INTERNAL PROCEDURE DOCUMENT

Claims Response Procedure

A comprehensive guide for First Underwriters team members covering every stage of the claims process — from first notice of loss through final resolution and file closure.

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Established 1992 — Specializing in Hard-to-Place Commercial Risks

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Section 1: Purpose & Scope

This Claims Response Procedure establishes the standard process that all First Underwriters Insurance Brokers team members must follow when handling claims reported by our insured clients. The goal is to ensure every claim is managed promptly, professionally, and in full compliance with Washington State insurance regulations and carrier requirements.

This procedure applies to all lines of commercial insurance brokered by First Underwriters, including but not limited to:

- Commercial auto and trucking liability
- General liability and umbrella / excess
- Commercial property and inland marine
- Workers' compensation and employers' liability
- Professional liability and errors & omissions
- Builders' risk and contractors' coverage
- Motor truck cargo and freight liability

Because First Underwriters operates as an insurance broker rather than a carrier, our primary role in the claims process is advocacy and coordination. Specifically, we serve as the client's representative, ensuring that the carrier adjuster handles the claim fairly, that documentation flows efficiently between all parties, and that the insured understands every step of the process.

Key Principle

Our obligation is to the insured. Every action we take during the claims process should prioritize the client's best interest while maintaining professional integrity and regulatory compliance.

Section 2: Definitions & Key Terms

The following definitions apply throughout this document. Consistent use of these terms ensures clear communication among staff, carriers, and clients.

FNOL (First Notice of Loss)

The initial report of a claim or incident from the insured, carrier, or third party.

Claimant

The party making a claim for loss or damages, which may be the insured or a third party.

Adjuster

The carrier-appointed representative responsible for investigating and settling the claim.

Loss Run

A historical record of all claims filed on a policy, provided by the carrier.

Subrogation

The carrier's right to recover paid claim amounts from a responsible third party.

Reservation of Rights (ROR)

A formal notice from the carrier that coverage may not apply to all or part of a claim.

Proof of Loss

A formal sworn statement submitted by the insured documenting the facts and amount of the loss.

TPA (Third-Party Administrator)

An outside firm contracted by the carrier to handle claims administration.

Occurrence

An event or series of related events that triggers coverage under a policy.

Deductible / SIR

The amount the insured must pay out of pocket before insurance coverage applies. A Self-Insured Retention (SIR) functions similarly but may carry different defense obligations.

Section 3: Roles & Responsibilities

Effective claims management requires clear accountability at every level. The table below outlines each role's responsibilities within the claims process.

Role	Primary Responsibilities
Account Manager / CSR	Receives FNOL from client; logs claim in management system; notifies carrier within 24 hours; serves as primary client contact throughout the process; schedules follow-ups.
Producer / Broker	Maintains overall client relationship; escalates complex or disputed claims; coordinates with underwriter when coverage questions arise; supports renewal strategy based on loss history.
Claims Coordinator	Tracks all open claims; monitors adjuster response times; compiles loss run reports; ensures documentation is complete and filed properly.
VP / Department Head	Reviews large-loss and litigated claims; approves escalation actions; interfaces with carrier management when service issues occur; conducts quarterly claims reviews.
CEO / Principal	Oversees catastrophic claims and E&O; exposures; makes final decisions on escalation; reviews annual claims performance metrics.

Section 4: Claims Notification & Intake

4.1 How Claims Are Reported

Claims may be reported to First Underwriters through several channels. Regardless of the method, the receiving team member must initiate the intake process immediately. Accepted reporting channels include:

- Phone call to the main office or directly to the account manager
- Email to the dedicated claims inbox (claims@firstunderwriters.com)
- In-person report at the Kirkland office
- Carrier notification forwarded to our office
- Online portal submission through the client's account (if available)

4.2 Required Information at Intake

During the initial intake, the team member must collect as much of the following information as possible. If certain details are not yet available, note what is missing and schedule a follow-up within 24 hours.

