

Increasing Influence of Reinsurers

Presented by Benedict Burke

Senior Vice President – Global Markets

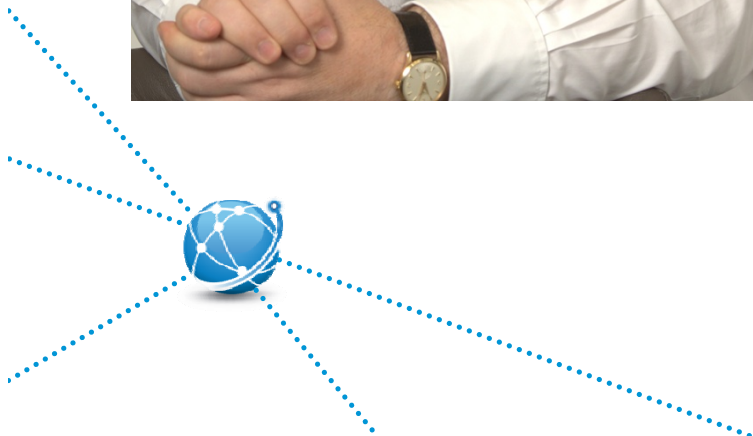




Benedict Burke
Senior Vice President, Global Markets

Benedict has responsibility for a number of Crawford's global Strategic Account Management programmes. He is an advisory board member of the CII Claims Faculty and is also on its task force which led to the pivotal Aldermanbury Declaration on professionalism.

Benedict is a Fellow of the Chartered Institute of Loss Adjusters.



Increasing Influence of Reinsurers

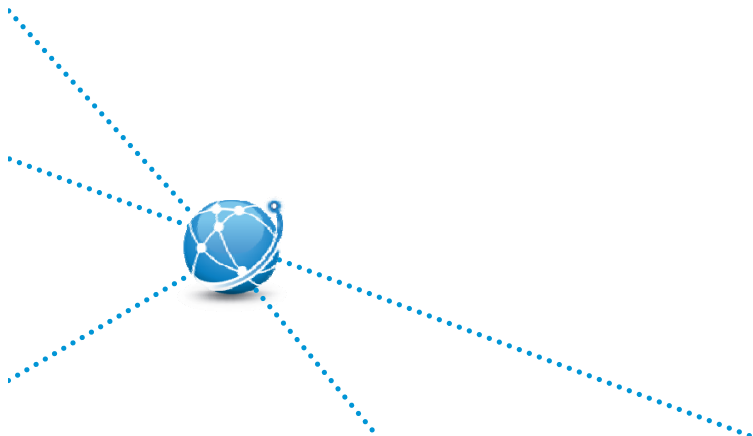
❖ Chilean Earthquake – February 2010

Industry Example

Estimated claims exposure US\$2,000,000,000

Net Retention after Reinsurance - modest

Earthquakes and after shocks over short time period



Increasing Influence of Reinsurers

❖ New Zealand Earthquakes – 2011

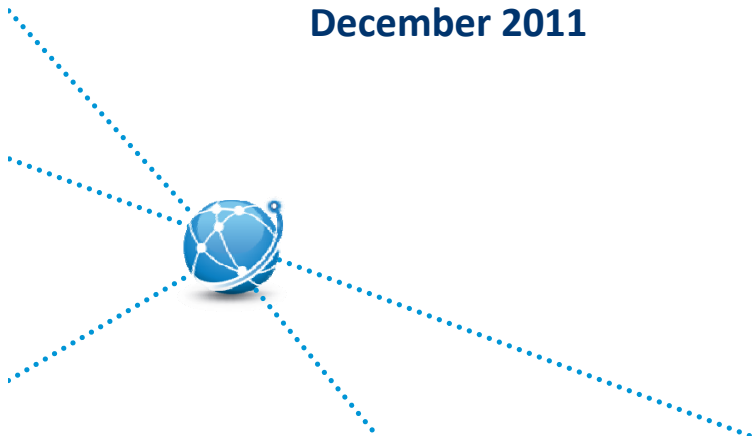
Crawford commissioned to undertake Peer review (Reinsurer influence)

Multiple earthquakes and after shocks

Complex Reinsurance programmes over different policy periods

Damage allocation and Reinsurance limit concerns

Contingent Scheme of Arrangement – all policies cancelled in December 2011



In Summary:

