Within the space of 12 months, global politics has shifted on its axis in unforeseeable ways. For example, the U.K. has triggered its exit process from the European Union. Crawford recognizes this and will continue to support our customers as they adjust their business models and adapt to the changes Brexit presents.

Weather-related risks are nothing new, but continue to be severe and unpredictable. Crawford adjusters are currently on the ground in Queensland, Australia responding to businesses and communities affected by Tropical Cyclone Debbie. While major storms, earthquakes, floods, landslides and other natural catastrophes have always tested us, their impact in a globalized world facing multiple macro challenges (climate change, population growth and urbanization amongst them) are amplified.

Technological advances have created emerging and evolving risks. An increasingly connected world offers immense opportunity for business, but with it comes new and unforeseen cyber exposures. Regulation and stricter legal frameworks prevent excessive risk taking and ensure high standards of quality are met across industry sectors, yet also increase compliance pressures for our insurance and corporate clients.

As we look to the future, both as an organization and as part of the wider insurance industry, it is clear that we must seek to embrace change and innovate to better serve our customers, and provide more specialized products and services that reflect an ever-changing risk landscape. While we change, we must also be mindful of our traditional role of supporting our communities, particularly during times of loss and uncertainty.

Crawford moves forward with an acute focus on service excellence. The speed of our response is critical, especially in a world where everything moves quickly. We recruit employees who are empathetic, customer-centric and technically competent, and who approach all situations with humility. This creates the best possible experience for our customers and results in the delivery of top quality services that will continue to be the cornerstone of our company and our brand.

Harsha V. Agadi
President and Chief Executive Officer, Crawford & Company
Global

Major cities in path of $30 billion volcanic loss

Cities could be at risk of economic losses of as much as $30 billion, according to findings from global reinsurer Swiss Re, with one in seven of the world’s largest urban areas – and more than one billion people – located within a 150-kilometer radius of an active volcano.

The findings are based on data generated by the firm’s new global volcano model – the world’s first – which assesses the risks posed by 100 active volcanoes.

Cities such as Tokyo, Naples, Manila, Massa and Jakarta have significant exposure to volcanic eruption – a risk that is still largely uninsured. Currently, Swiss Re says, only Iceland has compulsory insurance for volcanos.

Elsewhere the risk is largely uninsured.

“Global urbanization gathers pace, the protection gap for volcanic hazards widens,” says Jayne Plunkett, CEO for Reinsurance Asia at Swiss Re. “But economic disruption and large-scale economic losses for people and businesses locally are only one part of the picture. For example, in the case of any large-scale eruption, supply chains would be affected around the world, causing both economic and social disruption.”

In 2010, Swiss Re says, the volcanic ash clouds caused by the eruptions of Eyjafjallajökull in Iceland resulted in the cancellation of 107,000 flights and cost the airline industry alone $2.7 billion.

If such an event hit a major city, the economic costs and potential damage could be enormous, it added. Volcanic eruptions can cause damage to plants and production facilities, cut power lines and close transport hubs – all of which can “choke a country’s economy.”

Economies and businesses must prepare for the risks posed by volcanic eruption, the reinsurer stated. For example, evacuation plans must be in place to help those who may be displaced. And building codes and zoning laws should take potential ash falls into account.

Also, plans are needed to keep economies going if major airports, ports or airports that could take over if a main hub is closed should be identified. And the availability of financial resources, including insurance, should be considered to help rebuild and reconstruct after an event.

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Also, plans are needed to keep economies going if major airports, ports or airports that could take over if a main hub is closed should be identified. And the availability of financial resources, including insurance, should be considered to help rebuild and reconstruct after an event.
Disaster communications has had a significant impact on disaster preparedness and post-disaster communications. When Hurricane Katrina breached the levees in New Orleans inundating large parts of the city, much of the devastation in the immediate aftermath was unknown. The only news coming out of the city was broadcast via traditional news networks with helicopter footage showing images of mass chaos and looting. Meanwhile, federal and state officials blamed one another for a poor response that left thousands stranded and waiting for help for days. When Hurricane Matthew threatened the Florida coast in early October last year, it was clear 11 years had made a notable difference. “One particular tweet highlighted that brief wobble in the track likely saved Florida billions of dollars in damage,” says Steve Bowen, impact forecasting director and meteorologist. “This resulted in nearly 110,000 impressions on Twitter. The tweet was picked up by various media and industry outlets at a time when people were trying to initially determine the possible financial scope of the disaster.”

When Twitter celebrated its 10th anniversary last year, the company released a short video commemorating its role as an activist platform for world events, including the Arab Spring and the 2011 Tohoku earthquake and tsunami, among others. “Social media played a huge part in our response to the U.K.’s Cumbria floods last year,” recalls Cufley. “With accessibility to the affected areas difficult, our adjusters were able to send and receive feedback in real-time to colleagues and insurers. It also allowed us to promote our claims help centers so homeowners were able to contact us directly, and claims help centers who could assist them in those first few days after the flood.”

In many ways, the rise of social media should help mitigate the impact of future calamities, particularly for natural catastrophes everyone can see coming, such as hurricanes and as a communication tool in the immediate response following unforeseen disasters. “We live in an increasingly hectic world in which people are seeking information in short bursts of summary details, and social media is one area to highlight pending or after-event details in near real-time,” says Bowen.

As Cyclone Debbie bore down on the Queensland, Australia coast on March 27 as a strong category 3 hurricane, Twitter was alive with updates. Information regarding wind-speed, location offshore, expected track and likely storm surge enabled coastal communities to prepare for the worst. As Debbie gained in intensity, a mass evacuation was underway in the Queensland town of Mackay with real-time updates across a number of platforms. Crawford was among those reassuring clients and colleagues that it was poised and ready to respond to the disaster across its social media platforms. “Central to being able to stay on top of weather-related developments is the fact that we are continuously monitoring key news and weather-related data sources, as well as using our own mapping and analytics capabilities to establish as clear a picture as possible,” says Lynn Cufley, marketing and communications director, international, Crawford. Social media has become such an important tool in pre- and post-disaster response that it is difficult to imagine a time when Twitter, Facebook and LinkedIn were not available. Yet as recently as 2005, when Hurricane Katrina breached the levees in New Orleans inundating large parts of the city, much of the devastation in the immediate aftermath was unknown.

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Social media has become such an important tool in pre- and post-disaster response as having a profound impact, and we are working with our clients to create entirely new, far more efficient and customer-friendly processes. With billions of dollars now being invested in the insurtech space, our industry is surely on the brink of exciting and unpredictable change in the years ahead.
Hurricane Matthew began as a tropical wave off the coast of Africa on September 23, 2016. Tracking across the Caribbean, it intensified rapidly, spiking from a Category 2 to Category 5 hurricane over a 15-hour period, with wind speeds topping 160 mph. On October 1, it made fast landfall over the southeast coast of Haiti as a Category 4 storm, with successive landfalls in Cuba and Grand Bahama. Then, with wind speeds nearing 140 mph, Matthew shifted northwest and began bearing down on Florida.

“We had approximately 65 U.S. adjusters, including adjusters from the U.K. and Canada, focused on the Bahamas,” says Beverly Trice, vice president of Operations, Crawford Catastrophe Services (CAT). “At that point, most people believed the U.S. was going to take a miss on this one. But then Matthew turned towards Florida and for many, it looked as though their worst nightmare was to become a reality — this was going to be the storm we’d been talking about since 2005.”

