



## ADMINISTRATIVE DIRECTIVE

<p>Title: Claims Management Issuing Departments: Town Clerk, Legal, Finance, Human Resources Effective Date: 7/01/2022 Approved: Terry Rozema, Town Manager Type of Action: Revision</p>
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### 1.0 PURPOSE

The purpose of this directive is to establish a procedure for managing and disposing of claims for damages that involve the Town. Claims may arise when Town property is damaged or when the Town causes damages to another party. The goal of the procedures established by this directive is to adjust claims efficiently and fairly, while protecting the Town from liability and losses to the maximum extent possible.

This directive does not govern Workers' Compensation claims and procedures. Workers' Compensation is governed by state law and the Town's Personnel Policies and Procedures.

### 2.0 DEPARTMENTS AFFECTED

All Town of Marana departments and employees

### 3.0 REFERENCES

- 3.1 A.R.S. § 12-821.01 - Authorization of claim against public entity or public employee
- 3.2 Town Code Chapter 3-5, Claims and Settlement
- 3.3 Town of Marana Personnel Policies and Procedures, Chapter 7, Safety and Health
- 3.4 Town of Marana Safety Directive: Accident Reporting Procedures
- 3.5 Town of Marana Administrative Directive: Safety and Loss Prevention Program

### 4.0 DEFINITIONS

- 4.1 First party property damage: Town property damaged by a Town employee or another party.
- 4.2 Notice of claim: A legal notice filed pursuant to A.R.S. § 12-821.01. The notice of claim must contain facts sufficient to permit the public entity or public employee to understand the basis upon which liability is claimed. The notice must also contain a specific amount for which the claim can be settled and the facts supporting that amount. The notice must be filed with the Town Clerk within 180 days after the cause of action accrues.

- 4.3 Risk Manager: An employee of the Human Resources Department responsible for risk management for the Town or his or her designee.
- 4.4 Serious incident: An incident involving injuries requiring a party or parties to be transported to an emergency medical facility; an incident involving injuries to multiple people; an incident involving a fatality; or an incident involving substantial damage to property. Examples of substantial damage include, but are not limited to: Town vehicle driven into structures; vehicle totaled and towed; major pipe burst with damage to structure or property; or multiple vehicles damaged.
- 4.5 Third party personal injury: Injury to someone other than a Town employee.
- 4.6 Third party property damage: Damage to property not owned by the Town.
- 4.7 Town Clerk: The Town Clerk or his or her designee.

## 5.0 POLICIES AND PROCEDURES

- 5.1 First party property damage – Employee Reporting Procedures. When a Town employee discovers damage to or loss of Town property, the damages and losses must be properly documented and reported to facilitate claims processing and replacement or repair of the property.
  - 5.1.1 The employee discovering the damage or loss to Town property shall report it as follows:
    - 5.1.1.1 An immediate report to the police department in the appropriate jurisdiction if damage is due to a traffic accident, including accidents that occur on Town property
    - 5.1.1.2 A verbal report to his/her supervisor as soon as practicable after discovery of the damage or loss
    - 5.1.1.3 If it is a serious incident, a phone call to the Risk Manager as soon as practicable
    - 5.1.1.4 A verbal report to the Marana Police Department within 24 hours of discovery of the damage or loss whenever it appears that the damage or loss may be as a result of criminal activity (*e.g.*, criminal damage, theft, hit and run accident)
    - 5.1.1.5 A written report to the Risk Manager, using the Incident Report – First party property damage form (attachment 7.1), as soon as possible and no later than five business days after discovery of the damage or loss; the written report must include an estimated total damage/loss amount, which may or may not be supported with actual estimates for repair
      - 5.1.1.5.1 Notwithstanding section 5.1.1.5 above, when Police Department employees discover damage to property that the Public Works Department’s street maintenance division is responsible for, the Police Department employees are not required to submit attachment 7.1 to the Risk Manager; rather, the Police Department employees shall report the damage to the Public Works Department and the Public Works Department shall be responsible for submission of attachment 7.1.

