

ALIGNING EXPECTATIONS AND PLANS

integrated brought together a panel of three leading claims specialists to discuss their thoughts on how to improve natural catastrophe claims handling and to increase the speed of the information flow once a loss occurs. With natural catastrophes fresh in the mind following the events of 2017 that were dominated by the hurricane trio of Harvey, Irma and Maria (HIM), four themes quickly emerged.

1. Pre-catastrophe deployment of assets

Each natural catastrophe event will have its own unique characteristics and challenges. ‘Ground truth’ intelligence plays a vital role in helping (Re)Insurers produce and maintain realistic loss estimates and to organise claims resources. Whilst there are many intelligence inputs, Rob stresses the importance of establishing the ‘ground truth’ early on and that (Re)Insurers “look to our Loss Adjuster partners for this intelligence”.

Where damage is widespread and extensive, as was the case on Puerto Rico after Hurricane Maria struck, getting loss adjusting personnel onsite in the immediate aftermath can be incredibly difficult with air strips damaged and flights limited. With events like hurricanes, Rob feels that ideally “Loss adjusting firms and (Re)Insurers should try to assemble resources in the area as soon as we know something is about to happen.”

There are many examples where this has happened, but Leo explained “whilst Integra Technical Services worked with a (Re)Insurer to place four Loss Adjusters in Puerto Rico ahead of Hurricane Irma this is just not as commonplace as it perhaps should be.”

Marc suggests that “there is definitely an opportunity for better coordination

within the insurance market for the deployment of assets, not just loss adjusting resources but equipment to help the recovery process, for example short term back up power solutions and equipment to help the drying process. This would better position (Re)Insurers to produce more accurate loss assessments and help Insureds deal with post catastrophe scenarios.”

The answer would appear to be a better alignment of (Re)Insurer and Loss Adjuster catastrophe plans and stronger communication lines, especially where it’s possible to forecast a catastrophe like a hurricane, in advance of it striking.

2. Risk interdependency mapping

A feature of many recent natural catastrophes has been the prevalence of unforeseen Contingent Business Interruption that has contributed a large proportion of the final claims cost. According to Marc “thankfully with HIM we did not see the CBI losses that many anticipated, but it is important to consider what could have happened as there are a lot of interdependencies in that south east corner of the US within automotive, engineering, manufacturing and energy.”

Rob feels “this is a really important point. The market is still unsophisticated in working out how different facilities and assets relate to

each other. We've been doing some work looking back at the Papa New Guinea earthquake. There aren't many assets in the region, but they are all inter-related and it's a really complicated picture."

Understanding risk connectivity would help to assess how Business Interruption and CBI losses could flow from a catastrophe event and identify those potentially volatile claims where pre-loss and early intervention measures could benefit the Insured and (Re)Insurer.

3. Review Claims Protocols and Loss Adjuster panels

Much can be done during Underwriting to smooth out the claims handling process, not least having formal Claims Protocols, approved Loss Adjuster panels, and clarity about which (Re)Insurer leads the claims management process. Rob feels that "many policies either don't have these key agreements in place or they are out of date. I would like to see Insurance Brokers and Underwriters reviewing Claims Protocols and Loss Adjusters annually".

Marc suggests that "many of the Loss Adjuster panels repeat the same names over and over again and that this creates a vulnerability in the event of a catastrophe, with key personnel often over-stretched."

It's perhaps not surprising that (Re)Insurers and Insureds want to appoint the best possible Loss Adjuster, but this does raise questions about the strength in depth behind these highly respected Loss Adjusters and how loss adjusting firms and (Re)Insurers work together to manage these vulnerabilities when a catastrophe strikes.

The longer term solution is for loss adjusting firms to actively manage their talent pipeline so that can enhance and, eventually, replace these highly qualified and experienced Loss Adjusters as they retire from the market. Leo explains "this is high up Integra Technical Services' agenda, with continued investment in our team not just in terms of experience but encouraging our team to become Chartered Loss Adjusters."

4. Shorter and more timely Loss Adjuster reports

The tradition has been for Loss Adjusters to thoroughly investigate a loss before providing a comprehensive and often 30 page plus report to (Re)Insurers. It's easy to see how this can slow down the information flow and make it difficult for (Re)Insurers to become involved in any dialogue about the way the claim is handled. Marc feels "Loss Adjusters have to start wrestling with the challenge that technology has markedly sped up communication yet loss adjusting processes remain largely unaltered."

Leo felt this point was well made "Integra Technical Services took a decision after Harvey to issue abbreviated reports, shorter status updates of three to five pages. We just could not keep all clients happy with the normal model of reporting so adapted our approach to make sure we were better aligned with our client expectations and requirements."

Short reports certainly have a role and, perhaps, for all larger or more complex claims, to avoid periods of silence when either nothing has happened or the Adjuster has received a significant amount of claim related data and it is going to take some weeks to produce a full length report.

MEET THE PANEL



Rob Gallie

Global Practice Leader Energy Claims & Head of Business Solutions Claims London, SCOR.

Prior to joining SCOR a year ago Rob was Energy & Construction Claims Manager for XL Catlin for a number of years having previously worked with Zurich and AIG in various claims roles.



Marc Giovannetti

Head of First Party Claims, Liberty International.

Marc has occupied his current role for three years, prior to which he has worked for a number of leading insurers including SCOR, SwissRe, Zurich and AIG and involved in managing complex specialty lines claims.



Leo Dixon

Chief Executive Officer, Integra Technical Services.

Before joining Integra Technical Services in 2015 Leo was Global Head of Energy Claims at Zurich Insurance Company having previously worked with JLT and Indecs LLP.