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RMS PROPERTY: CLAIM MANAGEMENT PROCESS

DEPARTMENT OF ADMINISTRATIVE SERVICES



DOCUMENT CONTROLS

Version Control

Version	Revision Date	Author	Change Comments
DRAFT	11/15/16	Ashwini Dhole	Initial Draft
1.0	12/20/16	Ashwini Dhole	Submitted for internal review (Frederick Trotter, Rob Prinzo)
1.0	12/28/16	Ashwini Dhole	RMS and IT DOAS review

Document Reviewers

Version	Review Date	Name	Title
1.0	12/21/2016	Frederick Trotter	Property Insurance Program Officer

Quality Assurance Reviewers

Version	Review Date	Name	Title

Accepted:

Name	Title	Signature	Date
_____	_____	_____	_____

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INTRODUCTION

This document provides a detailed description of the current business process for property claim management processing, adjusting and paying claims. This process ensures adjustment and payment of reported property claims according to established procedures.

Vendor 1099: This process assumes all vendors were set up correctly in iVOS and that all paid vendors have a W9 scanned into the system. This process also describes how the returned 1099's and missing or incorrect 1099's reported are processed by RMS.

Claimant 1099: Issuing 1099 to claimants for liability settled claims has been automated in iVOS recently in 2016. A 1099 will be generated for all payments that are entered for this subset of claimants in iVOS. In order to achieve this, there has been a new payment type set up for Personal Injury (PI) payments. Claims reported are identified by setting claim Cause Code to "Wrongful Termination". RMS operations are auditing and setting up flag on claims that are to receive a 1099 if the conditions don't determine the exact batch of claims. Also checks are being carried out to confirm all claims that are potentially eligible to receive a 1099 must have an updated W9 present in the system before payment can be made.

1. CURRENT STATE OVERVIEW- PROCESSING, ADJUSTING & PAYING PROPERTY CLAIMS AS-IS

Name of Process:	Processing, Adjusting and Paying Property Claims process As-Is.		
Process Owner:	Frederick Trotter, Wade Damron, Property Adjuster, Tammy Strong, Dan Ozment		
Created by:	Ashwini Dhole	Last Updated by:	Ashwini Dhole
Date Created:	12/20/16	Last Revision Date:	
Process Purpose	The purpose of this process is to ensure processing, adjustment and payment of reported property losses according to established procedures to determine an appropriate settlement through the State of Georgia Insurance & Hazard Reserve Fund.		
Process Scope	This process scope includes processing Notice of Loss, verification coverage, loss conditions including late reporting, denial, subrogation, determining amount of loss, claim summary form and adjusting the claim, settlement and paying property claims, processing Proof of Loss and final claim disposition.		
Process Input	The input for the process begins when property loss is reported by phone call to Property Claims Specialist or via email (NOL). The Property Claims Specialist (PCS) on receiving the call prepares Notice of Loss (NOL) listing information provided by the State Agency Insurance Coordinator.		
Process Boundaries	The process starts when a notice of loss is submitted to DOAS property claims division and ends when DOAS property claims division receives the notarized and signed proof of loss document (POL) for payment processing.		
Process Flow	<ol style="list-style-type: none"> 1. When a property related claim occurs, the employee supervisor reports the claims to the State Agency Insurance Coordinator. The Insurance Coordinator contacts via telephone or email to DOAS Property Insurance Program Officer. 2. Property Insurance Program Officer or Claims Specialist prepares a Notice of Loss (NOL) form listing information provided by the State Agency Insurance Coordinator. Upon receipt of a written NOL form, Property Claims Specialist (PCS) moves it forward via Sticky Note in iVOS to the Imaging room for scanning into the iVOS Claims Management System. PCS sets up a new Property claim file from the scanned NOL by inputting the following data in iVOS Claims Management System: <ol style="list-style-type: none"> A. Date of Loss; 		

