

# Proposed Revised Settlement Authority Policy for General Liability Claims

JPB Finance Committee  
Agenda Item 6  
April 24, 2023



# Background

- Resolution No. 2001-80 established JPB Claims Settlement Authority Policy
- JPB Claims Settlement Authority Policy imposes a \$50,000 limit on the Executive Director's authority to settle general liability claims
- Litigation costs and the number of claims in excess of \$50,000 have increased considerably
- The current \$50,000 limit forces the Board to approve routine and/or low value settlements, delaying the settlement process and increasing costs

# Current Limits in the JPB Claims Settlement Authority Policy

- Under the current policy:
  - The JPB Claims Administrator may settle general liability claims up to \$5,000.
  - The JPB Risk Manager may settle and authorize payment of general liability claims between \$5,000-\$25,000 with the review of the General Counsel.
  - The Executive Director may settle and authorize payment of claims between \$25,000-\$50,000 with the recommendation of the General Counsel and Risk Manager.

# Gaps in Current Policy

- The current policy does not
  - grant authority to settle JPB-brought claims
  - does not capture changes in organizational structure
  - account for the role of the third-party claims administrator
- Increasing the settlement authority limits will make the policy more comprehensive and its administration more efficient

# Gaps in Current Policy (cont.)

- In the past 15 years, the Board resolved five claims of \$250,000 or less at regular meetings
  - Required staff to draft staff reports and resolutions
  - Took Board's time away from more pressing matters
- Currently, five claims seeking recovery of more than \$50,000 but less than \$250,000 are pending
  - The Executive Director or staff could resolve these claims more efficiently if Board delegated additional authority

# Proposed Changes to Policy

- Staff recommends that the Board authorize the following proposed limits for the settlement of general liability claims:
  - **Third-party claims administrator** (with oversight by the Insurance & Claims Administrator): up to \$5,000
  - **Insurance & Claims Administrator**: up to \$10,000
  - **Chief Financial Officer (CFO)** (after review by General Counsel): between \$10,001 and \$25,000

# Proposed Changes (cont.)

- Staff recommends that the Board authorize the following proposed limits for the **Executive Director**:
  - Settlement of general liability claims between \$25,001 and \$250,000 and authorize payment of same
  - Approval of a compromise of a claim Caltrain has against another party with estimated damages of \$250,000 or less
  - Staff will report settlements to the Board on a monthly basis

# Proposed Changes (cont.)

The Board of Directors must:

- 1) approve settlements of claims against the JPB in excess of \$250,000 and authorize payment of same; and
- 2) approve the compromise of a claim the JPB has against another party in excess of \$250,000



FOR MORE INFORMATION

[WWW.CALTRAIN.COM](http://WWW.CALTRAIN.COM)

