Rail and Bus Systems Safety**
- **Substance Abuse Control Program (Drug Testing)**
- **Emergency Response and Business Recovery Plan**

Doing a Successful RFP Process



- *Prepare a thorough Scope of Work that clearly defines your claims program and the nature of the services you are seeking.*
- *Create a project plan timeline that enables the proposers to do a good job and allows you time to review their submittals and , make a selection and execute a contract well before the start of service.*

Your Claims Experience



What the TPAs need to know about your risk:

- *Current open claims inventory*
- *Number of new claims per month*
- *Claims Severity Analysis*
- *Average life of claims*
- *Current Outstanding Reserves*
- *Amount of Self-Insured Retention (SIR)*

Your Service Expectations



- *Experience level of Adjusters,*
- *Caseloads*
- *Dedicated or mixed client staff*
- *24 hour on call Field Response*
- *Litigation Management*
- *Status Reports on large Claims*

Your Service Expectations



- *Reserving Practices*
- *Office Location*
- *Frequency of Client meetings / claims reviews*
- *Cooperation with Auditors*
- *RMIS Products*

Your Service Expectations



- *Coordination with your Financial Department regarding banking arrangements/payments*
- *Contact Person for prompt response to your agency's information needs or Service Issues*

Minimum Qualifications of the Firm



Experience with:

- *Public Entity Clients*
- *Public Transit modes*
- *24 hour on call response*
- *Litigation Management*
- *Union Environments*

Pricing Models



- *Time and Expense*
- *Fee per Claim*
- *Flat Annual Fee*
- *What is included ?*
- *What is not?*

Get Competitive!

Advertising Possibilities:

- ❖ Business Insurance Magazine,
- ❖ Local PARMA & RIMS websites,
- ❖ Claims Associations' meetings,
- ❖ Your Insurance Broker

TPA Interviews



- Meet at their office and get a tour of the facility, including file rooms
- Require that the proposed supervisory staff be present & give them a technical test
- Require an RMIS demo

Making Your Final Selection



- If the pricing is too good to be true.....
- Reference checking