Increased frequency of CAT incidents

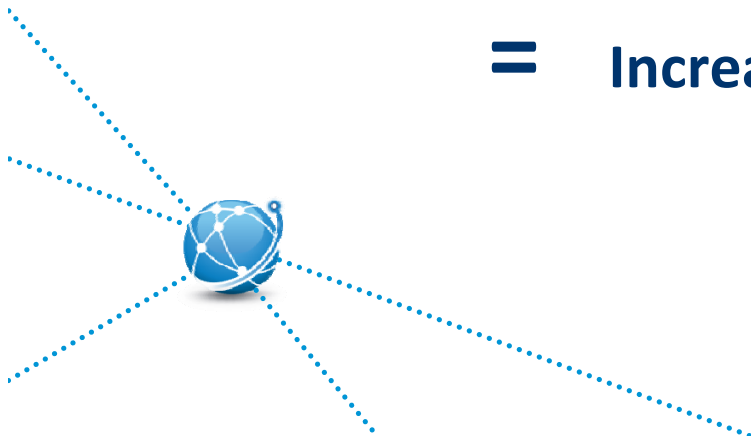
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Higher Value of Individual Claims

+

Changes to Financial Processes/ Corporate Governance

= Increasing influence of Reinsurers



Increasing Influence of Reinsurers

❖ Key Challenges

Confrontation or Co-operation?

Communication / Managing Expectation & Conflicts

Multiple stakeholders

Understanding policy covers / clauses and limits

Collaborative and balanced approach

Achieving confidence in claims handling and decision making process

“The right strategies, delivered by our experts, will lead to building trust and having the right solutions in place”



Increasing Influence of Reinsurers

❖ Reputations

Risk Manager

Insurers

Reinsurers

Brokers / Reinsurance Brokers

Consultants

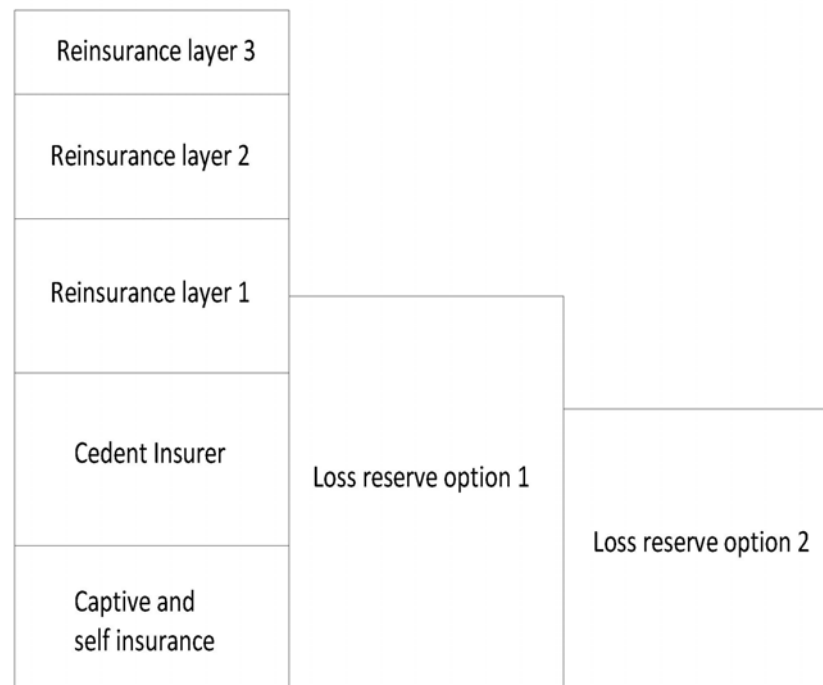
Loss Adjusters



Increasing Influence of Reinsurers

❖ Whose money is at stake - case study 1?