- 5.1.1.5.2 The Public Works Department may use a modified version of attachment 7.1, approved by the Legal Department that Public Works created to integrate with Cartegraph.
- 5.1.1.6 If the damage or loss is to a Town vehicle, a verbal report to Fleet Services within 24 hours of discovery of the damage or loss
- 5.1.1.7 If the department that discovers the damage or loss is not the department that is responsible for the property, a verbal report to the department responsible for the management of the property as soon as practicable
- 5.1.2 The department responsible for the damaged or lost/stolen property shall ensure that the damage is photographed, if photographs are possible, as soon as practicable after discovery and report of the damage or loss. A copy of any photographs taken shall be provided to the Risk Manager.
- 5.1.3 These procedures apply regardless of whether the damage or loss was caused by the Town, by another party, or by unknown causes.
- 5.1.4 These procedures do not apply to the routine maintenance of Town property and equipment, such as replacement of parts.
- 5.2 Third party property damage or third party personal injury – Employee Reporting Procedures. When a Town employee witnesses an incident that results in damage to personal property or injury to a person on Town property, or as a result of the use of Town equipment, or the use of a Town vehicle, the employee shall report the incident to ensure proper processing of any claims that may arise as a result. This section does not apply to injuries to Town employees during the course of their employment; such injuries are covered under the Workers' Compensation policy in the Town's Personnel Policies and Procedures.
  - 5.2.1 The employee witnessing the incident shall report it as follows:
    - 5.2.1.1 An immediate report to 911/emergency medical personnel in a medical emergency
    - 5.2.1.2 An immediate report to the police department in the appropriate jurisdiction where appropriate, such as a traffic accident or when criminal activity (e.g., assault) is witnessed
    - 5.2.1.3 A verbal report to his/her supervisor as soon as practicable after witnessing the incident
    - 5.2.1.4 If it is a serious incident, a phone call to the Risk Manager as soon as practicable
    - 5.2.1.5 A written report to the Risk Manager , using the Incident Report – Third party property damage or Third party personal injury form (attachment 7.2) within 24 hours of witnessing the incident
  - 5.2.2 If possible, the damage or injury, along with the surrounding geographical area, shall be photographed as soon as practicable after discovery and report of the damage or injury. A copy of any photographs taken shall be provided to Risk Manager.

- 5.2.3 Town employees are generally not qualified to assess liability for damages or injuries; therefore, when communicating regarding the incident, employees shall make no admissions of Town or employee liability or responsibility.
- 5.2.4 If the injured party indicates that he or she wants to make a claim against the Town, employees shall refer the person to the Town Clerk's Office for processing of the proper forms.
- 5.3 First party property damage– Risk Manager Procedures. Upon receiving an Incident Report – First party property damage form, as described in paragraph 5.1 above, the Risk Manager shall adhere to the following procedures.
- 5.3.1 The Risk Manager will assign the internal tracking number in the following format for first party property damage: TOM YYYY-###. The Risk Manager shall provide the Incident Report with the internal tracking number to the department responsible for management of the property or asset in question.
- 5.3.2 The Risk Manager shall forward all Incident Reports for first party property damage to the Finance Department. When damage is caused by the actions of a Town employee, the Risk Manager shall also forward the Incident Report to the Human Resources Department. The Risk Manager may also forward reports to other affected departments as appropriate.
- 5.3.3 If the estimated total damage amount is more than the amount of the Town's insurance deductible for the type of claim in question, then the Risk Manager shall forward the claim to the Town's insurance provider for handling.
- 5.3.4 If the estimated total damage amount is less than the amount of the Town's insurance deductible for the type of claim in question, then the claim will ordinarily be handled internally and will not be forwarded to the Town's insurance provider. The Risk Manager shall consult with the Legal and Finance Departments and may consult with the Town's insurance provider regarding the appropriate handling of the matter.
- 5.4 Third party property damage or third party personal injury – Risk Manager Procedures. Upon receiving an Incident Report – Damage to Personal Property/Injury to Person form, as described in paragraph 5.2 above, the Risk Manager shall adhere to the following procedures.
- 5.4.1 The Risk Manager shall receive the written report and maintain a file on the incident for future reference. The Risk Manager will assign the internal tracking number in the following format for third party claims against the Town: MAR YYYY- ###
- 5.4.2 When damage or injury is caused by the actions of a Town employee, the Risk Manager shall forward the Incident Report to the Human Resources Department.
- 5.5 Notice of Claim – Town Clerk and Risk Manager Procedures. Upon receiving a notice of claim, either individually or through an attorney, the Town Clerk and Risk Manager shall adhere to the following procedures.
- 5.5.1 The Town Clerk shall:

