

# LESSONS LEARNED FROM COMPLEX & MAJOR LOSSES



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Integra's loss adjusters are the custodians of significant amounts of data relating to an insured's assets, their main contracts, their insurance policies and the claims that emanate from their assets.

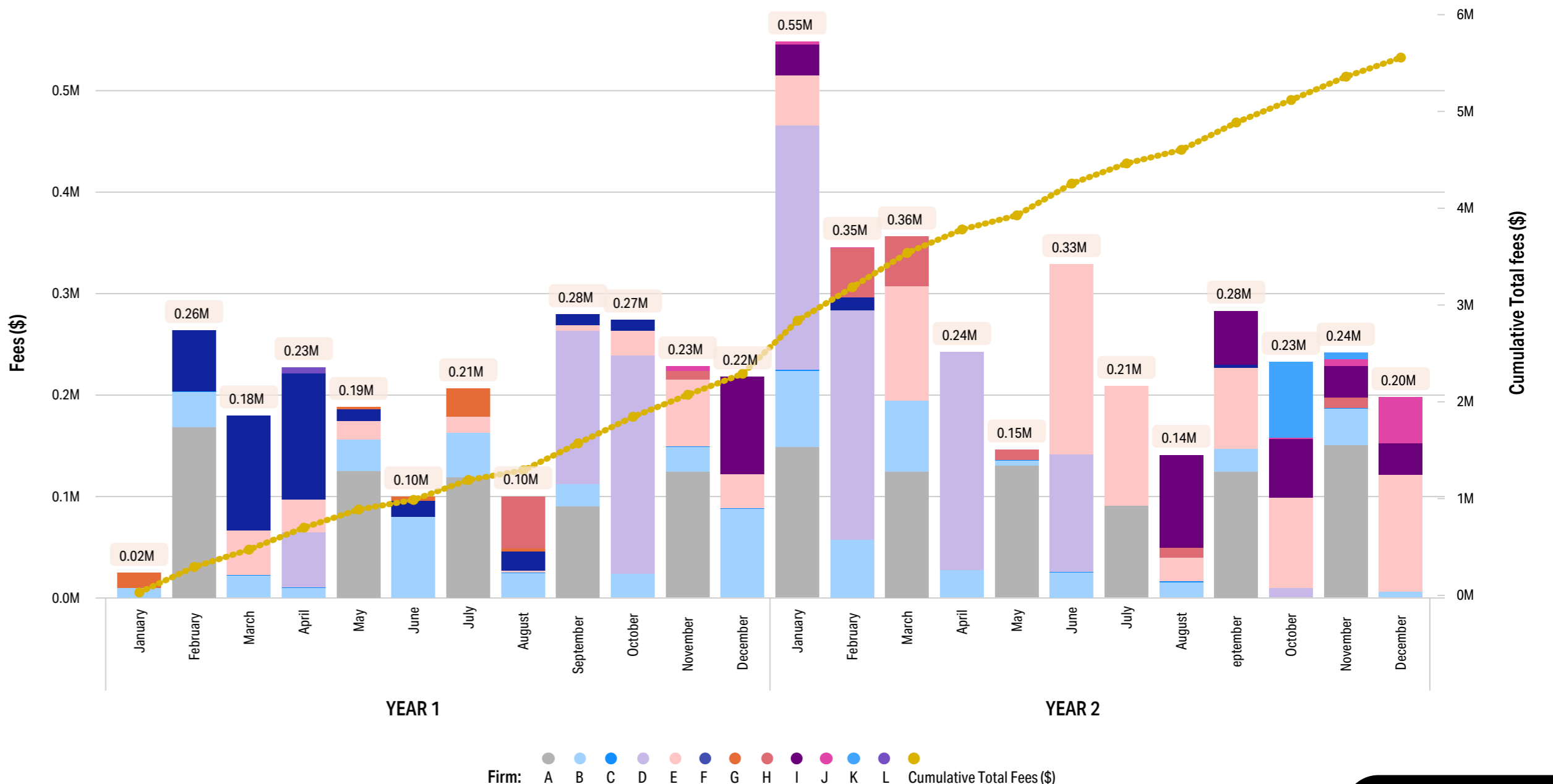
The topic of 'lessons learned from complex and major losses that impact the insurance industry' has been given plenty of 'airtime' over the years. But, other than anecdotal stories delivered to interested parties in discrete meetings, there has been little or no formal knowledge transfer about the key learnings from these types of losses. Instead, insurers subscribing to the risk are required to learn from their own experience of participating in claims, and their review of reports from loss adjusters, forensic accountants, scope-of-damage experts and other sources.

