

Business Interruption Training Series

Webinar – Module 7

The Claim Process

25 October 2017

Introduction

- ❖ Welcome
- ❖ The Presenters
- ❖ The Steadfast / MSM Webinar Series
- ❖ The Webinar Tools
- ❖ The Agenda

Presenters



Paul Davidson

MSM Loss Management



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MSM Loss Management



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MSM Loss Management

The Steadfast / MSM Webinar Series

- ❖ **April 19** Introduction to Business Interruption
- ❖ **May 8** Business Interruption – The Fundamentals
- ❖ **June 13** Declared Values/Sum Insured – How to do the Calculation
- ❖ **July 19** Indemnity Period and Common Steadfast Endorsements
- ❖ **August 31** Insuring Payroll – What are the Options?
- ❖ **September 21** Traps and Pitfalls
- ❖ **October 25** **The Claim Process**
- ❖ **November 22** The Year in Review

Access to Previous Presentations

1. www.msmlm.com
2. 'Our Services'
3. 'Training and Risk Workshops'
4. 'MSM and Steadfast Webinars'

www.msmlm.com home page

OUR SERVICES

OUR TEAM

FSRA DOWNLOADS

ASIA PACIFIC

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TOOLS



Australia and Asia Pacific's preferred provider of business interruption, economic loss consulting, litigation support, claims management, forensic accounting and related support services

CPD Points

- ❖ The name you enter when registering will appear on your certificate:

Please use your full name when registering

- ❖ If you are joining in groups, you still need to register everyone attending and please advise Carol Gobrial via email:

carolg@steadfast.com.au

Agenda

- ❖ Measures of Success
- ❖ Key Roles
- ❖ The Claim Process – Phase 1:
 - Insurer Notification
 - Appointment of Advisors
- ❖ The Claim Process – Phase 2:
 - Policy Response – Decision on Indemnity
- ❖ The Claim Process – Phase 3:
 - Cost Capture
 - Claim Preparation
 - Claim Settlement



