

We'll stand by you



91% of respondents have secured an increased payment for a claim on behalf of a client following an initial lower offer from the insurer

A major BIBA member survey has found that brokers can make a substantial difference to their clients' claims experiences, as **Rachel Gordon** reports

It is often said that claims are the shop window of general insurance, but it seems that it is brokers who provide the best results on behalf of their customers, while those who have bought direct may well find they leave empty-handed.

BIBA recently surveyed some 350 of its members and found that an astonishing 91 per cent said that, in the past year, they had secured an increased claims settlement following an initial offer from an insurer.

BIBA's Chief Executive, Eric Galbraith, says: "Brokers are focused on their customers and the last thing they want is someone – who potentially may be devastated by what has happened – to then have to start battling with an insurer. We certainly know it is a tough market for insurers and that in some cases, there may be issues with a claim, but we know our members will intervene if they believe a claim settlement offer is not fair."

But are insurers concerned that brokers are overstepping their boundaries? This is a sensitive area and there are certainly more than a few cases of brokers threatening to pull accounts if a claim is not paid – which, if the claim is not justified, is a form of coercion.

Assistance

David Williams, AXA's Claims Director, comments: "The involvement of brokers in claims is highly variable. There are plenty of cases where a good broker will assist with providing information and support the client and we would encourage that. But trying to

block speaking to the client when we need to find out details, or demanding to see every piece of correspondence, is not helpful. The question has to be: What value is the broker bringing?"

He adds that all insurers could probably do more to ensure brokers are kept fully up-to-date on a claim if they request this. "There are many claims handled quickly and competently that brokers have no involvement in. And if there is too much interference, then the broker could even delay matters. If the broker is not a claims expert, they could also confuse the client. A broker must add value rather than simply try and justify their existence."

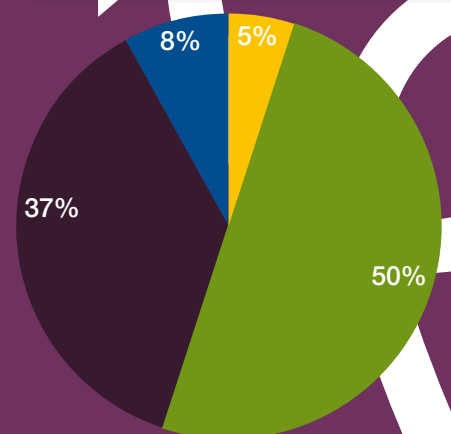
And Phil Bird, Groupama's Director of Claims, adds: "It depends if they can assist. Brokers may well get involved in a useful way if there is a large commercial claim because these are more complex and frankly, this business can be more valuable. But many are also confident of the insurer's service – and taking a hands-off approach can be absolutely fine for the customer."

Alan Hornby, Manager with Grimsby brokers Sutcliffe Solloway, says his firm frequently speaks to insurers to assist with clients' claims, both large and small, for commercial and personal lines. "Yes, our involvement has increased. One case that springs to mind is where a customer lost an antique ring. Although it was on the schedule, the insurer only offered her a quite unsuitable replacement through a high street jeweller.



What is the average percentage uplift on claims that you regularly negotiate on behalf of a client?

0-10% 10-20% 20-30% +30%





“The fact is that brokers are claims professionals and treat claims seriously”

“There is too much emphasis on the insurer’s preferred supplier – but not everyone wants this. Several weeks later, we secured a cash settlement and she was able to buy another ring from a local jewellers who specialised in antique jewelry. If she’d been on her own, she said she’d have given up.”

Andrew Higgins, Claims Executive for broker The Alan Boswell Group, formerly worked for an insurer – and so has brought valuable experience to his clients. He says he welcomes the opportunity to have ongoing contact with clients when they are most in need of guidance and that this is not a deskbound job – he often visits companies who have experienced losses.

Alan Boswell is a broker who takes claims support seriously and has a team of 10. He comments: “It’s usual for us to negotiate on behalf of clients – and I would say it’s an increasing trend. We recently ensured that a declined agricultural claim was overturned, resulting in our client receiving £30,000. A farming client had their barn damaged, but the insurer tried to avoid paying out – citing various reasons, including a delay in making the claim and that the damage was not covered under the wording. We visited the farmer, re-presented the claim and the original decision was overturned. The farmer was so delighted he has passed on our details to two other farms we don’t currently insure.”

Insurers may argue that brokers are not claims professionals – this is certainly not the case with a number of larger firms.

Chris Sydenham, Claims Director at London broker, Tysers, says: “The fact is that brokers are claims professionals and treat claims seriously. It is a core broker role to ensure that clients’ claims are settled quickly and efficiently. Brokers must be fully aware of the intimate details of the cover under the policy, as well as the regulatory environment in which we all now operate.”