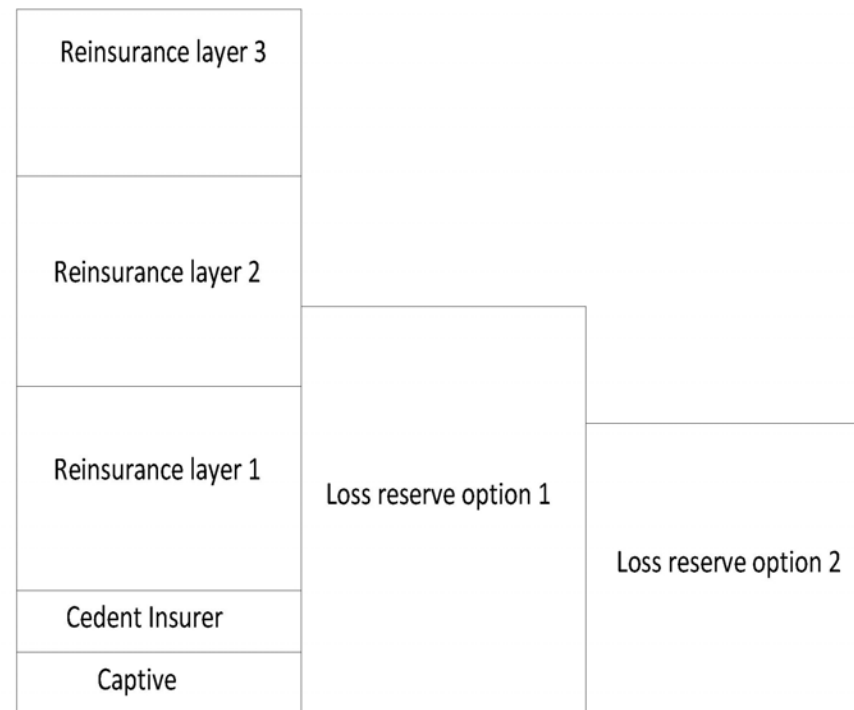
Captive and Self Insurance and Cedent's retention at high level



Increasing Influence of Reinsurers

❖ Whose money is at stake – case study 2?

Captive and Self Insurance and Cedent's retention at low level



Increasing Influence of Reinsurers

❖ Case Review – Chilean Earthquake 2010

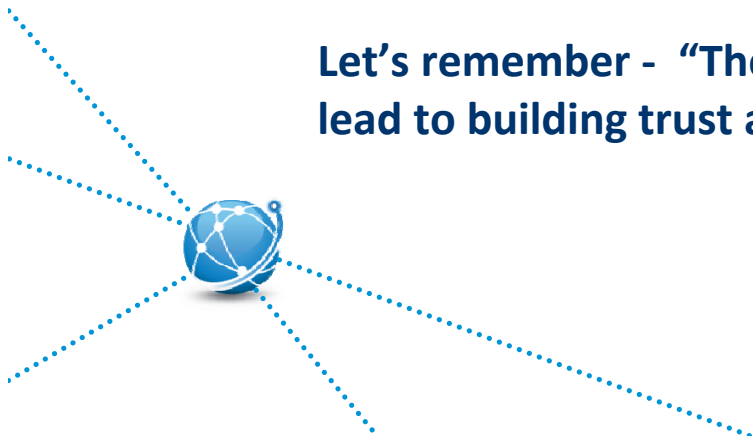
RSA Group claims losses

Handled by local adjusters

Supervised by Crawford Global Technical ServicesSM

Working closely with supplier; appointed by insurers to support Reinsurance recoveries

Let's remember - "The right strategies, delivered by our experts, will lead to building trust and having the right solutions in place"



Increasing Influence of Reinsurers

❖ Solution

Early notification to Reinsurers

Provision of high quality assessment and adjusting services

Co operation with consultants and Reinsurers' loss adjusters

Regular and relevant communication with stakeholders

Provision of Reports and other supporting information

All to building confidence of Reinsurers in the claims management and assessment process



