

PURI CRAWFORD PULSE



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October 2013

Chairman Speaks

By: **Mr. G. Srinivasan**, Chairman

Dear Readers,

Over the past editions, we have talked about our future and present however this time I wish to roll back to where it all started, as *"One must plan for future, act as planned in present however must not forget the learning's from history"*.

It goes without saying that having clearly defined strategies and implementation plan are critical to the success of any business. Change management provides a solid framework to the strategic direction of an organization. At PCIS our team has always strived to produce excellence. In order to take PCIS from a performance-based entity to an organization that is recognized as the best in the loss adjusting segment. We have re-engineered our organizational structure and made some strategic changes to drive the very culture of our organisation.

Mr. Ashutosh Shukla will take over the entire responsibility of operations as CEO and will be ably supported by Mr. Munish Prashar who will be in charge of overseas business along with operations of Northern and Eastern region. He will be the international face for PCIS as Deputy CEO. Mr. A. K. Wanikar will elevate as President and will be responsible for the quality and development of operations in Western and Southern region. The above changes become effective from October 1st 2013. We have also made a value addition of Mr. Sandeep Yadav as HR Manager for PAN India. He will also play the role of a change sponsor for PCIS by deploying his expertise from his experience and international exposure.

I wish them all best of luck for their new roles in **PCIS**.

Happy Reading & Enjoy October Edition!!!!

PCIS Delivering Change

By: **Mr. Anuj Puri**, Managing Director

Loss Adjusting is an important feature of the insurance business. When the claims are simple and easy to handle, insurance companies can usually solve them on their own. However, if the claim submitted by the insured is complex, then insurance companies bring in loss adjusters to assess validity of the claim. In other words, there will always be a need for adjusters. A loss adjustment firm that can continuously adapt to a rapidly changing financial service industry will always have a clear advantage over less efficient competitors.

The financial services industry is booming in India and quality improvements are continuously leading to higher customer satisfaction and cost management that result in improved profits. Service sector firms are continuously compelled by the evolving nature of their markets to provide improved service in an increasingly competitive marketplace. The increasing complexity of the business environment requires speciality services firms to constantly examine their service delivery processes and to find new ways and means to offer value.

A successful loss adjusting firm should at all times be able to demonstrate that, it can constantly provide value in the resolution of claims.

At PCIS, I am proud that we have a competitive team to meet this objective. Over the last few years, there has been a disturbing drop in the quality of staff recruited by many loss adjusting firms. This has a negative impact on the quality of service provided to insurers. While we are fortunate to have the best people on board, we cannot be complacent about it - we must ensure that we consistently hire and retain the best talent in the industry.

A big factor in retaining talent is motivation. Without motivation, failure is certain and with it, success is always just round the corner. Motivation is and should always be infectious - you can do the work of two people, but you can't be two people. Instead, you have to inspire the next person down the line and get him or her to encourage his / her team members. Motivated employees equal quality work and loyal customers thereby, adding value to business and enhancing growth & profitability of the company.

We have been privileged to have one such loyal & exceptional leader with us all through in **PCIS - Mr. G. Srinivasan**. As, an acknowledgment of his outstanding leadership, we have elevated **Mr. Srinivasan** to lead our business as **Chairman of PCIS** and to act as mentor and provide direction to the growth of the company. Through his leadership & excellent people management skills, Mr. Srinivasan has shaped the next set of leaders for PCIS whom we can all look up to. These three brilliant team members have contributed immensely to the success of PCIS with their focus, hardwork & dedication. We have accordingly appreciated their efforts by elevating them to the next level of leadership. Accordingly, **Mr. Ashutosh Shukla** will be our **CEO**, **Mr. Munish Prashar** will take charge as **Deputy CEO** and **Mr. Anand Kumar Wanikar** will take over the position of **President** at PCIS w.e.f. 1st October 2013. Ashutosh, Munish & Anand have always made us proud with their remarkable performance at PCIS over the years and we now look forward to their skillsets & commitment in successfully leading the Firm to new avenues of growth & productivity through their new & exciting responsibilities.

The loss adjusting arena is getting very competitive. In future, it is only the highest quality of claims handling that will put firms such as ours in the 'shop window' as far as our customers are concerned. The key is to maximise the efficiency of claims handling while minimising cost. I am sure our leaders will focus on this aspect and evolve PCIS into one of the most sought after loss adjusting firms in India.

Good luck to all of you for rest of this year and look forward to your continued support & dedication.



