POOLING BASICS

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Basic types of claims:

**Property** – often referred to as 1st party coverage. Damage to property of the insured/member.

**Liability** – often referred to as 3rd party coverage. Damage or injury to another party.

**Workers’ Compensation** – on the job injury.

Other unique types of claims: Crime, Cyber Liability
Claims Management Process

Six key steps in handling a claim.

• Reporting the claim
• Determining coverage
• Investigation
• Determining liability
• Determining damages
• Settlement/Trial
## Nine stories

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<th>Claim Severity</th>
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<th>LIABILITY</th>
<th>Workers' Compensation</th>
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<td>Vehicle struck snow bank, and the damage was under the deductible.</td>
<td>Third party damages vehicle from striking a pot hole. No liability.</td>
<td>Teacher struck by falling book on leg. Reported incident but no medical treatment.</td>
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<td>Snow load collapses school shed roof.</td>
<td>Injured party tripped over defect in landing, and the pool member had prior notice of defect. Soft tissue back injury resolved.</td>
<td>Laceration to index finger while slicing veggies for lunch required stiches. Clinical visit to treat, and then remove stitches.</td>
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<td>Small fire on top floor of historic town building with extensive water damage on lower floors due to sprinklers and fire fighting activity. Historical elements of building increase repair costs.</td>
<td>A firefighter drove a fire truck to an emergency call, stopped and exited the truck. The unmanned fire truck rolled down the street, veered left into a driveway, struck the homeowner and plowed into the front living room of the house.</td>
<td>Employee suffered hernia while lifting heavy equipment. Required two surgeries to repair. After second surgery, employee developed life-threatening infection, requiring inpatient treatment, and referral to rehabilitation facility.</td>
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Claims Management Process

Reporting the Claim

**Key components:**

- Timely reporting
- Adequate information (who, what, when, where, how or why)
- Prevent further loss or damage
Claims Management Process

Determining Coverage

Key components:

• What type of a claim (property, liability, crime, cyber, workers compensation…)
• Review schedule (property)
• Review coverage document (s), reinsurance/excess
• If no coverage or limited coverage, deny claim or investigate under a reservation of rights
Claims Management Process

Investigation

Key components:

• Contact all parties involved, get statements

• Obtain all documentation, police reports, incident reports, medical reports

• Phone vs. face to face

• Site inspection
Claims Management Process

Determining Liability

Key components:

- Negligence (at fault party/parties)
- Comparative negligence (laws differ from state to state)
- Workers Comp (state’s definition of the employer’s responsibility to an employee for injuries that arise in the course of employment)
- Subrogation (property claims)
Claims Management Process

Determining Damages

Key Components:

• Obtain and evaluate all invoices, bills, documents
• Property (actual cash value vs. replacement cost)
• General damages (pain and suffering, mental or emotional distress)
• Special damages (medical bills, treatment, cost to repair)
• Reasonableness
Claims Management Process

**Settlement/Trial**

- Settlement authority levels
- Negotiate settlement directly with member/claimant/attorney
- Obtain Proof of Loss (property) or Release of Claim
- Mediation/Arbitration
- Trial
- Work Comp claims tend to remain open for longer periods of time
- Payment of claim/closing file
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Claims Management Process

Other considerations:

• Reserve practices
• Board of Directors responsibilities in claims
• Litigation – pros and cons, cost (financial/emotional/reputational)
• Independent claims audits
QUESTIONS?

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