He sees claims support as being all part of the service: “Brokers expect

their clients to know their business and, by the same token, clients are entitled to expect brokers to fully understand insurance. If the claim is managed properly, the broker’s involvement should free up time, enabling the client to focus on his business rather than on the minutiae of the claim.”

And he is a firm believer in claims specialist brokers being experts in their roles. “Brokers are likely to be more aware than clients of recent relevant case law, as well as current market practice, which is of particular benefit when there are grey areas of coverage. The recent spate of piracy incidents off Somalia provides a good illustration. Brokers have worked with marine and kidnap and ransom insurers to establish basic ground rules for the ransom payments where there have been conflicting views of the recoverability of these expenses under the different policy forms.”

Loss recovery

Brokers have always intervened on behalf of their clients, but their workload in this area is now rising. There is no doubt that the recession is making insurers scrutinise claims more closely – some 58 per cent of the surveyed brokers said they were having to fight harder to get claims paid.

A larger broker is likely to have in-house claims professionals. However, for smaller provincial firms, the work of helping clients prepare claims, negotiating higher settlements and seeking to overturn a repudiation could well now be handled by broking staff who are far more used to providing cover.

One option is to recommend loss recovery insurance, which provides claimants with a dedicated adjuster who works on the client’s behalf. John Sims, Lorega’s Chief Executive Officer, says: “Brokers often do not have the time to work extensively on claims. A Lorega Adjuster ensures they are kept in the loop however – and the broker knows the client is





94%
of respondents
overturn a
claims rejection
occasionally or
often

42%

58%

in safe hands." An alternative is to work with a claims specialist, such as Balcombe Group, a company which has sought to build relationships with brokers over many years.

Balcombe's Marketing Director, Nigel Parker, says: "We are used to being called on by brokers to assist with complex claims – where it is vital that the client receives a high level of expertise and support. We work closely with the broker – in fact, as part of their team – to ensure there is complete understanding of the policy wording and we can handle any necessary site visits, ensuring the adjuster's work is accurate and challenging it if necessary. We're well aware brokers are doing more to assist their clients with claims – and this can be time-consuming – in areas such as business interruption, it can also be extremely complex. We can help to take the load off them, ensure the client has quality representation and there is the best settlement possible."

Fraudulent claims

Meanwhile, John Sims says some insurers can be negative about brokers' roles – and accuse them behind the scenes of being "control freaks" and as being "little more than post-boxes."

"They should also be careful if discussing interim payments. But many brokers often influence insurers positively and they are absolutely right to take a supportive role and be there if the client needs them."

Meanwhile, as recent ABI figures show, insurance fraud is on the rise – it estimated there has been a 30 per cent increase in

Have you had to fight harder on behalf of clients to get claims paid during the recession?

Yes No



fraudulent claims, to £730 million. Insurers will argue more fraud means there needs to be closer investigation of suspicious claims.

Phil Bird comments: "If they have awareness of a criminal act, then brokers have a legal duty to report it. Where they just have suspicions, then it is more difficult, it very much depends on how accurate they feel these are – and if they feel fraud is likely, then it is good practice to speak to the insurer." David Williams adds: "We've had some brokers prove very helpful in this area and no one in the industry wants to encourage fraud – and, a broker could run into regulatory trouble if they did not act on fraud and we would consider cancelling the broker's account in these cases."

Finally, the relationship between brokers and loss adjusters has historically not always been an easy one – and at worst, can be adversarial.

However, GAB Robins says it is seeking to work more with brokers. Robert Binning, Director of the adjuster's major and complex loss service line, says: "Brokers can play an important role in ensuring claims run smoothly and efficiently. Their relationship with their client is a vital component in this respect. A broker attending meetings is seen to be supporting his client and furthermore can help to explain issues and decisions being made about the claim, perhaps more effectively than the adjuster can on their own. They know the client, but also appreciate the specific requirements of the policy, so can be helpful."

He adds GAB Robins previously ran a number of surgeries for brokers in flood-affected areas where they were able to discuss outstanding claims and explore how these could be settled quickly. "These surgeries also provided the opportunity for adjusters to get

feedback from brokers on the claims process and potential areas for improvement. We are now developing this further with an initiative to work with brokers focused on effective management of the claims process, reducing cycle times and improving communications."

BIBA is determined to show how brokers are prepared to put in an enormous amount of work on occasion to ensure their clients are treated fairly. There are always going to be two sides to every claim – and certainly not all are black and white. But one aspect is certain, if a good broker is on the case – and it's viewed as a genuine one – then insurers need a very good reason for turning it down.

Members can obtain a copy of the full report from our website: www.biba.org.uk