	<p>B. Description of Loss; C. Program Type (e.g. Property); D. Coverage Type (e.g. Bldg. & Contents); E. Peril (e.g. Fire); F. State Loss Location (e.g. Georgia); G. County Loss Location (e.g. Fulton).</p> <p>3. Verification of Coverage: The Property Claims Specialist then references the appropriate State Agency Property record (i.e. BLLIP, All Risk Certificate or VITAL) to confirm covered location/item and amount of coverage in effect at time of loss. Once record of coverage has been confirmed, then the Property Claims Specialist shall establish a Property Loss Reserve. But, if the coverage cannot be verified then the PCS takes the following actions –</p> <p>I. No Recorded Coverage and/or Cause of Loss Determination. The Property Claims Specialist contacts the Risk Management Insurance Coordinator for the insured agency by telephone within one business day after Receipt of NOL to make inquiry for additional information when coverage cannot be determined or the cause of loss does not qualify for coverage. If the information received by telephone does not clarify coverage, the Specialist assembles the file, including the information obtained by telephone contact, prepares a denial letter and moves forward to the Property Claims Manager.</p> <p>II. Loss Conditions, Including Late Reporting. When the Property Claims Specialist receives a NOL and determines the conditions of the Agreement/Certificate <i>have not been met</i>, including late reporting, the insured agency is contacted by telephone within one business day to make inquiry for additional information. The Specialist follows procedures as listed: a. If loss is within the Property Claims Specialist’s settlement authority, he/she prepares a letter and sends to agency allowing 30 days or a reasonable negotiated time limit for written response. b. If loss is beyond the Specialist’s settlement authority, he/she prepares letter and moves forwards to the Property Claims Manager with recommendations. c. The Property Claims Manager will review file, initial approval for letter and return file to the adjuster within three business days.</p> <p>III. Denial When the Property Claim Specialist determines that a claim is to be denied, the Specialist assembles the file, including additional information obtained, and moves forward the recommendation for denial to the Property Claims Manager. The file will contain a letter to the agency, noting the reason for denial.</p>
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	<p>If the claim is not valid, then PCS notifies the corresponding agency and updates iVOS claim file with appropriate reasons (Coverage Disclaimer, RPO).</p> <p>4. Property Claim file set-up: But if the claim is valid then, within one business day an acknowledgement of Claim letter is sent to the State Agency Risk Management Coordinator that will also either be advised a field adjuster has been assigned to investigate the claim further or it will request additional documentation (e.g. copies of repair bills, evidence of payment, police report, lightning affidavit letter, etc., etc.) to support payment of the claim.</p> <p>Claim Adjuster assigned to process the claim: The Property Claims Specialist will be responsible for all claims assigned to him/her for adjustment and payment. He/She will, if necessary, conduct inspections of property losses, assess/scope damages, prepare estimates for repairs and collect all needed information to adjust and conclude the claim. The Property Claims Specialist will use his/her discretion in all aspects of the claims process. He/She may, in his/her discretion, utilize staff resources to fully accomplish claims processing within his/her assigned or approved authority. The Property Claims Specialist will confer with the State Property Program Officer on all claims in excess of his/her reserving and payment authority. The Property Claims Specialist is extended a maximum claim settlement authority as outlined in the DOAS Risk Management Settlement Authority Document. Any claim with reserves beyond the Property claims reserve authority will be moved forward to the State Property/Liability Program Officer with recommendations within three business days of the file being opened.