G. Srinivasan, Chairman



Ashutosh Shukla, CEO



Munish Prashar, Dy. CEO



A.K. Wanikar, President

An insurance adjuster, a teacher and a masseuse were in a fishing boat together. All of a sudden, their boat hit a rock which tore a large hole in the bottom of the boat. To their chagrin, the trio quickly discovered that the life raft was only large enough for two occupants. A beautiful tropical island was within sight, but the water around them was infested with man-eating sharks.

While the teacher and the masseuse were discussing options, the insurance adjuster just dove into the water and began swimming towards the island. Relieved, the other two got into the raft and paddled away.

The two eventually reached the island shore and were shocked to find the insurance adjuster sitting in the shade of a palm tree sipping milk from a coconut shell. "How in the world did you get through all of those sharks?" they wanted to know.

"It was easy", he replied, sipping from the coconut, "just old-fashioned professional courtesy."

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Minimizing Business Risk with Forensic Accounting

A Loss Prevention Primer

By : **Mr. Robert D. Jones**, CBM, CFE



A regular topic for business books and magazine articles is how to be a successful entrepreneur. A single good idea, some capital and hard work can still lead to significant or extraordinary business success. By investing capital in a start-up company with an innovative business model, or one that creates a popular product the public desires, a person can turn a small business dream into a burgeoning reality.

So let's say your business is growing well, the return on your investment is occurring sooner than expected and everything seems to be running on track. Based on strong current and forecasted performance you make a strategic decision to expand and upgrade your infrastructure, hire new salespeople, and streamline the distribution of products.

After years of dedicated effort your dream of turning your small business into something bigger and better seems to be coming true — until you receive an anonymous letter stating that one or more of your long-time employees are stealing from you. An initial reaction of shock and disbelief may have you asking yourself a rhetorical question: "How could this happen? Most of my front office staff has been with me from the beginning of the company and are completely trustworthy." While you were planning to grow your business and taking the steps to fulfill that dream, you omitted a very important preventive step, one that many companies may not consider until after the damage has been done. For a growing business investing in an employee fraud prevention program should be a priority, and it's one that is often overlooked when an owner is dealing with the dozens of other factors affecting an enterprise.

Employee fraud is most likely to happen when internal controls are overlooked by management and/or circumvented by the fraudster(s). No matter the size, every business needs to protect its assets. By investing in implementing and maintaining a proactive loss prevention program, a business can minimize its risk. More specifically, by enlisting the help of forensic accountants to assist with the implementation of a loss prevention program, a business can grow while limiting the potential for employee theft.

Forensic accountants may have a variety of professional designations and credentials. They are Certified Public Accountants, Certified Fraud Examiners, and sometimes even private investigators. The types of commercial crimes they investigate are classified as "crimes against property". They may assist a business owner in a variety of ways. First, they can conduct an in-depth review of financial books and records of the defrauded business, specifically, the internal financial control system. Then they determine the method of defalcation and calculate the financial quantification of the loss. Finally, personnel files may be reviewed and employee interviews are conducted in the search for clues and factual evidence which may be incorporated in a comprehensive report along with supporting expert testimony.

Often, internal accounting and financial controls put in place by a company can either close or open the door to fraud. Forensic accountants are trained to look for "aspects of internal controls that can be breached", or the "opportunity". Classic examples are situations where one person handles all of the company's cash or accounts receivable, or takes care of all bank deposits or payments to suppliers and vendors. Placing multiple financial duties in the hands of one employee creates a greater opportunity to steal by creating an environment where theft is easy and consequently more attractive. Fraud experts agree that three elements are typically present with internal fraud; motive, opportunity, and rationalization. Knowing and understanding these three elements — which create the "fraud triangle" — can aid significantly in the discovery and prevention of fraudulent activity.

Because the reputations of individuals and companies are at stake, forensic accountants must be very discreet when conducting their investigations. They must be independent and impartial, taking into account both the financial records and employee behavior. Because fraudsters work hard at hiding their crimes, forensic accountants must look beyond the initial numbers of the company's financial records; external sources of financial data must be examined as well. A thorough knowledge of investigative databases is necessary for the purpose of determining the suspect employee's lifestyle. For instance, a public record search may reveal the employee owns numerous residences, cars, boats, and investment land. All of this wealth was accumulated on a moderate salary—which is not likely and is a strong, possible indication of fraud. Additionally, the company's and the employee's bank records can often quickly reveal a clear pattern of illicit activity.

This information on the tangible assets of the subject can be helpful to the insurance company and the defrauded business for the purposes of possible monetary restitution for the amount of stolen money.

