Georgia Department of Administrative Services – Risk Management Services Division

RMS LIABILITY: CLAIM MANAGEMENT PROCESS

DEPARTMENT OF ADMINISTRATIVE SERVICES

DOCUMENT CONTROLS

Version Control

Version	Revision Date	Author	Change Comments
DRAFT	07/31/17	Ashwini Dhole	Initial Draft
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Document Reviewers

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1.0	08/29/2017	Mark McKinney	Liability 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 liability claims according to established procedures.

The Liability Insurance program provides financial protection to state entities and employees for third party property damage and/or bodily injury claims. The Liability Program offers coverage to state agencies for third party liability exposures including general liability, automobile liability, and professional liability. It also provides timely and effective claims management and resolution. Liability functions include coverage determination, investigations, liability assessment, case assessment and claim evaluation, settlement negotiation, litigation management and claim resolution for: Tort (for state entities under the Georgia Tort Claims Act), General Liability (for state employees), Automobile Liability, Professional Liability and Employment Practices Liability.

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

Name of Process:	Processing, Adjusting and Paying Liability Claims process As-Is.
Process Owner:	Mark McKinney, Wade Damron, Nedra Westmoreland

Created by:	Ashwini Dhole	**Last Updated by:**	Ashwini Dhole
Date Created:	08/02/2017	**Last Revision Date:**	

Process Purpose	The purpose of this process is to ensure processing, adjustment and payment of reported liability 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, coverage determination, loss conditions including late reporting, denial, investigations, liability assessment, case assessment, case evaluation, subrogation, settlement negotiation, litigation management, claim resolution for – Tort (for state entities under the Georgia Tort Claims Act), General Liability (for state employees), Automobile Liability, Professional Liability. Employment Practices Liability and paying liability claims.
Process Input	The input for the process begins when a liability loss is reported either via e-mail/fax or General Liability report form or phone call to Liability Program Officer. The Liability Program Officer (LPO) on receiving the call prepares Notice of Loss (NOL) listing all information provided by the State Agency Insurance Coordinator.
Process Boundaries	The process starts when a notice of loss is submitted to DOAS liability claims division and ends when DOAS liability claims division receives the notarized and signed proof of loss document (POL) for payment processing.
Process Flow	1.1 When a liability (General, Automobile, Professional, Employment Practices) related claim occurs, the employee supervisor reports the claims to the State Agency Insurance Coordinator. 1.2 The Insurance Coordinator contacts either via e-mail/fax or by reporting General Liability report form or via telephone or email to DOAS Liability Program Officer. 1.3 Liability Program Officer (LPO) prepares a Notice of Loss (NOL) form listing information provided by the State Agency Insurance Coordinator. 1.4 Upon receipt of a written NOL form, LPO moves it forward via Sticky Note in iVOS to the Imaging room for scanning into the iVOS Claims Management

System. LCS sets up a new Liability 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, Liability);
    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).

1.5 **Verification of Coverage**: The LPO 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 LPO shall establish a Liability Loss Reserve. But, if the coverage cannot be verified then the LPO takes the following actions –

    I.   **No Recorded Coverage and/or Cause of Loss Determination.** The LPO 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 Liability Claims Manager.

    II.   **Loss Conditions, Including Late Reporting.** When the LPO 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 LPO'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 Officer's settlement authority, he/she prepares letter and moves forwards to the Liability Claims Manager with recommendations. c. The Liability Claims Manager will review file, initial approval for letter and return file to the adjuster within three business days.

    III.   **Denial** When the LPO determines that a claim is to be denied, the Officer assembles the file, including additional information obtained, and moves forward the recommendation for denial to the Liability Claims Manager. The file will contain a letter to the agency, noting the reason for denial.

	1.6 If the claim is not valid, then LCS notifies the corresponding agency and updates iVOS claim file with appropriate reasons (Coverage Disclaimer, RPO).
	1.7 If the claim is valid, then LCS created a diary and assigns a claim adjuster (GAS) to the case.
	1.8 The claim adjuster asses the claim and if the claim is not found valid then the adjuster updates the claim in iVOS and follow step 1.6.
	1.9 **Liability Claim file set-up**: But if the claim is found 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. All the information received will be recorded in iVOS by the claim adjuster.