</p> <p>a. Limit of spending authority per claim will be defined as: Loss value for all claims reported per certificate, per incident.</p> <p>b. Property Claims Specialist shall request at least two estimates on all nonemergency property damage claims in excess of \$5,000 up to a state agency's purchasing dollar threshold.</p> <p>c. Property Claims Specialist process claim payment within two business days of receiving completed Proof of Loss or Partial Proof of Loss document on a covered loss.</p> <p>c. Claims recommended for denial will be sent to the Property Claims Manager with supporting documentation. After review and recommendation, the file will be returned to the Property Claims Specialist for processing.</p> <p>The claim adjuster performs appraisals or investigations to find out cause of accident and party at fault. These documents are scanned and uploaded to the claim file including third party invoices for the service performed.</p> <p>5. Subrogation: During the investigation of the claim if the PCS determines the cause of loss possibly due to negligent third party then subrogation</p>
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	<p>may be warranted. The Property Claims Specialist takes the following action.</p> <p>a. Contacts the insured agency and inquires whether its wants DOAS Risk Management to process loss.</p> <p>1) If the agency wants DOAS Risk Management to process loss, a letter is submitted on department letterhead authorizing claim processing. The agency letter will also contain a statement to “Transfer Rights of Recovery Against Others to DOAS Risk Management Services.” Additional action will be taken as listed from steps 4 to 6.</p> <p>2) If the insured agency makes a decision to recover loss payment against a negligent party or his/her insurance carrier, a letter will be provided to DOAS Risk Management Services stating the agency’s intent. Upon receipt of the agency letter, DOAS Risk Management Services has no further obligations in the claim.</p> <p>6. Claim processing, determine amount of Loss, claims summary form and adjusting the claim: But during the investigation of the claim, if the PCS determines the cause of loss is not due to third party neglect then</p> <p>6.1 PCS determines if sufficient documentation is present to process the claim based on the following procedures:</p> <p>a. Match invoices and related documents with building materials, equipment or components related to the “Detailed Description of Loss” listed on the NOL.</p> <p>b. For lightning losses, a Statement – Lightning Loss Form is required. The form verifies that damage was by lightning and lists all equipment and components damaged. Invoices and related documents are matched with the lightning statement and NOL.</p> <p>c. For Burglary, Theft & Vandalism losses, a Police Report is required and will list all equipment and components damaged or stolen. In the case of Burglary and Theft the report shall also verify whether or not forcible entry was used to gain access to the stolen property.</p> <p>6.2 If additional documentation is needed to process the claim, Risk Management Coordinator for the insured agency is contacted for additional information or data. Correspondence is sent listing specific paper work needed. Copies are scanned into the Document Imaging System.</p> <p>6.3 When the Property Claims Specialist receives final invoices and payment documents for a claim, the following procedures determine the amount of the loss:</p> <p>a. Invoices are reviewed to determine their relevancy to the loss (i.e., scope of repairs, dates of service, property breakdown of labor and materials, covered items versus excluded items).</p> <p>b. Payment evidence is matched to corresponding invoices/FPOs to ensure state funds have been expended.</p>