MEASURES OF SUCCESS

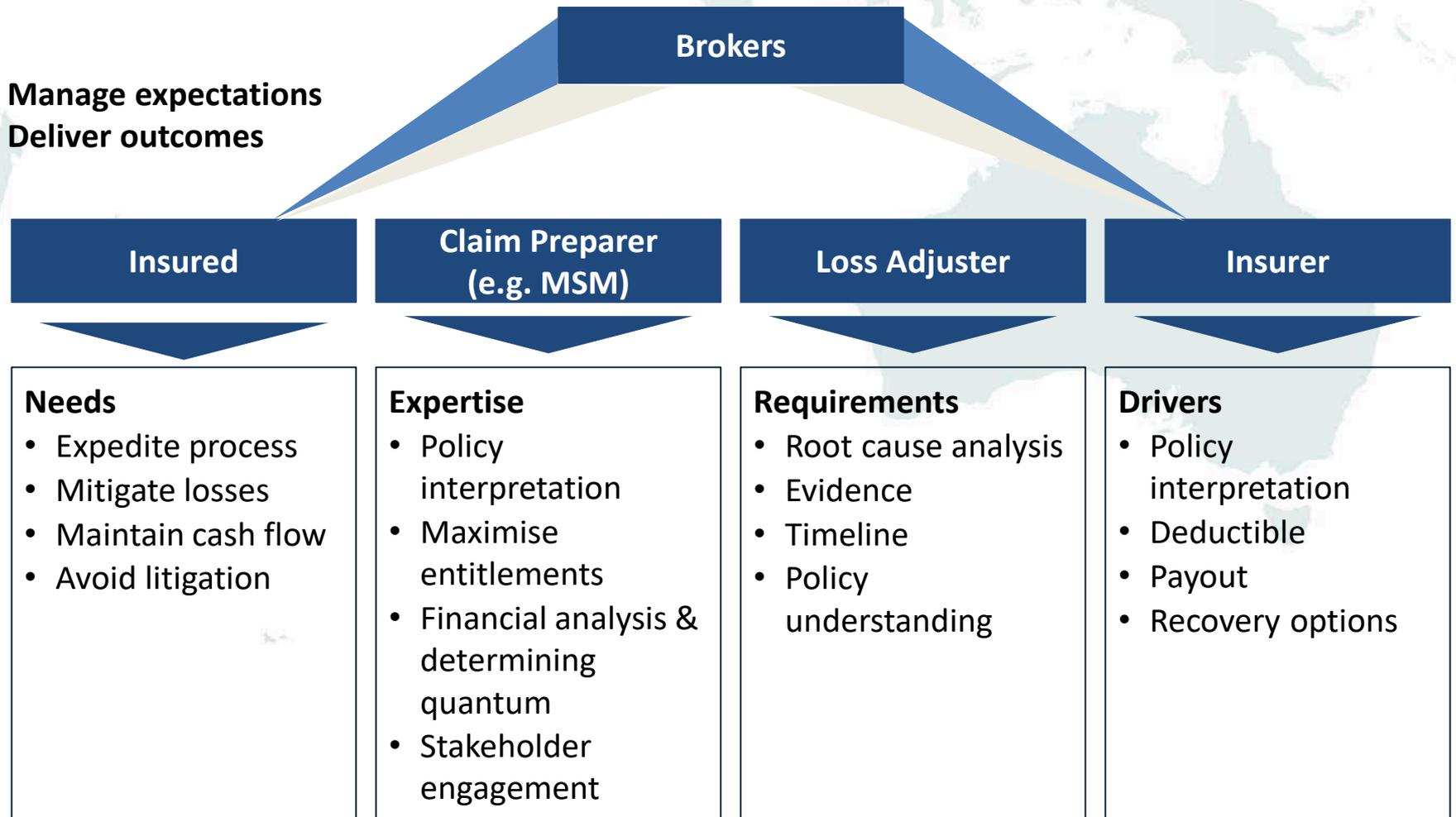
Measures of Success

- ❖ Maximum entitlements are obtained for the Insured
- ❖ Timely advice allowing informed decisions on critical issues such as recovery actions and payroll decisions
- ❖ Proper management of the claim process to ensure cash flows are maintained (interim payments) and time-frames controlled
- ❖ Minimise the impact to the business and free up management resources to concentrate on operational issues
- ❖ Commercial settlement is achieved in the shortest possible time-frame



KEY ROLES

The Key Roles



The Broker

- ❖ Advise Insured on claim process
- ❖ Introduce Claim Preparers
- ❖ Advise Insured on policy response
- ❖ Manage Insured – Insurer relationship
- ❖ Manage Claim Preparers
- ❖ Preserve credibility and integrity of Insurer
- ❖ Ensure performance from Insurer and Loss Adjuster
- ❖ Intervene in disputes between Insured and Insurer / Loss Adjuster

The Claim Preparer

- ❖ Complements Broker's claims management service
- ❖ Appointed and paid by the Insured
- ❖ No conflict of interest
- ❖ Costs usually part of claim
- ❖ Effective loss management
 - Survival and successful recovery

The Claim Preparer

Primary Role

- ❖ Advise Insured on loss mitigation and claim preparation
- ❖ Participate in reinstatement planning
- ❖ Monitor selection of contractors and consultants
- ❖ Quantify and document claim
- ❖ Liaise with Insurer / Loss Adjuster
- ❖ Present progress and final claims
- ❖ Assist in final settlement
- ❖ Assist in resolving disputes
- ❖ Keep Broker fully informed

The Claim Preparer

Secondary Role

- ❖ Assist with crisis management
- ❖ Assist with business recovery
- ❖ Provide project management support
- ❖ Info for banks, creditors, suppliers, customers, staff, lawyers, accountants, etc. with client approval
- ❖ Handle uninsured losses
- ❖ Pursue uninsured recoveries
- ❖ Litigation support