Category	Information Required
Insured Info	Named insured, policy number, contact person, phone, email
Loss Details	Date, time, and location of loss; description of incident; type of loss (liability, property, cargo, WC, auto, etc.)
Parties Involved	Names, contact information, and roles of all parties; injuries reported (if any); witness names and statements
Emergency Response	Police / fire report number; EMS involvement; towing or emergency mitigation actions taken
Preliminary Damage	Estimated dollar amount of damage or loss; photos or video if available; damaged property descriptions
Third-Party Info	Other party's name, insurer, policy number, vehicle information (for auto claims)

4.3 Logging the Claim

After collecting the intake information, the team member must log the claim in the agency management system within two hours of receiving the report. The log entry should include the date and time reported, the line of business, a brief description, and the assigned team member. Additionally, the system should generate a unique claim reference number for internal tracking.

Section 5: First Response Protocol

The First 24 Hours — Critical Actions

TIME-SENSITIVE

Washington State regulations require prompt forwarding of claims to carriers. Failure to report promptly can expose the agency to E&O liability and may result in denial of the insured's claim. Consequently, the following steps must be completed within the timeframes specified.

1 **Acknowledge Receipt (Within 1 Hour)**

Contact the insured by phone or email to confirm their claim has been received. Provide the internal claim reference number and set expectations for next steps. Express empathy and assure them that you are their advocate.

2 **Report to Carrier (Within 4 Hours)**

Submit the FNOL to the appropriate carrier using their preferred method — online portal, fax, email, or phone. Attach all available documentation. Record the carrier claim number once assigned. If the loss involves multiple policies or carriers, report to each one.

3 **Confirm Adjuster Assignment (Within 8 Hours)**

Follow up with the carrier to confirm an adjuster has been assigned. Obtain the adjuster's name, phone number, and email. Relay this information to the insured so they know whom to expect contact from.

4 **Client Follow-Up (Within 24 Hours)**

Contact the insured to confirm the adjuster has reached out. If the adjuster has not made contact, escalate immediately with the carrier. Document all communications in the management system activity log.

5.1 Emergency & After-Hours Claims

If a claim is reported outside of business hours and involves bodily injury, a fatality, significant property damage, or a catastrophic event, the receiving team member must contact the on-call supervisor immediately. The on-call supervisor will initiate the carrier notification and coordinate any emergency mitigation services. Refer to Appendix B for the current emergency contact

directory.

Section 6: Investigation & Documentation

While the carrier adjuster leads the formal investigation, First Underwriters plays an important supporting role. Our objective is to ensure the investigation is thorough, timely, and fair to the insured.

6.1 Supporting the Investigation

- Assist the insured in gathering and organizing requested documentation
- Coordinate access to the loss site, vehicles, or damaged property for the adjuster
- Review the adjuster's requests to ensure they are reasonable and relevant
- Advise the insured on their obligations under the policy (e.g., duty to cooperate, proof of loss deadlines)
- Monitor the investigation timeline and escalate delays with the carrier
- Maintain copies of all documents exchanged between the insured and adjuster

6.2 Documentation Standards

Complete and accurate documentation protects both the insured and our agency. Therefore, every claim file must contain the following at a minimum:

- Original FNOL form or intake notes with date/time stamps
- Copy of the declarations page and relevant policy endorsements
- All correspondence with the insured, carrier, and adjuster (emails, letters, call logs)
- Photographs, video, police reports, and third-party statements
- Adjuster's reports and reserve history
- Settlement documentation, payment records, and release forms
- Internal notes on advocacy actions taken on the insured's behalf

Best Practice: Activity Logging

Record every interaction related to a claim — phone calls, emails, meetings — in the management system within 24 hours. Include the date, parties involved, and a summary of what was discussed or decided. This habit is essential for E&O protection and regulatory compliance.

Section 7: Communication Standards

Clear, proactive communication is the foundation of excellent claims service. The following standards apply to all team members involved in the claims process.

