

MAJOR LOSSES

GUIDANCE FOR CLIENTS



THE CLAIM PROCESS: **REMEMBER**

- 1 The process of settling a major claim is lengthy and time consuming. Insurers appoint a range of experts to investigate and measure the loss. Substantial information and documentation is required.
- 2 You are the experts in your business and you make the decisions. Your business objectives, not insurers, should drive loss mitigation and business recovery.
- 3 The onus is on you to fully document and evidence your claim. The quality of claim presentation and supporting documentation is critical to a successful settlement.
- 4 The Loss Adjuster acts on behalf of insurers. He does not act for you beyond protecting insurers interests.
- 5 Convince the Loss Adjuster of the merits of your case and the vast majority of the time they will convince the Insurer.
- 6 Providing inaccurate or incorrect supporting documents can damage your credibility, lead to uncomfortable questioning and potentially damage the value of the settlement.
- 7 Communicate, communicate, communicate, too much is better than too little. Keep the loss adjuster informed of progress throughout the period of claim.
- 8 Ensure you hold the loss adjuster to account, leave no room for vagaries, assumptions or ambiguity. If you don't understand something, ask and ensure you are satisfied with the response.

CLAIM HANDLING STRATEGY: **DO**

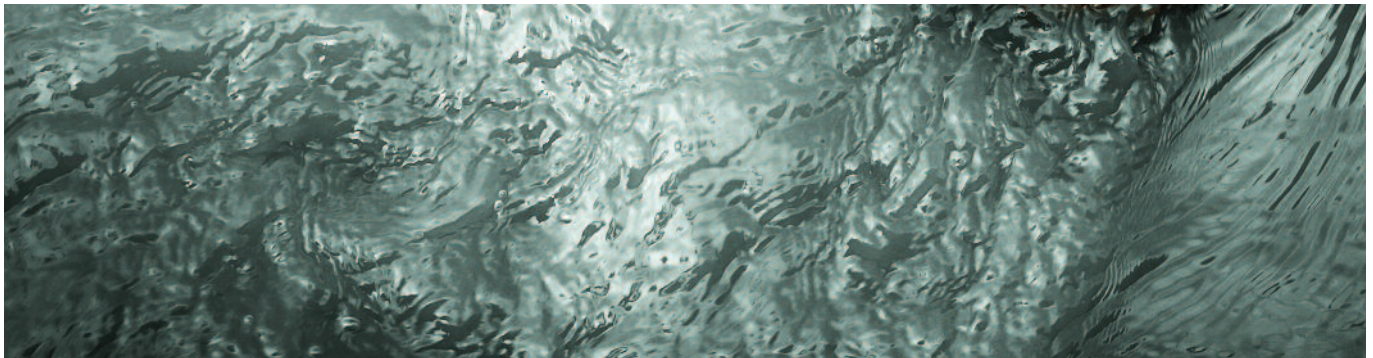
1. Establish a project management team, co-opting external experts as required, to manage the claim process and determine/implement claims strategy.
2. Organise the systematic collection of information as it becomes available, rather than fishing through historic files at the end of the claim!
3. Fully engage insurers and their representatives. Seek the loss adjuster's agreement on key decisions such as reinstatement methods, mitigation expenses, time lines at the time those decisions are taken, ensuring that they are faced with the same realities and uncertainties as you (this denies them access to hindsight!).
4. Prepare best and worst case cost estimates as soon as feasible. Ballpark figures with plenty of contingencies are better than nothing.
5. Review the potential for recovery from third parties and assess the impact of a recovery action on existing contractual relationships.
6. Ensure that critical dates and time limits for the notification and/or presentation of claims are identified and complied with.
7. Ensure all documentation passed to loss adjusters is accurate.
8. Communicate any problems e.g. with suppliers, timetables, work schedules etc. to the loss adjuster immediately they become apparent, to include them in the problem solving process.

DECISION MAKING AND EVIDENCING THE CLAIM: **DO**

1. Set up a daily reporting system so that all relevant facts and events are adequately reported. (Existing reporting systems may not be sufficient.)
2. Collect reports, drawings, digital photographs as appropriate to adequately establish the nature and extent of all loss and damage sustained.
3. Write down all action points and conclusions of discussions arising from each meeting. Leave no room for incorrect assumptions or misunderstandings.
4. Ensure that all the time spent by company employees on claim related activity is properly recorded on a daily basis, and that the details of the work carried out by each employee are also recorded.
5. Where a number of remedial options are considered, justify the selected option with appropriate documentation.
7. Support all costs by appropriate documentation, e.g. purchase orders, work orders, invoices, time sheets, service contacts and material requisitions.

BUSINESS INTERRUPTION ISSUES: **DO**

1. Implement the Business Continuity plan.
2. Consider all possible mitigation measures.
3. Develop financial projections detailing the anticipated cost/benefit analysis of each option.
4. Link loss mitigation measures to revenue protection (may be subject to economic limit).
5. Seek insurers approval to the loss mitigation measures selected. Do not let insurers involvement in the claims process delay the decision making process.
6. Set timeframes for insurers response according to the business needs. Fully communicate and document the decision making process.
7. Capture the data required to fully measure the financial impact of the loss. Establish separate project and/or nominal ledger codes as part of the data capture process.
8. Consider historic and future trends of the business in evaluating any loss of revenue sustained as a result of the insured event.
9. Remember the evaluation of a Business Interruption loss is a subjective process where the maximum value is extracted by presenting a well documented and reasoned claims presentation.



FINALLY AND FUNDAMENTALLY

DO

Manage the expectations of all concerned, especially on reserve estimates and, as far as it is humanly possible to do so, avoid surprises!

DON'T

1. Sit on paperwork
2. Cause any delay in the repair/reinstatement process, which may give the loss adjuster grounds for reducing the period of business interruption.
3. Volunteer more information than the loss adjuster requests.
4. Give information without knowing why it's required. Satisfy yourself it's accurate, relevant and won't ultimately prejudice your position.