



Claims Management Policy

Governance Section: Operations

Revision Date: 03/26/2026

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Purpose

To facilitate the processing of claims from and against the Pool's Members and perform subrogation on behalf of the Pool and the Pool's Members.

Authority

1. Interlocal Agreement, Section 3 (Powers);
2. Bylaws, Section 21 (Claims Review);
3. Bylaws, Article XII (Coverage Determination);
4. Accounting and Internal Controls Policy; and
5. Duties, Responsibilities, and Development of Board and EC Members.

Policy Statements

Philosophy

It is the Pool's philosophy that all claims will be settled in a fair, equitable, and responsible manner.

Claims Management

1. The Executive Director shall ensure that the Pool has written claims management procedures that include:
 - a. Claims management philosophy,
 - b. Regular internal review of claims,
 - c. Loss reserving philosophy, and
 - d. Litigation management that includes:
 - i. A list of qualified defense attorneys,
 - ii. Reporting procedures from adjusters, attorneys, and experts,
 - iii. Ongoing monitoring of cases, and
 - iv. Evaluation of legal expenses.
2. The Executive Director shall ensure there is an external claims audit (every three years) in accordance with WAC 200-100-050. Claims audit will be presented to the Executive Committee. Deficiencies will be addressed in a timely manner.

Claims Settlement Authority

1. The Executive Director is authorized to settle third-party bodily injury, property damage, and public officials' liability claims for up to \$250,000 of Pool funds.
2. The Executive Director is authorized to settle first-party property claims up to the Pool's self-insured retention.
3. The Executive Director is authorized to finalize any mediation agreement at or below their authority. The Executive Director is authorized to finalize any arbitration or jury verdicts.
4. Executive Committee settlement approval - The Executive Committee must review any settlement above the amounts set forth above. The Executive Director shall provide their recommendation to the Executive Committee regarding a proposed settlement amount above their authority. Once the Executive Committee has agreed to settlement authority, the Executive Director, or their designee, is authorized to finalize any settlement agreement at or below the authorized amount.



Conflict of Interest

1. WSTIP requires the reporting of any actual, potential, or perceived conflicts by any staff member who is aware of such a conflict. Any form of retaliation is prohibited, and violations must get reported to the Executive Director, Board President, or General Counsel immediately.
2. If any claims staff or person with direct supervisory authority over claims staff, has an actual, potential, or perceived conflict of interest with respect to a particular claim, or any person is aware of or has knowledge of a conflict, the conflicted staff or person with awareness or knowledge must report the conflict to the Executive Director for the purpose of determining the nature and extent of any conflict, who will consult with General Counsel. If the Executive Director is conflicted, the reporting person must report the conflict to the Board President, who will consult with General Counsel.
3. An actual conflict of interest exists if handling or supervision of a particular claim would result in either a violation of WSTIP's Ethics Policy, or other circumstances exist such that the conflicted staff cannot reasonably evaluate the claim in question objectively. A potential conflict exists where it is likely an actual conflict will occur during the course of handling of a particular claim. A perceived conflict occurs any time a neutral and reasonable third party would likely conclude a conflict exists irrespective of the existence of an actual or potential conflict.
4. If it is determined an actual conflict exists, the Executive Director will appoint a non-conflicted staff person to handle the claim if the claim is reserved within the Executive Director's settlement authority, provided the Executive Director is also not conflicted. If the Executive Director is conflicted or if the claim is reserved above the Executive Director's authority, the President will designate replacement(s) to handle the particular claim, and the replacement(s) will report to the Executive Committee at the Executive Committee's next regular meeting where action is taken. In all cases, the file will be documented to indicate how the conflict was addressed.
5. In the case of actual conflict of interest, the conflicted staff will not access the claim file in question.
6. During claim creation, assignment, adjusting, review, auditing, and payment processing and approval; assigned personnel must perform and document conflict-checks to ensure the absence of any actual, potential, or perceived conflicts of interest.

