

Insurance Times Event Global Leaders Forum



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Leading the debate

We took a chance with our conference this year and trialled a new format based around interaction with the audience. We know you get tired of being declaimed at from a distant stage, so we wanted to do something different. This year, we chose three themes and arranged three debates, with questions from the audience and an audience voting system.

The first session – on rates and market strategy – made it clear that the end of the economic gloom was nowhere in sight. Chief executives Martin South of Marsh, Michael Casella of Chubb, Ray Cox of Brit and Andrew McKee of Mitsui told us in no uncertain terms: business as usual is not an option.

There were further uncompromising messages from our second panel, who discussed London's position as a global insurance centre and the factors influencing the global movement of capital. Alterra's Marty Becker, Endurance founder Ken LeStrange, Hyperion's David Howden and the Lloyd's Market Association's David Gittings agreed London was coming under pressure because of its tax position, though all praised the continued significance of Lloyd's.

Finally, we turned to the thorny issue of regulation. In a debate between rogue trader Nick Leeson, HBOS whistleblower Paul Moore, Groupama boss François-Xavier Boisseau and compliance consultant Branko Bjelobaba, the failings of global regulators were starkly highlighted.

It was a different kind of conference, and an extremely thought-provoking day. Your feedback has been amazing – and we will continue to listen.

From the day



INSURANCE TIMES'S GLOBAL LEADERS FORUM PRESENTED IN ASSOCIATION WITH



redefining / standards



Insurance Times Event Global Leaders Forum: Claims directors' breakfast

'What's more important: trying to sort out a policyholder's claim or populating an ever-changing spreadsheet?'

Insurers' rigidity on pricing and service-level agreements is undermining the capacity of loss adjusters to cope with surge events, Crawford has warned.

The worldwide adjuster's chief executive for Europe, the Middle East, Africa and Asia Pacific, Ian Muress, told the Global Leaders Forum claims directors' breakfast – sponsored by his company – that the workload from some clients could increase to 1,000 claims a month, from a base rate of 50, during big disasters.

A strict approach by insurers to maintaining contractual service-level agreements (SLA) could restrict loss adjusters' ability to respond to such events, Muress said. He added that, in Australia, disaster events can be categorised in a way that enable insurers to relax their SLAs.

"They are quite accustomed to dealing with this kind of feast and famine situation," he said.

Referring to the volume of claims emerging from last winter's freeze, Crawford senior vice-president for global markets Clive Nicholls said: "The industry was stretched, and we were stretched horribly as a result. Service then suffers across the whole of the industry."

He added that the net effect was "potential damage" to the insurance industry's reputation.

Nicholls said another issue for loss adjusters was the demand for information during a claim. Claims directors, chief executives and analysts all want information, which could interfere with claims being sorted out.

"What's more important: trying to sort out a policyholder's claim or attempting to populate an ever-changing spreadsheet to give real-time information?"

The adjusting profession's capacity to cope with disasters was further inhibited by recently introduced government migration rules, added Nicholls. He said that Crawford

moved staff from one country to another to manage peaks and troughs of demand (*Insurance Times*, 20 October, page 8). Unless these rules were relaxed, he said, adjusters such as Crawford would have to focus resources on select clients.

AXA commercial claims and underwriting director David Williams acknowledged that flaws existed in the current arrangements between adjusters and insurers for dealing with surges.

"There are failings on the loss adjusting and other service provider sides for signing up to these deals," he said. "But there are also failings on our part, particularly our procurement colleagues, for focusing on the price and not recognising that we get some good value from loss adjusters."

"People need to realise that if we want decent contingency, we are going to have to pay for it."

Brand protection

Brit head of UK claims Stephen Roberts observed that insurers tended to avoid collaborative responses to surge events for the sake of their brands, even if they wanted to take such an approach.

"I believe we need to find a collectivist approach, but a brand segregation in the way that it's actually delivered. That may be something we can propose to the quality end of the loss-adjusting market," he said.

Roberts added that there was a need for clearer definitions of what loss events are and how to respond to them.

He said: "Service – what the client actually demands and the distribution needed to achieve it – is what we should be selling. We have really got so far away from selling a service, despite the fact that we keep coming up to the plate when we're losing money."

Insurers should alter their marketing to stop customers constantly searching for the lowest premium, he said.

Talking points ...

- What scope exists for insurers to collaborate on handling surge events? How protective are insurers about their brands in these situations?
- What will happen if loss adjusters cannot respond to the next surge event?
- What are the consequences of insurers relaxing the terms of their service level agreements to help loss adjusters respond?

Quote, unquote

Ian Muress, Crawford & Company:

‘We’ve got the worst of all worlds, because there is no ability to bring resource in, and there is an air of inevitability that something is round the corner’

Stephen Roberts, Brit Insurance:

‘Three years ago, 90% of our clients wanted to communicate by telephone. Now, 60% want to do it online. That’s a sea change’

Martin Ashfield, AXA:

‘When the big events happen, I have a view that Joe Public doesn’t differentiate between insurers. They just see insurers. There is still room and scope for us to do something on a more collaborative basis’



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FORUM CLAIMS DIRECTORS' BREAKFAST
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