

DELTA ADVANCED TRUCKING, LLC

Transportation Excellence Since 2008

STANDARD OPERATING PROCEDURE Claims, Proof Packet & Insurance Escalation

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1.1 Purpose

This Standard Operating Procedure (SOP) establishes the mandatory framework governing all claims processing, proof-packet assembly, and insurance escalation activities at Delta Advanced Trucking, LLC ("the Company"). It defines roles, timelines, document requirements, and escalation thresholds to ensure consistent, defensible, and legally compliant handling of every incident that may give rise to a liability or cargo claim.

Compliance with this SOP is required for all operational, safety, claims, legal, finance, and executive personnel. Deviation without documented approval from the Claims Manager constitutes a policy violation subject to corrective action.

1.2 Scope

This SOP applies to:

- * All cargo loss, damage, or shortage claims arising from shipments tendered to or hauled by the Company.
- * All third-party bodily injury and property-damage claims resulting from vehicle accidents.
- * All first-party vehicle collision and physical-damage claims involving Company assets.
- * All insurance escalation activities involving the Company's primary, excess, and specialty insurers.
- * All facilities, terminals, contract carriers, and owner-operators operating under the Company's authority.

2.1 Key Definitions

Claim: A formal demand for compensation arising from loss, damage, injury, or regulatory breach.

Proof Packet: The complete evidentiary file assembled by the Claims Department to support or defend a claim.

Claimant: Any party asserting a right to compensation against the Company or its insurers.

Reservation of Rights (ROR): Written notice by an insurer that it is investigating a claim while reserving its right to later deny coverage.

Excess Carrier: An insurer providing coverage above the primary policy's per-occurrence limit.

CMV: Commercial Motor Vehicle as defined under 49 C.F.R. Section 390.5.

ELD: Electronic Logging Device mandated under 49 C.F.R. Part 395.

BOL: Bill of Lading - the contract of carriage and receipt for goods.

PRO Number: Progressive number assigned to each shipment for tracking.

2.2 Abbreviations

FMCSA - Federal Motor Carrier Safety Administration

DOT - Department of Transportation

NTSB - National Transportation Safety Board

TPA - Third-Party Administrator

MCS-90 - Motor Carrier Endorsement (minimum liability)

UM/UIM - Uninsured/Underinsured Motorist

PD - Property Damage | BI - Bodily Injury

GL - General Liability | OCP - Owners & Contractors Protective Policy

3.1 Claims Manager

- * Oversees all open claims files and proof-packet completeness.
- * Issues reservation of rights requests to insurers within mandated timeframes.
- * Approves settlements at or below the designated settlement authority threshold.
- * Escalates claims exceeding authority threshold to the Executive Approval chain.
- * Ensures litigation holds are placed on all relevant electronic records.
- * Maintains the Claims Register and monthly loss-run reconciliation.

3.2 Safety Director

- * Conducts or oversees all post-incident accident investigations.
- * Preserves and controls access to ELD data, dashcam footage, and driver qualification files.
- * Issues Driver Incident Reports within 24 hours of notification.
- * Coordinates drug and alcohol testing per 49 C.F.R. Part 382.
- * Provides written Root Cause Analysis (RCA) to Claims within 10 business days.

3.3 Compliance Manager

- * Reviews all claims for potential FMCSA/DOT regulatory exposure.
- * Files all required regulatory notifications (e.g., MCS-150 updates, accident register entries).
- * Monitors litigation for regulatory precedent implications.
- * Coordinates with outside counsel on regulatory defense strategy.

3.4 Finance Manager

- * Processes approved claim payments within 5 business days of authorization.
- * Maintains claims reserve accounts and accrual schedules.
- * Reconciles insurer loss-run statements against internal claims register quarterly.
- * Provides financial impact analysis for claims exceeding \$50,000.

