CHARTING THE COURSE

Navigating Your Risk

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PRESENTS

Mitigating Loss Costs Through Improved Claims Handling Processes

Overview

Q. "What do Risk Managers want to see out of a large loss???"

A. "Please pay everything we want, AND don't apply this loss to our "Experience" at renewal time."

Casualty vs. Property Loss:

Casualty – Time Consuming and Low Severity

Property – Infrequent and Higher Severity

WE GOT IT! WE GOT IT!... WE DON'T GOT IT!

- *Paying attention to and investigating small matters*

A GROUP HUG

- *Work with your adjusters*
- *Disclose and discuss*
- *Control or ask for control*

THE BIG GUNS

- *All losses are not created equal*
- *Bring in the right experts for the right task*
- *Think outside of the box*

THE ANTIQUE ROAD SHOW – How much is it worth? Let's get an Appraisal

- *Working with the appraisal process under the Insurance Act to resolve contentious losses with Insurers in an economical and timely fashion*

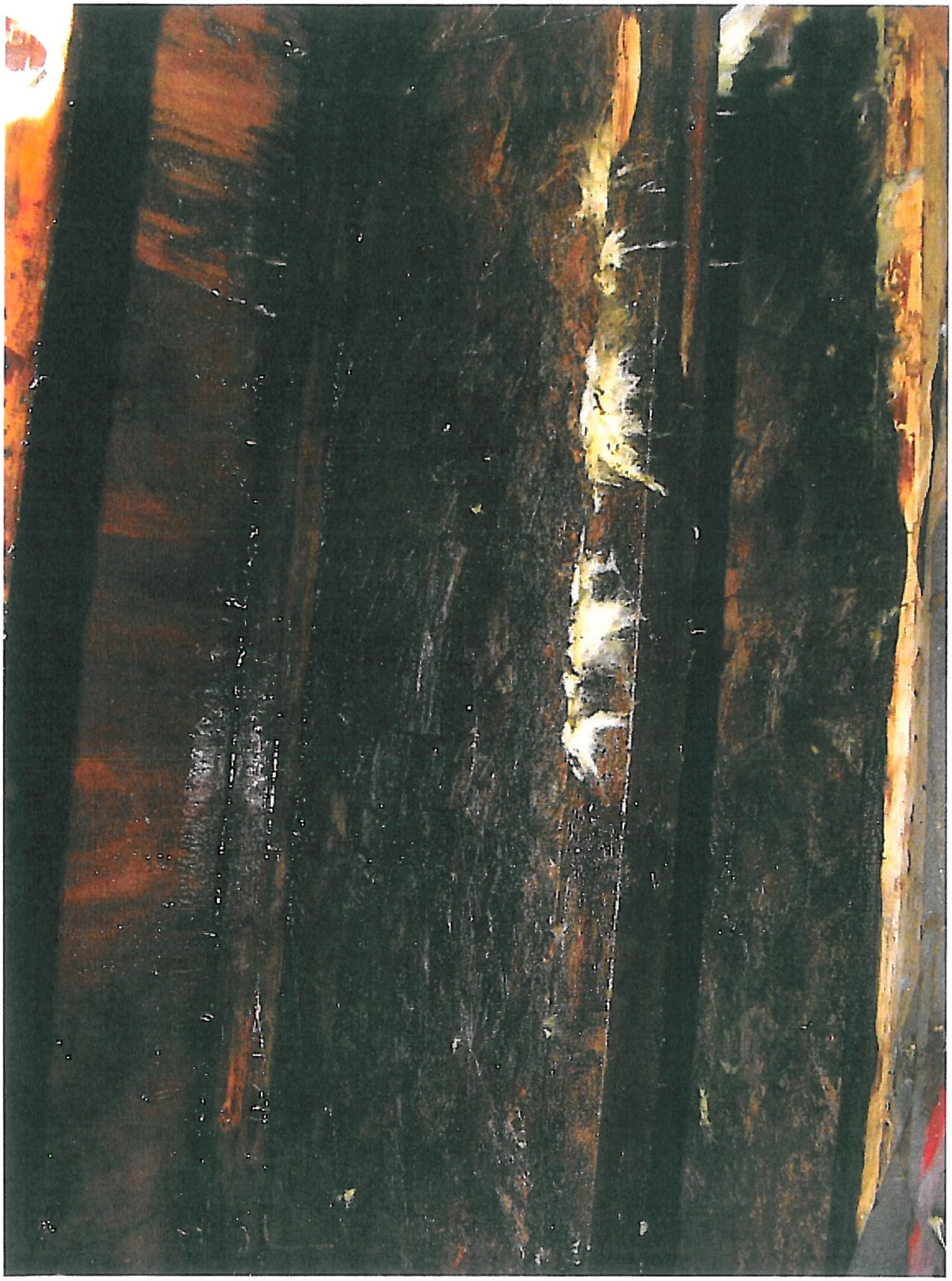
WE GOT IT! WE GOT IT!... WE DON'T GOT IT!

