

COMPLETE ADJUSTMENT PROGRAM (CAP)

(A Practical Claims/Loss Handling Program)

PROLOGUE

This third revision of the CAP Program was accomplished through the collective input of the NAIIA National Advisory Council and the Publications Committee. It was reviewed and adopted by the NAIIA Executive Committee effective July 1, 2005.

NAIIA members and client companies should recognize that the CAP is a suggested guideline providing fundamental approaches in claims/loss handling procedures. Its adoption is an alternative in the absence of specific client guidelines.

Feedback and comments are welcome and may be addressed to the NAIIA staff office or emailed to admin@naiia.com.

OBJECTIVE

To establish a uniform guideline and procedural methodology for the handling of claim files.

Implementation/Quality Control:

- A. Publication: NAIIA Blue Book of Adjusters circulated throughout the entire insurance industry
- B. Uniformity: NAIIA Members adhere to “Best Practices” claims handling procedures
- C. Philosophy: Proven quality adjusting standards can best be maintained while conforming with uniform claims handling procedures
- D. Technical Expertise Utilization of Quality: NAIIA Members with specific technical claims experience

Assignment/coverage:

- A. Assignment Use of ISO Accord forms. NAIIA Members forms or long forms provided by the insurance company
- B. Authority: Claims assignment may be made by any authorized company representative giving instructions in the handling of that assignment.
- C. Acknowledgement: NAIIA Members should immediately acknowledge receipt of the loss by email or fax, giving the adjuster’s name, claim number and contact information in accordance with the reporting methods as outlined in the CAP Program.
- D. Coverage: Questions of coverage should be brought to the attention of the client.
- E. Special Instructions: The taking of Non-Waiver, the issuance of Reservations of Rights Letters or Denial Letters should be approved by the client as to the form and content.

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Claims /Loss Handling

- A. Procedural: In accepting the assignment, the NAIIA Member should begin investigation immediately in accordance with instructions that have been provided by the client, either in writing or verbally.
 - 1. Deviation: Information developed during the course of the investigation which may require additional investigation should be communicated immediately to the client via telephone, fax or email.
 - 2. Clarification: The scope of the assignment should be conveyed clearly by the client.
- B. Inspection: Inspection of property losses should occur within 72 hours of assignment or sooner depending on the nature of the loss.
- C. Statement: May be written or recorded. If recorded, such statements may be transcribed only with the permission of the company. Where required by state laws, copies should be given to the person from whom the statement was taken and reported to the client company.
- D. Appraisals: Client companies should establish whether or not appraisals are to be completed on their forms or on designated software, specifying the number of photographs desired. Approved physical damage or property loss manuals should always be utilized in the valuation process. In the absence of any clear directive by the client, NAIIA members may employ standards in conformity with acceptable appraisal techniques.
- E. Salvage Subrogation: NAIIA Members should provide information necessary to dispose of any salvage protecting its right of salvage in accordance with applicable state laws. Authority to process salvage shall be in writing by client company to the NAIIA Member. Subrogation, if required, may be pursued by the NAIIA Member when authority is extended in accordance with the company's instructions.
- F. Expert Investigation: Certain areas of claims handling may require specific direction.
 - 1. Photographs/Diagrams: Appropriate photographs and/or diagrams may be required and provided in the absence of any specific direction from the carrier.
 - 2. Documentation: Medical, wage loss and property information should be obtained by the NAIIA Members in accordance with accepted practices unless otherwise instructed. Gathering of police, fire and other reports necessary to the investigation should be obtained as necessary advising the client of their impact on the case.
 - 3. Examinations: Prior approval should be obtained from the company for independent medical examinations, examinations under Oath or expert retention.
 - 4. Litigation: The use of a defense attorney and/or selection of special counsel should be approved by the company.
- G. Legal Requirements: The client should be contacted when any of the following raise special issues on an individual claim:
 - 1. Unfair Claims Settlement Practices Regulations
 - 2. Municipal codes regarding salvage distribution and payment
 - 3. Handling of state Insurance Department complaints
 - 4. Any other issue which potentially raises a red flag

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- H. Settlement Authority: All claims should be settled in accordance with the Fair Claims Adjusting Standards taking into consideration the reasonableness and fairness of the individual loss or claim

Reporting Methods

The following are general reporting guidelines to be followed in the absence of instructions provided by the client:

- A. Acknowledgement: Provide the client with a written acknowledgment on the same day of receipt of claim. Retain a copy in the file.
- B. Initial Contact: Contact the parties within 24 hours of receipt of assignment and begin investigation immediately.
- C. Filings: Completion of the CIB index forms, PILR, NATB and any other reporting form should be completed as soon as possible after obtaining the information by the client.
- D. First Report: Absent any specific requirement from the client, the first report should follow within 15 days from the receipt of the assignment.
- E. Status Report: Following the initial report, a timely status report should follow every 30 days updating the client on the developments that have taken place since the last report.
- F. Diary: Regular reporting on Claim files on a 30-day basis is an acceptable standard. Diary dates should be communicated in each report.
- G. Captioned Report: should be followed when the initial assignment does not require or request use of the short form reporting format. Redundant captions should be eliminated and all reports should be numbered sequentially listing the enclosures.
- H. Further Activity: Should be outlined when additional investigation is anticipated.
- I. Short Form Reports may be provided when acceptable, unless otherwise so stipulated.
- J. Reserves: Generally the establishment of a proper reserve is the function of the client company unless otherwise directed. Therefore, recommendations of reserves will generally be limited to property damage losses only.
- K. Settlement Authority: All settlement authority should first be obtained from the client before negotiations are undertaken.