

Step 6 — Claims



Submitting Claims

Some contracts require the contractor to report liability claims to the insurer on behalf of the organization and to prosecute those claims diligently. That approach can work, particularly when both the contractor and the organization have an interest in the outcome. However, it requires careful monitoring to protect your organization's interests. Don't rely entirely on the other party to tender claims to the insurer on your behalf. As an insured under the other party's liability policy, your organization has the same rights regarding tendering claims and getting coverage as any other insured.

Diligence Required

Especially if the claim has the potential to be significant, look out for your organization's interest and don't let the claim rest. If it is clearly a significant claim, consult with legal counsel and be prepared to pursue your own claim separately. If there is any potential conflict between your organization's interests and the contractor's interests, your organization will need separate counsel to pursue its own interests. For liability claims, you will also want to put your insurer or self-insurance pool on notice



and work with the adjuster there. They may wish to help you pursue recovery or defense and indemnity as an additional insured.

If a significant claim occurs, you need to confirm that you have a copy of the relevant policy under which your organization is an additional insured, or to request one. If you are going to be filing your own claim, you must comply with all the policy terms and conditions, especially regarding claim reporting.

Claim Management

Follow these steps to stay on top of claims:

1. Don't admit fault.
2. Get a copy of the policy and read it or get an advisor to read it. You need to understand what is covered to sustain the claim or demand for defense and indemnity.
3. Make sure the insurer is notified immediately. Confirm this with the contractor if the contractor is responsible for reporting claims. Delay may jeopardize the insurer's defense and your coverage.
4. Here's where the record keeping (see last chapter) comes in. Not only may you be required to provide proof of your organization's status as an additional insured, but you may need to provide information about the loss and possibly values and costs depending on the type of policy on which the claim is being reported.
5. Cooperate with the insurer. This is a requirement for coverage in the policy.
6. If there is damaged property (as in a property insurance claim), retain the damaged property and records concerning the property.
7. Call the police if a law has been broken. Get the police report. The report can help for defense in a liability insurance matter or proof of loss for property insurance.
8. Don't pay liability claims out of pocket. Let the insurer handle.
9. If you are offered a settlement, review the insurer's calculations for property claims.
10. Follow up with the adjuster. Request progress reports. Don't let the weeks go by without communication.

Here is an [additional source](#) for information on additional insured tenders for coverage.