**Watching the storm build**

Crawford had been tracking Hurricane Matthew for days in advance. Constantly monitoring all relevant news and weather alerts, as well as utilizing proprietary mapping and analytics technology, the teams staved off a potential hit.

“Several days before the projected U.S. landfall, we were modeling potential impacts up and down the eastern U.S. coast,” explains Larry Thomas, CEO of Crawford U.S. Services and Contractor Connection. “We were also conducting callouts with key clients to identify their potential needs and working directly with pre-identified network contractors to identify resources to mobilize into those areas affected as soon as the authorities provided access.”

“Trice and the CAT team were working round the clock to establish a clearer picture of the forecast loss impact for their clients. “We were using client policy information to generate numerous claims scenarios based on varying tracks, wind speeds and water levels to get a sense of how many policies might be affected, and we were sharing this information with the particular companies. We already have in place contracts stating how many adjusters we will supply or how many claims we will handle.”

“The Crawford Global Technical Services (GTS) team was also on high alert, as Rich-ard Lafayette, chief technical officer, GTS explains. “Given that the initial focus was on Florida, we put our Florida GTS team on standby and discussed their specific resource needs for their nominated accounts. Once we had established that, the next step was to contact our GTS adjuster base to determine who had capacity to assist in Florida, or wherever the storm might finally make landfall.”

“The adjusters were also in direct contact with account holders, providing advice on how to prepare and what to do in the event of a loss,” he continues. “While this was ongoing, the GTS leadership was in regular contact with our clients, informing them that we were ready to assist in the event of any losses and to set up central points of contact.”

**A pressure situation**

Predicting the movements and potential impact of Matthew wasn’t the only major challenge facing the Crawford team. With its path putting the storm on track to traverse within 75 miles of Jacksonville, Florida — the location of the Contractor Connection operations center — Crawford also had to prime its own catastrophe response and business continuity plans.

“It was a unique situation for us,” Thomas states. “We were preparing for a major catastrophe response somewhere along the eastern U.S. coastline, while at the same time preparing our offices and staff for a potential direct impact to our operations center. We had to ensure that we preserved the safety of our staff while maintaining our ability to provide 24/7 client service.”

“The potential scale of the impact was also putting adjusting resources under extreme pressure, as firms sought to ramp up their adjusting capabilities in advance of the storm hitting Florida. “We have about 5,000 fully vetted seasonal CAT adjusting employees available to us,” explains Trice. “As Matthew was developing, we put them on standby and once the storm hit the Bahamas we started pooling all of our available resources.”

“We set up our induction center in Jack-sonville and pulled the trigger on all available resources to report into the facility. The induction process enables us to get our adjusters up-to-speed, putting them through any client-specific training they might need, and providing them with any necessary technology or software.”

The Pro-Act™ team, Crawford’s response taskforce of multidisciplinary professionals, was also on full deployment. “That’s one of the many advantages of being part of such a large organization,” adds Trice, “you have such a broad pool of specialists you can tap. They bring expertise from across the company, whether that’s IT, compliance or finance.”

As Thomas points out, a key benefit of the year-round interaction between the Pro-Act team and those clients who are part of the Crawford Catastrophe Program, is that in times of peril the information you need to respond is at your fingertips. “For the Con-tractor Connection team,” he says, “this means that in many cases, we have the policy in-force data mapped out by contractor coverage, and can leverage historical storm information and weather data to anticipate potential responses and contractor needs.”

**Heading up the coast**

With Florida hunkering down and ready for the worst, a slight deviation in its forecast track mercifully saw Hurricane Matthew bar-rel up the southeast coast rather than make a direct landfall. “There was a tremendous sense of relief when it became clear that Flor-ida would not take a direct hit,” says Trice, “but there was still a great deal of uncertainty as to exactly what track the storm would take. At that point, we really couldn’t look at redeploying adjusters because frankly we didn’t know exactly what Matthew was going to do.”

“It’s tough at the best of times keeping track of a large group of adjusters when they are located in one place,” she adds, “but when you have to mobilize them over such a large area the logistics are ramped up considerably.”

As Matthew paralleled the coast, the big challenge for the Crawford adjusting team was how to get sufficient feet on the ground given that the swathe of damage caused by Matthew was now over a much broader area than had initially been anticipated.

Its track up the coast brought extensive damage to property and infrastructure in Flor-ida, Georgia, South Carolina, North Carolina and Virginia. With Crawford’s loss adjusting forces stationed in Jacksonville, a new induc-tion facility was set up in Atlanta to enable the faster placement of adjusters into the affected areas once it was safe to do so.

“Since most of the losses were scattered along the Georgia, South Carolina and North Carolina sea coast,” Lafayette states, “it was difficult moving our GTS adjusters from one state to the other given the configuration of the shoreline and the fact that there was no direct route. The type of damage also meant that while in some cases we were able to inspect affected areas within one to two days, in other areas where there had been exten-
sire flooding it was weeks before access was available to us and others to carry out initial inspections.”

“As you headed along the coast, the scale and type of damage that you were dealing with changed,” Trice explains. “In Florida, the majority of the damage was wind related – there was only limited damage from wind-driven rain, and no real damage from tidal surge. However, as you moved up the coast, and particularly by the time you reached North Carolina, there was severe flooding across wide areas.”

Rainfall analysis by NASA revealed that extreme weather in North Carolina, resulting from the storm meeting a frontal boundary, saw some 20 inches of rain drop in the state as Matthew passed. The study also reported that a slow-moving frontal system in the last week of September had already saturated the region. In fact, even by October 12 major rivers in the eastern U.S. coast were still rising. In fact, even by October 12 major rivers in the eastern U.S. coast were still rising. According to the study, the Tar and Neuse were still rising. Given the nature of the event, the Crawford team was able to start receiving assignments overnight, “explains Larry Thomas, Crawford. “Our preparation plans meant that the Contractor Connection team was able to start working South Florida on its path up the east coast. The team dealt with an expansive range of losses in the days, weeks and months that followed.”

An extensive clean-up

Given the nature of the event, the Crawford team dealt with an expansive range of losses in the days, weeks and months that followed. “Our preparation plans meant that the Contractor Connection team was able to start receiving assignments overnight,” explains Thomas, “as Hurricane Matthew began impacting South Florida on its path up the east coast.”

“The initial focus was on mobilizing our contractors for emergency service needs. These assignments ranged from removing fallen trees from buildings, emergency water extraction and emergency board-up and tarping. These services were invaluable to the policyholders as in many cases it meant that they were able to stay in their homes or keep their businesses running.”

“It also meant that we were able to ensure our clients could ‘be there when it counts’,“ says Lafayette. “We had several losses involving habitual risks such as condos, apartment complexes, churches, municipalities and golf resorts, as well as manufacturing and industrial risks. In addition to deploying adjusters along the U.S. east coast, we also had adjusters in the Bahamas and Caribbean tackling extensive wind damage to a number of luxury resorts.”

While the number of claims stemming from Matthew was considerably less than the record number of claims tackled by Crawford in the aftermath of Superstorm Sandy, what made the storm such an extreme event for the team was just how extensive the damage footprint was. “I’ve worked in the catastrophe arena with Crawford since 1979,” says Trice, “and I can honestly say that Matthew was a harder storm to manage than Sandy or many of the other large storms I’ve been involved with during my career. It was a tough storm to tackle and, given just how far the damage extended, it was certainly a very trying event for our employees who were operating under very difficult conditions and under exceptional amounts of pressure.”

