

Improving Asia's claims management

The International Federation of Adjusting Association's (IFAA) 2nd Regional Claims Conference 2010 gathered claims specialists from all walks of the insurance industry to discuss and embark on canvassing a more effective and sustainable claims life-cycle in Asia.

By Min Yong

Loss adjusters play a crucial role in the claims life-cycle by assisting insurers in controlling the rising claims costs, said Mr Pascal Paoli, Director of P&C and Executive Officer, AXA Corporate Solutions, Singapore, in his keynote address to over 60 professionals at the conference themed: *The Claim Life-Cycle*.

As Asia is increasingly experiencing higher claims ratios based on the equipment age and internationalisation, the industry needs sound and suitable claims handling. Insurers and reinsurers need to rely on independent, technical and transparent loss adjusters, highlighted Mr Paoli

Moreover, he urged loss adjusters to raise their standard of expertise to meet the market demands; work closely with insurance claims teams in an increasingly global environment and by taking into account the commercial relationship with their clients and understanding their business needs.

Here are some highlights from the one-day conference that focused mainly on the four-critical parts in a claims cycle: initial response, recovery issues, technical aspects, and concluding the claim.

Initial response

Besides the technicalities of loss adjusting, Mr Neo Nehemiah, CEO, vrs Insight Adjusters Group, Singapore, reminded the audience that more importantly, loss adjusters must show empathy and humanity towards the victims, witnesses and for the overall situation.

"People are likely to be in shock as the insured never imagined it would happen to them. Remember that the insured had already suffered a loss, sometimes even involving a fatality. So while there are critical matters like trace, save, and moving their personnel to safety, you need to show concern too," he advised.

Recovery issues - Being attentive

Mr Peter Newall, Managing Director, Claims and Liability, Swiss Re, Hong Kong, believes that loss adjusters require particular attributes to be effective. He underscored these as: knowledge, recognition, communication, legal privilege, and being able to picture the event from all angles.

Moreover, Mr Newall emphasised the importance of both recording evidence and attention to detail, that work in tandem. "Loss adjusters must report as accurately as possible. That's where attention to detail is crucial. Remember that everyone looks at the report – from the underwriters, actuaries to reinsurers," he said, adding that it is also important to annotate photos as much as possible. At the end of the day,

everything is cost driven, and therefore all costs need to be justified, he added.

Technical aspects

The use of technical experts in the claims cycle is vital, declared Mr Bruce Swales, Managing Director of LWG Asia Pacific Singapore, an equipment loss consulting company.

Giving three examples of experts who can be used, he noted that: Equipment loss consultancies assess the nature and scale of the loss, in addition to understanding specialised content. Forensic engineers assess the causation, and liability/subrogation; while non-engineering companies assist with forensic accounting and legal issues arising from the claim.

Common 'expert' mistakes

As for some common mistakes that experts can make, Mr Swales noted faults such as underestimating the scope and extent of damage; missing key points and coming to the wrong conclusion; veering off on tangents; indecisiveness; and finally, not conveying the message clearly.

In summary, Mr Swales advised that by recruiting technical experts in the claims cycle, this would reduce the claims amount, minimise and accurately quantify the business interruption period and costs, shorten the claims cycle time, and identify the cause and origin to successfully pursue (or defend) subrogation or product liability claims.

Concluding the claim: working towards settlement

All claims come down to a single common factor – each and every one of them has to settle at some stage and in some form or fashion. This is essentially our *raison d'être*, declared Mr Andy Homewood, President Chartered Institute of Loss Adjusters in the Secretariat (CILA), and Executive Director of MYI Chartered Loss Adjusters, UK.

Concluding the claim however does not necessarily mean recommending that it be paid as the conclusion of some cases will be via a repudiation or declinature. "It is my opinion that we should be responsible for driving the claim towards settlement at all times... rather than the alternative; a *laissez faire*, reactive approach where we only work on cases upon the receipt of incoming data," he said.

On a high note, "I advocate the courage to seize those opportunities to ensure that claims are concluded promptly, proactively and to the benefit of all stakeholders", Mr Homewood concluded.▲



Images by: Louise May Photography

Panel discussion on recovery issues