

Insurance solutions for ATaC members

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Introduction

- Economic Outlook
- Claims statistics
- The Insurance Cycle
- Common causes of claims
- Managing Risk - How to Avoid Claims
- Claims procedures – what should be notified and when ?
- Things to remember

Economic Outlook

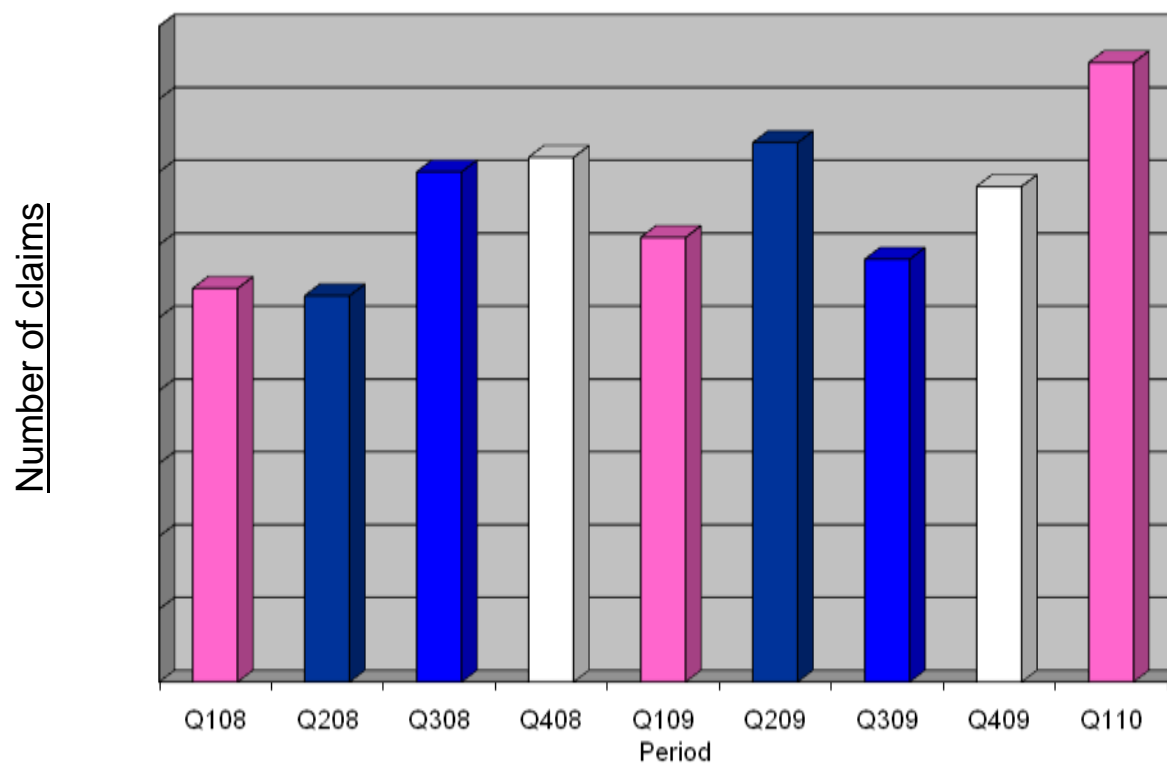
What is the insurance market's reaction to the downturn?

- There is a sign of rate rises for some industry sectors. This however does not currently extend to the LABsure scheme.
- The market cycle has moved as expected, however factors are different to previous markets
- Insurers investment income is down
- Claims are up and expected to continue rising
- Insurers look to offset losses by increasing premiums
- Signals for a “hard market”, not seen yet except for valuation surveyors and solicitors

Claims

New claims across Howden Retail's clients (2008 – 2010)

Expect claims to continue rising for at least the next year



Insurance Cycle

Market Hardens

- Less competition
- Insurers exit market
- Capacity reduces
- Increase in Reinsurance costs
- Increase in PI claims

- Premiums rise
- Greater risk selection
- Restrictive policy wordings
- Decreased Losses
- Higher underwriting profits

Market Softens

- Reduced reinsurance costs
- New insurers enter market
- Increased competition
- More capacity
- Lower premiums

- Insurers exit market
- Underwriting losses
- More successful claims
- Broader policy wordings

Common causes of claims

- Failure to understand your clients needs
- Operating outside core expertise
- Client's expectations not met
- Lack of supervision
- Delays
- Sub consultants not adequately insured
- Fee disputes

Managing Risk – How to Avoid Claims

- Use explicit terms of business
- Ensure scope of services are clear
- Limit liability under contract
- Accounting procedures
- Documentary evidence of sub-consultants insurances
- Ensure that work is adequately supervised

Claims Procedures – what should be notified and when?

- Every policy wording will have a claims notification condition
- **Any claim-**
- Verbal or Written
- A threat to sue or seek compensation (even though you may think that there are no grounds)
- **Any circumstance which may give rise to a claim-**
- An error that only you know about
- A complaint where if it were true the client could be entitled to monetary compensation (even though the quantum is within your excess)
- If in doubt consult your broker

Claims Procedures – what should be notified and when?

- Do not be afraid to notify claims or circumstances
- Do not respond to any correspondence without consulting your broker
- Draw on the experience of the claims team for advice
- Do not admit liability or agree to settle a dispute without prior consent of insurers
- Do not incur legal costs without your insurer's consent
- Read your policy wording

Things to remember

- **Your broker** - do they have sufficient expertise?
- **Claims** - ensure that your broker and insurer have an experienced, in-house claims resource
- **Retail versus Wholesale** - Shorten the chain of communication, particularly important when dealing with claims
- **Read your policy wording** - LABsure designed specifically for you industry
- **UKAS Accreditation** - superior claims history
- **Control** – proactively manage the renewal process
- **Communicate** – you pay your broker to provide advice
- **Budget** - obtain premium guidance when planning

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