“You would think that after the number of storms that I have been through over the last 38 years you would have everything down to a science,” she concludes. “But every storm brings something completely different.”

“Several days before the projected U.S. landfall, we were modeling potential impacts up and down the eastern U.S. coast”

Larry Thomas, Crawford

which is the Contractor Connection motto. Our ability to respond quickly not only mitigated any potential additional damage, but also bolstered the customer service capabilities of our clients at a time of extreme pressure. “To date, the Contractor Connection team has worked with approximately 5,000 policyholders of its clients, providing emergency services and general contracting services. For the GTS team, the range and scale of the losses required the full extent of their capabilities. “We handled wind damage to roofs and other structures, coastal flooding, as well as significant inland flooding from various rivers,” says Lafayette. “We had several losses involving habitual risks such as condos, apartment complexes, churches, municipalities and golf resorts, as well as manufacturing and industrial risks. In addition to deploying adjusters along the U.S. east coast, we also had adjusters in the Bahamas and Caribbean tackling extensive wind damage to a number of luxury resorts.”

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“The power of reinvention

FOLLOWING THE IMPRESSIVE FINANCIAL PERFORMANCE THAT CRAWFORD ACHIEVED IN 2016, PRESIDENT AND CHIEF EXECUTIVE OFFICER HARSHA V. AGADI DISCUSSES HOW HE SEES THE FIRM BUILDING ON THAT MOMENTUM

2016 proved a transformational year for Crawford, as the company firmly positioned itself for a return to top line growth. Over the 12 months, it delivered consistent financial results – a feat not achieved in recent years – and its success was recognized by investors, employees, customers and analysts alike. This progress, however, has been hard won. It has demanded a rigid focus on expense reduction, stringent cost discipline and a recognition of the need to reduce the firm’s dependence on severe weather-related events – all against a backdrop of what continues to be a highly challenging revenue environment. “Our full year results provided a clear indication of the significant advances we have made on many fronts,” says Harsha V. Agadi. “We are operating in a difficult revenue environment, but we have still been able to deliver strong operating margin and earnings growth, and moving forward we are in a much better position to deliver the financial predictability you need as a publicly-listed company.”

Delivering the numbers

In fact, for 2017 and onwards, Agadi, as CEO, has set the financial bar at five percent revenue growth per annum. “We need to be hitting that five percent target as an absolute minimum if we are to maintain a healthy business – one which is driven by new business and stimulates growth, opens up opportunities, creates jobs and generates more room for progression for our employees.”

To achieve this target, the company must be built on a strong foundation, and to create this, Crawford has identified six distinct strategic pillars to effect growth and earnings on a consistent basis.

“The first of these pillars,” he explains, “is to establish strong financial foundations. Second, we must ensure an entrepreneurial culture pervades every level of the organization as we forge new opportunities. Third, we need to increase and enhance our global capabilities, both from a products and services, and a geographical perspective.”

The fourth pillar, he explains, is excellence in execution, a pillar that will require a fanatical focus on maintaining the highest standards of service delivery, as well as being able to accurately measure that those standards are being met.

“We also need to be committed to delivering innovation in products and services across the board,” he adds. “We must be looking at opportunities to break new ground each and every year. And finally, we need to be a fully sales-driven organization. That means we must be constantly looking for ways to provide more products and services to more insurance carriers and Global 2000 companies.”

Expanding the touch points

Agadi is not a CEO who is looking to drive change from afar. He is very much hands-on in executing his vision at Crawford, meeting regularly with employees from across the organization to gain a ground-level understanding of the multiple levers that power the Crawford machine. And that desire to connect extends beyond the company walls.

“It is essential that as CEO I am involved in the conversations we are having with our cus-
Disrupting the game
On January 5, 2017 Crawford acquired a majority holding in WeGoLook, an on-demand field services provider. The move marked a step-change in the company’s ability to conduct high frequency, low complexity inspections. Capitalizing on the gig economy model — where companies contract independent workers for short-term engagements — WeGoLook provides access to over 10,000 field agents or “Lookers” who are able to conduct on-site inspections of claims-related incidents at short notice.

“WeGoLook offers us a revolutionary new capability,” states Agadi, “that greatly enhances our ability to conduct claims inspections for smaller losses. With Lookers across the U.S. and beyond, these agents can swing into action to collect and verify information on demand.”

“It is the Uberization of the inspection process. It gives us the potential to radically improve the costs, efficiency and effectiveness of our claims handling to shorten cycle times, and is a perfect complement to the services provided by our technical adjusters.”

As important as the acquisition is from a technology and innovation perspective, Agadi also cites the entrepreneurial spirit by which the company operates as another major benefit — a culture that he looks to replicate in other areas of Crawford.

“Led by CEO Robin Smith, the WeGoLook team is structured to adapt to market changes and bring new services to market to meet evolving customer needs with an agility that you don’t find in many other companies.”

“The potential WeGoLook offers is expansive. They already provide services outside of the insurance industry and we are developing opportunities to extend the on-demand service into adjacent types of claims such as property, disability, product recall and workers’ compensation.”

Seeing the potential
“You have to be able to meet the fast-evolving needs of the customer,” he adds. “There is now much greater interest in instant access platforms, automated processes and on-demand services, and we have to be able to deliver on these fronts. That’s why we are actively involved in the insurtech revolution, looking at those technologies and processes that can positively disrupt the insurance space.”

This was at the forefront of the company’s decision to make another strategic hire with the appointment of Hilton Sturisky, global chief information officer, who is already making an impact on how Crawford leverages its technology and data to support clients. “The addition of Hilton to our team is transformative, as he brings his vast experience in leading IT organizations and creating modern technology ecosystems.”

Also central to the company’s transformation is the creation of Crawford Innovative Ventures, LLC, led by Ken Fauer, Crawford chief strategy and development officer. “We formed Crawford Innovative Ventures specifically to invest in strategic acquisitions and partnerships that will be disruptive to our industry and introduce Crawford to more adjacent services,” Agadi explains. “We want to stay at the forefront of change, enabling us to diversify our services, and quickly adopt new technologies or service models that will positively impact our customer experience.” WeGoLook was the division’s first acquisition.

Crawford is accelerating fast along the insurtech highway, exploring technological and process routes that have the potential to vastly improve its service capabilities. “These range from capitalizing on telematics that enable almost instant first notification of loss with the drive needing to contact anyone, to employing user-based apps and mobile technology to enable faster reporting and inspections; to using wearable tech, drones and 3D-imaging to not only speed-up data gathering from the frontline, but also helping to protect clients from future risks.”

Agadi also sees the “insurance direct” market as offering vast potential. “In the U.S. alone, this is a $2 billion market,” he says. “Let’s take an example of a homeowner who has had a flood in the basement. To repair the damage will cost $6,000. So, the insurer sends the check and leaves it to the homeowner to choose the contractor to complete the work. We want Contractor Connect, our network of managed contractors, to be the first company they call.”

The human touch
No matter how extensive the technological capabilities that Crawford brings on board are, the caliber of its employees will remain the primary force behind its continued upward trajectory.

“When I took up the CEO role at Crawford, what really struck me was the level of passion, commitment and loyalty that I saw across our employees,” he points out. “You only find that level of dedication in mature companies such as ours. We have a 75-year heritage and some of our employees have been with us more than half of that time.”

However, he recognizes that the talent arena is a key battleground for the firm, and believes that the insurance industry is only now acknowledging the skills deficit it faces.