- 5.5.1.1 Date stamp, initial, and scan the notice of claim. The paper notice of claim will be secured in the Town's Clerk's office and a scanned copy will be accessible to Town employees.
- 5.5.1.2 Forward the notice of claim to the Legal Department, the Risk Manager, and the Finance Department. The Town Clerk may forward notices of claim to other affected departments and the Town Manager's Office as appropriate.
- 5.5.2 The Risk Manager shall:
  - 5.5.2.1 Assign the internal tracking number as described in paragraph 5.4.1 above.
  - 5.5.2.2 If the amount of damages claimed is more than the amount of the Town's insurance deductible for the type of claim in question, then the Risk Manager shall also forward the notice of claim to the Town's insurance provider for handling.
  - 5.5.2.3 If the amount of damages claimed is less than the amount of the Town's insurance deductible for the type of claim in question, then the Risk Manager shall consult with the Legal Department. The Legal Department shall consult with the Risk Manager regarding whether the claim should be forwarded to the Town's insurance provider or handled internally.
- 5.6 Repair or Replacement of Town Property. Due to operational and safety issues and concerns, damaged or lost/stolen Town property must be repaired or replaced promptly. It is not necessary for departments responsible for management of the property to wait for reimbursement or settlement of a claim before replacing or repairing Town property; however, the department shall adhere to the following procedures.
  - 5.6.1 After the Risk Manager receives an Incident Report as described in paragraph 5.3.1 above and distributes accordingly, the department responsible for management of the property may secure the goods and services necessary to repair or replace the property. The responsible department shall include the internal tracking number on all purchase orders, purchase requisitions, invoices and other documentation related to the repair or replacement.
    - 5.6.1.1 When applicable, the Risk Manager shall follow up with the department regarding securing the property to ensure the safety of the public and Town employees, and the department shall confirm that appropriate safety measures were taken until the damaged property is replaced or repaired.
  - 5.6.2 Costs for replacement and repair shall be allocated as follows:
    - 5.6.2.1 The department responsible for management of the property will pay the Town's insurance deductible amount.
    - 5.6.2.2 Any costs over the Town's insurance deductible for property damage will be charged to the Town's uninsured loss line item.
    - 5.6.2.3 Any costs in excess of the Town's insurance deductible will be paid by the Town's insurance provider, unless the Town Manager, in consultation with the Finance and Legal Departments, elects not to pursue insurance reimbursement for the loss.

- 5.6.3 If the Town receives later reimbursement for damage or loss through other means, the responsible department, the uninsured loss line item, and the Town's insurance provider will be reimbursed, up to the amount paid.
- 5.7 Payment to Claimant for Damage to Personal Property or Injury to Person. If the Town determines that the appropriate response to a claim for damage to personal property or injury to person is to settle the claim with payment to the claimant, costs shall be allocated as follows:
- 5.7.1 The department responsible for causing the damage or injury will pay the Town's insurance deductible amount.
- 5.7.2 Any costs over the Town's insurance deductible for the type of claim in question will be charged to the Town's uninsured loss line item.
- 5.7.3 Any costs in excess of the Town's insurance deductible for the type of claim in question will be paid by the Town's insurance provider, unless the Town Manager, in consultation with the Finance and Legal Departments, elects not to pursue insurance reimbursement for the loss.

## 6.0 RESPONSIBILITIES

- 6.1 The Risk Manager is responsible for acting as a liaison with the Town's insurance provider for claims forwarded to the insurance provider for handling. The Risk Manager is responsible for acting as a liaison with all affected departments, including Legal and Finance, for those claims that are handled internally.
- 6.2 The Town Clerk's office is responsible for accepting, distributing, and storing all notices of claim for the Town.
- 6.3 The Legal Department is responsible for providing legal advice and consultation regarding handling of all claims.
- 6.4 The Finance Department is responsible for the overall management and inventory of Town assets and fiscal resources.
- 6.5 The Risk Manager, Legal Department, and Finance Department shall analyze all claims on a regular basis in order to assess and detect problem areas or trends in claims.
- 6.6 The Risk Manager shall maintain all files associated with claims covered under this Administrative Directive.

## 7.0 ATTACHMENTS

- 7.1 Incident Report –First party property damage
- 7.2 Incident Report –Third party property damage or third party personal injury

**REVISION HISTORY**

<b><i>REV</i></b>	<b><i>DESCRIPTION OF CHANGE</i></b>	<b><i>DATE</i></b>
<b>OR</b>	Original Release	10/29/2012
<b>REV</b>	Revision	8/5/2013
<b>REV</b>	Revision	10/1/2018
<b>REV</b>	Revision	7/01/2022

**Caution:** A copy of this Administrative Directive is an uncontrolled document. It is your responsibility to ensure you are using the current version. The electronic version is the only acceptable and controlled Administrative Directive.