Claim Adjuster assigned to process the claim: The Claim Adjuster will be responsible for all claims assigned to him/her for adjustment and processing 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 Liability Claims Adjuster 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 Liability Claim Adjuster will confer with the State Liability Program Officer on all claims in excess of his/her reserving and payment authority. The Liability 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 Liability claims reserve authority will be moved forward to the State 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. Liability Claims Adjuster 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.
c. Liability Claims Adjuster 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 Liability Claims Manager with supporting documentation. After review and recommendation, the file will be returned to the Liability Claims Specialist for processing.
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.

Claim processing, determine amount of Loss, claims summary form and adjusting the claim: But during the investigation of the claim, if the claim adjuster determines the cause of loss is not due to third party neglect then

1.9.1 Adjuster 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.

1.9.2 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.

1.9.3 When the Claim adjuster 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.

1.9.4 Claims Summary form and adjusting the claim. The Claims Adjuster 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 Liability 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.

1.9.5 Settlement and paying liability 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 step 3.2 and forwarded to the agency for review and signature.

2.1 **Subrogation**: During the investigation of the claim if the claim adjuster determines the cause of loss possibly due to negligent third party then subrogation may be warranted. The claim adjuster 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."

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.

2.2 **Attorney General:** If the claim is not warranted subrogation and does not settle, then the claim is assigned to the Attorney General for further process. If at the end of the process a settlement value is reached greater than 250K the follow step 2.4 else got to step 3.1 (settlement value less than 250K)

2.3 If the settlement value of the claim is greater than 250K then, the claim goes to trail where a Large Loss Committee (Claim Adjuster, Attorney General, LPO, RMS Director, DOAS Deputy Commissioner, State Agency Personnel) assess the damages until settled and if it settles then follow step 3.1

3.1 One the claim payout value is settled, the LPO reviews the claims.

3.2 **Processing Proof of Loss and Final claim disposition:** If the loss is within the claim settlement authority, then the state agency and the Liability 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.

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

If the loss exceeds the claims settlement authority, the Liability Claims Specialist follows procedures as listed:

a) Once an assessment of the loss is completed by the Liability Claim Specialist and exceeds the settlement authority, the file is forwarded to the LPO with recommendation for payment.

 b) Losses in excess of $100,000 will have a Large Loss Report completed by the Liability Claims Specialist and forwarded to the LPO within two business days.

c) If the LOP disagrees with the assessment, the file is documented and returned to the Liability Claims Specialist for further examination and resubmission of the file for review. This will be done within three business days.

3.3 **Claims payment review by Liability Program Officer:** The LPO has the responsibility for the supervision and direction of all activities within the Property Program. The State Liability 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 LPO 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 LPO is extended a maximum claim settlement authority as outlined in the DOAS Risk Management Settlement Authority Document. Any claim with reserves beyond the State 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 LPO will review all claim files with for denial and files in excess of the authorized settlement authority of the Liability Claim Specialist.

