

Column

Loss management: More professionalism, more partnership

In the event of a loss, many companies are not able to cope with the situation. They often improve the situation for the worse only and thus endanger their insurance cover. However, not only the policy holding industry is called upon to improve its claims management. Insurers should not let down their customers.

When a damage occurs, the policy holder's behavior often gives cause for disputes with insurers e.g. about which loss minimization measures would have been necessary. In this discussion insurers find arguments for a reduction of coverage payments or for a complete refusal of cover.

The first 48 hours after the initial damaging event decide on how difficult the damage settlement will become. In this period of time, mistakes do actually happen frequently and a loss becomes a major loss, typically for example, because a pure property damage results in an additional business interruption damage due to wrong immediate measures.

Many companies erroneously believe that insuring a risk means that the preparation for a possible damaging event has already been completed. In many, particularly medium-sized companies, there is no regular institutionalized exchange between risk managers, inhouse brokers, legal department, PR department as well as business and technical experts to plan the reaction in case of loss.

What are possible damage scenarios within my company? How could the company be able to continue operations or return to operation as quickly as possible despite the

damage? Which obligations have to be met towards the insurer before, during and after a damage in order not to endanger insurance cover? Every company should ask itself all these questions. Nobody likes to spend time on unpleasant and improbable scenarios. But it is usually too late to start searching for answers when the damage occurs.

It becomes even more difficult for the company which is already managing the costly and time-consuming damage if it also has to cope with a suspicious insurer. Loss adjusters commissioned by insurers often rather seem to search for exclusions instead of really supporting the claim settlement. This destroys confidence.

Surprisingly, afterwards, insurers do often know exactly which loss minimization measures would have been necessary. Such belated instructions are not helpful. Especially in case of a complicated loss, policy holding companies do not need additional opponents. They need partners helping quickly and unbureaucratically e.g. with an early cover note and with technical and organisational expertise.

Hence, not only the industry has to catch up when it comes to professional loss management, also insurers have to rethink their role if they wish to remain attractive for customers. They should not regard themselves as mere cover providers but rather as partners of their policy holders. Recently, this seems to fall into oblivion.

Last but not least, also the brokers as first contact person for their industrial customers are called upon to extend their services within the loss management. Already existing programs which support customers in loss prevention should - also in their own interest - be extended by brokers and insurers and should be connected with incentive schemes for damage prevention and damage preparation.

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