“As an industry, we need to be much better at absorbing young, leading-edge talent into our skill pool, rather than simply watching it disappear into sectors such as investment or technology. We need to ensure we are recruiting and retaining the best possible people. How do we keep our employees motivated and satisfied? What is the best way to incentivize new talent? It’s not just about salary — it is about challenging them, giving them the opportunity to grow, and recognizing and valuing their contribution.”

It is not only about attracting the right skill types into the organization, but also those with the right approach. “I like to say that we are in the business of loss resolution rather than loss prevention. “We need to be able to show our customers that we truly care about the situation that they are in, so that they recognize that we are there to get their lives or their businesses back on track. It’s that empathy and that dedication to the customer’s cause that we look for in the DNA of the people we hire.”

There is no doubt that Agadi has set stiff targets for Crawford, but based on what has been achieved over the last 12 months, it is clear the momentum is there. These targets are not just financial. “Our aspirations is to get into the top 100 most admired companies in the world,” he concludes. “Those that break into that elite group tend to be high performance organizations, and that is exactly what Crawford needs to be.”
HSBC's decision to centralize its approach to claims handling was driven by the desire to gain efficiencies and a global perspective on where claims were coming from.

A global mindset

FRANCISCO GARCIA AND KIRSTEN EARLY EXPLAIN WHY SOME SHORT-TERM PAIN IS WORTH THE LONGER-TERM GAIN WHEN IT COMES TO PUTTING TOGETHER A GLOBAL TPA PROGRAM

Four years ago, when HSBC decided to break down the silos and go global on its third party administrator (TPA) program, it turned to Broadspire for a solution. With an existing relationship in the U.S., and Broadspire and Crawford’s global reach, it made sense to partner with a TPA that could fulfill the global needs of a major multinational financial institution.

The decision to centralize its approach to claims handling was driven by the desire to gain efficiencies and a global perspective on where claims were coming from. “We wanted to be able to view certain claim activity around the world, because before this point we really didn’t have a full understanding of claims developments across our organization,” says Francisco Garcia, head of claims operations, HSBC Technology & Services U.S. “So once we broadened that TPA, it helped us bring everything to the center.”

However, for both HSBC and Broadspire, setting up a global program on this scale was not simply a case of flipping a switch. “There was a feeling that Broadspire would just step in and everything would run perfectly from day one,” says Garcia. “However, because we’re such a large organization and we cover so many countries it took a lot of time to fit the pieces together and to get to the point where we feel like we have a better handle on global claims management.”

A shift in approach

In the beginning, a key challenge was communicating the new approach and bringing about a change in mindset — an acceptance that claims were being handled globally, with a consistent approach across the board. “At least initially, there were some claims that were being treated as if they were local assignments,” explains Garcia. “Those involved at HSBC were not aware of the global relationship that we had with Broadspire and were also not aware that there are special handling instructions and recording requirements, and that the fee arrangement is also set.”

In certain regions where a TPA had not been a feature for HSBC, a cultural shift was also required. “A lot of countries were used to handing everything over to the insurance companies and not dealing with the TPA, he adds, “so some of them had a hard time understanding the relationship and what Broadspire was doing for us.”

From a Broadspire perspective, it was also necessary to emphasize the global program and ensure a consistent approach from representa-
can be hard to navigate. “Part of my job is to get through to coun-
tries globally that only see a claim a year and get them to understand the global TPA model and way of thinking,” she continues. “Yes, they may only receive a claim a year or every other year, but if they don’t deliver good service on that one claim they need to understand that could cost us the much larger global relation-
ship. It’s getting them to shift their thinking from ‘me’ to ‘we’.”

“Global programs, across every line of business, need to be serviced in the way the client has asked, and as a global TPA you have to follow claims handling instructions,” she adds. “One of the hardest aspects of man-
aging a global TPA program is getting peo-
ples into that right mindset. It’s getting every adjuster, every office, every global function across the globe to work as a cohesive unit, which requires a much broader perspective.”

“Here at Broadspire we have spent a great deal of time explaining the global TPA endeavor, so that everybody responds in the way that is expected, because that’s what we promised our client,” she adds. “It’s about having one set of protocols, one system, one service level agreement, one contract, shared pricing around the globe and one point of con-
tact for all global issues.”

However, achieving consistent claims payment and accounting protocols is far from straightforward, explains Garcia. “In the U.S., we have a loss fund which we put money into, and Broadspire pays claims directly from that fund and bills us to replenish it. We are able to do that in the U.K. too, but we’re not able to do that in every country. So, it does become a chal-
lenge from a financing and accounting standpoint, because once we have a claim, Broadspire gets involved and we end up settling; we may then have a lengthy pro-
cess of working out how we are going to pay the claim with accounting procedures that can be hard to navigate.”

Striking the right balance
Garcia believes a close partnership approach is essential to overcoming these hurdles. At the heart of the promise inher-
ent in a global TPA program is that the TPA provider will protect the brand and values of its client, and do so in a reliable fashion regardless of where the claim is made.

“What we’re asking Broadspire to do is handle claims on our behalf,” states Garcia. “And so there has to be a strong partnership because in many ways they are an extension of us and they will be associated with our business and brand. They therefore need to understand our claim philosophies, who our claimants are and ensure they are han-
dling claims in line with our best practices.”

From a reputational perspective, Broad-
spire is expected to balance HSBC’s strong ap-
proach to customer satisfaction with the every-present requirement to contest spuri-
ous claims. “It’s essential that Broadspire fol-

lows our claims philosophy,” says Garcia. “It’s important because we’re a bank, so we have to be very careful how we handle claims.”

“Most of the losses occur at a retail banking business level and we have to be very careful how we handle those, because the claimants are typically our customers and the relation-
ship with the customer is very important,” he continues. “The philosophy is to make sure we listen to the customer and understand what the claim is and try to be flexible when it comes to resolving their issues.”

Contesting or over-questioning every claim that comes its way is not part of HSBC’s philosophy. This does not mean the company has an open checkbook policy, and in fact putting the customer first can help to pre-
vent losses from escalating.

“The way to look at it is, if you handle your customer appropriately, you keep the relation-
ship and you avoid the situation getting out of control, such as getting into litiga-
tion with the customer,” says Garcia. “That’s something we want to avoid. Unless we have a situation which is quite clearly spurious then we might look at it differently. But that rarely happens, so we’re just trying our best to balance handling a claim the way we would typically handle a claim, and at the same time trying to take care of the customer.”

As the global TPA program becomes fully embedded, Garcia hopes the company will reap the benefits of having access to cen-
tralized data. “We’re already able to see embedded, Garcia hopes the company will reap the benefits of having access to cen-
tralized data. “We’re already able to see what countries have certain issues with claims and we can take it from there if we need to partner with, for example, our corpo-
porate real estate or health & safety depart-
ments to identify and improve those claims activity trends.”

“Before, we just didn’t have a clear picture of what was happening around the world, whereas now we can really see where the claim activity is and if we need to drill down into it,” he continues. “If there is a spike in claim activity we can investigate what is causing that. In the U.S. for instance, we do a lot of analytical work around workers compen-
sation losses, because it is high volume business and the costs can be significant. We are at a point where we can dig deeper into the numbers and come up with infor-
mation to help us with claims leakage.”

“We’ve spent a great deal of time explaining the global TPA endeavor, so that everybody responds in the way that is expected”
Kirsten Early, Crawford

On the FrontLine
Spring 2017

With two $3 billion losses under its belt, the marine and cargo insurance industry has awoken to the real potential of major catastrophe losses. The challenge for an industry dealing with multiple pressures is how to measure, manage and price for these growing exposures.