Independent Living Facility

- *A relatively minor damage scenario is ignored or downplayed by the facility*
- *Damage progresses and when brought to attention of risk management, continues along the same path assuming if the staff at the involved property were not concerned, then it must not be that big an issue*

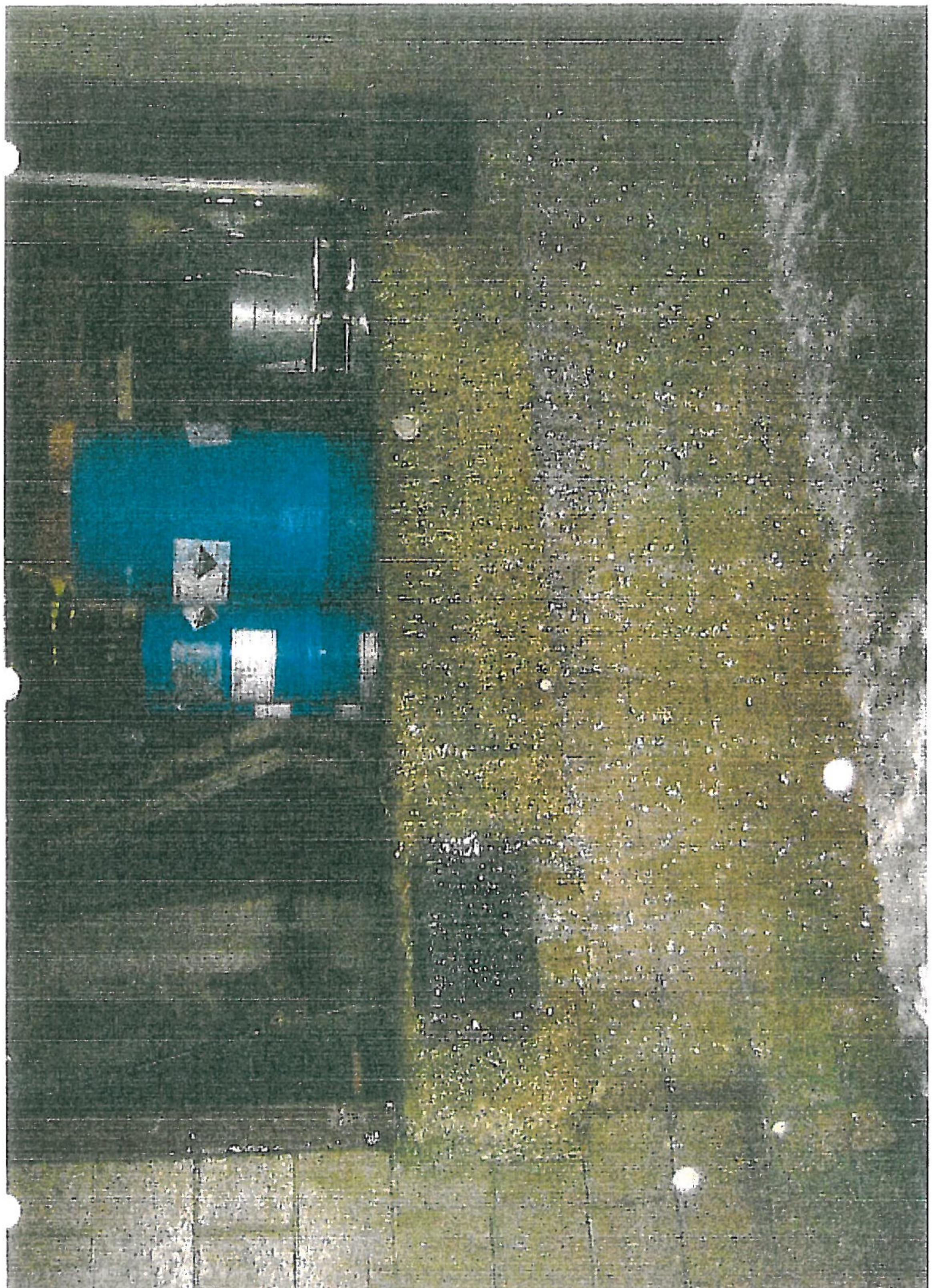