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	<p>6.4 Claims Summary form and adjusting the claim. The Property Claims Specialist prepares a Claim Summary form or forms for each loss. The adjuster uses his/her discretion with placement of all items on the Claim Summary form. The form is used to determine replacement value of covered items replaced and/or repaired.</p> <p>a. For Property Items Subject to Depreciation. Depreciation is determined on property items as follows:</p> <ol style="list-style-type: none"> 1) Original acquisition date or age of the damaged item. 2) Determine the useful life of the item. 3) Divide the age of the item by the average useful life of the item to determine the percentage depreciation to apply. 4) Multiply the replacement cost including labor cost by the depreciation percentage to obtain the dollar amount to be deducted from replacement cost. The depreciation percentage will not exceed 60%. <p>b. Review issues as warranted with the Engineer (damage estimates) on construction details, etc.</p> <p>6.5 Settlement and paying property claims.</p> <p>a. The settlement is based on the lesser of the repair cost or replacement cost subject to the limits stated in the appropriate State Agency Property record (i.e. BLLIP, All Risk Certificate or VITAL) at time of loss. Actual Cash Value is defined as the replacement cost less any applicable depreciation.</p> <p>b. Once a settlement is determined and is within the adjuster's authority, the insured agency is contacted within one business day to discuss the settlement offer. If the agency agrees to the settlement, a Proof of Loss document is prepared according to procedures listed in Point 7 and forwarded to the agency for review and signature.</p> <p>7. Processing Proof of Loss and Final claim disposition: If the loss is within the claim settlement authority, then the state agency and the Property Claims Specialist verbally agree to claim settlement and a Proof of Loss document is prepared. After preparation of the proof of loss and transmittal letter, the documents are scanned into the Document Imaging System.</p> <p>7.1 A copy of the Proof of Loss, along with a copy of the Claim Summary and transmittal letter, is forwarded to the insured agency for signature and returned to the Property Claims Specialist for processing. The notarized, signed proof of loss documents received from the state agency is scanned to the claim file for payment processing within three business days of receipt. The Property Claims Specialist shall send a letter to the state agency Risk Management Insurance Coordinator within three business days acknowledging receipt of POL.</p> <p>7.2 If the loss exceeds the claims settlement authority, the Property Claims Specialist follows procedures as listed:</p> <p>a) Once an assessment of the loss is completed by the Property Claim</p>
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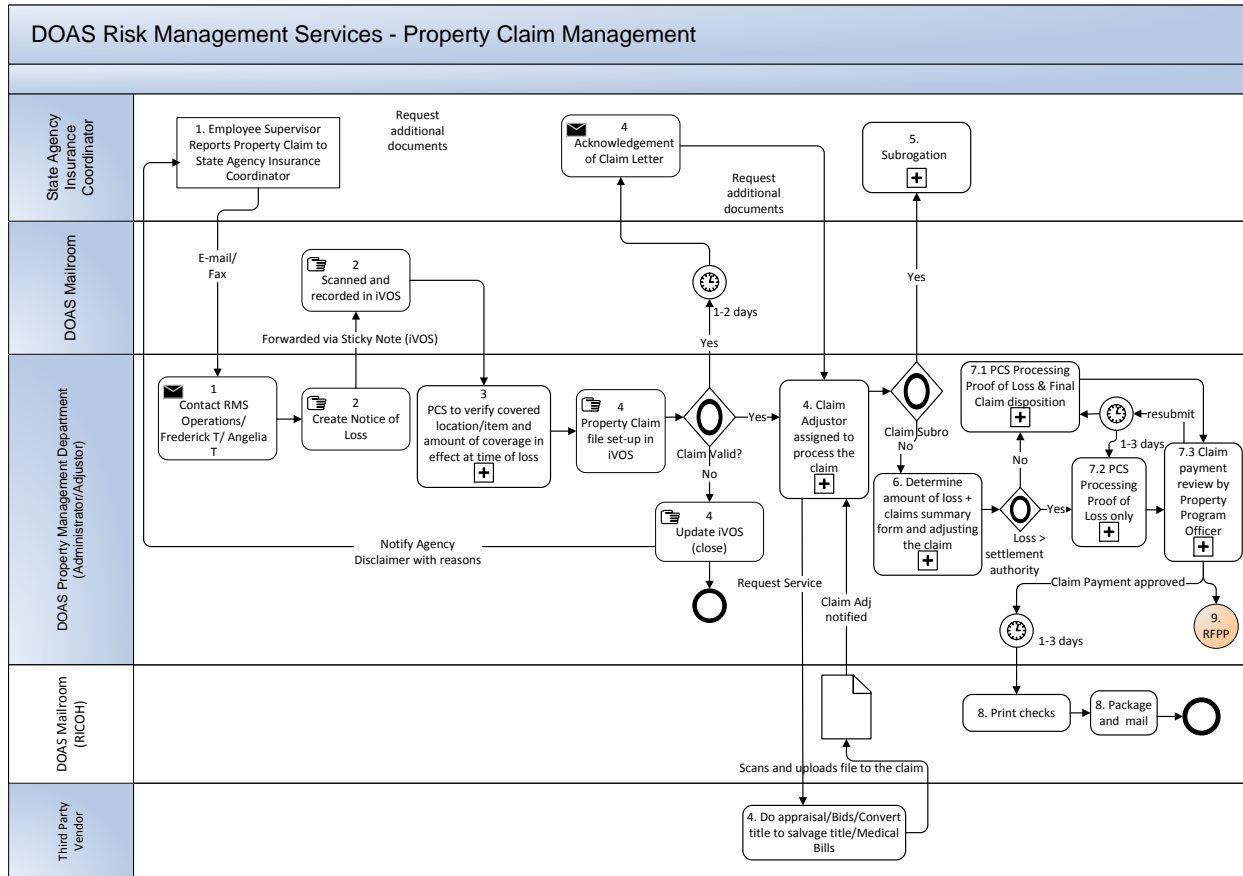
	<p>Specialist and exceeds the settlement authority, the file is forwarded to the Property Claims Manager with recommendation for payment.</p> <p>b) Losses in excess of \$100,000 will have a Large Loss Report completed by the Property Claims Specialist and forwarded to the Property Claims Manager within two business days.</p> <p>c) If the Property Claims Manager disagrees with the assessment, the file is documented and returned to the Property Claims Specialist for further examination and resubmission of the file for review. This will be done within three business days.</p> <p>7.3 Claims payment review by Property Program Officer: The Property Claims Manager has the responsibility for the supervision and direction of all activities within the Property Program. The State Property Program Officer will assure that the applicable Policies, Procedures and Statutes, concerning the claims process, will be implemented and ensure that all claims are evaluated in a timely manner. The State Property Program Officer will recognize claim situations, regardless of claim value, that should be brought to the attention of the Director of Risk Management Services for his/her information and further direction. The State Property Program Officer is extended a maximum claim settlement authority as outlined in the DOAS Risk Management Settlement Authority Document. Any claim with reserves beyond the State Property/Liability Program Officer's settlement authority will be moved forward to the Director of Risk Management Services with recommendation and for review within three business days after file being opened.