When Superstorm Sandy bore down on the Eastern seaboard on October 27, 2012, it quickly became apparent the event was not just a major property loss but would also heavily impact the marine and cargo market. Total marine claims eventually came in at around $1 billion, according to Risk Management Solutions Inc (RMS), with $2 billion of those falling to the cargo sector. The largest-ever marine nat-
ural catastrophe loss, it effectively wiped out 2012 U.S. marine market premiums. Less than three years later, the sector was hit by another $3 billion loss, when an astonishingly powerful chemical blast at the Port of Tianjin destroyed ware-
houses, shipping containers and thou-
sands of new cars. Taken together, these events raised awareness of the sector’s exposure to catastrophe losses, both natural and man-made, an exposure that is increasing as insurers strive to bet-
ter understand their risk accumulations.

From a catastrophe loss perspective, Superstorm Sandy changed everything. “Sandy changed a lot of people’s views in the marine market,” he explains. “It was the biggest-ever marine market loss for various reasons. There were two major claims in New Jersey — organizations which accumu-
lated imported goods including motor vehicles and bottled alcohol — that were upwards of $200 million.”

While man-made severity losses have
Maersk Triple E class container ships can carry over 18,000 containers, representing massive aggregations of risk always been a feature of the market, losses have caused their steady rise, with Cosco Containers and Tianjin stealing the limelight from other major events. The market has received a number of significant claims that have remained somewhat beneath the radar in recent years. “There are others over $100 million that you don’t hear about,” says Hawes. “There were some huge misappriation of aluminum losses in Southeast Asia a couple of years ago, for example, and some pre-launch satellite losses, which fell into the cargo market.”

There are significant challenges with handling larger marine claims from a loss adjusting and claims management perspective, explains Hawes. “These larger losses require specialist brokers, loss adjusters and marine claims handlers with the right level of expertise to handle them effectively.”

The politicized aspect of major claims such as Costa Concordia adds another dimension. “You have to be extremely careful that the information flow is managed correctly and that confidentiality, data protection and compliance come to the fore,” says Hawes. “It’s also understanding the client’s pressures, because they’re not only dealing with a large loss, but also a high-pressure situation with lots of media and political scrutiny.”

“As a loss adjusting entity, seventy losses are all about resource planning, making sure we’ve got the right expertise in the right locations,” he adds. “Marine by its nature is a truly international business and it’s critical that you’ve got a network you can call upon. Very large losses are spreading – so it’s about having the resources ready to deploy to wherever they are needed when disaster strikes.”

Super-sized container vessels
Factors contributing to the growth of marine catastrophe claims include globalization, the increasing value of assets and the capacity factor. The increasing value of assets risk, the increased value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk, the increasing value of assets risk. “You have to be extremely careful that the information flow is managed correctly and that confidentiality, data protection and compliance come to the fore,” says Hawes. “It’s also understanding the client’s pressures, because they’re not only dealing with a large loss, but also a high-pressure situation with lots of media and political scrutiny.”

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Shipping industry under pressure
Significant catastrophe losses, such as those arising from Superstorm Sandy and Tianjin, are pulling the marine insurance industry under significant pressure. In recent years, insurers have had to contend with the loss of large cargo owners and their financing banks, which are the largest players in the industry. New alliances have been formed to address this risk, and the insurance industry is now looking to the underwriting community to protect it against future risk.

“If you have a major carrier insolvency, it’s a huge loss, but also a high-pressure situation,” says Hawes. “These larger losses require specialist brokers, loss adjusters and marine claims handlers with the right level of expertise to handle them effectively.”

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Sandy was the largest ever marine natural catastrophe loss, effectively wiping out U.S. marine market premiums for 2012

The Internet of Things could prove another critical source of data in tracking the movement of assets within global supply chains and logistics. Every ship is tracked by GPS and cargo TEU containers are nearly all electronically tagged,” says Messer. “There’s a wealth of data out there, but it’s going to take a holistic industry-wide approach in order to change the status quo that “modeling marine cargo business is impossible.”

RMS has partnered with leading marine insurers and brokers to produce a marine and cargo specie catastrophe model to help underwriters better understand, price and manage their risk exposures. Chubb, Aon Benfield, AXIS, Liberty, MS Amlin, Munich Re and Sampo Canopius AG are helping develop the model by providing cargo specfic vulnerability information, differentiating between types of cargo and providing industry exposure databases that quantity average and peak exposure in key global ports at high-resolution.

“Surprisingly, a port’s size and its catastrophe loss potential are not strongly correlated,” says Chris Folkman, director product management at RMS. “For example, while China may be king for volume cargo, we found that China was not a high-risk location, whereas Russia was. The Internet of Things could prove another critical source of data in tracking the movement of assets within global supply chains and logistics. Every ship is tracked by GPS and cargo TEU containers are nearly all electronically tagged,” says Messer. “There’s a wealth of data out there, but it’s going to take a holistic industry-wide approach in order to change the status quo that “modeling marine cargo business is impossible.”

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The Occupational Safety and Health Administration (OSHA) implemented a final rule in 2017 requiring employers that must record workplace injuries and illnesses for OSHA to submit reports of such incidents electronically. For the first time, OSHA will post on its website establishment-specific data, rather than only aggregated industry data. The goal is to encourage employers to identify workplace hazards and improve their safety records. We ask Broadspire’s Danielle Lisenbey for her views.

What does OSHA’s new rule mean for employers and TPAs?

OSHA has long required employers to keep a log of certain workplace incidents that result in injury or illness. The new recordkeeping rule applies to a significant number of employers. Under the final rule, employers with 250 or more employees that are required to maintain OSHA injury and illness records must submit their logs, summaries of injuries and illnesses, and incident reports.

Employers with 20 to 249 employees in industries classified as having high rates of occupational injuries and illnesses must submit an electronic summary report. Industries on OSHA’s list include construction, manufacturing, healthcare, transportation, and others—all of which are important sources of employment and productivity.

Industries that OSHA considers to have lower injury rates, which include insurance and financial services, and some retail businesses, are partially exempt from such reporting. The reality is, however, that OSHA’s new rule will cover a large number of U.S. employers and their workers.

How does Broadspire see this new rule benefitting employers and workers?

The intent of OSHA’s new final rule is to increase workplace safety and motivate employers to reduce injury and illness for their workers. That is a noble goal—and we not only support it; it is at the heart of our business.

Broadspire exists to help employers reduce claims frequency and severity. We believe that the more data an employer has, the better it can plan for the future. OSHA’s new rule will make more workplace data accessible, which will encourage employers to focus more attention on the causes of occupational injuries and illnesses. That’s a positive thing for all concerned.

Workers will benefit because they will be healthier and safer. Employers will benefit from reduced downtime and increased productivity, which in turn will benefit communities through economic growth. Truly, improving workplace safety pays big dividends, well beyond an employer’s door.

What are the downsides or unintended consequences of the new OSHA rule?

Some observers have expressed concern that online publication of employer-specific reports could create cyber exposures, increase litigation and might even discourage some employers from tracking minor incidents artificially to improve their safety results. While public disclosure may not be the preferred method to motivate employers to improve safety, greater transparency and competitiveness are likely to accelerate changes.

It is in our belief that the vast majority of employers required to report to OSHA will submit injury and illness reports fully and accurately. We also believe that the general population of employers will see the data points as helpful to keeping them focused on the big picture, which is to make workplaces safer. We certainly hope that OSHA has considered the implications of this final rule and will swiftly address any problems should they arise.