We Got It…continued

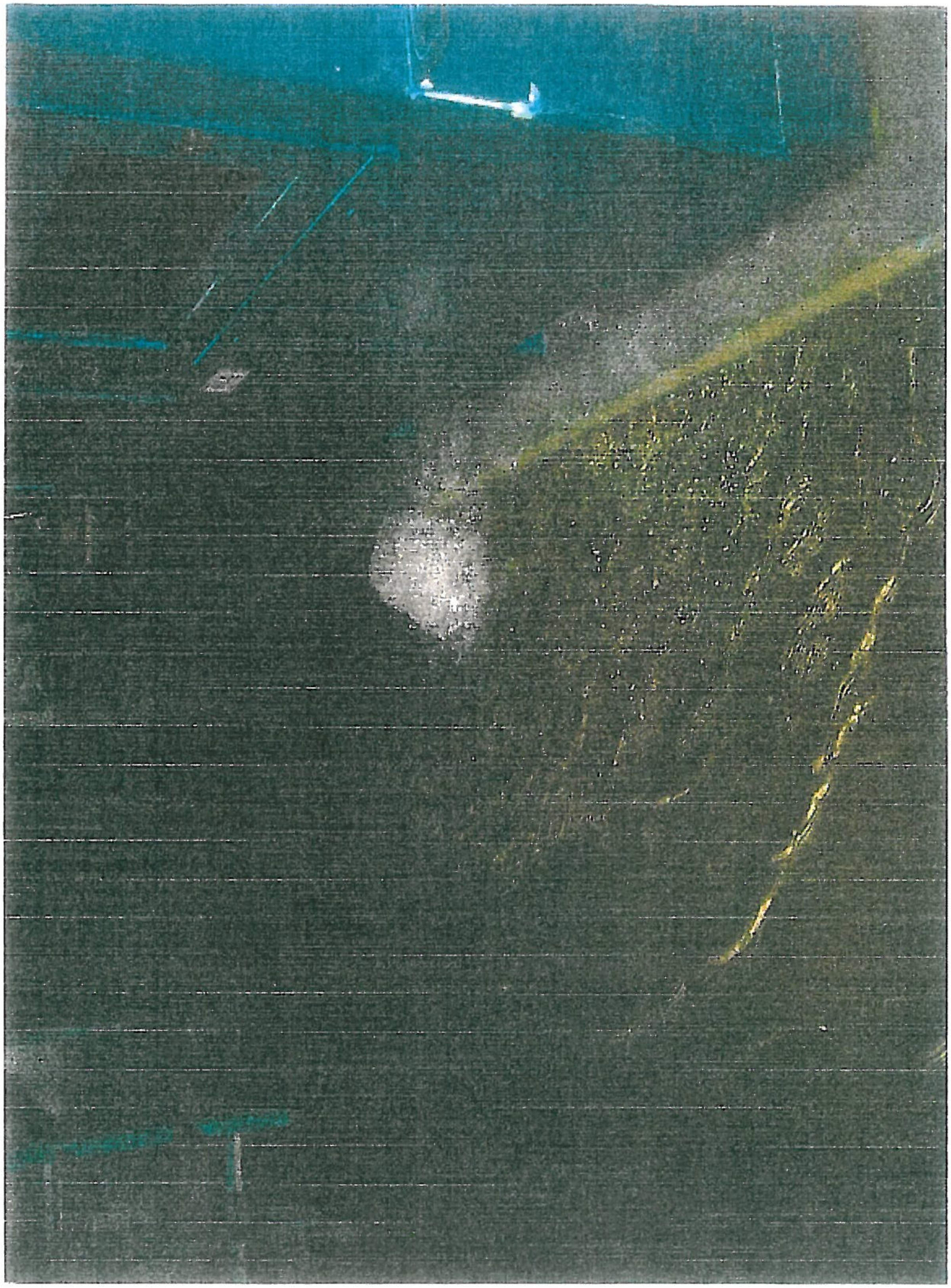
- *Consider it possible wear and tear or deterioration*
- *Deteriorates to the point of crisis at which point it now has the potential to severely impact financials*
- *Hopes of insurer as "White Knight"*
- *Potential financial impact may now require explanation to senior management*