In summary, forensic accountants are more than just number crunchers; they are researchers, investigators and analysts. They can assist the claims professional and defrauded company in a variety of ways. They know how to conduct investigations, navigate various computer programs and public and private data sources, and clearly and professionally communicate their findings. They exist to solve problems and help the insurance, legal, and corporate communities.

Doctrine of Wind Turbine

By: **Mr. Prasad Sankhe**, Head – Pune

Wind turbine reminds me of the beautiful view of breezy Vankusawade wind farm in Satara Maharashtra which I happen to visit with an insurer friend on a claim. It is situated about 1,150 metres above sea level and is the biggest wind power park of India. Looking at the scenic view of the park he said

This is the heavenly place where I would like to have a complete day out with my family & friends’.

Wind power offers an economical and green alternative to generate energy in an era, where economies are struggling with conventional resources of energy. India has the fifth largest installed wind power capacity in the world and the demand is increasing periodically. This makes it inevitably important for us to understand the wind turbine as a risk to be covered. This is a small effort to understand this machine.

A wind turbine is a machine which converts the kinetic energy into mechanical energy. If the mechanical energy is used directly by some other machinery, then such a machine is called a windmill. If the mechanical energy is converted to electricity, the machine is called a wind turbine or wind energy converter (WEC).

The basic components of a wind turbine are as follows:

1. **Blades** – Most turbines have either two or three blades. These are generally made from Glass Reinforced Plastic (GRP). They capture the wind's energy, spinning a generator in the nacelle.
2. **Nacelle** – houses a generator, gearbox and some of the control electronics.
3. **Gearbox** – converts the rotational speed of the rotor for the generator
4. **Generator** – converts rotational movement to electrical energy.
5. **Transformer** – converts electricity for transmission down the tower. The transformer can also be housed inside the wind turbine tower itself.
6. **Tower** – usually lattice or tubular structure, supporting the nacelle and rotor. Typical tower heights are 60-80m. Cables run down the tower taking the electricity from the generator at the top, into the ground and then onto a connection point to the grid. Lifts or ladders allow maintenance crew to access the nacelle.
7. **Base** – a concrete base acts as the foundation for the structure.

With this section, I have made an effort to throw some light on basic identification & application of its components, which will help us in identifying the risk aligned from a business point of view.



Definition and terminology – National Fire Protection Association, USA

Source : **NFPA**

Bunkering –	The loading of a ship's bunker or tank with fuel oil for use in connection with propulsion or auxiliary equipment.
Fuel Gas –	A gas used as a fuel source, including natural gas, manufactured gas, sludge gas, liquefied petroleum gas–air mixtures, liquefied petroleum gas in the vapour phase, and mixtures of these gases.
Fuel Oil –	Any liquid or liquefiable petroleum product burned for the generation of heat in a furnace or firebox, or for the generation of power in an engine, exclusive of oils with flash point below 38°C (tag closed-cup tester) and oils burned in cotton-or-wool-wick burners.
Fuel Modification –	Any manipulation or removal of fuels to reduce the likelihood of ignition or the resistance to fire control.
Heating Value of Fuel –	The caloric, thermal, or heating value of a fuel is the total amount of heat generated by the complete combustion of a unit quantity of fuel, expressed as kJ/kg for liquid fuels and MJ/Nm³ for gas fuels.
Liquefied Petroleum Gas (LPG) –	Terms “liquefied petroleum gas,” “LP-Gas,” and “LPG” that are synonymous and include any product composed predominantly of any of the following gaseous hydrocarbons: propane, propylene, butane, isobutane, butylenes, or a mixture thereof.
Manufactured Gas –	All gases made artificially or as by-products, as distinguished from natural gas; applied particularly to a utility send out.
Natural Gas –	Natural occurring mixtures of hydrocarbon gases and vapours, the more important of which are methane, ethane, propane, butane, pentane, and hexane.
Purging –	The process of supplying an enclosure with a protective gas at a sufficient flow and positive pressure to reduce the concentration of any flammable gas or vapour initially present to an acceptable level.
Refinery Gas –	Any form or mixture of gas gathered in refinery from the various Units.
Residual Hydrant –	The hydrant that is used for measuring static and residual pressures during a flow test.

Floods Tropical Storm Trami

www.crawfordandcompany.com
Date: 28 August 2013

A combination of tropical storm Trami (local name "Maring") and the seasonal monsoon (local name "Habagat") brought over 30 inches (750mm) of rain to parts of Luzon Island, Philippines since Sunday, 18 August 2013. Metro Manila and its surrounding provinces of Cavite, Laguna, Rizal, Bulacan, Pampanga, Zambales and Bataan all experienced heavy flooding.