What is Broadspire doing to help prepare its clients to comply with the rule?

Broadspire is deeply invested in helping employers to improve their claim outcomes and to reduce the costs of workplace injury, illness and disability. Early access to data is key, and TPAs can step up and help employers build out their data sets.

Between the data and benchmarking that we provide, and the reports that OSHA intends to make available, the ultimate objective is to reduce loss costs for the employer and improve the care of the injured worker. It’s a win-win for both employer and employer. Compliance is a big part of what we do every day for our clients, and we are having ongoing conversations with our clients to ensure they submit the appropriate data to OSHA by the July 1, 2017, deadline.

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3D Question:

Where do we need to see the biggest steps taken to enhance future supply chain resilience?

WE ASK THREE INDUSTRY EXPERTS FOR THEIR VIEWS ON STRENGTHENING THE SUPPLY CHAIN

The complexity and fluidity of today’s and tomorrow’s multi-tiered global supply chains mean that such networks are by their very nature vulnerable to risks along their entire length. These can range from immediate issues such as IT failures, cyber breaches or political unrest, through to exposures that stretch into the longer-term like our over-reliance on transport networks dependent on oil, or increasing fragmentation in the value chain. Yet when we distill this risk data down to get to the crux of the issue, as is frequently the case, we find that the root cause is a failure to communicate. Companies are failing to maintain supplier visibility and are not facilitating the flow of information which is essential to delivering supply chain resilience.

We must therefore strive to build a more partnership-based relationship with our critical suppliers. The technology exists to facilitate this communication and information flow — but we must establish the most effective way to ensure that it is embedded and becomes part of business-as-usual activities.

We must look to build unified goals that serve to bond organization and supplier. We must therefore drive to build a more partnership-based relationship with our critical suppliers. The technology exists to facilitate this communication and information flow — but we must establish the most effective way to ensure that it is embedded and becomes part of business-as-usual activities.

We should also be looking to support suppliers in their efforts to shore up their defenses. If we are to enhance the resilience of our supply chains today and into the future, then we must take steps to shorten the distance between our own organizations and the suppliers which support us. By bringing them closer, we can stand together against an increasingly volatile and risk-exposed world.

Companies are failing to maintain supplier visibility and are not facilitating the flow of information which is essential to delivering supply chain resilience.

Achieving greater top management buy-in is essential to delivering supply chain 4.0

We need to expand our supplier resilience remit. Financial appraisals are useful, but are only one part. Legal case history, for example, can provide a useful early warning of potential supplier issues. We also must ensure that not only are we obtaining business continuity plans, but they are being rigorously assessed by qualified staff.

Technology must also play a much more integral part in scaling up supplier-monitoring capabilities. Automatically geo-coding your supplier base, for example, and overlaying flood or quake maps can expose supplier location risks; while creating 3-D supply chain risk simulations can inform supplier-related decisions. Machine learning and cognitive computing also bring significant supply chain resilience potential, and are already enabling us to monitor geo-located social media and newsfeeds as part of early warning systems.

To drive forward the supply chain management revolution, we must capitalize on the full breadth and depth of resilience-related capabilities at our disposal.

People are a lot more aware of their supply chains now than they were before events such as the 2011 Thai floods and Tohoku earthquake. These events exposed the growing complexity and increasing vulnerability of their supplier networks.

However, respondents to the AIRMIC Institute’s Supply Chain Resilience surveys have shown a steady rise in top management commitment to supply chain resilience over the last few years, 2016 saw that commitment level drop from 33 to 27 percent, according to respondents.

Achieving greater top management buy-in is essential to delivering supply chain 4.0.

We must be better at making the business case for better risk understanding in the supply chain — illustrating disruption costs, highlighting regulatory requirements and demonstrating the impact of dependency failure creates. Top-level commitment will break down silos, ensure alignment of resilience objectives, free-up resources, and reset procurement metrics to encourage greater resilience focus.

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Industry 4.0 refers to the fourth industrial revolution marked by the rise in automation and data exchange, and the emergence of the ‘smart factory’. We need a similar transformation in supply chain management tools and new digital models which enhance visibility and are not facilitating the flow of information which is essential to delivering supply chain resilience.

We have seen a shift towards this, but many companies are starting from a relatively low base. I still talk to organizations that believe they are managing their suppliers as they have secured financial appraisals and business continuity plans, and have no idea whether their sites are in flood or quake-prone areas. This is of even greater concern in that while the Business Continuity Institute’s Supply Chain Resilience surveys have shown a steady rise in top management commitment to supply chain resilience over the last few years, 2016 saw that commitment level drop from 33 to 27 percent, according to respondents.

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We need to expand our supplier resilience remit. Financial appraisals are useful, but are only one part. Legal case history, for example, can provide a useful early warning of potential supplier issues. We also must ensure that not only are we obtaining business continuity plans, but they are being rigorously assessed by qualified staff.

Technology must also play a much more integral part in scaling up supplier-monitoring capabilities. Automatically geo-coding your supplier base, for example, and overlaying flood or quake maps can expose supplier location risks; while creating 3-D supply chain risk simulations can inform supplier-related decisions. Machine learning and cognitive computing also bring significant supply chain resilience potential, and are already enabling us to monitor geo-located social media and newsfeeds as part of early warning systems.

To drive forward the supply chain management revolution, we must capitalize on the full breadth and depth of resilience-related capabilities at our disposal.
Coping with aftershocks

A significant secondary factor following Christchurch’s deadly earthquake in February 2011 were the high number of aftershocks, one as high as M5.3. The earthquake was preceded by an M2.8 aftershock following the M2.5 Canterbury earthquake in September 2010. While the 2010 tremor caused some damage, it was the February 2011 aftershock that devastated the city, causing widespread damage and 185 deaths.

Although there had been a five-month gap between the events, it was, in some cases, unclear which was responsible for the building damage. Underlying weaknesses in foundations emanating from the mainshock in September were believed to have caused further damage following February’s quake.

“Identifying which event the damage arose from matters for many reasons,” explains Peter Ziegler, head of specialist services, Crawford for New Zealand. “In insurance policies, sometimes there is a period of time – usually 72 hours – where a subdivision of the event is to be related to the first. After that period, it’s considered a separate event, and you face a separate claim and insurance deductible.”

“The loss adjusting challenge is to tie the damage and increased cost back to the first or second event,” he continues. “This is also important because some insurers had a different set of reinsurers during the event in September to the event in February. So reinsurers also undertook audits of the claims settlements to identify which event the damage related to and whether it had been measured accurately, so they knew whether it rested with them or another reinsurer.”

Safety was a key concern for Crawford adjusters. “In September, which is where the story started for me, there was something of a naiveté and we would find ourselves rolling up our sleeves and getting stuck in,” says Ziegler.

“The February event changed that,” he continues. “The loss of life and considerably greater building damage heightened our awareness of the risk, particularly given the increased number of intense aftershocks.”

The series of earthquakes in and around Christchurch also revealed the sizable impact of liquefaction as a secondary peril. “Liquefaction can suggest there are voids under the surface. So where you’re trying to bring machinery and equipment across the surface you have to be careful because you can run the risk of people being harmed.”

A problem of access

Since the 2009 L’Aquila earthquake, Central Italy has also suffered strong aftershocks, including last year’s deadly earthquake in Norcia and the avalanche in January 2017 near Gran Sasso, which killed 14 people. Access to this sparsely-populated mountainous region has at times been problematic, and was severely hampered during rescue efforts following the avalanche.