Increasing Influence of Reinsurers

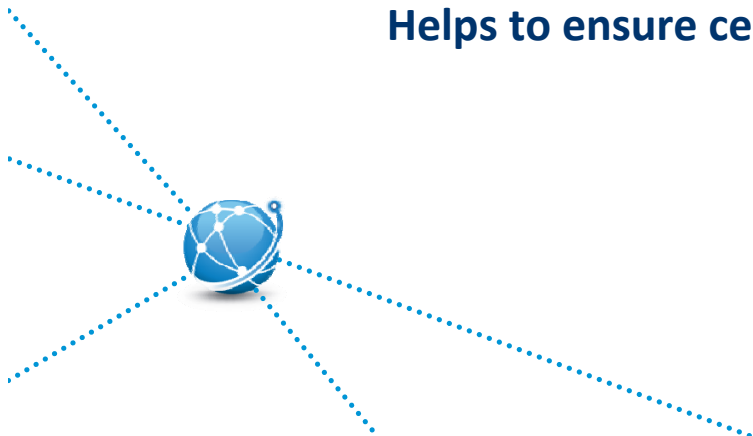
❖ Benefits

Smooth the flow of funds from Reinsurers to Cedent Insurer

Loss payment process improved by “Pay” on “Pay” arrangements with Reinsurers

Cash flow of Cedent Insurer maintained

Helps to ensure certainty of Risk Transfer mechanism



Increasing Influence of Reinsurers

❖ Summary

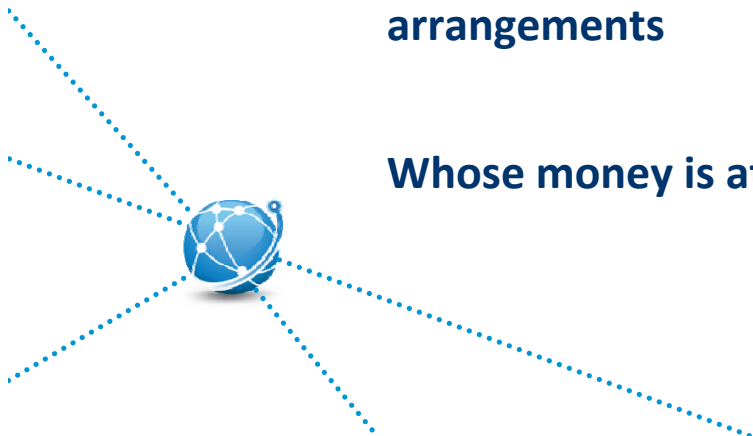
Increasing trend of Reinsurers involvement

Provision of high quality adjusting services can improve confidence

Early identification and resolution of potential issues possible

Can improve Claim Payment process through “Pay” on “Pay” arrangements

Whose money is at stake?



Increasing Influence of Reinsurers

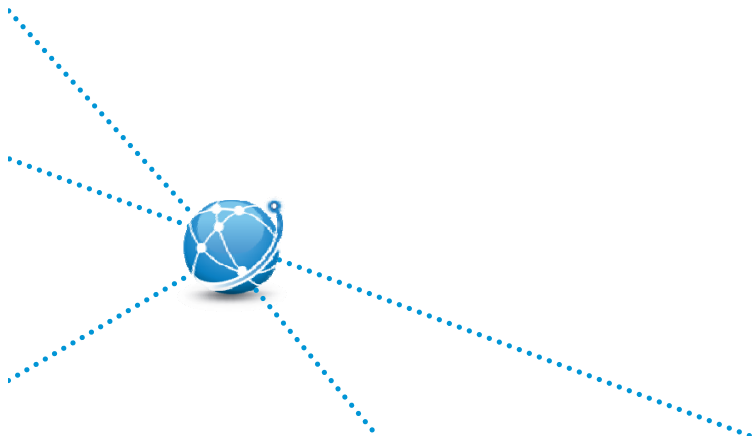
❖ Questions



Business Interruption – Current Trends

Presented by Steve Gainey

Lead Adjuster, Crawford Global Technical ServicesSM

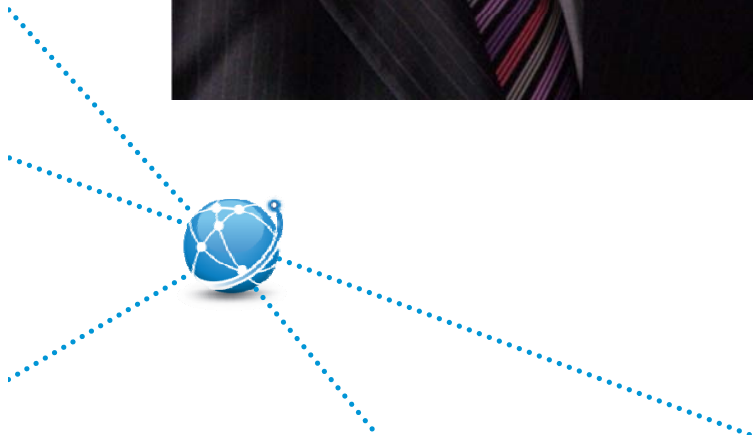




Steve Gainey
Lead Adjuster, Global Technical Services

Steve has experience of claims handling for Banking & Finance, Pharmaceutical, Retail and Telecommunications industries. He has handled a wide range of claims with values in excess of £30 million.