The Loss Adjuster

- ❖ Appointed by Insurer
- ❖ Reports to Insurer
- ❖ Paid by Insurer
- ❖ Pre-loss nomination - larger Insureds
- ❖ Should be independent and impartial
- ❖ Does not prepare claims

The Loss Adjuster

Primary Role

- ❖ Investigate circumstances
- ❖ Establish cause
- ❖ Estimate loss reserve for Insurer
- ❖ Liaise with Insured / Claim Preparer
- ❖ Recommend progress and final payments
- ❖ Confirm final settlement within terms of Policy
- ❖ Represent Insurer in claim settlement process
- ❖ Advise Insurer on matters relating to claims
- ❖ Assist Insurer with subrogated recoveries



THE CLAIM PROCESS – PHASE 1

The Claim Process

Phase 1 – (The First Week)

- ❖ **Insurer notification**
- ❖ Appointment of advisors
 - Loss Adjuster
 - Claim Preparer
- ❖ Agree communication protocols
- ❖ Emergency / temporary repairs / protection and preservation of property
- ❖ Factual investigation / proximate cause analysis

The Claim Process

Phase 1 – (The First Week)

- ❖ Insurer notification
- ❖ **Appointment of advisors**
 - **Loss Adjuster**
 - **Claim Preparer**
- ❖ Agree communication protocols
- ❖ Emergency / temporary repairs / protection and preservation of property
- ❖ Factual investigation / proximate cause analysis

Appointment of Advisors

Loss Adjusters

- ❖ Appointed by the Insurer
- ❖ Work for the Insurer

Claim Preparers

- ❖ Appointed by the Insured
- ❖ Work for the Insured
- ❖ The earlier the appointment, the better

The Claim Process

Phase 1 – (The First Week)

- ❖ Insurer notification
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 - Loss Adjuster
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The Claim Process

Phase 1 – (The First Week)

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- ❖ **Emergency / temporary repairs / protection and preservation of property**
- ❖ Factual investigation / proximate cause analysis

The Claim Process

Phase 1 – (The First Week)

- ❖ Insurer notification
- ❖ Appointment of advisors
 - Loss Adjuster
 - Claim Preparer
- ❖ Agree communication protocols
- ❖ Emergency / temporary repairs / protection and preservation of property
- ❖ **Factual investigation / proximate cause analysis**



THE CLAIM PROCESS – PHASE 2

The Claim Process

Phase 2

- ❖ **Options for reinstatement**
- ❖ Policy response – Decision on indemnity
- ❖ Input to assist setting reserve
- ❖ Maintain cash flow – Interim payments

Options for Reinstatement

- ❖ Improvements / betterment?
- ❖ Alternative location?
- ❖ Claim Preparer to keep the Loss Adjuster informed

The Claim Process

Phase 2

- ❖ Options for reinstatement
- ❖ **Policy response – Decision on indemnity**
- ❖ Input to assist setting reserve
- ❖ Maintain cash flow – Interim payments

The Claim Process

Phase 2

- ❖ Options for reinstatement
- ❖ Policy response – Decision on indemnity
- ❖ **Input to assist setting reserve**
- ❖ Maintain cash flow – Interim payments

Setting the Reserve

- ❖ Generally the role of the Claim Preparer with assistance from Insured
- ❖ Don't be rushed!
- ❖ Better to provide a high estimate
- ❖ Don't forget increased costs

