

Pre-Claim Loss Control: A Unique, Proactive Claim Enhancement to Your Advantage

As a member-owned insurance program, Community Insurance Corporation (CIC) can be innovative with coverage and service offerings to enhance our members' insurance and risk management programs. One such enhancement that has long-separated the CIC from commercial insurance carriers and yielded a wealth of benefits for the company's and our members alike is **Pre-Claim Loss Control**.

Under traditional commercial policies, coverage must be triggered by a qualifying event to engage claim-related services. Typically a qualifying event is the filing of a claim or suit that contains a monetary demand. The obvious problem with this approach is that a loss has already occurred and the underlying events which led to it have already concluded.

To engage in proactive measures when a member becomes aware of a situation that may give rise to a claim, CIC developed the Pre-Claim Loss Control enhancement. Pre-Claim Loss Control engages claim-related services in the form of strategic guidance from authorized defense counsel to assist the member in the handling of the situation with the overall goal of avoiding a claim or suit by implementing proactive measures to prevent procedural mistakes. Typically, the enhancement is used in difficult personnel issues like discrimination or sexual harassment, or when the employment relationship needs to be discontinued over contentious matters.

When a pre-claim situation is reported to CIC, a claim file is created. All expenses incurred on the claim file are taken against the member's per-claim deductible (if any). In the event a claim or suit is filed by the claimant, we have already begun to prepare our defenses to the allegations. Without Pre-Claim Loss Control, the district may have already hired and paid their counsel to investigate, and in turn, would also need to cover deductible exposures for claim-related expenses when the claim or suit is filed.

To illustrate the effectiveness of Pre-Claim Loss Control, a Milwaukee-area school district engaged CIC in a pre-claim loss control matter to provide strategic assistance in the dismissal of three teachers who were found to have inappropriate material on their district computers. CIC, with the support of defense counsel, was able to work with the district to interview each teacher and negotiate the resignation of each with the union with no contingent severance. CIC's total cost for the pre-claim matter was under \$5,000.

Conversely, at roughly the same time, Madison-area school district was left alone to defend a decision to dismiss one teacher who was found to have viewed inappropriate material on his district computer. The dismissal was challenged by the union and eventually resulted in nearly four years of litigation. The district incurred over \$1 million in costs out of its budget, including almost \$200,000 in back pay, in addition to being ordered to reinstate the teacher.

This example underpins the success of pre-claim loss control and illustrates why CIC members should take advantage of it.

To engage Pre-Claim Loss Control, members are encouraged to contact their Agent or CIC's Dedicated Litigation Case Manager.

Tips to Maximize Pre-Claim Loss Control

- » Provide as much documentation regarding the situation as possible as soon as possible
- » Play an active role in the investigation and strategy development process
- » Communicate often with defense counsel and Litigation Case Manager