“The unusual combination of heavy snowfall and then the earthquake led to a massive avalanche that hit the Rigopiano Hotel,” explains Paul Ogni, country manager, Crawford Italy. “Before that, I would never have thought of avalanche as a secondary earthquake hazard, but that’s what happened and it was a very tragic case.”

Aftershocks and looting are the more usual secondary earthquake hazard but that’s what happened and it was a very tragic case. Aftershocks and looting are the more usual secondary earthquake hazard but that’s what happened and it was a very tragic case.

A devastating tsunami

Given its predisposition to major earthquakes, Chile, situated directly on the Pacific Ring of Fire, has a long history of disaster preparedness, strong building codes and high insurance penetration. But the February 2010 Maule earthquake triggered a tsunami that engulfed several coastal towns in South-central Chile. The tsunami warning came too late, and 330 people lost their lives in the coastal vacation town of Constitución.

Looting was another unexpected secondary aspect to the earthquake. “Usually you would expect earthquakes and tsunamis to come together,” explains Javier Carvallo, president Crawford Chile. “However, looting is another totally different risk, but it’s a direct consequence of an earthquake.”

“It’s impossible to distinguish between the destruction caused by an earthquake, tsunami or looting,” he says. “Normally the insurers ended up paying for all the consequences that occurred within the first 72 hours of the earthquake. This was a practical solution, because it was impossible in some cases to identify what hazard the loss emanated from. But there are quite different deductibles for earthquakes, tsunamis and looting. So what the market did in this instance was to apply the bigger one.”

In stark contrast to New Zealand and Chile, Italy is highly underinsured, particularly from a residential earthquake perspective. In spite of the devastation caused by the M6.5 L’Aquila and M6.6 Norcia earthquakes, neither were significant insurance losses. By contrast, two earthquakes in the Emilia-Romagna region of northern Italy in 2012 cost insurers €6.6 billion. “Emilia-Romagna is an economically important part of the country, and therefore a lot of the businesses had commercial insurance that includes earthquake cover,” says Ogni.

“While there is talk of an Italian earthquake pool and purchase of quake insurance becoming compulsory in the future, at present the majority of losses stemming from quakes in Central Italy are economic in nature. New Zealand has a public private approach to covering earthquakes, with the Earthquake Commission (EQC). However, in Chile the market is entirely private.”

Carvallo believes this – along with a non-naïve approach to the regulator – is a significant factor that enabled over €8 billion in claims emanating from the Maule earthquake to be settled so quickly and efficiently. “Within two years the whole event was settled. In the first nine months, almost 96 percent of all residential claims were settled and 37 percent of all commercial claims. The industry is very sophisticated in terms of its procedures and the quality of its reinsurance.”

“Out of 200,000 claims, we only had 30 cases that ended in litigation,” says Carvallo. “This is because of laws which dictate that all discussions between disagreeing parties must take place within the adjusting process. It offers both parties the opportunity to ask the adjuster’s opinion and to hold immediate negotiations to solve the problem.”

Ramping up resources

Inevitably, there is a huge demand for resources and adjusting personnel in the aftermath of major events. Following the November 2010/2011 Christchurch earthquakes, experienced adjusters were drafted in from Crawford’s global group and just the fact that adjusters love to informally share their war stories. “They were all very capable people – they got here from Spain and the U.K. and worked together,” says Ogni. “That’s the informal sharing that comes about through the global network.”

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One key benefit of this global experience is the opportunity for information sharing. “We do a good job of learning from earthquakes around the world, and information and data is shared not just within Crawford but across the entire industry,” adds Ogni. “In France, there’s informal sharing that comes about through the standard mentoring programs within the group, just the fact that adjusters love to share their war stories.”

The series of earthquakes in and around Christchurch revealed the sizable impact of liquefaction as a secondary peril. A tale of three earthquakes

THREE COUNTRIES, THREE EARTHQUAKES, THREE UNIQUE LOSS ADJUSTING CHALLENGES. PAUL OGINI, JAVIER CARVALLO AND PETER ZIEGLER GIVE THEIR FIRSTHAND ACCOUNTS OF DEALING WITH EARTHQUAKES IN ITALY, CHILE AND NEW ZEALAND
The number of high-profile collective actions in Europe reached record levels in 2016, heralding a new era of litigation. While the majority of actions are led by shareholders, their consumers and other parties, such as lottery players, are also coming together to seek redress.

From Fortis (now Ageas) and RBS to Petrobras and BP, such class-action groups have attempted to take major multinationals and their directors to task in the European courts for reasons including inadequate disclosure, fraud (e.g., emissions and accounting scandals), cartels and insolvencies (see chart). And some of the more recent cases have been both successful and lucrative.

While the floodgates may not yet have opened, there is no doubt that collective actions are on the rise, aided by the introduction of new class-action frameworks. In 2013, the European Commission published a recommendation that those member states that had not yet done so, adopt a framework for collective redress by no later than June 11, 2015.

However, in an effort to prevent excessive litigiousness, it recommended a number of safeguards. This included prohibiting recovery of punitive damages and using an opt-in, rather than an opt-out, structure (as is the case in the U.S.). “It’s not as efficient as in the U.S. where you can directly ask for monetary damages, but there is currently a draft bill sent to Parliament to introduce an opt-out system in the Netherlands, inspired by the U.S. system,” says Jurjen Lemstra, partner and litigator at specialist Dutch law firm Lemstra Van der Korst.

A strong jurisdictional link with the Netherlands will be required in order for collective actions to successfully be brought there, however. This should go some way to address the issues raised in the recently attempted VEB vs. BP collective action. The Dutch shareholder association was unsuccessful when the Amsterdam District Court ruled on September 28, 2016 that it lacked jurisdiction to hear the action on behalf of BP investors.

A U.S. import
According to Lemstra, the steady rise in U.S.-style class actions within Europe, and the Netherlands in particular, is not a coincidence. “We are seeing an increasing number of cartel cases coming up, which is at the heart of current activity – for instance the Air Cargo cartel, which is being litigated in both London and Amsterdam.”

In July 2016, the European Commission fined a cartel of European truck makers over $3 billion for breaching EU antitrust rules. It found they had colluded for 14 years on truck pricing and on passing on the costs of compliance with stricter emission rules. “You can see all kinds of jurisdictions getting involved in that case, including the Netherlands,” observes Lemstra.

Statistics show that shareholders are more likely to enter into litigation where regulators have already successfully investigated. Since the financial crisis, where there was a sense that financial regulators had been “asleep at
Holder class actions in Europe in some instances, " explains Noona Barlow, head of financial fraud office asking for more funding again (2017), there is strong evidence of a growing increasing their enforcement activities in the aftermath of the financial crisis and are increasingly willing to cooperate across borders in investigations that concern multinational organizations," explains Noona Barlow, head of financial fraud office asking for more funding again in 2017, there is strong evidence of a growing.

Seizing the opportunity
While collective action is beginning to pick up in countries such as the UK, Denmark, France, Germany and Sweden, the Netherlands has cemented its status as the ‘class action center of Europe’. ‘The Netherlands saw the opportunity quite early on’, explains Rianne Buusman, vice president, Crawford Global Markets. ‘It’s a very tax-friendly country, so a lot of multinationals have their headquarters in the Netherlands. Legislation also makes it more attractive to go to the Dutch courts.’