The Claim Process

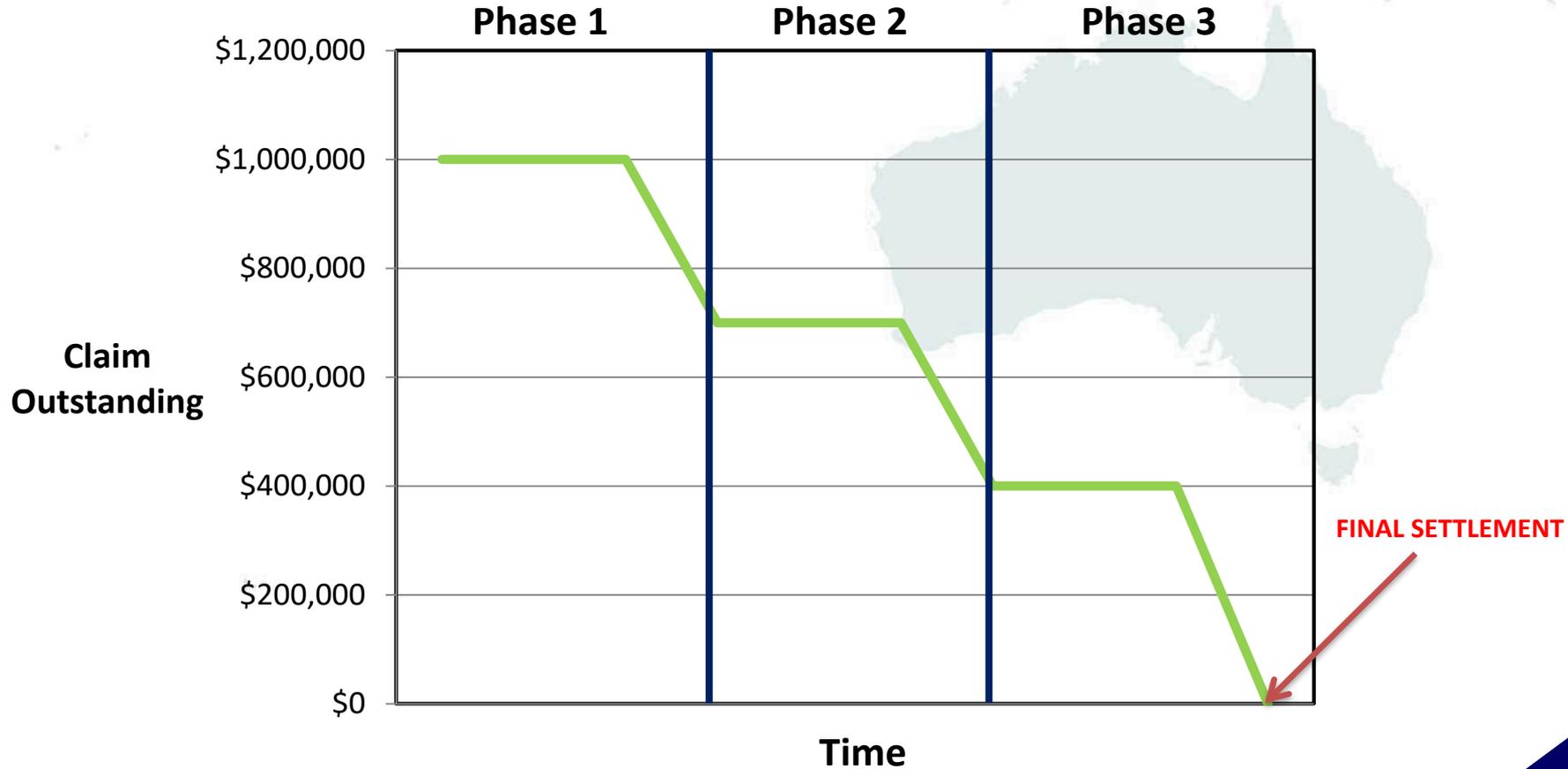
Phase 2

- ❖ Options for reinstatement
- ❖ Policy response – Decision on indemnity
- ❖ Input to assist setting reserve
- ❖ **Maintain cash flow – Interim payments**

Interim Payments

- ❖ Fixed costs – employees, interest
- ❖ Agree with Adjuster to have Insurers to pay up front for large items such as a deposit on replacement equipment or building milestone payments
- ❖ Claim Preparer will work with the Loss Adjuster to agree a payment process

