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## New Jersey Schools Insurance Group

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[www.njsig.org](http://www.njsig.org)

Board of Trustees Meeting of June 15, 2016

Action Item

Second Policy Reading

Discretionary Settlement Authority Policy 7680

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**Recommended Resolution:** Approve the Discretionary Settlement Authority Policy 7680 as a second reading.

*William Mayo*

William M. Mayo, CPCU, ARM  
Executive Director

# NJSIG Policies & Procedures

Adopted: 11/83  
Amended: 08/89, 09/90, 04/93, 09/01, 03/03, 10/05,  
06/10, 05/11, 11/12, 5/14

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## **POLICY**

### **DISCRETIONARY SETTLEMENT AUTHORITY**

The Group will pay workers' compensation medical and wage loss benefits when such payments are warranted and within the requirements of the law and the guidelines and policy of the Group or as ordered by a court. In the majority of cases, it will be whether or not liability exists in a particular case, and proper statutory benefits will be paid promptly.

There will be some claims, however, where either liability or the amount of benefit due is contested. It is unnecessary and unproductive to litigate every such case, as the administrative procedures are lengthy and costly. Therefore, the Group and the Executive Director must have the authority to settle such cases with claimants on behalf of the Group.

Therefore, the Board establishes the following procedures for the settlement of contested workers' compensation claims including Section 20 Settlements:

	<b>Settlement Authority</b>	<b>Grade Level</b>
\$1—\$500	Bill Processor, Medical Claim Assistant	10-11
\$501 - \$60,000	Claim Rep. & Senior Claim Rep.	13-14
\$60,001-\$120,000	Claim Examiner, Claim Legal Examiner & Field Claim Rep.	15-16
\$120,001-\$175,000 <b><u>\$200,000</u></b>	Claim Supervisor	17
<del>\$175,001-\$225,000</del> Eliminate	<del>Assistant Claim Manager</del>	<del>19</del>
<del>\$225,001</del> <b><u>\$200,001</u></b> -\$299,999	Claim Manager	20
\$300,000-Up	Board of Trustees	

All of the above authorities would be given based on Claim Manager's discretion.

# NJSIG Policies & Procedures

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06/10, 05/11, 11/12, 5/14

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## **POLICY**

### **DISCRETIONARY SETTLEMENT AUTHORITY**

On all errors & omission claims, the following authority levels will apply:

	<b>Settlement Authority</b>	<b>Grade Level</b>
\$1—\$5,000	Bill Processor	10
\$5,001 - \$30,000	Claim Rep. & Senior Claim Rep.	13-14
\$30,001-\$70,000	Claim Examiner, Claim Legal Examiner & Field Claim Rep.	15-16
\$70,001-\$100,000	<del>Assistant Claim Manager</del> , <b><u>Claim Supervisor</u></b>	17
\$100,001-\$125,000	Claim Manager	20
\$125,001-\$150,000	Claim Manager & Group Attorney	20
\$150,001-200,000	Claim Manager, Group Attorney & Claim Committee Rep.	20
\$200,001-Up	Board of Trustees	

All of the above authorities would be given based on Claim Manager's discretion.

Note, it is recognized that where the Board of Trustees has approved authority and certain contingencies arise that more settlement authority is required. It may be impossible to reconvene the Trustees in a timely manner to further consider previously recognized authority. The Trustees authorize the Claim Manager, NJSIG legal counsel and one member of the NJSIG Claims Committee for the purpose of extending additional incremental authority on such previously extended cases, in an amount not to exceed 120% of the original extended authority. All such situations falling within the parameters of this scenario shall be reported by the Claim Manager to the Trustees at the next regularly scheduled Trustees meeting.

# NJSIG Policies & Procedures

Adopted: 11/83  
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06/10, 05/11, 11/12, 5/14

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## **POLICY**

### **DISCRETIONARY SETTLEMENT AUTHORITY**

The Group will pay Personal Injury Protection medical, wage loss, and other benefits when such payments are warranted and within the requirements of the law and the guidelines and policy of the Group.

On all liability lines the following authority levels will apply:

	<b>Settlement Authority</b>	<b>Grade Level</b>
\$1—\$5,000	Bill Processor	10
\$5,001 - \$35,000	Claim Rep. & Senior Claim Rep.	13-14
\$35,001-\$60,000	Claim Examiner, Claim Legal Examiner & Field Claim Rep.	15-16
\$60,001-90,000	Claim Supervisor	17
\$90,001-\$120,000	Claim Manager	20
\$120,001-150,000	Claim Manager and Group Attorney	20
\$150,001-\$200,000	Claim Manager, Group Attorney & Claim Committee Rep.	20
\$200,001-Up	Board of Trustees	

All of the above authorities would be given based on Claim Manager's discretion.

Note, it is recognized that where the Board of Trustees has approved authority and certain contingencies arise that more settlement authority is required. It may be impossible to reconvene the Trustees in a timely manner to further consider previously recognized authority. The Trustees authorize the Claim Manager, NJSIG legal counsel and one member of the NJSIG Claim Committee for the purpose of extending additional incremental authority on such previously extended cases, in an amount not to exceed 120% of the original extended authority. All such situations falling within the parameters of this scenario shall be reported by the Claim Manager to the Trustees at the next regularly scheduled Trustees meeting.

# NJSIG

## Policies & Procedures

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### **POLICY**

#### **DISCRETIONARY SETTLEMENT AUTHORITY**

Establishment of Claims Committee:

In the event settlement authority is needed before the next regularly scheduled meeting, a Claims Committee shall be established. The Claims Committee shall be comprised of the Claim Manager, The Group Attorney and up to three Board of Trustee Members. The Claims Committee shall have authority to approve claims at or above the threshold established for the Board of Trustees, provided that the amount is recommended by both the Claim Manager and the Group Attorney. All three Trustee participants (NJSIG Chairman, NJSIG Vice-Chairman and one of the NJSIG ASBO Trustee Representatives) will be notified of any such meetings, however, only one Trustee is required to participate in order to extend settlement authority, in addition to the Claim Manager and legal counsel. Agreement by a simple majority of attendees, along with the recommendation of the Claim Manager and legal counsel, be sufficient to establish claim settlement value.