3.5 Document Control Administrator

- * Assigns document control numbers to all SOP revisions and proof packets.
- * Maintains the Document Registry and ensures version integrity.
- * Archives closed claim files per the Retention Schedule (Section 10).
- * Coordinates destruction of records at end of retention period per legal hold status.

3.6 Drivers / Owner-Operators

- * Report all incidents, accidents, cargo discrepancies, and near-misses within 1 hour of occurrence.
- * Complete the Driver Incident Report form before leaving the scene when safe to do so.
- * Preserve dashcam SD cards and present them to Safety within 2 hours of notification.
- * Cooperate fully with all investigations; do not discuss liability with third parties.

4.1 Immediate Notification (0-1 Hour)

Any driver, supervisor, or terminal manager who witnesses or is informed of an incident must immediately notify the on-call Safety Coordinator via the 24/7 hotline. The following information must be provided at first contact:

- * Date, time, and precise location (GPS coordinates if available).
- * Unit numbers (tractor, trailer, container) involved.
- * Driver name, CDL number, and HOS status at time of incident.
- * Nature of incident: collision, cargo damage, theft, rollover, spill, etc.
- * Third-party information: name, contact, vehicle description, license plate, insurer.
- * Injuries reported (number of persons, severity, EMS/hospital information).
- * Law enforcement agency and report number if applicable.

4.2 Internal Claims Notification (0-4 Hours)

The Safety Coordinator must notify the Claims Manager within 4 hours of receiving the initial report. The Claims Manager will open a claim file, assign a claim number, and initiate the Proof Packet Checklist (Exhibit A). No claim number - no action. This is non-negotiable.

4.3 Insurer Notification (0-24 Hours)

The Claims Manager must notify the primary insurer's claims intake center within 24 hours of any incident that may result in a claim. Excess carrier notification is required within 24 hours when:

- * Bodily injury is confirmed or suspected.
- * Vehicle or cargo damage visually exceeds \$25,000.
- * Regulatory authority is contacted or citations are issued.
- * Litigation is threatened or served.

Notification must be made via the insurer's designated portal or in writing; verbal notice must be followed by written confirmation within 24 hours.

5.1 Core Documents (Required for Every Claim)

The following documents are mandatory in every proof packet regardless of claim type or amount:

- * Completed Claims Intake Form (CIF-001) signed by Claims Manager.
- * Original Bill of Lading (BOL) and all amendments/addenda.
- * Signed Delivery Receipt or Proof of Delivery (POD) - including exception notations.
- * Freight Invoice and rate confirmation.
- * ELD records: 24 hours preceding and 72 hours following the incident.
- * Driver Qualification File (DQF) abstract: MVR, CDL, medical certificate, annual review.
- * Vehicle Inspection Reports: most recent pre-trip, post-trip, and any roadside inspections within 90 days.
- * Insurance Certificate (ACORD 25) and policy declarations page.
- * Accident/Incident Narrative (written by driver and supervisor independently).

5.2 Collision & Third-Party Claims (Additional Requirements)

- * Police/Law enforcement accident report (obtain within 5 business days).
- * All photographs and video from scene (minimum 40 images per vehicle involved).
- * Dashcam footage (front, rear, and interior where equipped) - unedited, timestamped.
- * Recorded or signed driver statement (obtained by Safety within 48 hours).
- * Third-party recorded statement (obtained by Claims within 10 business days).
- * Independent vehicle damage appraisal from certified appraiser.
- * Medical authorizations (HIPAA-compliant) from all injured claimants.
- * Witness statements with contact information.
- * Tow and storage receipts.
- * Drug and alcohol testing results (49 C.F.R. Part 382 compliant).

5.3 Cargo Loss & Damage Claims (Additional Requirements)

- * Exception notation on delivery receipt (required; waiver only with documented shipper consent).
- * Joint inspection report signed by driver and consignee.
- * Carrier-initiated cargo damage photos (minimum 20 images at time of delivery).
- * Temperature recorder data (for refrigerated/frozen shipments).
- * Packing list and shipper's count documentation.
- * Salvage and disposal documentation (if cargo declared total loss).
- * Subrogation demand or waiver from shipper's cargo insurer.
- * Shipper's invoice establishing cargo value (original invoice, not replacement cost).