A GROUP HUG

- *Adjusters must ask the questions*
- *When appropriate, there must be open and free-flowing exchange of information and documentation*
- *Designate a team with a single point person*
- *Avoid and be wary of "we are looking at that and will let you know"*
- *We all love surprises…just not the bad ones*





A Group Hug continued

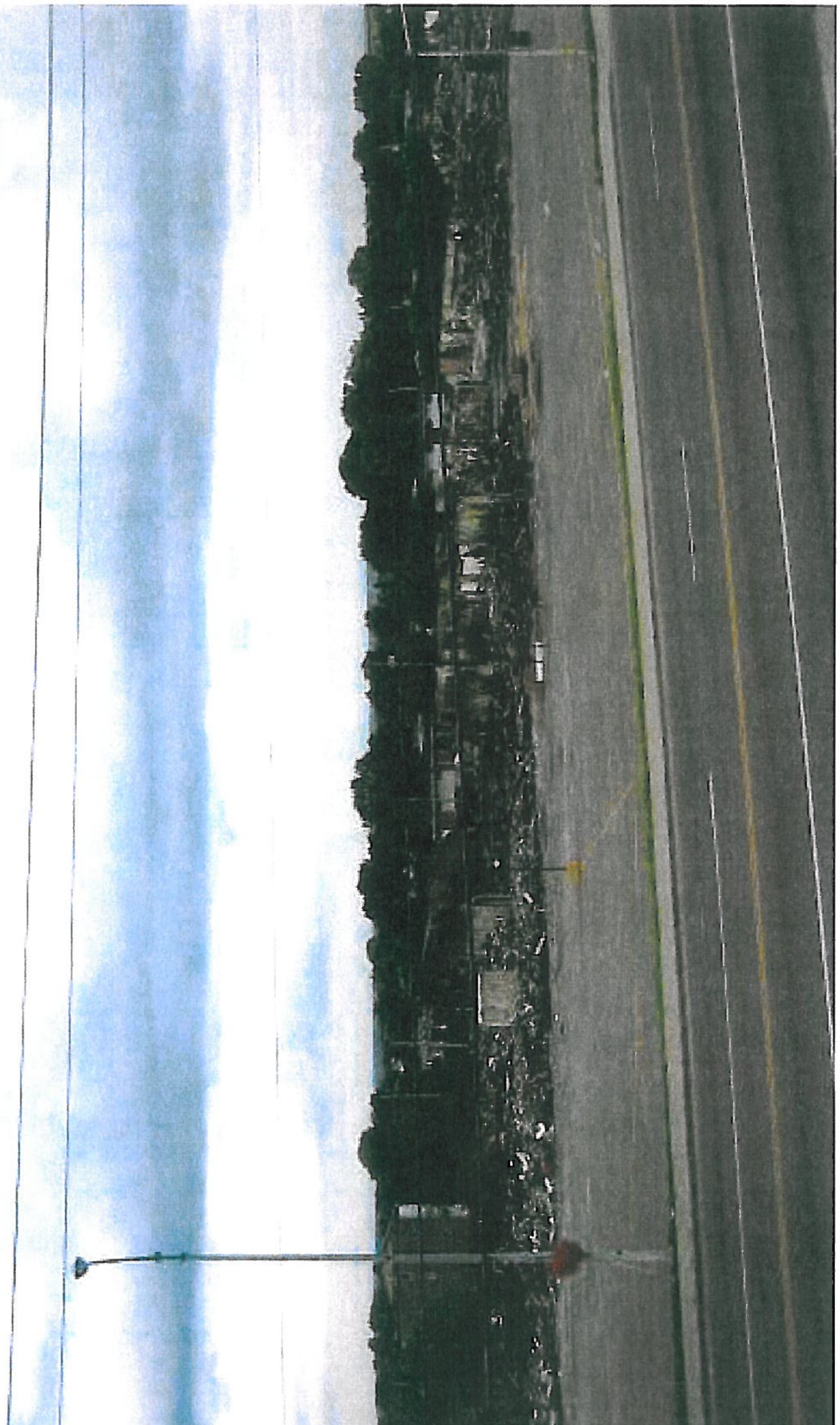
The scenarios

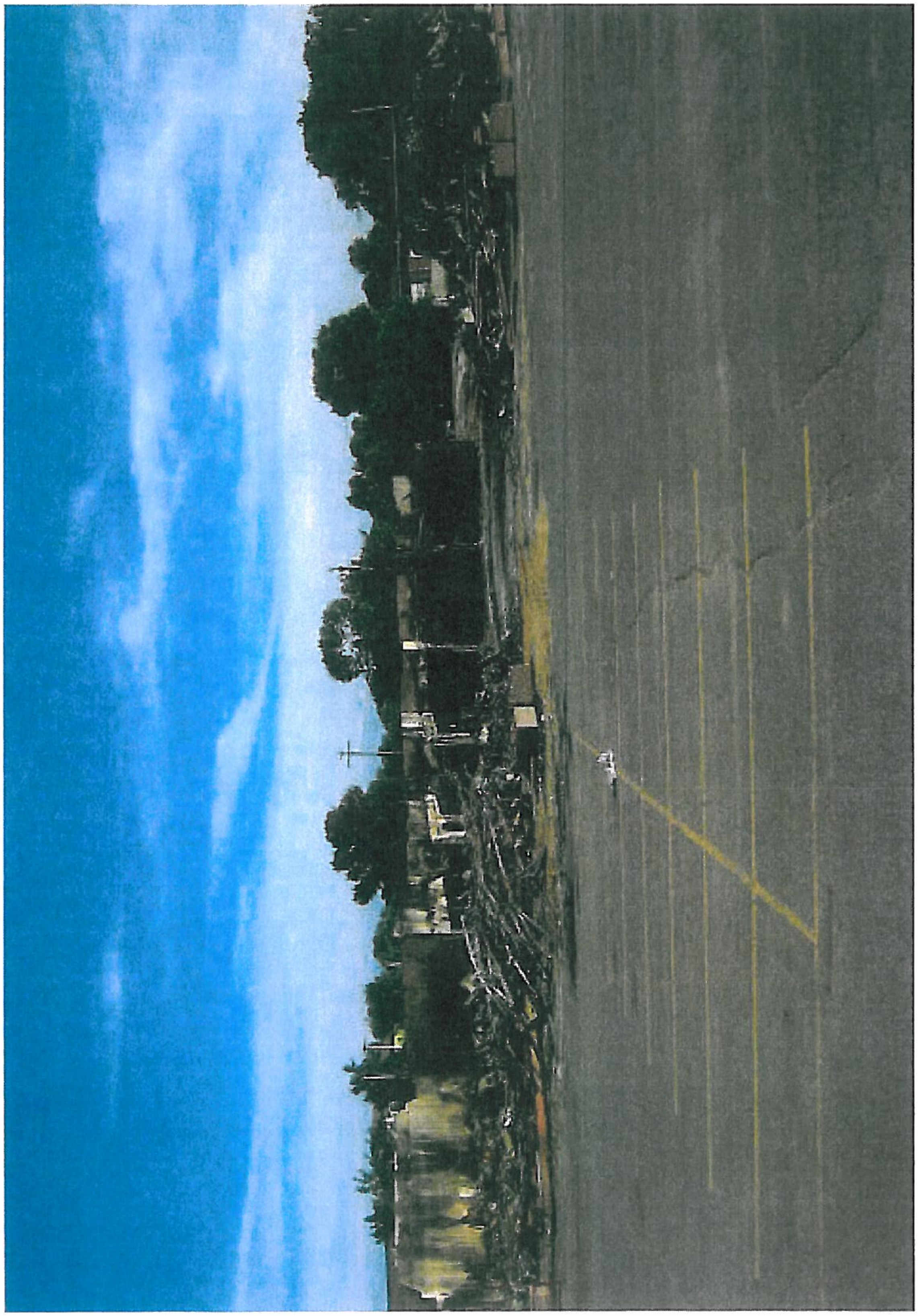
- *Concentrating on one aspect of a loss and then the other shoe drops*
- *POED = small*
- *BI/EE = large*