Steve is a Fellow of the Chartered Institute of Loss Adjusters.

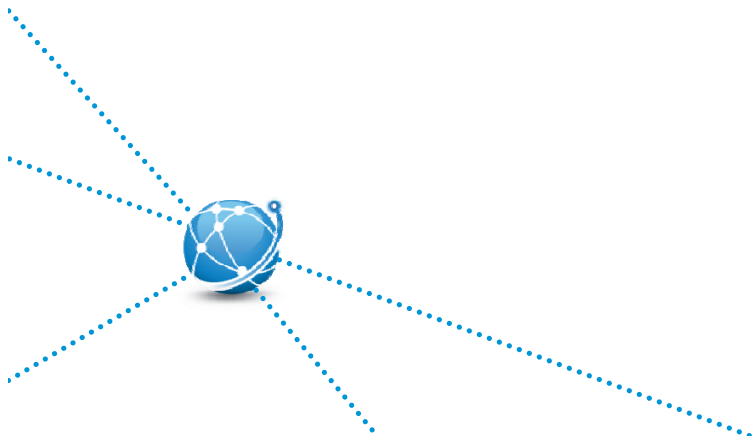


Business Interruption – Current Topics

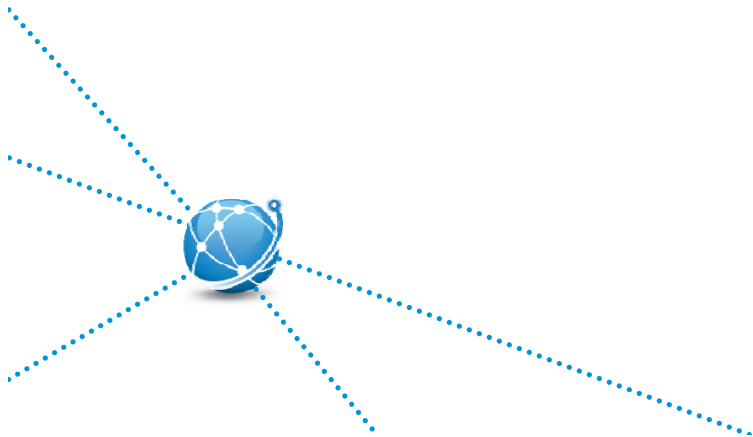
❖ Introduction

CILA Wording Review

Wide Area Damage



Chartered Institute of Loss Adjusters – Wording Review



Business Interruption – Current Topics

❖ Chartered Institute of Loss Adjusters – Wording Review

Review established in 2009 – Why ?

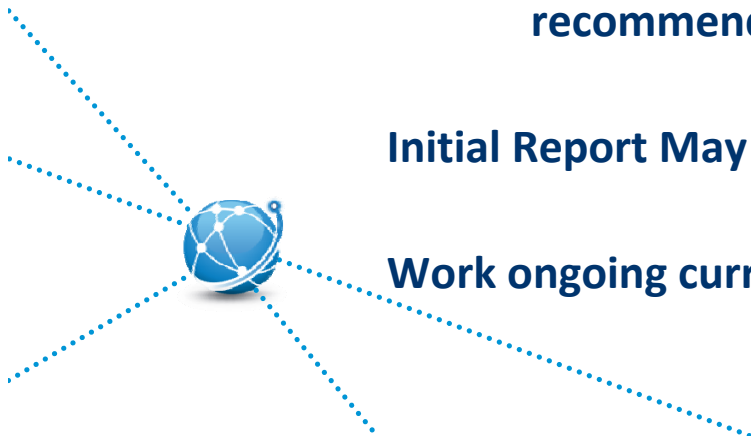
Includes Tim Thompson & Richard Popple from Crawford
Global Technical ServicesSM

