



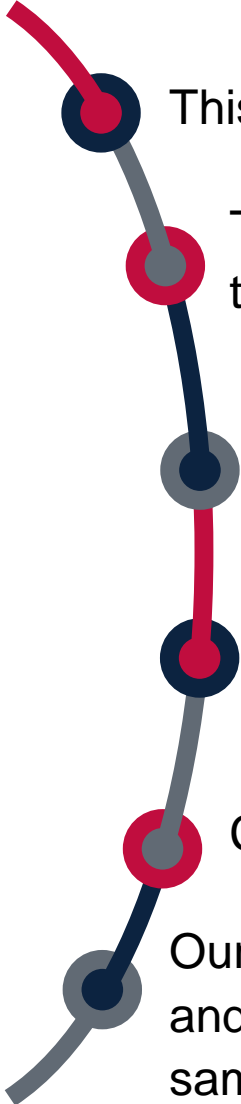
THE CHALLENGES OF DEALING WITH INTERNATIONAL PROPERTY AND BUSINESS INTERRUPTION CLAIMS

AIRMIC Conference

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INTRODUCTION



This discussion is from our perspective of handling claims in international territories

The purpose is to share our experiences to bring greater awareness of the issues that can be faced and the areas you may be able to influence and manage

At the end we will finish with our thoughts on the main lessons we have learned and some guidance from a claims view point

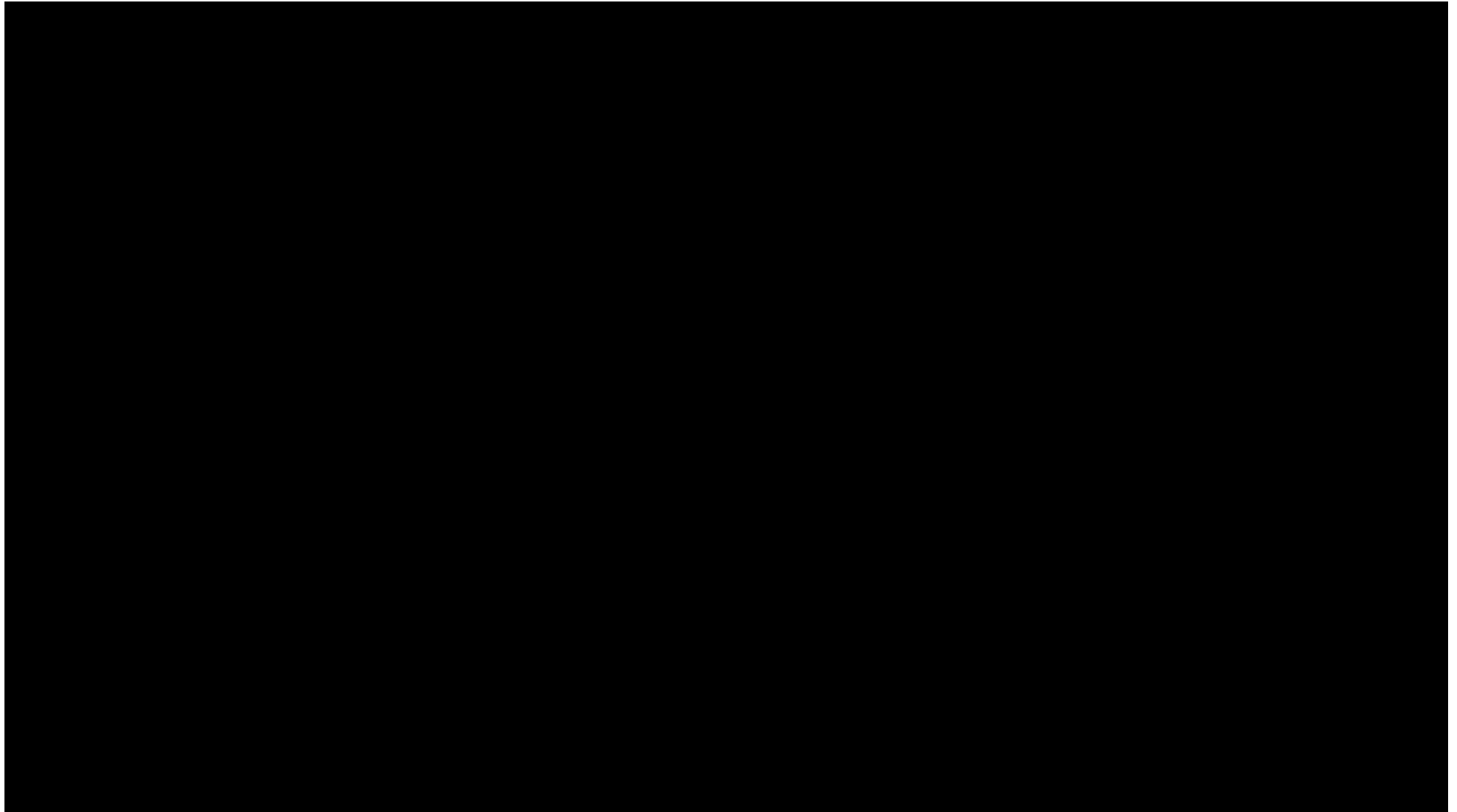
Also worth noting that it's a very wide subject and we've tried to focus on the areas we think will have broadest application