It is still early days. The Dutch class-action procedures used in the March 2016 Fortis settlement, for example, were only adopted in 2009. And the liability provisions that were the basis of the claims asserted against RBS were part of an overhaul of UK securities law that went into effect in the year 2000, according to Kevin LaCroix, author of The D&O Diary and an attorney and executive vice president at RT Prozak.

The most vivid examples of how much has changed are the massive settlements reached during 2016 in two separate collective investor actions; he noted in his online blog in January 2017. First, in March 2016, shareholder associations acting on behalf of former shareholders of the failed financial firm Fortis entered a $1.3 billion settlement under the Dutch Collective Settlement procedure. Second, in December 2016, collective investor groups negotiated a $3 billion partial settlement in the UK of the credit crisis-era claims asserted against RBS.

The Morrison ruling in 2010 was another critical ruling, which made it clear the U.S. courts will not accept jurisdiction for lawsuits that are brought by foreign plaintiffs against foreign defendants, concerning securities traded on a foreign exchange (so-called F-cubed lawsuits). 'There is more appetite amongst U.S. lawyers to come to the Netherlands to see if they can resolve shareholder actions that are not related to the U.S exchanges,' states Lemstra.

There is increasing appetite from the U.S. courts to come here to see if they can pursue their US-style actions in the Netherlands for ex-U.S. cases,' he continues. 'That’s not always easy as the BP case demonstrated. You need jurisdiction and BP didn’t have a seat in the Netherlands.'

While momentum is clearly building, there are no signs Europe is set to become as litigious as the U.S., thinks Barlow. 'Since I moved here from Canada 10 years ago I have heard about the “tidal wave” of US-style class actions that would flood into Europe,' she says. 'That definitely has not happened and, given the very different litigation landscape, I am not sure it will.'

However, shareholder class actions are on the rise in Europe as a result of a number of factors, including the Morrison decision, the rise of shareholder associations and litigation funders and the development of class action frameworks/collaborative redress mechanisms in Europe. There are several high-profile claims working through the courts in the U.K. and Europe and the outcome of these cases could give rise to more activity.

Litigation funding will remain a critical factor. Both shareholder associations and their backers have made it easier to bring groups of like-minded shareholders together and offer them the funding they need for cases deemed to have a strong likelihood of success. The massive settlements generated in last year’s cases against Fortis and RBS are likely to encourage shareholder associations and litigation funders to seek redress.

There is a huge financial problem in a lot of cases in Europe,’ says Lemstra. ‘But over the last three to five years we have seen that foreign litigation funders are coming to the Netherlands and setting up new businesses in Europe to facilitate the financing of class actions, as was the case in the Petrobas case—which our firm is involved in—in which the plaintiff is financed by a US-based funder.

Responding to the trend towards more collective actions in Europe, Crawford colleagues in the GCAS (Group Litigation Claims Administration Service) have established a presence to better service some of its long-term clients. As GCAS President and CEO Kenneth Cutshaw explains, many of the U.S.-based plaintiffs law firms that have recently expressed interest in the U.K. market have already demonstrated their commitment to establish a presence in Europe that will meaningfully serve the market.

‘We have been handling litagent claims administrations for settlements in Europe for many years. In the past, these cases have originated from the U.S., but the claims have been brought here from Europe. Now we are seeing the trend of this movement of collective actions from the U.S. to Europe,’ he says.

‘This is largely a reaction to the U.S. federal court system, which has been less receptive to accepting European-based cases if they do not have more substantial reasons other than they are operating in the U.S. Of course, our firms have indicated these cases should be handled here in Europe.’

One of the most challenging aspects of dealing with these cases is in the ultimate timing of the final disposition of the case, explains Cutshaw. ‘The funder’s timeline is often different. Some European cases can last two to three years and sometimes they can continue for decades. From our perspective, we often work with the client throughout the different phases of the process. For instance, we would coordinate the client’s needs during any litigation efforts. Our network of collective actions attorneys and legal representatives works to facilitate the financing of class actions and the implementation of the GCAS. We have established a presence in each country where the defendant is domiciled.

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The acquisition of on-demand field services provider WeGoLook on January 3, 2017 also marked the launch of Crawford Innovative Ventures, LLC – a division set up exclusively to target opportunities in the disruptive innovation space. "The insurance sector has been evolving and building," explains Fraser, "and we are seeing capabilities such as AI, data analytics, robotics and the gig economy being applied to areas of the insurance sector in very creative and productive ways." "Through CIV, we want to position ourselves on the crest of that wave. We want to work with those companies that can help us make a meaningful difference to our customers by enhancing on all fronts the level and range of services that we provide." However, he is keen to point out that the goal is to build partnerships. "Our aim is not simply to acquire and integrate these transformative organizations into Crawford. We want to provide that early-stage investment, creating an incubator-like environment to help accelerate their growth through the long-established client network we have," says Fraser. "WeGoLook provides an ideal example. "This relationship is very much a true partnership – one where we both benefit from each other’s strengths. What I love about WeGoLook is that in two sentences you can explain why they are so transformative for the insurance sector." Launched in 2012, the firm has expanded considerably since then – from two employees and 4,500 Lookers to 120 employees and 30,000 Lookers in 2017. What Crawford provides is the ability to grow those numbers exponentially. "What we want to do is to open doors for the WeGoLook team that they might not be able to open without our support," says Fraser. "The company’s potential is huge and we want to give them the chance to fulfill that potential by making our customers aware of their capabilities." According to Robin Smith, CEO of WeGoLook, this has been the case from day one. "Crawford is in 70 countries with very high level contacts," she explains, "and that creates huge opportunity. "They have been extremely proactive in putting us in front of the right audiences so that people really understand the service that we offer and how it works. They have been fantastic at this and I have been extremely impressed by the approach the Crawford leadership team has taken. They are fully focused on helping us grow." Fraser is also excited about where this relationship will go. "When the WeGoLook team has presented to our own adjusters and management teams, the buzz of potential new ideas that it generates is deafening. And it’s not just about how we can use this for our insurance customers, but also in other sectors which can benefit from the ability to conduct custom tasks, document retrieval or product verification services."

With over 25 years of claims adjusting experience under its belt, Crawford has secured its position at the forefront of the market. Yet it is critical that the legacy does not infer stagnation. "The traditional adjusting model has served us extremely well," Fraser concludes, "but we are now at an inflection point. We must change to stay relevant in this new technological era. Through CIV, we are demonstrating our commitment to seeking out innovative technology and taking control of how we transform our organization, rather than being disrupted by others at a time when the industry we serve is going through tremendous technological change. Structurally we believe that the conditions are really suitable for our success. "A lot of capital has come into the industry and has spawned a whole new cadre of risk takers," he adds. "We believe this is good for the industry, but it is also encouraging incumbents to think more creatively. As the market leading claims service provider, we are extremely well set up for this and it’s important for our clients to know we’re going to be out in front of those changes." Before his time at Hanover, Robinson was managing partner of global insurance at Diamond Consulting, now PwC Consulting; and a co-founder of Exchange Consulting, now PwC Consulting; and a co-founder of Exchange Partners, a management consultancy and technology company. He is chairman of the board for WeGoLook, an online and mobile collaborative economy platform that Crawford acquired the majority interest in earlier this year, and he is on the board of Groundspark, a machine learning, software-as-a-service (SaaS) provider to the insurance industry. Robinson served previously as a non-executive director of the board of Chaucer Syndicates Limited, one of the largest managing agents in the Lloyd’s marketplace, and as a board advisor to Breckendridge, an Arsenal Capital backed wholesale and MGA.