At one point on Tuesday, 20 August 2013 about 60% of Metro Manila was said to be flooded. By Wednesday, 21 August 2013, a combined rainfall of more than 42 inches (1,050 mm) was reported to have occurred in some areas, while Metro Manila received about 30 inches (750mm) of rain causing widespread flooding. The heavy rainfall and flooding began to subside on or before Thursday 22 August.

We have established a team of adjusters from our Manila & Cebu offices who are responding to flood claims for insurers at industrial parks and commercial complexes in the affected areas. We are also working closely with our Asia Pacific regional management office in Singapore to determine what additional adjusting resources are needed to assist our response for the insurance market.



Residents pack up their food stands to prepare for tropical storm Trami in Taipei. Taiwan closed offices & suspended flights on Wednesday to brace for the storm. (AFP/Mandy Cheng)

Strategic HR- An Introduction to Evolution

By: **Mr. Sandeep Yadav**, HR Manager



With a warm welcome, I have been given an opportunity to handle a strategic position of HR Manager India.

In a time, when the world is in the midst of a tumult in business atmosphere and changing business practices. Where, organisations are focused on talent management, operational excellence, cutting access cost, elevating investment returns and building corporate leadership. What is also changing is the leadership and culture that HR is responsible for managing, is not anymore a leadership and culture confined within the walls of a company.

Human resource itself has been experiencing stern changes in the last decade, where its role has evolved from an administrator to facilitator, executor to designer of business strategies and educator to developer. Human resource strategies have grown and changed dramatically from functional strategies in the 1980s and capability strategies in the 1990s to today's result-oriented strategies. Strategic shifts in HR reflect changing labour market conditions and new business thinking. Research suggests in the future there will be a need for improved contributions from HR in business strategy, including ethical and cultural leadership. It's no more a question of managing at micro or macro level, or to choose between process or people management style. For an HR the challenge lies in balancing them, while keeping in mind, the very reason of its existence "PEOPLE".

Human resource has transitioned from an administrative function to the prospect of being a robust strategic leader. With the motivity towards HR strategic leadership capabilities, the demand from HR to expand their leadership skills and competencies including business acumen are rising. Ultimately, the future of HR may well depend upon the degree to which it adds value to the organisation.

With a lot changing around, it becomes significantly imperative for human resource to, not just concentrate on, inside the wall management but also to think out of box and play a pivotal role in business strategy.

In PCIS, my role is of a change sponsor, an administrative expert and an employee champion. The role demands more than just implementing processes or handling workforce. This strategic position calls for a higher magnitude of focus on areas that add value to the organisation and proactive participation on strategic matters. The HR team is working on developing HR goals overarching organisational objectives. In order to take PCIS to the next level, as our Chairman Mr. G. Srinivasan mentioned, PCIS management is working towards increasing employee engagement, shaping talent as competitive advantage, institutionalising a leadership culture, re-engineering organisation as capability rather than structure, work/life balance, developing a talent pool and exploring new avenues. Some of the high magnitude focuses of HR include, developing HR strategies, leading change, aligning HR processes and designing a rigorous performance management system.

As a preparatory step towards transformation, we recently conducted PCIS employee engagement survey and I must admit, I am surprised to see the results and level of participation.

We have also conducted introductory HR sessions with all our branches to understand the ground reality. Looking at the first impression report, I am sure the dedication and passion of our valuable stake holders to drive excellence, will lead us to, what we are destined for.

Management Lessons

Once, a hare challenges a tortoise for a race, looking at the lead he stops to relax and falls asleep.

Hare, after getting knocked down by the tortoise realized that he lost due to his overconfidence and carelessness. So, hare decided to change his approach and challenged the tortoise for a race again. This time hare made an effort till the end and registered a win by several miles.

Moral: It's good to be slow and steady however, it's better to be fast and reliable with focus and consistency.

The tortoise did some soul searching and realised that, there isn't a way to beat hare in the current course of race so, he challenged hare with a different route through a river. Hare keeping his commitment to be consistently fast didn't stop until the river bank. Surprised hare, couldn't go any further. In the meantime tortoise trundled along, swan through the river & wins the race.

Moral: Know your strengths and take on your competitors in areas of your core competency.

By the end, they became good friends and did some thinking together. Finally, they decided to race as a team. Where, this time hare carried the tortoise to the river bank and tortoise swan with hare on his back through the river. They felt a greater sense of satisfaction and accomplishment than before.

Moral: Teamwork supersedes situational leadership.

Management Lesson: Strategic changes can deliver better results in changing environment.