7.1 Client Communication

- Return all client phone calls and emails within the same business day
- Provide status updates at least every 14 days, even if there is no new activity
- Use plain language — avoid jargon and explain insurance terms when necessary
- Always set realistic expectations about timelines and possible outcomes
- Document every client interaction in the management system
- Never guarantee a specific outcome, settlement amount, or timeline

7.2 Carrier & Adjuster Communication

- Respond to carrier and adjuster requests within one business day
- Advocate firmly but professionally when the insured's interests are at stake
- Request written confirmation of all coverage decisions and reserve changes
- Escalate to carrier management if an adjuster is unresponsive for more than 5 business days
- Document all advocacy efforts and the rationale behind them

7.3 Reservation of Rights & Denial Letters

If the carrier issues a Reservation of Rights (ROR) letter or a claim denial, the account manager must take the following steps immediately:

1. Review the letter carefully and identify the specific coverage provisions cited
2. Consult with the producer and, if necessary, the VP or department head
3. Contact the insured to explain the letter in plain language and outline their options
4. Prepare a written response to the carrier if the denial appears unfounded or if additional information could change the outcome
5. Document all actions and maintain copies of all correspondence in the claim file

Section 8: Claims Resolution & Settlement

8.1 Settlement Review

Before a claim is settled, the account manager should review the proposed settlement to ensure it fairly compensates the insured. In particular, confirm that:

- The settlement amount aligns with the documented damages and policy limits
- All covered items have been included in the settlement calculation
- The insured understands and agrees to the terms before signing a release
- Any applicable deductible or SIR has been properly applied
- Subrogation rights have been considered and preserved where applicable

8.2 Dispute Resolution

If the insured disagrees with the carrier's settlement offer or coverage decision, First Underwriters will assist in the dispute process. Available options include:

- **Internal appeal:** Submit additional documentation or a formal letter of disagreement to the carrier claims department.
- **Independent appraisal:** If the policy includes an appraisal clause, assist the insured in invoking it to resolve valuation disputes.
- **Department of Insurance complaint:** Advise the insured of their right to file a complaint with the Washington State Office of the Insurance Commissioner.
- **Legal referral:** If warranted, recommend the insured consult an insurance coverage attorney. First Underwriters does not provide legal advice.

Section 9: Subrogation & Recovery

When a third party is responsible for a loss, the carrier may pursue subrogation to recover the amounts paid on the claim. First Underwriters supports this process by ensuring all relevant evidence is preserved and forwarded to the carrier's subrogation department.

Subrogation responsibilities include:

- Remind the insured not to sign any releases from third parties without consulting the carrier first
- Ensure police reports, witness statements, and photographs are included in the file
- Alert the carrier's subrogation unit if the insured identifies a responsible third party
- Track the subrogation outcome and communicate any recovered deductible amounts back to the insured

Section 10: File Closure & Record Retention

10.1 Criteria for Closing a Claim File

A claim file may be closed only when all of the following conditions are satisfied:

- The carrier has issued final payment or a formal denial/closure letter
- The insured has confirmed satisfaction with the outcome (or all dispute options have been exhausted)
- All documentation has been received, organized, and filed in the management system
- Subrogation status has been confirmed (recovered, waived, or closed)
- The claim file has been reviewed by the account manager for completeness

10.2 Record Retention Schedule

Record Type	Retention Period	Notes
Claim files (all lines)	7 years from closure	Minimum; longer for litigated claims
Workers' comp claims	10 years from closure	Per WA state requirements

Bodily injury / liability	10 years from closure	Statute of limitations consideration
Correspondence & emails	7 years from closure	Stored digitally in management system
Loss runs & reports	7 years	Retain beyond policy expiration

Section 11: Escalation & Catastrophic Loss Protocol

11.1 Escalation Triggers

Certain claim situations require immediate escalation beyond the account manager level. The following circumstances must be escalated to the VP or CEO within four hours of discovery:

- Any claim involving a fatality or life-threatening injury
- Claims with estimated damages exceeding $250,000
- Multi-vehicle or multi-claimant incidents
- Claims involving environmental contamination or hazardous materials
- Any claim where the insured receives a Reservation of Rights or denial
- Allegations of fraud by or against the insured
- Media attention or public relations implications
- Potential E&O exposure to First Underwriters

Catastrophic Loss Protocol

In the event of a catastrophic loss (earthquake, wildfire, major multi-vehicle accident, building collapse, etc.), the CEO will activate the Catastrophic Loss Response Team. All affected client files will be prioritized, and additional staff may be reassigned to handle the increased volume. The claims coordinator will maintain a master tracking spreadsheet for all catastrophic claims and report status to leadership daily until the event is resolved.