Consider misunderstandings and complications in current BI policy
wordings

- Output - provision to ABI and Insurance Market of
recommended wording changes

Initial Report May 2010 and Update July 2011

Work ongoing currently - some changes of wordings starting to appear



Business Interruption – Current Topics

❖ Chartered Institute of Loss Adjusters – Wording Review Subjects

Gross Profit

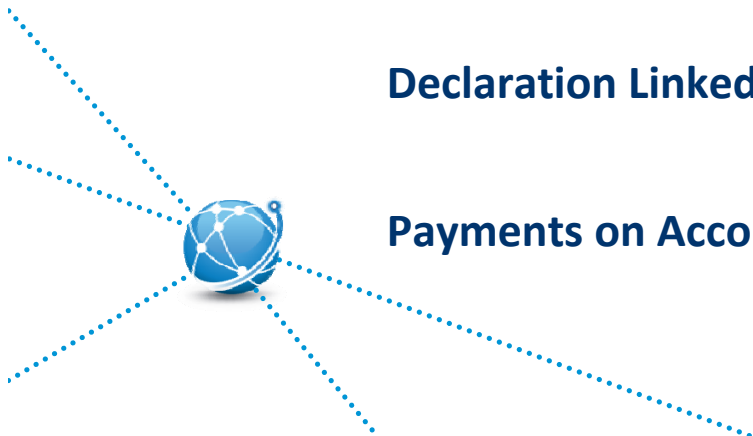
Uninsured Working Expenses/ Uninsured Standing Charges

Damage

Increased Costs

Declaration Linked Policies

Payments on Account



Business Interruption – Current Topics

❖ Current Findings

Confusion with words and phrases in use elsewhere in business with different meanings

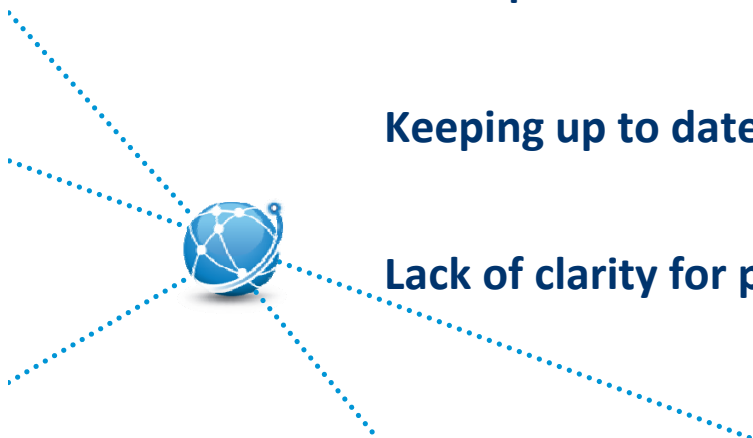
Misunderstanding on the meaning of words and phrases

Use of archaic language

Widespread indications of inadequacy of cover

Keeping up to date with changes to business operations

Lack of clarity for policyholders



Business Interruption – Current Topics

❖ Current Thinking

Gross Profit – change wording to Insurable Profit or Insurance Gross Profit to remove confusion