Pre-litigation investigation and settlement

1. The Pool may participate in funding investigation, indemnity, and training costs for the resolution of events or issues which, if not resolved, would likely result in a claim(s) against a Pool Member which, if made, would likely trigger defense or indemnity obligations of the Pool's coverage documents.
2. The Executive Director is authorized to craft creative, non-traditional resolutions of pre-litigation events.

Repair of Covered Property Loss by the Member

When a Member has sustained a Pool covered loss to its property, the Member may request permission from the Pool to repair the loss using its own resources.

1. The Pool may require a detailed repair estimate, before a Member undertakes such a repair. A Member's repair estimate will not include mark-up costs.
2. The Pool may obtain alternative quotes or bids to complete the repair from independent third parties skilled in the sort of repair needed, before a Member undertakes such a repair. If required, the Pool shall notify, request, and schedule these bids or quotes within ten working days



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of receipt of Member's estimate to make the repair. If needed, the Pool may request additional time to obtain the bids or quotes.

3. When necessary, the Pool may authorize the Member to proceed with the repair if the Member's quoted fixed price is reasonably comparable to the lowest price or if the Member is willing to do the repair for a lower bid or quote amount.
4. If concealed or unexpected circumstances increase the Member's cost of repair, the Member may seek reimbursement for additional repair costs from the Pool's Executive Director or their designee.
5. When paying a Member's first-party claim, when subrogation is not available, the at-fault party is uninsured or the Member is at-fault, the Pool will pay the Member's actual costs, and the Member's documentation shall be at cost.

Subrogation

When the Pool pays a settlement or judgment on behalf of a Member upon a claim for which some other person or entity may be wholly or partially liable, the Pool may pursue a claim for subrogation. The Pool may pursue the subrogated claim notwithstanding the wishes of the Member.

1. In the prosecution of a subrogated claim, the Member shall provide all necessary and reasonable assistance in a timely manner.
2. When a Member pays a claim on its own behalf, upon a claim for which some other person or entity may be wholly or partially liable, the Pool may pursue the claim in subrogation with the concurrence of the Member.
3. When the Pool recovers funds on a subrogated claim where the Pool has paid funds on behalf of the Member, the recovery shall first go to reimburse the Pool with the balance to the Member.
4. The Pool may pursue subrogation for the Member for claims solely below the Member's deductible. In this case, the Member must submit all necessary documentation within six months of the accident.
5. When pursuing subrogation claims for damages to Member vehicles, to the extent possible, the Pool shall use actual Member hourly rates and costs. In setting rates, the Member may consider rates used by repair facilities from around the state and their local area.
6. Unless otherwise directed by the Member, the Pool will not pursue subrogation if the cost to be recovered is less than \$100.
7. At least every three years, staff shall conduct and distribute a loss of use and statewide labor rates study for:
 - a. cars, small trucks, and small vans;
 - b. large trucks;
 - c. 15 passenger vans;
 - d. paratransit vehicles;
 - e. light duty revenue vehicles; and
 - f. heavy duty revenue vehicles.
8. Additionally, at least every three years, Pool staff will distribute guidance on how Members can set internal labor rates and what costs are customarily considered as part of an internal labor rate.

Amendment

This policy may be amended by the Executive Committee.

Policy History

Repeal of Claim Settlement Procedures Policy (2018), Repair of Covered Losses by Member Policy (2018), and Subrogation Policy (2018).



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Revisions in May 2023 to include philosophy and minor grammatical updates.

Revisions in March 2025 to add language regarding mark-up costs and actual costs in 5.

Revisions in February 2026 to eliminate approved uniform hourly labor rates and add actual Member costs for subrogation purposes.

Passed by the Executive Committee on March 26, 2026.

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Scott Deutsch

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Scott Deutsch, President

Attest:

Signed by:

Shawn Larson

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Shawn Larson, Secretary

Approved as to form:

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Richard L. Hughes

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Richard L. Hughes, General Counsel