

THE IMPORTANCE OF PROMPT CLAIM REPORTING

Claims, unlike fine wines, do not improve with age. All things being equal, the sooner a claim is reported, the sooner it can begin to be managed and brought to resolution. Studies consistently show that the sooner a claim is managed, the less it will ultimately cost.

CSRMA has a policy in place – *as do insurers* – of requiring the “immediate” (as soon as practicable) reporting of any occurrence/claim that could trigger coverage to CSRMA’s liability claims administrator (*Carl Warren and Co.*) **regardless**¹ of value. The CSRMA Pooled Liability Program Memorandum of Coverage outlines a member’s duties in the event of an occurrence/claim, as follows:

ENTITY’S Duty in the Event of an OCCURRENCE, Claim or Suit

1. In the event of an OCCURRENCE reasonably likely to involve the Authority, the ENTITY shall provide written notice to the Authority giving the particulars of the OCCURRENCE. The form, content and manner of transmission of the notice shall conform with the policies and procedures of the Authority, but in any case the notice shall include all pertinent details of the OCCURRENCE known or readily accessible to the ENTITY. The notice shall be given as promptly as possible after the ENTITY becomes aware of the OCCURRENCE.
2. If a claim is made or suit brought against any COVERED PARTY, the ENTITY shall immediately forward to the Authority every demand, notice, summons or other process received by ENTITY or ENTITY’s representative.
3. The ENTITY shall cooperate with the Authority and, upon its request, assist in enforcing any right of contribution or indemnity against any person or organization who may be liable to the ENTITY because of an OCCURRENCE with respect to which COVERAGE is afforded under this MEMORANDUM; and the ENTITY shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The ENTITY shall not, except at its own cost, make any payment, assume any obligation or incur any expense.

Duties of the ENTITY

The failure of an ENTITY to fulfill its obligations and duties under these CONDITIONS or as set forth in the PARTICIPATION AGREEMENT will relieve the Authority of its COVERAGE obligations to the extent the ENTITY’s failure inhibits or precludes the Authority from diminishing or eliminating the financial impact to the Authority of a LOSS.

Additional information regarding reporting of an occurrence/claim can be found in the CSRMA Pooled Liability Program Manual under Memorandum #4-L – Claims Management.

There are many good arguments for strict compliance with the reporting requirements:

¹ This “Small Property Damage Claims” Policy and Procedure allows members to settle property damage claims up to \$5,000. **However**, these claims still need to be reported to Carl Warren for tracking purposes

- ✓ It provides CSRMA with an opportunity for swift investigation, while evidence can still be preserved and before memories fade.
- ✓ It affords CSRMA an opportunity, on third-party claims, to effectuate an early and economical settlement.
- ✓ It eliminates a potential area of coverage denial or friction.

As part of each member's internal risk management program, CSRMA recommends developing an internal claims management program for addressing any source of loss (*i.e. workers' compensation, property, liability, etc*). One of the most important reasons for having a claims management program is to ensure the prompt reporting of occurrences/claims.

For more information on claims reporting or internal claims management programs, please contact any of the following CSRMA service team members:

Steve Gooch – Carl Warren and Company – 925-674-4660 x 232 or SGooch@carlwarren.com

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David Patzer – Risk Management Solutions – 707.373.9709 or losscontrol@sbcglobal.net