Case examples are anonymous

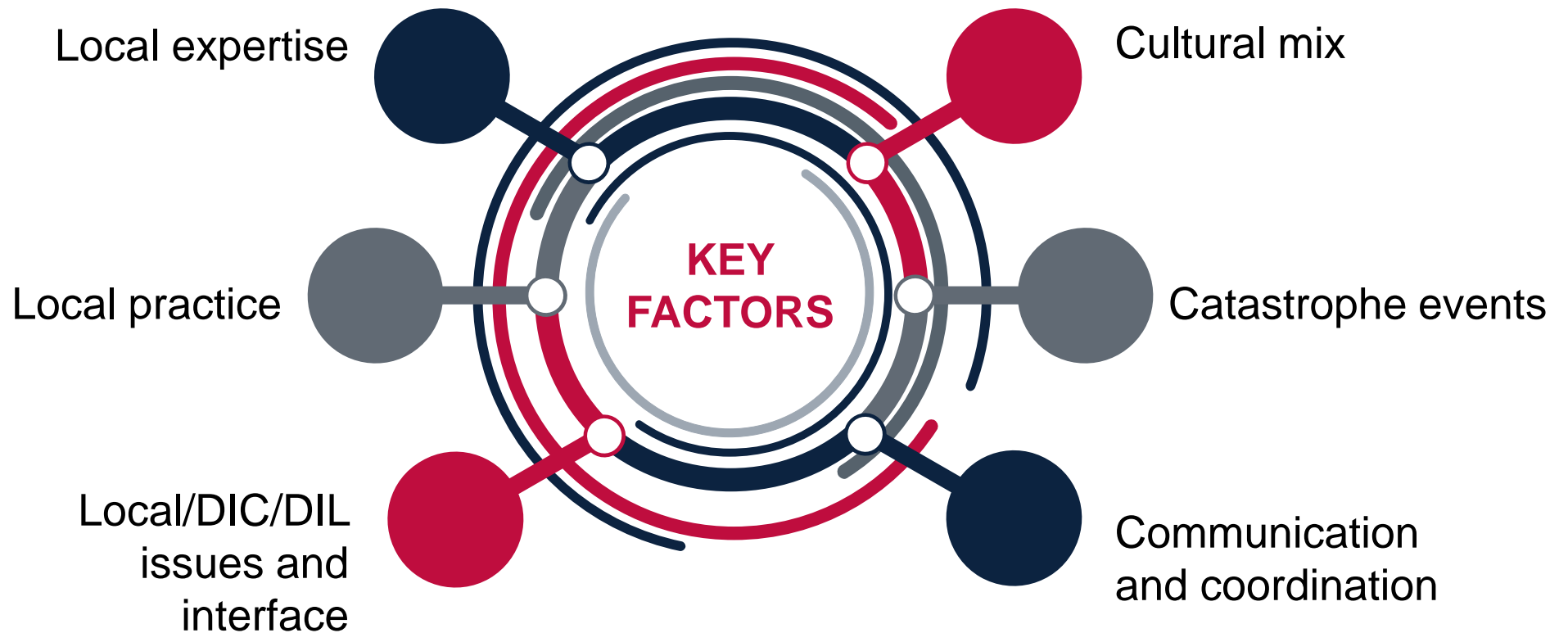
Our starting point assumption is that risk managers expect a Coordinated, Consistent and Controlled approach to their claims worldwide, wherever they arise, receiving the same service in every location – but in our experience the reality is very different.

INTERNATIONAL CLAIM CHALLENGES





INTERNATIONAL CLAIM CHALLENGES



CRUNCHIE OR VIOLET CRUMBLE?

1

Culture – what do we mean?

2

Multitude of personnel, languages, interests, accents, time zones...