</p> <p>a. The Property Program Officer will review all claim files with for denial and files in excess of the authorized settlement authority of the Property Claims Specialist.</p> <p>b. Any file processed with reserves reported over the settlement authority of the Property/Liability Program Officer will be sent to the Director of Risk Management Services with recommendations.</p> <p>c. Limit of spending authority per claim will be defined as: Loss value for all claims reported per certificate, per occurrence.</p> <p>The Property Claims Manager has final approval for Reservation of Rights, Subrogation Waiver of Rights, Subrogation Demand Reimbursements and Denial Letters, and on all final claim settlement amounts exceeding the authority granted to the Property Claims Specialists. The Property Claims Manager will advise the Director of Risk Management or designee, of any unusual claim situations.</p> <p>8. Once the claim is approved by the Property Program Officer (Manager) and DOAS receives the notarized signed POL documents from the state agency, they scan them to the claim file and a payment process is initiated in iVOS within three business day of the receipt of the documents.</p> <p>9. The RFPF process is followed as state below: iVOS processes payment check batch jobs and creates check print file and GL (.txt) file which is</p>
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	<p>posted to SAO's PeopleSoft Financial system at 4.30pm every day. This file is processed on first come first serve basis by the system. When the print shop receives this file in the morning the claim checks are printed and mailed to the state agency (Risk Management Insurance Coordinator). Stop payment or void transactions follow the normal process. For more information, refer to documents listed at: S:\RMS\Shared_with_Fiscal\RMS Swim Lane_Fiscal\</p>
Process Output	The output for this process is that if claims are approved by Property Program Officer then the claim reporting state agency receives the approved claim payment within three business days of receiving the notarized signed POL documents receipt.
Exceptions to Normal Process Flow	If the claims are not approved, then a Denial Letter(disclaimer) is sent to the claim reporting state agency stating reasons for the same.
Control Points and Measurements	<ol style="list-style-type: none"> 1. PCS is extended a maximum claim settlement authority as outlined in the DOAS Risk Management Settlement Authority Document. <ol style="list-style-type: none"> a. Limit of spending authority per claim will be defined as: Loss value for all claims reported per certificate, per incident. b. Property Claims Specialist shall request at least two estimates on all nonemergency property damage claims in excess of \$5,000 up to a state agency's purchasing dollar threshold.
Cycle Time	<ol style="list-style-type: none"> 1. PCS has one business day to send an acknowledgement of the Claim letter to the State Agency Risk Management Coordinator. 2. PCS process claim payments within two business days of receiving completed Proof of Loss or Partial Proof of Loss document on a covered loss. 3. Any claims with reserves beyond the Property claims reserve authority will be moved forward to the State Property/Liability Program Officer with recommendations within three business days of the file being opened.
Improvements – Future State recommendations	<ol style="list-style-type: none"> 1. Currently, Property Claims Specialist have to reference more than one system record i.e. BLLIP, All Risk Certificate or VITAL to confirm covered location/item and amount of coverage in effect at time of loss to establish a Property Loss Reserve. Instead, it to be convenient to have a system or an interface where All Risk and BLLIP property data can be streamlined daily at one location for DOAS-RMS internal users to accelerate their process.