Following a number of complex losses to hit the downstream energy insurance market over the last few years and at the request of leading European insurers, Integra is about to deliver its first formal 'lessons learned' review on a particular loss.

The purpose of this initiative is to create value for each of the stakeholders involved in the claim. Our hope is that this review may lead to developments in the policy wording (sums insured, deductibles, sub-limits, extensions, etc) and in the claims handling process, so that learnings can be applied to the placement of risks and handling of losses occurring in the same sector in the future.

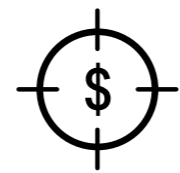
## EXPERT FEES OVERVIEW

An example of data output in the insights report, showing the breakdown of experts' fees throughout the lifecycle of the claim.



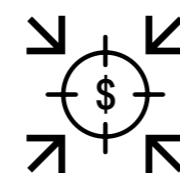


## IN THIS INITIAL REVIEW WE ARE SHARING OUR OBSERVATIONS ON THE FOLLOWING TOPICS:



### 1. FINANCIAL EXPOSURE

- ▶ **The insured's claims submission and its evolution over the life of the claim** – this illustrates the stability of the insured's claim submission and shows how their submission evolves over time.
- ▶ **Loss adjusters' reserve recommendations and its evolution over the life of the claim** – this demonstrates how stable the reserving has been and at what point the reserve sits within a 10% tolerance of the final settlement.
- ▶ **Timing and level of Payments on Account** – this analysis demonstrates how quickly insurers make their first POA post-loss, and how frequently and for what value they make further POAs. This should help to understand the demands insurers have for cash on similar claims in the future.
- ▶ **Experts' fee spend broken down by expert and illustrated over the life of the claim** – this shows the monthly burn on experts' fees, which experts have the largest role in the claim based on total fee-spend and highlights the months that involved the highest levels of activity from the experts.



### 2. KEY DRIVERS OF FINANCIAL EXPOSURE

- ▶ **Physical Damage**
- ▶ **Business Interruption**

For PD and BI, we will look at the aspects of both covers that were of the highest value.



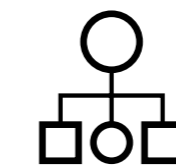
### 3. POLICY

- ▶ **Clauses that caused polarisation between the insured and insurers**

Here we draw attention to the clauses that caused the insured and their insurers to have contrasting views on how they should apply to the loss.

- ▶ **Any clauses that limited or increased the cover provided by the policy**

Here we draw reference to the clauses that either put a limit or sub-limit on a particular head of claim, or alternatively increase the cover available.



### 4. LOSS EXPOSURE MODEL

- ▶ **Insured's best case**
- ▶ **Insurer's best case**
- ▶ **Basis of the settlement achieved**

This section illustrates the different approaches put forward by the insured and insurers as to how the policy should respond to the loss in question. The final view illustrates how the claim was settled.

## SHARING KNOWLEDGE

We hope that by transferring the knowledge gained in these areas we will enable the lessons learned to be shared with insurers across their claims, underwriting and risk engineering departments. Importantly, the lessons learned can then be retained and shared corporately, as opposed to resting solely with the individuals involved in the handling of the loss.

Allied with the capturing of loss insights (which we do on every claim we settle), this initiative demonstrates our desire to 'close the loop' once the final settlement has been paid, and to collaborate with claims stakeholders who want to reflect on what went well and what could be improved upon from a policy wording and claims handling perspective.

**For more detail or a discussion, please contact me.**