3

Diverse cultures diverse thinking

4

Understanding the parties and their interests is crucial to a smooth outcome

5

Effective collaboration critical but not easy

GLOBAL PROGRAMME, LOCAL REALITIES

The aim is a **consistent**, **co-ordinated** and **controlled** approach across all countries



Insurer's Global
Operations



Local legislation



Local practice



Mature v emerging
territories



Local language



Subrogation

In summary, local practices are the major influence

LOCAL EXPERTISE



Quality and expertise, methodology and practice vary hugely depending on the territory



More and more insurers procure centrally – implications for risk managers



Time is invariably a factor – reporting, feedback, abilities



Not every loss is major which places the onus on the local representation for attritional or medium sized losses



Recoveries – becoming more of a focus of leakage for insurers but invariably undertaken poorly, if at all, in many territories



Location of experts, potential to be cup-tied, availability of appropriate expertise



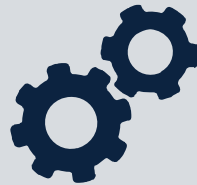
Risk managers should ensure that the experts appointed are right for the issue under investigation

DIC/DIL ISSUES AND INTERFACE

Expectation of 1



Insurer



Procedure



Claim



Adjuster

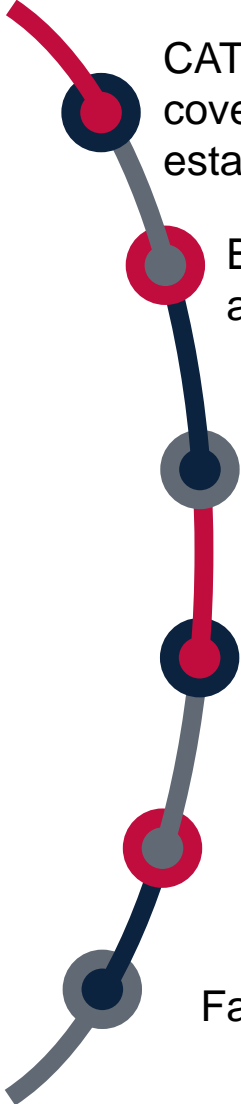


Cover

In Practice:

- Local policies can have very low limits or restricted cover, local RI, other stakeholders
- Engaging the DIC/DIL cover
- Local adjuster may not be aware of global programme
- In effect two claims are being presented and handled
- Local stakeholders may have different views and interests
- Payments may be made in different territories, different currencies – check your policy wording

CATASTROPHE (CAT) EVENTS



CAT events produce significant focus for insurers which affect their claims response – media coverage, material event, RI arrangements, cash flow on local entities, significant internal focus, establishing policy response – all these have implications for your claim.

Biggest factors are access difficulties, stretched resources and potential for delay. Insurers activate their CAT Plans – customer service, loss adjusters, drone resourcing

Need to ensure your claim is at the top of the pile – 80/20 insured value rule still applies

Obtain pre-agreement about who is assigned, early notification, establish effective lines of communication and assignment of responsible office

- Implications when resources are scarce
- Competing for suppliers, contractors, materials, resources = higher cost, long lead times, increased BI

Ensure you fully record your decision making and evidence all aspects of claim

Factors to consider for your Business Recovery/Disaster Recovery Plan

CONTROL, COMMUNICATION , COORDINATION

WHEN IT WORKS WELL

- ✓ Resources, stakeholder roles & responsibilities assigned & understood
- ✓ Head Office – overview, claim control
- ✓ Local - responsibility day to day, communication with Head Office
- ✓ Overarching coordination, information control, Claim Preparation Coverage
- ✓ Loss Adjuster set up – critical head office and local office working together
- ✓ Proactive & continuous communication
- ✓ Expectation management

WHEN IT DOESN'T

- ✗ Confusion – who does what, who speaks to who?
- ✗ Time = money wasted
- ✗ Miscommunication and misunderstanding of the facts
- ✗ Lack of ownership
- ✗ Surprises all round
- ✗ Becomes harder to turn problems around
- ✗ Impact on the timeline and settlement

WHAT WE HAVE LEARNED



Diverse cultures and nationalities deal with matters differently, what is achievable in one territory may not be achievable in another



Insurers and loss adjusters employ different practices depending on the territory



Communication takes considerable time, care and hard work



Practical fiscal considerations such as rates of exchange, currency movements, withholding tax can affect the final payment



Local policy coverage can be restrictive – it's important to be clear on how the local and DIC/DIL coverages work in practice



CATs have special considerations



Companies need a planned approach to control and manage the claim process

OUR TOP TIPS



Invest time to prepare before claims happen



Develop a claim plan across various scenarios and test it



Work with your insurer and broker to:

- Stress test the local/global policy wordings
- Stress test the claim process with your insurer
- Ensure your nominated loss adjuster has a central coordinator managing overseas losses
- Cover claim preparation costs



When a loss happens

- Someone senior in your company must own the claim
- Be clear on who all the involved parties are and establish clear communication procedures
- Follow Echelon's guidelines for dealing with a major loss

More information including brochure, case examples, details of the team, guidance for clients and more is on our website

www.echelonccl.com



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