b. Any file processed with reserves reported over the settlement authority of the 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.
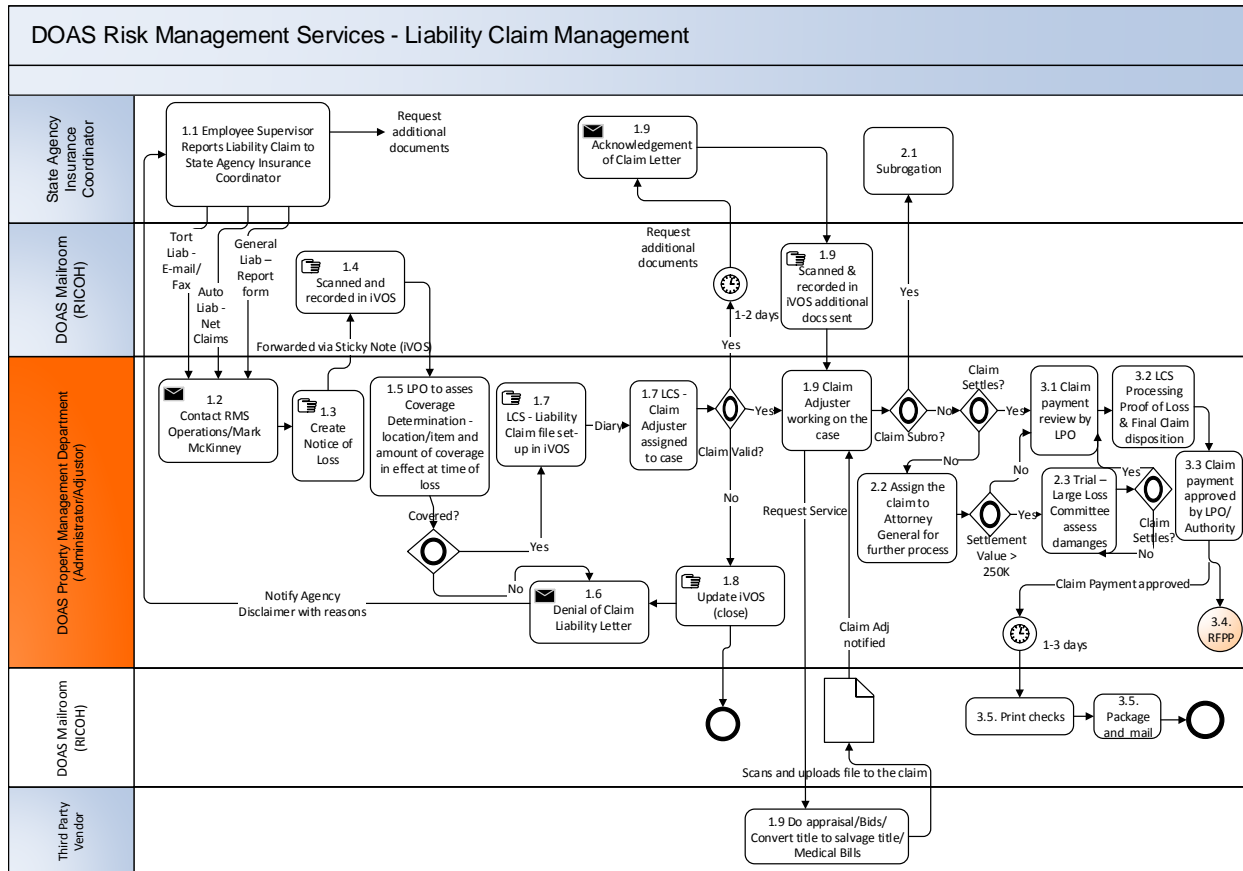
	The LPO has final approval for Reservation of Rights, Subrogation Waiver of Rights, Subrogation Demand Reimbursements and Denial Letters, and on all final claim settlement amounts exceeding the authority granted to the Liability Claims Specialists. The LPO will advise the Director of Risk Management or designee, of any unusual claim situations. 3.4 The RFPP process is followed as state below: iVOS processes payment check batch jobs and creates check print file and GL (.txt) file which is posted to SAO's PeopleSoft Financial system at 4.30pm every day. This file is processes 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\ 3.5 Once the claim is approved by the LPO 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. Checks are printed and mailed to the concerned parties.
Process Output	The output for this process is that if claims are approved by LPO 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	1. LCS is extended a maximum claim settlement authority as outlined in the DOAS Risk Management Settlement Authority Document. a. Limit of spending authority per claim will be defined as: Loss value for all claims reported per certificate, per incident. b. Liability Claims Adjuster 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. c. Liability claim Settlement value less than $250K can be handled by Liability Program Officer but for claim settlement values greater than $250K, are reviewed by Large Loss Committee.
Cycle Time	1. LCS has one business day to send an acknowledgement of the Claim letter to the State Agency Risk Management Coordinator. 2. LCS process claim payments within two business days of receiving completed Proof of Loss or Partial Proof of Loss document on a covered loss.