Premises – Clearer definition to confirm whether this includes surrounding area

Increased Costs of Working – address issues around date costs are incurred

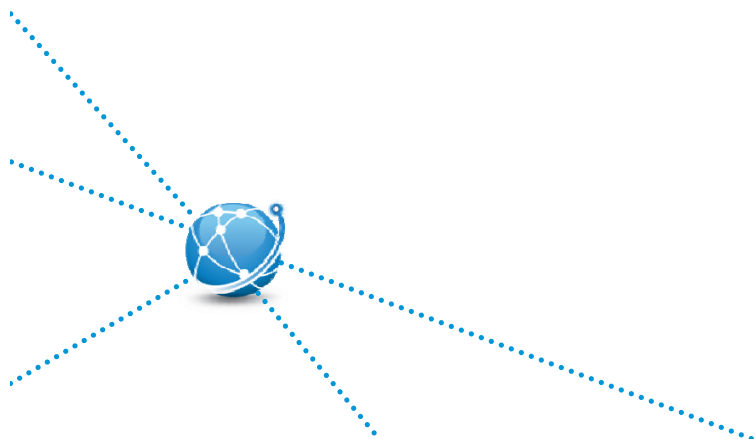
Solutions for Underinsurance

Review of Maximum Indemnity Periods

Wordings to include a commitment for Payments on Account



Wide Area Damage



Business Interruption – Current Topics

❖ **Wide Area Damage – Multiple losses over wide geographical area**

Challenges

Policy Covers

Case Law

Future Activity

❖ **Learnings – check wording i.e. CBI & non-damage Business Interruption**



Business Interruption – Current Topics

❖ Challenges

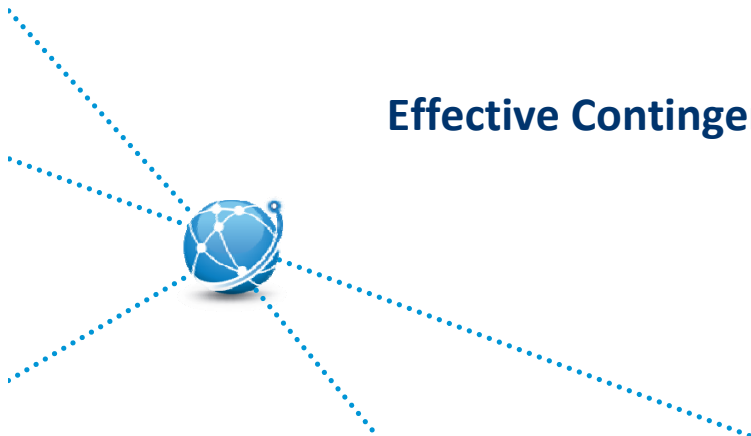
Practical Issues – transport, access, etc

Claims Handling Resources

Reporting and Claim handling

Impact away from the affected area

Effective Contingency Planning



Business Interruption – Current Topics

❖ Policy Cover

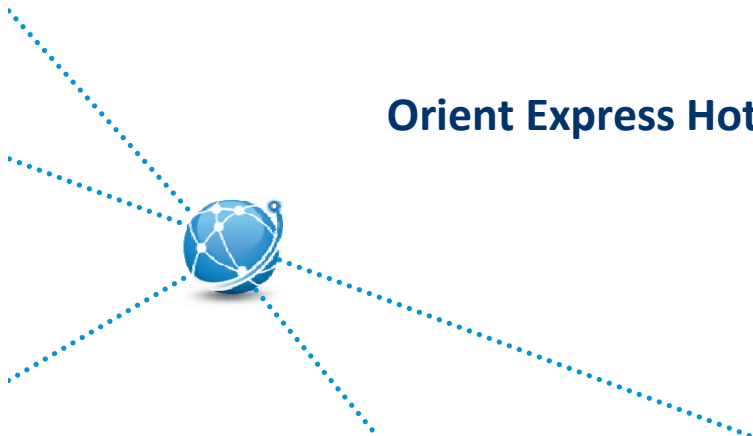
Adequacy of limits

Cover for remote impact – Contingent Business Interruption

Deductibles

Damage -v- Loss

Orient Express Hotels case



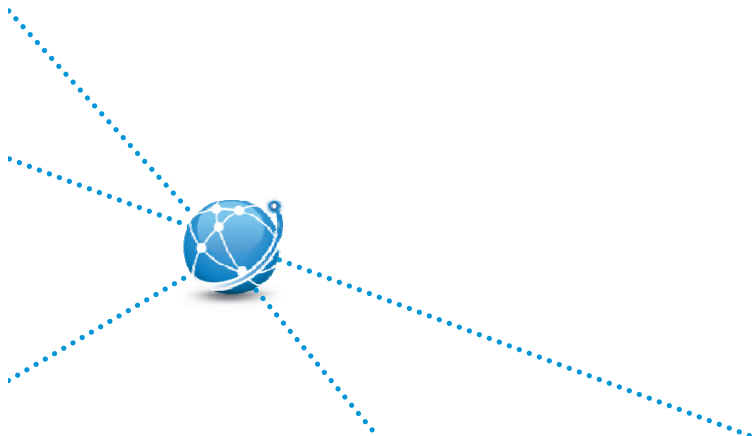
Business Interruption – Current Topics

❖ Future Activity

Learn from current incidents

Update policy covers / limits and sums insured

Forward Planning / Resilience



Business Interruption – Current Trends

❖ Questions



2011/10/25