

## **3. Specification**

## BACKGROUND TO SERVICE REQUIREMENTS

### Introduction

This contract is to provide under excess claims management with respect to public liability and professional indemnity incidents and any other claims referred on by council through to finalisation or until such a time as it becomes apparent that the claim will exceed Councils excess. Council reserves the right to settle a claim at any stage.

Port Phillip City Council takes every measure possible to ensure residents can enjoy a safe and secure physical environment.

The Contractor must commit to administering all insurance claims in a diligent, prompt and fair manner utilising the services of suitably qualified staff with local government claims management experience. The Council will honour fair claims to the full extent of its legal obligation.

Port Phillip City Council currently receives between 85 – 140 claims / incidents per annum. We currently have approximately 30 – 35 open claims which is down from the previous year. A majority of these claims are tree related. The more costly claims are generally coming from tree root activity which has been compounded by the current drought conditions. For the 2010/2011 financial year, we hold the following excesses: Public Liability \$10,000 & Professional Indemnity \$20,000.

Type of Claims Received	2009/2010	2008/2009
Facility	2	0
Flood	2	0
Motor Vehicle	0	2
Mower	0	0
Other	13	16
Professional Indemnity	1	1
Tree Falling	7	12
Tree Overhanging	3	1
Tree Root	17	32
Trip and Fall	17	21
Vehicle Damage	27	20
	<b>89</b>	<b>105</b>

## REQUIRED SERVICE LEVEL

The specification has been written to reflect the service level required of the Contractor.

The Contractor must commit to administering all insurance claims in a diligent, prompt and fair manner and must ensure that Council's objectives are met, in all respects. These objectives are:-

- The incident/claim is fully documented and supported where necessary;
- The incident/claim is evaluated in a manner that recognises the obligations of Council pursuant to relevant insurance legislation and regulations (such as the *Road Management Act 2004*), Occupational Health and Safety legislation and regulations;
- Appropriate negotiations are instigated and, where appropriate, a settlement is achieved promptly and on the most cost effective basis;
- Insurer, third party and loss adjusters' queries are properly dealt with;
- Liability is determined in a fair and equitable manner;
- Settlement recommendations are made promptly; and
- Where appropriate, a claim is referred to Council's insurer, currently Civic Mutual Plus (CMP).

## REQUIREMENTS

### Management/administrative Requirements

The successful Contractor will be required to:

Receive notification of and manage all referred claims and reports of incidents, which may give rise to claims through to completion, except if they go over excess.

As a minimum, the management/administration of an incident/claim will entail:-

- Establishing claims files and computerised claims control records for each incident referred;
- Documenting acknowledgement of receipt to the third party;
- Documenting acknowledgement of receipt to customer's correspondence within (3) three working days of receipt;
- Documenting request for necessary supporting information;
- Determining liability and quantum;
- Where a denial is deemed appropriate – forwarding denials directly to third parties in plain English and providing a detailed explanation of the reasons for denial;
- Liaising with third party's solicitor;
- Appropriately responding to any legal proceedings issued against Council within legal timeframes. The successful contractor can either utilise in-house solicitor/legal staff or sub contract this function to legal practitioners;
- Notifying Councils insurer, currently Civic Mutual Plus (CMP) of any legal proceedings issued against Council;
- Making recommendations to Council regarding any settlement offers and requesting Council's specific instructions to proceed;
- Preparing appropriate Deeds of Release for any proposed offer of settlement;
- Subject to Councils instructions, instigating and pursuing any potential recovery actions,
- Obtaining Council's consent prior to appointing external solicitors, assessors, investigators or other types of expert opinion;
- Promptly referring any claim which breaches councils' excess to the relevant Council insurer, Civic Mutual Plus;.

- Providing computer generated statistical claims analysis to Council;
- Providing Specific Incident Report forms (or similar) for completion by Council staff to report on the circumstances of a claim / incident and follow up. If unable to obtain the necessary information from field officers, an escalation process whereby the relevant Manager/Director is requested to intervene must be initiated.
- Where appropriate, inspecting the relevant site;
- Closing the claim once finalised on the successful contractor's database, securely packaged and returned the file and all documents relating to the claim to Council along with a summary listing of the closed files.

### File/Records Requirements

The successful contractor will maintain the following documentation:

- Initial report (which can either be lodged with Council or directly with the Contractor) and claim documentation (currently 95% of claims are lodged with Council in the first instance).
- Specific incident report forms
- Liability claim forms
- Copies of all correspondence received or sent in connection with any referred incident/claims including correspondence with or from claimants or their insurers, representatives or legal advisers, Council staff reports or correspondence to or from the Council's insurers
- Diary notes/ telephone logs of all relevant discussions with any party involved with an incident / claim

### Further Requirements

The successful contractor will also be required to:

- Where deemed appropriate by Council, train council staff so that they are better able to handle initial customer accidents and complaints and avoid simple incidents unnecessarily escalating into claims.
- Where deemed appropriate by Council, train Field officers in the relevant aspects of investigating a claim and reporting, and the importance of initiating appropriate action to address the cause of the incident;
- Provide monthly, quarterly and annual IT based reporting to Council. Reports are to be sent electronically to contract manager, preferably in .xls format. Detail to be included in reports:-

1. No of open claims

2. No of incident reports
  3. No of admitted claims
  4. No of recovered claims
  5. No of denied &/or discontinued claims
  6. Graphical representation of types of claims received
- Provide status / progress reports upon Council's request, unless the information is attainable through the successful contractor's IT based reports;
  - Undertake claims management reviews on a monthly basis; and
  - Arrange regular meetings with Council to assess claim performance.