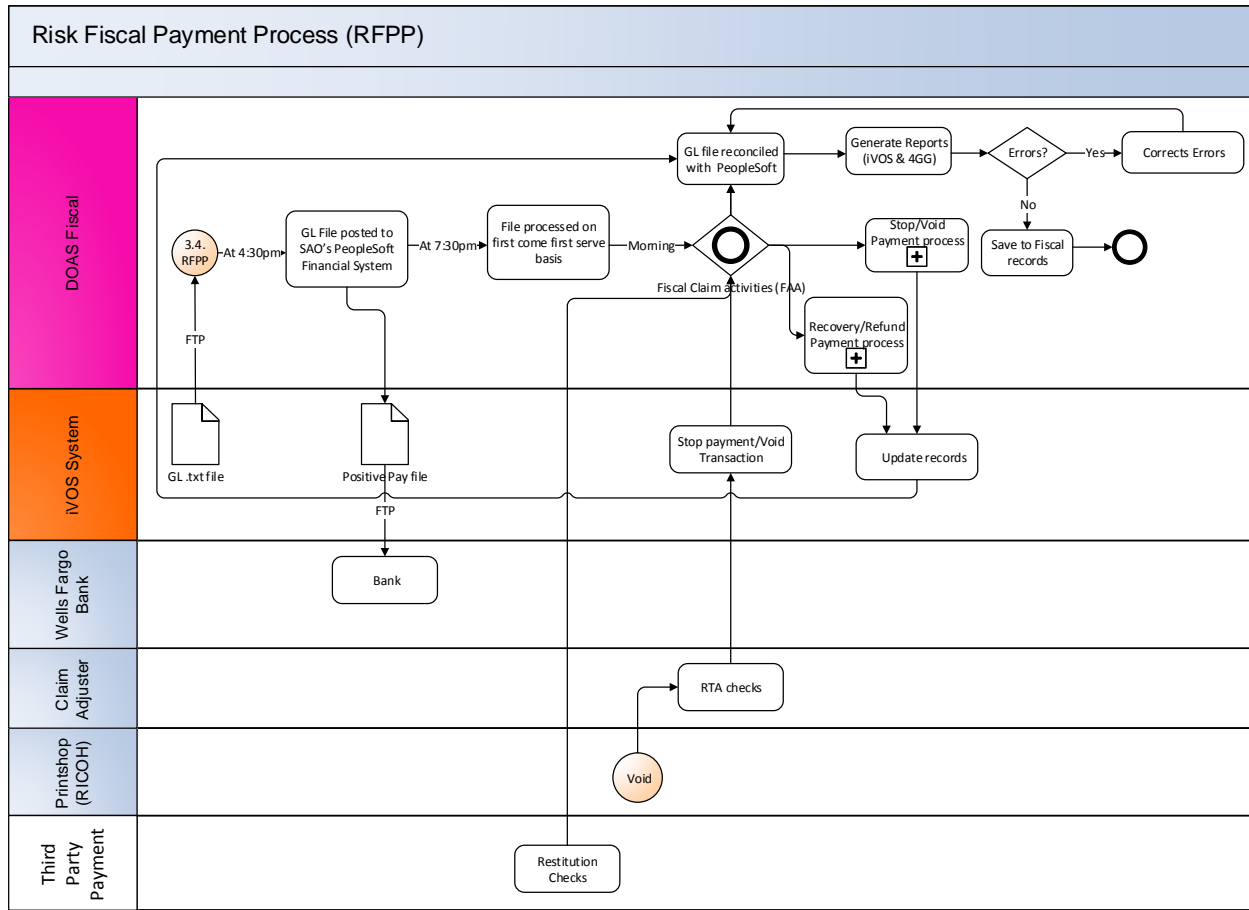|	
	3. Any claims with reserves beyond the Liability claims reserve authority will be moved forward to the State Liability Program Officer with recommendations within three business days of the file being opened.
Improvements – Future State recommendations	1. Currently, Liability Claims Specialist have 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 liability claims for a claim reported by state agency insurance coordinator in a timely manner.

