

Claims Management

Risk Management

What is a “claim”? There is a distinction in meaning between incidents, accidents, losses and claims. The goal of risk management is to identify, reduce, eliminate or transfer risks that cause incidents and accidents that may later become claims. Claims are the demand or obligation that may lead to a lawsuit for payment to another party (an employee or third party) who is alleging a breach of a common law, statutory or contractual duty. A claim does not become a loss to you until assets are reduced by payment and/or legal expense.

Losses may be financed by transferring claims to an insurance company or retaining a loss internally with an active retention program.

Insurance vs Retention - Using an insurance company for all claims, large and small, may have a negative impact on future premium rates, deductible levels, impairing liability limits, and underwriting acceptability leading to non-renewal of insurance. While an insurance company may be responsible to manage insured claims, its goal will always be to protect the assets of the insurance company before those of the insured.

Not all claims may require the extensive resources or expense of a formal insurance claim. Retaining and settling smaller claims with an internal active retention program reduces the claim frequency from the insurance company’s viewpoint and creates favorable conditions during insurance policy negotiations.

Claims management is the prompt resolution of an organization’s losses subject to insurance or an active retention program, including claims by other person or entities to which it may be legally or ethically bound.

The claims manager’s role is to identify the facts of a claim, conduct an analysis of the potential liability and decide if the claim should be submitted as an insured claim or retained internally. If retained, then undertake actions to minimize or reduce the financial impact, agree on what and how much should be paid, and settle the claim by obtaining a signed full and final release.

Management’s role is to bring risk management and claims management concepts and processes into the daily operations of every employee.

1. Create an environment of awareness so every employee will be your eyes and ears regarding potential risks of accident.
2. Look for, recognize and correct immediately the hazards and risks in your facilities, premises and operations that may lead to accidents. Report these potentials for accidents to Management.
3. Report promptly all close-calls, incidents and accidents that occur on an Accident Report form to Management.

4. When an accident occurs:
 - a. If medical attention is needed call 911. Provide comfort but do not render first aid unless trained to do so. Ask if there are any doctors, nurses or EMTs in the store.
 - b. Complete an Accident Report form.
 - i. Be complete and write legibly the spelling of names, addresses and contact phone numbers.
 - ii. Get a witness and their contact info
 - iii. Take immediate note of any hazard alleged to be responsible for the accident and document (take a picture, get a witness) to the existence or absence of the hazard claimed.
 - iv. Sympathize (I'm sorry this occurred) but DO NOT offer an explanation or apologize for any conditions that may or may not have contributed to the accident.
 - v. Do not admit liability by saying "I'm sorry, this was all my fault" or any other similar statement.
 - vi. Do not offer payment or compensation to settle a claim.