

EIA Reimbursement Procedures for Excess Liability Program I and Excess Liability Program II

Intent:

The intent of the coverage provided by the General Liability MOCs (Excess Liability Program I and Excess Liability Program II) is to enable the Member to maintain the responsibility and authority to handle their own claims while having financial support for claims with incurred values above the Member's Self-Insured Retention (SIR).

To that end the following represents the policy and practice of the EIA in reimbursing the Member for excess claims:

1. Defense Costs:

For most claims the Member is responsible for paying, on an ongoing basis, the legal and other expenses related to a claim, maintaining a loss accounting in their claims system reflecting totals paid for litigation expenses and other expenses. When and if these costs exceed the SIR the Member must obtain written approval of the EIA (as outlined in the Conditions of the Excess Liability MOCs) and will periodically provide the EIA with a reconciliation of the paid amounts.

Upon receipt and verification of the reconciliation of payments the EIA will transmit a check reimbursing the Member for the amounts above the SIR. This process will be followed until the resolution of the claim.

2. Settlements/Judgments:

Claims with settlements or judgments which bring the total incurred above the SIR will normally also be reimbursed according to the procedures for defense costs described above. At the Member's request the EIA is willing to provide a wire transfer or check to the Member in an amount to reflect the settlement reduced by the SIR (or documented balance), to enable them to issue a check in satisfaction of the claim resolution.

In these cases the amount issued by the EIA will be reduced by the Member's SIR, adjusted to reflect any proven erosion, with the intent that the EIA will not front a member's SIR. However, a settlement should not be effected that brings the ultimate net loss above the SIR without prior written authorization from the EIA.

3. Subsequent reimbursements:

If expenses or settlement have brought the total paid above the SIR, any additional expenses will continue to be paid by the Member and submitted to the EIA for subsequent reimbursement on a periodic basis.

4. Reinsurance:

Normally, when the issuance of a reimbursement brings the paid amount above a reinsurance attachment point the EIA will issue the reimbursement to the Member rather than the reinsurer reimbursing them directly. When this occurs, the EIA will concurrently issue an invoice to the reinsurer at the time of reimbursement issuance. Any subsequent reimbursements will also include concurrent invoicing of the reinsurer.

Invoices submitted to the reinsurers will be due and payable within thirty days in accordance with the EIA's financial procedures. Delinquent notices will be issued by the Accounting Department after thirty days, with follow-up advice to the assigned Claims Specialist to determine any reasons delaying reimbursement.

5. Exceptions:

The intent of this policy is to allow flexibility to meet the needs of the EIA Members. Any exceptions to this policy will be considered on a case-by-case basis by the EIA.