S:\RMS\RMS Claim Management\RMS Liability Claims Management Process

DOAS Risk Management Services - Liability Claim Management

State Agency Insurance Coordinator

- 1.1 Employee Supervisor Reports Liability Claim to State Agency Insurance Coordinator
- Request additional documents
- 1.9 Acknowledgement of Claim Letter
- 2.1 Subrogation

DOAS Mailroom (RICOH)

- Tort Liab - E-mail/ Fax
- General Liab – Report form
- Auto Liab - Net Claims
- 1.4 Scanned and recorded in iVOS
- Forwarded via Sticky Note (iVOS
- Request additional documents
- 1-2 days
- 1.9 Scanned & recorded in iVOS additional docs sent
- Yes
- Yes

DOAS Property Management Department (Administrator/Adjustor)

- 1.2 Contact RMS Operations/Mark McKinney
- 1.3 Create Notice of Loss
- 1.5 LPO to asses Coverage Determination - location/item and amount of coverage in effect at time of loss
- Covered?
- Yes
- No
- 1.7 LCS - Liability Claim file set-up in iVOS
- Diary
- 1.7 LCS - Claim Adjuster assigned to case
- Claim Valid?
- Yes
- No
- 1.9 Claim Adjuster working on the case
- Request Service
- Claim Subro?
- No
- No
- 2.2 Assign the claim to Attorney General for further process
- Settlement Value > 250K
- Yes
- Claim Settles?
- Yes
- 3.1 Claim payment review by LPO
- 2.3 Trial – Large Loss Committee assess damages
- Claim Settles?
- No
- 3.2 LCS Processing Proof of Loss & Final Claim disposition
- Yes
- 3.3 Claim payment approved by LPO/ Authority
- Notify Agency Disclaimer with reasons
- 1.6 Denial of Claim Liability Letter
- 1.8 Update iVOS (close)
- Claim Adj notified
- 1-3 days
- Claim Payment approved
- 3.4. RFPP

DOAS Mailroom (RICOH)

- Scans and uploads file to the claim
- 3.5. Print checks
- 3.5. Package and mail

Third Party Vendor

- 1.9 Do appraisal/Bids/ Convert title to salvage title/ Medical Bills

General Liability = GL; Tort Liability = TL; Auto Liability = AL; Anti-Liement Notice = AL notice; Liability Claims Specialist (LCS) = Claim Adjuster
Liability Program Office (LPO) = Mark McKinney; Liability Claim Specialist = Nedra Westmoreland
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)

Risk Fiscal Payment Process (RFPP)

DOAS Fiscal

- 3.4. RFPP
- —At 4:30pm→ GL File posted to SAO's PeopleSoft Financial System
- —At 7:30pm→ File processed on first come first serve basis
- —Morning→ Fiscal Claim activities (FAA)
- GL file reconciled with PeopleSoft
- Generate Reports (iVOS & 4GG)
- Errors? —Yes→ Corrects Errors
- No
- Stop/Void Payment process [+]
- Recovery/Refund Payment process [+]
- Save to Fiscal records

iVOS System

- FTP
- GL .txt file
- Positive Pay file
- FTP
- Stop payment/Void Transaction
- Update records

Wells Fargo Bank

- Bank

Claim Adjuster

- RTA checks

Printshop (RICOH)

- Void

Third Party Payment

- Restitution Checks

FFA = Fiscal Financial Analyst

2 Reference to other documents

	Document Name	Location/Description	Owner
1	DOAS Risk Management Services Liability Insurance Publications and Forms	http://doas.ga.gov/risk-management/insurance-services/liability-insurance	Mark McKinney
2			

3 Acronyms

Abbreviation	Description
DOAS	Georgia Department of Administrative Services
RMS	Risk Management System
LPO	Liability Program Officer
LCS	Liability 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