- *If the resources are limited then ask for advice on oversight*
- *Keep control on the players*

THE BIG GUNS

- *The industry has an army of qualified "Insurance Contractors"*
- *What they provide is not always what we as an industry need*
- *Large and/or complex building and construction damage*
- *When we have a loss that doesn't fit the mould, got a new mould*





The Big Guns continued

- *If you are a shopping plaza, who builds shopping plaza?*
- *If you are a school or hospital, who is building those?*
- *You know more about your business than your adjuster. Lend them that knowledge*
- *Restaurants*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THE ANTIQUE ROAD SHOW

- *What are Insureds and Insurers to do when they have really reached an impasse on the extent and quantum of damage?*
- *Litigation is extremely expensive and adversarial*
- ***Alternate Dispute Resolution** (ADR) can be slow and non-binding*
- *Both sides can elect "**Appraisal**" pursuant to the "**Insurance Act**" - Ontario*

Antique Road Show…continued

- ***The Process and Requirement***
  - *A Proof must be filed first*
  - *The election must be made in writing*
  - *Each side selects their “**Appraiser**” within 7 days*
  - *Within 15 days the “**Appraiser**” must agree on an “**Umpire**”*
  - *If an “**Umpire**” can’t be agreed upon, an application to a Judge can result in the Judge appointing one*
  - *Appraisers must meet first to try and resolve the issues*

Antique Road Show…continued

- *Should the appraisers fail to agree, then each side submits their "**Appraisal Brief**" to the umpire and a hearing date is set*
- *At the hearing each side presents their respective cases. The umpire will provide his/her position on the items and if 2 of 3 parties agree, it becomes binding*
- *Appraisal decision are very unlikely to be overturned by a court*
- *Entire process can take as little as 2 – 3 months*

Antique Road Show…continued

- *Dangers*
  - *Finality*
  - *Personalities*
  - *Lack of clarity or interpretation*

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THANK YOU FOR ATTENDING THE

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ENJOY THE REST OF YOUR CONFERENCE!

Risk and Insurance Management Society, Inc.®