Opening thought

"I just feel like everyone tries to do something different, but you always wind up doing the same damn thing."
Common Themes: Some customer requirements of a claims team:

- A fair settlement
- A prompt settlement
- To be kept informed
- Communicate honestly and clearly
- Adequate resource
- Professional dealings
- Consistency
- A case manager approach
- The right expert at the right time
- Invisible internal processes
- An empowered representative
- Pre-event (loss) support
What is different?
The Human Angle

- Sociological / Psychological / Cultural / Ethical
What does this all mean?
Claims Handling: A balancing act

Legal framework

Multi-party

Conditions

making under

pressure

managing experts

EMERGING RISKS

customer relationships

policy, legal liability, quantum

Global P&C
Know your Insured’s Business

- Know your client’s business
  - Underwriting info
  - Annual accounts
  - Industry press
  - Common Risks
  - Particular Risks
  - Competitors
  - Mergers/Acquisitions
- Pre-Risk engagement with Risk manager
- Policy response scenarios – stress testing
- Lessons learnt from claims
The Silk Road
Supply chain management

- Supply Chain Management
- Supply Chain Planning
- Supply Chain Enterprise Applications
- Logistics
- Product Lifecycle Management
- Procurement
- Asset Management

(SCOR Global P&C)
Distribution Channels

- Geography – topography and weather
- Emerging markets
- Access to sites and information
- Pre-binding information on customer/supply chain
- Effect on recovery actions
- Law of policy – e.g. product liability, consumer protection legislation
- Limitation
- Waiver
- Interest
- Fraud
- Cyber cover
Scale and Geography

- Emerging risks countries
- Renewable energy
- Communication
- Data risks
- Different types of cover required
- Employment laws
- Mergers – clients/brokers/insurers
- Limits and sub limits
Policy Types

- Classical PI cover no longer stand alone
  - Cyber
  - General Liability
  - Employment Liability
  - Single Project
  - Multiple insureds
  - Exclusions/endorsements
  - Excesses/sub limits – value and costs (included or in addition)
  - Emerging Risks e.g. drones, 3-D printing, driverless cars

- Conflicts of interest
- Interaction with other policies e.g. PL and CAR
- Freedom of contract – mandatory provisions
- Policy trigger – occurrence or claim based
- Follow form
- Aggregate Limits
Claim Types

- By insured – some first party e.g. pollution/cyber
- By third party
- Can be direct against insurer in some cases
- Contribution claims
- Recovery actions
- Uninsured interest? – SIR or through tower
Local Practices

- Political realities - sanctions
- Laws, regulations, customs, business practices
  - Licensing for adjusters
  - Lawyer instruction
  - Jury trials
  - Accessibility of Courts/other fora
  - Interaction with government agencies/departments including visas etc.
  - Environmental issues
  - Insurance market practices, local market organisations
  - Banking
- Language
- Relationships between brokers/clients/cedents
Regulatory Differences

- Dispute forum
- Law of policy and law of claim
- Freedom of contract
- Consumer protection regulations
- Environmental legislation
- Securities legislation
- Insurance Laws
  - Policy content
  - Policy response (e.g. ROR, partial payments)
- Punitive/Exemplary Damages
- Retention/Quota share/proportional
- Limitation periods
- Cost protection
- Declinature of claims and avoidance of policy
- Ex Gratia and compromise settlements
- Claims Payments – banking regulations
Case Study

- Collapse of shelving in automated distribution unit in warehouse facility in Belgium owned by large retailer
- Shelving system designed by UK engineer subject to a UK D&B contract
- Contract contains a clause limiting the engineer’s liability to 50% of the contract price, for direct losses only.
- Actual construction sub-contracted to Belgian contractor
- The retailer’s estimated damages exceed 10x the contract price
A claims process we can explain

1) Notification of claim
2) Validating policies cover & cause
3) Claims investigation
4) Selection & use of preferred experts
5) Calculation of reserve & loss model
6) Calculation of settlement
7) Final settlement
8) Report writing e.g. retrocession, underwriters
9) Subrogation investigated
10) Proactive steps to manage & mitigate claim, capture key data

Claims Management e.g. overview of claims process, responsibilities
Key claims handling considerations

- Legal
  - Nature and extent of damage
  - Cause of damage – negligent design, negligent construction or operating error?
  - Contract – applicable terms
  - Jurisdiction – expert advice

- Policy
  - Damage covered by Insuring clause
  - Extensions, Exclusions, Limits
  - Joint/Several liability
  - Interaction with other policies

- Quantum
  - Clean-up costs
  - Value of lost/damaged stock
  - Loss of profits
  - Cost of rebuilding facility
  - Subrogation/Contribution

- Resolution Strategy
Different?
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Closing Thoughts