11.2 Litigation Management

When a claim enters litigation, the account manager must coordinate closely with the carrier's defense counsel and the insured. Specifically, the account manager should:

1. Confirm the carrier has retained defense counsel and obtain the attorney's contact information
2. Advise the insured that they should cooperate fully with defense counsel
3. Monitor litigation milestones (depositions, mediations, trial dates) and update the file
4. Escalate to the VP if the insured expresses dissatisfaction with the defense or coverage position
5. Maintain strict confidentiality regarding all litigation-related communications

Section 12: Quality Assurance & Compliance

12.1 Quarterly Claims Reviews

The VP or department head will conduct quarterly reviews of all open claims. These reviews serve to identify stalled claims, verify documentation standards, and ensure client communication timelines are being met. Findings will be documented and shared with the team for continuous improvement.

12.2 Annual File Audits

Once per year, a random sample of closed claim files will be audited for compliance with this procedure. The audit will evaluate timeliness of reporting, completeness of documentation, adequacy of client communication, and proper file closure. Results will be reported to the CEO and used to update training and processes.

12.3 Regulatory Compliance

All claims-related activities must comply with the following:

- Washington Administrative Code (WAC) Title 284 — Insurance Commissioner rules
- Revised Code of Washington (RCW) Title 48 — Insurance code
- National Association of Insurance Commissioners (NAIC) best practices
- Individual carrier requirements and service-level agreements
- First Underwriters' internal E&O prevention guidelines

12.4 Training Requirements

All team members involved in claims handling must complete the following training:

- Initial claims procedure orientation within 30 days of hire
- Annual refresher training on this procedure and any updates
- Washington State continuing education credits as required for license maintenance
- Carrier-specific claims portal training as needed

Appendix A: Claims Intake Checklist

Use this checklist during every FNOL call or intake to ensure all critical information is captured. Print this page for use at your desk or reference it on screen during intake calls.

Insured Identification

- ■ Named insured / company name
- ■ Policy number(s) — verify effective dates
- ■ Contact person name, phone, and email
- ■ Location of insured (address on file confirmed)

Loss / Incident Details

- ■ Date and time of loss
- ■ Location of loss (full address)
- ■ Detailed description of what happened
- ■ Type of loss (auto, property, liability, WC, cargo, etc.)
- ■ Weather or environmental conditions (if relevant)

Injuries & Parties

- ■ Were there any injuries? (Y/N) — if yes, describe severity
- ■ Number of parties involved
- ■ Names, phone numbers, and insurer info for other parties
- ■ Witness names and contact information

Emergency Response

- ■ Was 911 called? (Y/N)
- ■ Police / fire report number
- ■ EMS or hospital involved?
- ■ Any emergency mitigation taken (tarping, boarding, towing, etc.)?

Damage Estimates

- ■ Preliminary estimate of damage or loss amount
- ■ Photos or video available? (Y/N)

- Description of damaged property / vehicles
- Is the property / vehicle still usable?

Internal Actions

- Claim logged in management system
- Internal claim reference number assigned
- Carrier FNOL submitted (note carrier + method)
- Carrier claim number recorded
- Adjuster contact info obtained and given to insured
- Follow-up date scheduled

Appendix B: Emergency Contact Directory

The following contacts should be used for after-hours emergencies, catastrophic losses, and urgent escalation. This directory is updated annually or whenever personnel changes occur. Verify contact information at the start of each quarter.

Contact	Role	Phone	Email
Michael Oskouian	CEO / Principal	(425) 242-5357	michael@firstunderwriters.com
Kathryn Oskouian	CFO	(425) 242-5357	kathryn@firstunderwriters.com
Paul Sherry	VP, Construction	(425) 242-5357	paul@firstunderwriters.com
Claims Department	General Claims	(425) 242-5357	claims@firstunderwriters.com
After-Hours Line	Emergency Only	(425) 242-5357	claims@firstunderwriters.com

Key Carrier Claims Contacts

Maintain a current list of claims reporting numbers and portals for each carrier First Underwriters works with. The claims coordinator is responsible for updating this list whenever carrier contacts change. Store the full carrier directory in the agency management system under the shared Claims Resources folder.

End of Document

This procedure is the property of First Underwriters Insurance Brokers and is intended for internal use only. Unauthorized distribution is prohibited. For questions or suggested revisions, contact the Operations & Claims Department.

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