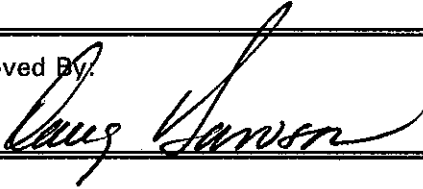
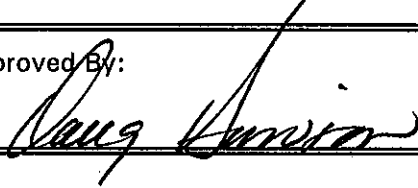


<h1 style="text-align: center;">POLICY MANUAL</h1>	Date Adopted: December 10, 1996
Classification: RISK MANAGEMENT	Date Last Amended:
Subject: Liability Insurance Small Claims Settlement Option	Approved By: 

It is the purpose of this document to outline the policy of the District concerning the Small Claims Settlement Option.

The Joint Powers Insurance Authority provides to its members agencies the choice of either settling a claim through the "Small Claims Settlement Option" or denying any claim arising out of any occurrence covered by the Liability Insurance Program. All of the following conditions must be met in order to be considered for settlement under the Small Claims Settlement Option:

1. All claims arising out of the occurrence are for "property damage" only;
2. No claim arising out the occurrence has any apparent potential for related "bodily injury" allegations;
3. The estimated settlement value for all claims arising out of a single occurrence does not exceed the Flood Control District's Self-Insured Retention per occurrence, (\$25,000.00);

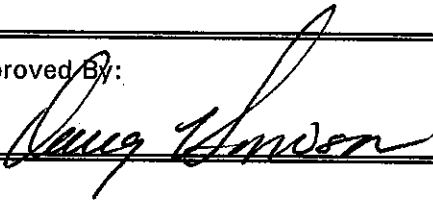
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4. The claim settlement(s) or denial(s) arising out of the occurrence can be concluded within 60 days of the date the District receives written notice of the claim(s); and
5. A settlement under this option is to be made only when the claim being considered is determined to be based upon liability covered by the Program.

Procedure:

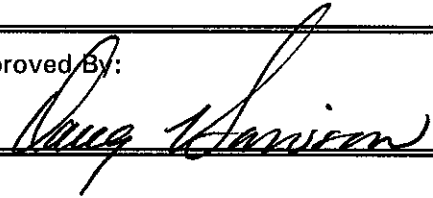
When the Fresno Metropolitan Flood Control District receives written notice of a claim that meets all of the conditions noted above, the District has the option of settling or denying the claim directly. If the District elects to exercise the Small Claims Settlement Option, the following procedures must be followed:

1. Investigate the claim for evidence of liability on the part of the Flood Control District;
2. Determine if the claim is to be handled as a formal or informal claim. A formal claim is one which is submitted

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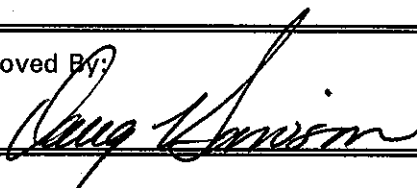
in accordance with the claim statutes as contained in the California Government Codes. An informal claim is one which could be submitted to the District in accordance with the claim statutes as contained in the California Government Codes but which the District wishes to settle or deny for expediency reasons prior to such formal submission;

3. If no possible liability on the part of the District can be found, the claim shall be presented to the Board of Directors within forty-five (45) days of the receipt of the claim with a recommendation to reject the claim. The claimant will be notified in writing of the action taken by the District;
4. If possible liability on the part of the District can be found, the claim shall be reported to the Board of Directors within forty-five (45) days of the receipt of the claim with optional recommendations to (1) deny the claim; or (2) attempt to negotiate a settlement of the

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claim. If so authorized by the Board of Directors, the District shall, thereafter, attempt to execute a settlement as soon as possible. Authorized actions in settlement may include repairing any damage or providing compensating payment. All settled claims shall include as a condition of settlement, full and complete release of the District's liability;

5. Any claim that cannot be settled within sixty days of the District's receipt of written notice of such claim shall be submitted to JPIA by the sixty-second day, provided that JPIA has not extended the settlement period;
6. A "Monthly Small Claims Settlement Report" which recaps the prior months claims settlement and/or rejection activity shall be submitted to the JPIA office and District Board of Directors within thirty days of the close of the month in which the activity occurred; and
7. Within thirty days of receipt of the District's Monthly Small Claims Settlement Report, JPIA shall issue the

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District a check for reimbursement of its settled Small Claims, plus a \$100 Administrative Fee per claim for settled Small Claims or denied Formal Claims.