

MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
CLAIMS MANAGEMENT POLICY

Originally Adopted by MVRMA Board: September 20, 2014

Amended: March 15, 2021

PURPOSE

This policy has been established to set forth MVRMA's philosophy and guidelines in managing claims.

POLICY STATEMENT

It is the policy of the Miami Valley Risk Management Association to:

1. Provide high quality claims management services in a professional manner;
2. Encourage timely and effective member claim reporting;
3. Maintain adequate claim loss and expense reserves; and
4. Provide a fair member claims dispute resolution process.

PROCEDURE AND EXPECTED POLICY OUTCOMES

- a. Prompt investigation, defense and when appropriate, settlement of claims in accordance with MVRMA's claims handling procedures.
- b. Compliance with fair claims practices and applicable regulations.
- c. Denial of those claims where we are not liable or the demand to settle is clearly beyond the norm of fair and reasonable compensation.
- d. Claims reserves that reflect the probable ultimate cost or most likely outcome of disposing of the claim, whether by denial, settlement, or jury verdict at 24 months from the date the claim is filed based upon available information on each claim. Reserve changes within a short period of time or "stair-stepping" (incremental increases to cover short term expense or indemnity) must be avoided.
- e. Formal evaluation of litigation reserve levels twice a year during the open claims meeting with MVRMA defense counsel. If warranted, the reserves will be increased or decreased to reflect the most likely outcome.
- f. Claims reserves that are not discounted on the pool financial statements.
- g. A member claims dispute resolution process that provides members the opportunity of an appeal when coverage is denied.
- h. A Claims Management Procedures Manual that describes MVRMA's claims handling standards, procedures and practices.

RESPONSIBILITIES

- a. The Board of Trustees shall be responsible for the adoption and/or amendment of the Claims Management Policy.
- b. The Executive Director shall be responsible for implementing the Claims Management

Policy.

- c. The Claims Manager* shall be responsible for managing claims and developing sound claims handling standards and incorporating those into a Claims Management Procedures Manual.

MONITORING

- a. The Executive Director shall provide the Board of Trustees with a quarterly claims report that provides a summary of open claims and incurred losses in excess of \$25,000.
- b. The Board of Trustees shall retain a qualified actuary to provide an annual loss reserve certification to assure the adequacy of loss reserves.
- c. MVRMA shall have an independent claims audit performed not less than once every three years by a qualified independent claims auditor.
- d. The independent claims audit report shall be presented to the Board of Trustees together with management's response and action plan for implementing the claims audit recommendations.
- e. The Board of Trustees shall review the claims management policy after each claims audit.

* *"Claims Manager" means either the Claims Manager employed by the Association or the contracted third-party claims administrator.*