5.4 Proof Packet Deadlines

Core documents: Assembled within 5 business days of claim opening.

Full packet: All required documents completed within 15 business days.

Missing docs: Log maintained and updated every 3 business days.

Day 15 breach: Escalate to Claims Manager immediately.

Day 20 breach: Escalate to VP/Executive team immediately.

6.1 Primary Insurer Escalation

When a claim meets any of the following thresholds, the Claims Manager must formally escalate to the primary insurer's assigned adjuster:

- * Any claim involving confirmed or suspected fatality.
- * Any claim involving traumatic brain injury (TBI), spinal injury, or permanent disability.
- * Any claim with estimated exposure exceeding \$100,000.
- * Any claim involving regulatory investigation, citation, or enforcement action.
- * Any claim involving a class action or multi-plaintiff filing.
- * Any claim generating media or public relations exposure.

Escalation must be in writing via certified letter or insurer portal, referencing the claim number, date of loss, and specific escalation trigger.

6.2 Excess Carrier Escalation

Excess carrier engagement is required when:

- * Reserves are set at or above 70% of the primary policy per-occurrence limit.
- * A demand letter references or threatens excess exposure.
- * Primary insurer issues a Reservation of Rights (ROR) letter.
- * Mediation or arbitration is scheduled.

Excess carrier must receive copies of all Proof Packet documents within 10 business days of escalation. A dedicated excess carrier file must be maintained separately.

6.3 Executive & Legal Escalation

The following conditions require immediate escalation to the Chief Executive Officer, General Counsel, and VP of Finance:

- * Any claim with total estimated exposure (primary + excess) exceeding \$500,000.
- * Any claim involving a fatality of a Company employee or contractor.
- * Any claim generating NTSB, FMCSA, or EPA investigation.
- * Any claim in which a punitive damages demand is made.
- * Any claim resulting in a lawsuit filed in federal court.
- * Any claim triggering a litigation hold affecting more than one terminal or business unit.

6.4 Settlement Authority Matrix

Claims Coordinator: \$0 - \$5,000 (with Claims Manager co-signature)

Claims Manager: \$5,001 - \$50,000

VP of Operations (w/ Claims Mgr): \$50,001 - \$150,000

CEO + CFO (joint approval): \$150,001 - \$500,000

Board of Directors: Above \$500,000 or any structured settlement

All settlements must be documented on Form SET-002 and filed within 24 hours of execution.

7.1 Litigation Hold Trigger

A litigation hold must be issued whenever the Company receives a lawsuit, subpoena, written legal threat, or has reasonable belief that litigation is probable. The hold must be issued within 48 hours of the triggering event.

7.2 Scope of Hold

The hold applies to all potentially relevant records in any format, including:

- * ELD and telematics data (including historical back-office records).
- * Dashcam and surveillance video.
- * Driver qualification and training files.
- * All electronic communications (email, text, dispatch messaging).
- * Maintenance and inspection records.
- * GPS and route data.

The Document Control Administrator must issue written hold notices to all custodians within 24 hours and log acknowledgment receipts.

7.3 Auto-Deletion Suspension

Upon issuance of a litigation hold, all auto-deletion policies affecting covered data categories must be suspended immediately. IT must confirm suspension in writing within 4 hours. Failure to suspend auto-deletion constitutes spoliation and must be reported to General Counsel.

8.1 Monthly Claims Audit

The Claims Manager conducts a monthly audit of all open and closed claim files for:

- * Proof packet completeness and timeliness.
- * Reserve adequacy per actuarial guidelines.
- * Compliance with insurer notification deadlines.
- * Settlement authority adherence.

Audit results are reported to the CEO and VP of Finance within 10 business days of month-end.

