



RISK MANAGEMENT SERVICES PROPERTY POLICIES AND PROCEDURES

SUBJECT: PROCESSING, ADJUSTING
AND PAYING PROPERTY CLAIMS

EFFECTIVE: 12/10/14

I. **TITLE: Processing, Adjusting and Paying Property Claims**

II. **PURPOSE OR OBJECTIVE:**

To implement a process that assures adjustment and payment of reported property losses according to established procedures.

III. **RESPONSIBILITY:** DOAS Risk Management Services Property Program

I. **STATEMENT OF POLICY:**

Property losses reported will be investigated according to established claim procedures to determine an appropriate settlement through the State of Georgia Insurance & Hazard Reserve Fund.

II. **PROCEDURE:**

A. Processing Notice of Loss

1. When a property loss is reported by telephone, the Property Claims Specialist receiving the call will prepare **Notice of Loss** form (NOL) listing information provided by the State Agency Insurance Coordinator. The completed NOL is then moved forward to the Imaging room for scanning into the iVOS Claims Management System. The Property Claims Specialist sets up a new Property claim file from the scanned NOL by inputting the following data in iVOS Claims Management System: A. Date of Loss; 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). 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.

2. Upon receipt of a written **Notice of Loss** form, the Property Claims Specialist moves it forward it via iVOS (Sticky Note) or to the Imaging System room for scanning into the iVOS Claims Management System. The Property Claims Specialist sets up a new Property claim file with the following data in iVOS Claims Management System:

- A. Date of Loss;
- 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. address location);
- G. County Loss Location (e.g. Fulton).

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 Property Claims Specialist shall establish a Property Loss Reserve.

3. 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.
4. During the handling of each claim, developments, including but not limited to reserves will be documented in the claim file notes in iVOS.
5. As additional documentation is received, the documents are scanned into the Document Imaging System.

B. Property Claims Specialist

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.

1. 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.
 - 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 non-emergency property damage claims in excess of \$5,000 up to a state agency's purchasing dollar threshold.
 - 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.
 - 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.

C. State Property Program Officer

The State Property Program Officer is responsible for supervision and direction of all claims activity within the section. 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.

1. 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.

- 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.
- 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.
- c. Limit of spending authority per claim will be defined as: Loss value for all claims reported per certificate, per occurrence.

C. Verification of Coverage

The Property Claims Specialist takes the following actions when coverage cannot be verified.

1. 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.

2. Loss Conditions, Including Late Reporting.

When the Property Claims Specialist receives a NOL and determines the conditions of the Agreement/Certificate *have not been met*, 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.

3. 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.

D. Subrogation

1. When the Property Claims Specialist determines the cause of loss, and that a negligent party is possibly liable for the loss, subrogation may be warranted.

The Property Claims Specialist takes the following action.

- a. Contacts the insured agency and inquires whether its wants DOAS Risk Management to process loss.
 - 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 in b. through f.
 - 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.

F. Claim Processing, determining the amount of the loss.

1. Once coverage has been determined, the Property Claims Specialist determines if sufficient documentation is present to process the claim based on the following procedures.
 - a. Match invoices and related documents with building materials, equipment or components related to the “Detailed Description of Loss” listed on the NOL.
 - 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.
 - 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.
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.
3. When the Property Claims Specialist receives final invoices and payment documents for a claim, the following procedures determine the amount of the loss:
 - 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).
 - b. Payment evidence is matched to corresponding invoices/FPOs to ensure state funds have been expended.
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.

- a. For Property Items Subject to Depreciation.

Depreciation is determined on property items as follows:

- 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%.
- b. Review issues as warranted with the Engineer (damage estimates) on construction details, etc.
2. Settlement and paying property claims.
- 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.
 - 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 paragraph G and forwarded to the agency for review and signature.
 - c. If the loss exceeds the claims settlement authority, the Property Claims Specialist follows procedures as listed:
 - 1) Once an assessment of the loss is completed by the Property Claim Specialist and exceeds the settlement authority, the file is forwarded to the Property Claims Manager with recommendation for payment.
 - 2) 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.
 - 3) 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.

G. Processing Proof of Loss and final claim disposition.

1. When the state agency and the Property Claims Specialist verbally agree to claim settlement, 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.

a. 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.

b. The Property Claims Specialist shall send a letter to the state agency Risk Management Insurance Coordinator within three business days acknowledging receipt of POL.

H. Property Claims Manager

1. The Property Claims Manager has the responsibility for the supervision and direction of all activities within the Property Program. 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.

2. The Property Claims Manager will advise the Director of Risk Management or designee, of any unusual claim situations.