Interim Payments





THE CLAIM PROCESS – PHASE 3

The Claim Process

Phase 3

- ❖ **Compilation and provision of data**
- ❖ Establish all Policy limits – Update claim estimate
- ❖ Claim preparation
- ❖ Maintain cash flow – Interim submissions/payments
- ❖ Claim settlement

The Claim Process

Phase 3

- ❖ Compilation and provision of data
- ❖ **Establish all Policy limits – Update claim estimate**
- ❖ Claim preparation
- ❖ Maintain cash flow – Interim submissions/payments
- ❖ Claim settlement

Policy Limits

- ❖ Early identification of limits
- ❖ Keep Insured informed
- ❖ Claim Preparer to work with the Loss Adjuster to revise total claim estimate as required

The Claim Process

Phase 3

- ❖ Compilation and provision of data
- ❖ Establish all Policy limits – Update claim estimate
- ❖ **Claim preparation**
- ❖ Maintain cash flow – Interim submissions/payments
- ❖ Claim settlement

Claim Preparation

- ❖ Financial analysis to determine claim quantum
- ❖ Capture of all costs and determination of inclusion in claim
- ❖ Claim preparation is ongoing throughout the claim
- ❖ Multiple interim claims can be prepared to ensure cash flow
- ❖ Information required can change depending on specific circumstances of the claim
- ❖ Claims should be prepared by experienced Claim Preparers

Cost Capture

The Heads of Loss

What is Covered

Loss of Gross Profit resulting from

- A Shortage in Turnover
- Increased Costs to avoid Shortage in Turnover

AICW to avoid Shortage in Turnover and/or resume normal business operations

Professional Fees

(Claim Preparation costs – Sections 1 and 2)

Cost Capture

Loss of Gross Profit

- ❖ Financial Statements e.g. Profit and Loss statements
- ❖ Budgets and Forecasts

ICW and AICW

- ❖ Invoices of additional costs incurred
- ❖ Financial Statements e.g. Profit and Loss statements

Professional Fees

- ❖ Invoices of costs incurred

The Claim Process

Phase 3

- ❖ Compilation and provision of data
- ❖ Establish all Policy limits – Update claim estimate
- ❖ Claim preparation
- ❖ **Maintain cash flow – Interim submissions/payments**
- ❖ Claim settlement

The Claim Process

Phase 3

- ❖ Compilation and provision of data
- ❖ Establish all Policy limits – Update claim estimate
- ❖ Claim preparation
- ❖ Maintain cash flow – Interim submissions/payments
- ❖ **Claim settlement**

Claim Settlement

- ❖ Losses agreed – final settlement
- ❖ Commercial settlement
- ❖ Insurer Disputes and Resolution Centre
- ❖ Financial Ombudsman
- ❖ Legal representation

The Claim Process Traps and Pitfalls

**Insured must
act as a
“prudent
uninsured”**

Traps and Pitfalls

- ❖ Not involving/advising/updating the Loss Adjuster and Insurers
- ❖ Setting unrealistic expectations on outcomes
- ❖ Multiple channels of communication
- ❖ Allowing the Insured to prepare the claim and run the process

Steadfast Technical Helpline

1300 76 67 67

- ❖ Steadfast provides all Steadfast brokers with a free Technical Helpline Service
- ❖ MSM operates the Helpline and provides advice on:
 - Commercial and Business Packs as well as ISR
 - Sums Insured or Declared Values
 - Claims
 - Non-legal technical help across all commercial files

❖ Call 1300 76 67 67



The Steadfast / MSM Webinar Series

Don't miss the next Webinar

November 22 - *The Year in Review in the Context of Claims*

- ❖ Attitude and approval of Underwriters: claim and industry specific issues
- ❖ The Loss Adjuster Profession
 - Changes in practice
 - Approach
 - New competition
- ❖ Tips for 2018



THANK YOU FOR ATTENDING