8.2 Annual SOP Review

This SOP is reviewed annually by the Claims Manager, Safety Director, Compliance Manager, and General Counsel. Reviews must be completed no later than January 31 of each year. Material changes require re-execution of the Signature Page and redistribution to all affected personnel within 5 business days of approval.

9.1 Required Training

All personnel identified in Section 3 must complete initial SOP training within 30 days of hire or SOP adoption, and refresher training annually thereafter. Training must cover:

- * Incident reporting procedures and timelines.
- * Proof packet assembly requirements.
- * Escalation thresholds and authority matrix.
- * Litigation hold obligations.

Training completion must be documented in the employee's personnel file and the Training Completion Log (Exhibit I).

10.1 Retention Periods

Claim files (open): Retained indefinitely until closed.

Claim files (closed, no litigation): 7 years from closure date.

Claim files (closed, with litigation): 10 years from final judgment or settlement.

Driver qualification files: 3 years post-employment (49 C.F.R. S.391.51).

ELD records: Minimum 6 months; extend per litigation hold.

Accident register: 3 years (49 C.F.R. S.390.15).

Drug/alcohol test results: 5 years.

Insurance policies & correspondence: 10 years from policy expiration.

Settlement agreements: Permanent.

NOTE: All retention periods are minimum standards; litigation holds supersede all scheduled destructions.

11.1 Governing Regulations

- 49 C.F.R. Part 371 - Brokers of Property
- 49 C.F.R. Part 376 - Lease and Interchange of Vehicles
- 49 C.F.R. Part 382 - Controlled Substances and Alcohol Use/Testing
- 49 C.F.R. Part 383 - CDL Standards
- 49 C.F.R. Part 385 - Safety Fitness Procedures
- 49 C.F.R. Part 390 - Federal Motor Carrier Safety Regulations General
- 49 C.F.R. Part 391 - Qualification of Drivers
- 49 C.F.R. Part 395 - Hours of Service Regulations
- 49 C.F.R. Part 396 - Inspection, Repair, and Maintenance
- 49 U.S.C. S.14706 - Carmack Amendment (cargo liability)
- FMCSA Accident Register Requirements
- State-level workers' compensation statutes (jurisdiction-dependent)

12.1 Referenced Exhibits

Exhibit A - Proof Packet Checklist (CIF-001)

Exhibit B - Driver Incident Report Form (DIR-002)

Exhibit C - Claims Intake Form (CIF-003)

Exhibit D - Settlement Authorization Form (SET-002)

Exhibit E - Litigation Hold Notice Template (LHN-001)

Exhibit F - Insurance Escalation Log (IEL-004)

Exhibit G - Settlement Authority Matrix (SAM-005)


Exhibit H - Annual Claims Audit Checklist (ACA-006)

Exhibit I - Training Completion Log (TCL-007)

All forms are available on the Company intranet under Claims & Safety > Forms Library. Printed copies are uncontrolled documents and must not be used without Document Control authorization.

The undersigned authorised officers of Delta Advanced Trucking, LLC hereby approve, adopt, and certify this Standard Operating Procedure (Document No. DAT-SOP-CLM-001, Rev. 3.1) effective May 19, 2026. This SOP supersedes all prior versions. Signatures rendered below constitute binding executive authorisation in accordance with Company policy.

EXECUTIVE APPROVAL



Jonathan R. Whitfield
 Chief Executive Officer
 Date: _____

SAFETY DIRECTOR



Maria L. Sandoval
 Director of Safety & Risk
 Date: _____

CLAIMS MANAGER




Terrence A. Beaumont
 Claims Operations Manager
 Date: _____

COMPLIANCE MANAGER



Priya K. Nair
 Regulatory Compliance Manager
 Date: _____

FINANCE MANAGER



Douglas E. Hartwell
 VP of Finance & Treasury
 Date: _____

DOCUMENT CONTROL



Simone T. Crawford
 Document Control Administrator
 Date: _____

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