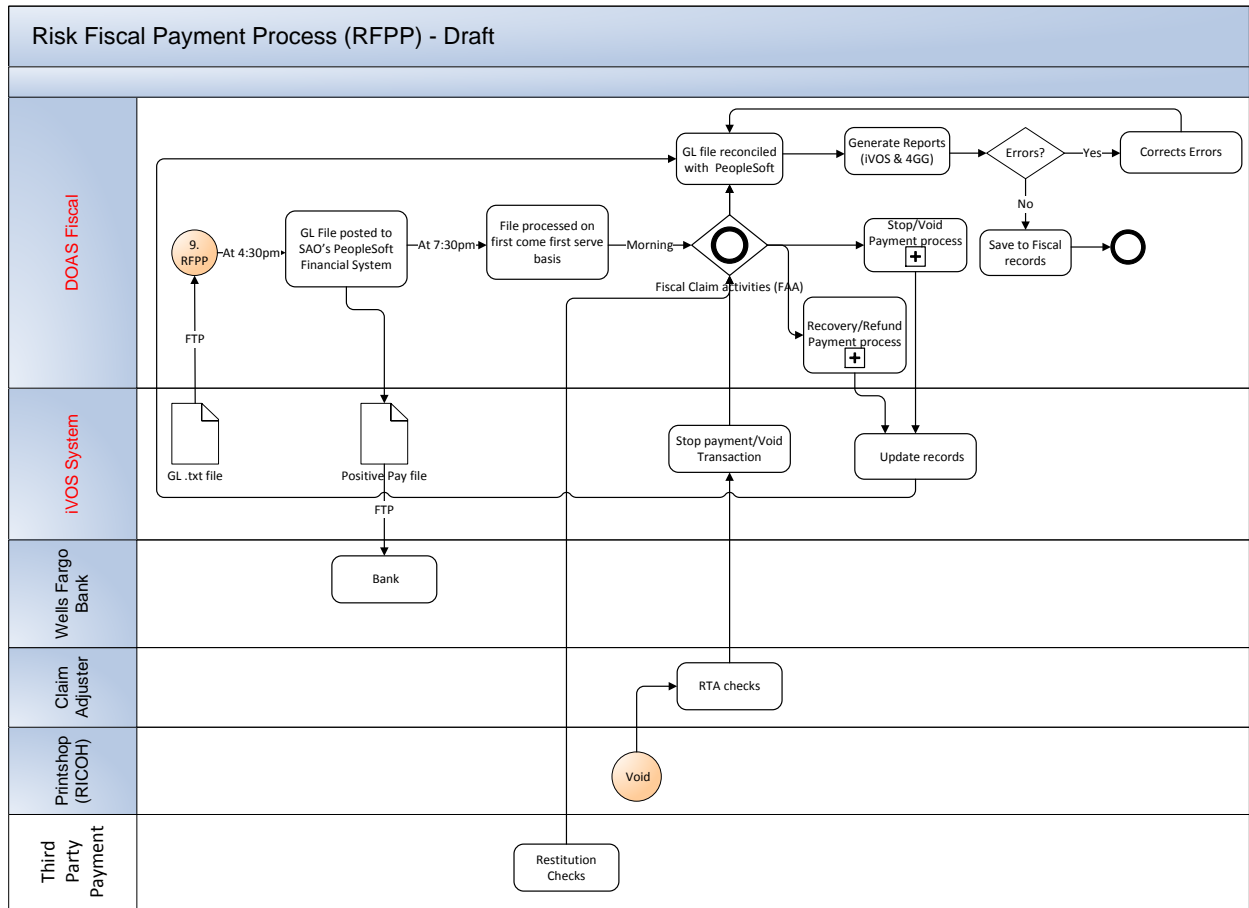
1.2 CURRENT STATE BUSINESS PROCESS FLOW

The following diagram depicts the process flow for processing, adjusting and paying property claims for a claim reported by state agency insurance coordinator in a timely manner.

<S:\RMS\RMS Claim Management\RMS Property Claims Management Process AS-IS>



Property Claims Specialist (PCS) = Claim Adjuster = Angelia Taylor
 Property Insurance Program Office (PO) = Frederick Trotter
 Property Claim consists of Building and Contents, BI, Special Property and Crime Policy TPA = Third Party Administrator
 3rd Party Vendor = Company/Independent Adjuster/Specialized Expertise (Forensic Expert)



FFA = Fiscal Financial Analyst

2 Reference to other documents

	Document Name	Location/Description	Owner
1	DOAS Risk Management Services Policies and Procedures	S:\RMS\RMS Claim Management\ RMS POLICIES & PROCEDURES	Frederick Trotter
2	Business Continuity – Visio Diagrams	S:\RMS\Business Continuity\RMS Business Continuity Plan for Risk Premium Billing Process Version 1.1	Ashwini Dhole
3	Fiscal – Returned check processing, void, refund_recovery single check processing documents	S:\RMS\Shared with Fiscal\RMS Swim Lane Fiscal	Ghazal Rathi and Ashwini Dhole
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3 Acronyms

Abbreviation	Description
DOAS	Georgia Department of Administrative Services
RMS	Risk Management System
PIPO	Property Insurance Program Officer
PCS	Property Claims Specialist
NOL	Notice of Loss
POL	Proof of Loss
IT	Information Technology
WC	Worker’s Compensation
GL	General Ledger

GAS	Georgia Administrative Services
APD	Auto Physical Damage
Stratacare	Equian bill review system