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Outpacing change

IN RESPONSE TO MARKET TRANSFORMATION, CHANGES AT CRAWFORD® ARE GATHERING SPEED

At AIRMIC, the challenge laid down to risk managers is “to embrace change like never before”. Our industry is undergoing a period of unparalleled transformation and we must recognise and engage it.

No company can afford to stand still in this surge of change. In fact, even staying abreast of the rapid pace of change witnessed in recent years may not be enough and we will see many fall behind in the push to provide more effective, more responsive, more cost-efficient services to clients.

At Crawford®, the pace of our transformation is gathering speed as we have simplified our customer-facing global structure with the launch of our global service lines structure which introduces a more unified service approach, and built around the idea of One Crawford. This allows us to better harness the full capacity of our expertise and industry solutions to meet the increasingly complex challenges faced by our clients.

We are also bringing our capabilities closer to the front by working more collaboratively with our corporate clients, carriers and brokers. To that end, we have evolved our Global Markets team to become the Global Client Development team, and they are actively exploring new ways to work better and offer more relevant services. As part

of this initiative, we are appointing global relationship leaders to ensure we’re delivering the solutions and meeting the standards expected of us.

Crawford continues to explore and incorporate new technologies. We’re introducing greater automation to help streamline our processes. We’re also expanding the reach of WeGoLook®, our pioneering on-demand inspection service, which is revolutionising our ability to handle high-frequency, low-value claims. You can read in this issue about how WeGoLook will launch soon in the UK.

We’re also seeking more avenues to share our views with the wider market. We continue to produce On the FrontLine and are creating more industry reports in collaboration with our clients. Most recently, we released our Leisure and Hospitality Report exploring the rapidly evolving risk landscape.

Yet, while we began this commentary by stating that we must all transform at speed, there is one area where Crawford will not move. That’s in our commitment to restoring and enhancing lives, businesses and communities. If we can stay true to this mission, then we know the direction we take on this transformational journey will be the right one.



Clive Nicholls,
President,
UK & Ireland



Benedict Burke,
Chief Client Officer,
Global Client
Development

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Fit to drive – the risks of failing to report medical conditions to the DVLA; **Preventing business interruption headaches** – why BI losses are so often uninsured; **Why subrogation is often a missed opportunity** – tackling rising claims leakage; **WeGoLook coming soon in the UK**



Fit to drive

THE RISKS OF FAILING TO REPORT MEDICAL CONDITIONS TO THE DRIVER AND VEHICLE LICENSING AGENCY (DVLA)



Andrew Drewary, road risk manager for Broadspire® UK

There are almost 16 million employees currently recorded as driving in the UK as part of their daily work routine. Professional drivers such as HGV/Bus and coach drivers account for over 750,000¹; company car drivers for 960,000² and grey fleet drivers for 14 million³.

Given the scale of this ‘mobile workforce’ it is no surprise that one in three (31 percent) fatal collisions and one in four (26 percent) serious injury collisions involve someone driving for work. However, these figures likely fall short of the actual numbers as ‘journey purpose’ is not always recorded by the police at a collision scene. Also, unlike other work-related incidents, deaths and injuries caused while driving for work are not reported to the UK’s Health & Safety Executive⁴.

Failure to report

The health and well-being of the driver can majorly influence driver performance. Drivers are required to notify the DVLA of any medical condition that might impair their performance – failure to do so invalidates all motor policies.

In 2015, 64 drivers in the UK were prosecuted for failing to disclose a medical condition to the DVLA; while in 2016, it was estimated 10 percent of all drivers were driving with a reportable medical condition and at least 25 percent were driving with some form of medical condition⁵.

“Drivers who fail to advise the DVLA of a reportable medical condition are driving with no valid insurance,” explains Andrew Drewary, road risk manager for Broadspire® UK. “This may be through ignorance on the part of the employee and employer, or because the employer does not have a proactive health and well-being policy which is managed and implemented robustly.

“If an employee has a medical condition recorded on their GP records that is potentially reportable to DVLA,” he continues “an employer needs to know about it. Unfortunately, ignorance is no defense and failure to notify an insurer of such medical conditions is treated as ‘failure to disclose a material fact.’”

A responsible employer

This raises two critical questions for employers. Firstly, how well do you know those employees who drive as part of their daily work routine? Secondly, how many are potentially driving illegally?

“If you don’t know the answers,” Drewary warns, “then you are exposed to prosecution and potentially massive insurance claims, particularly given the changes introduced by the Ogden Ruling in 2017. However, insurers are approaching this objectively and are looking at ways to not indemnify following incidents where it transpires an employee’s health has been directly related to the cause of a fatal or catastrophic collision.

“At Broadspire, we work with a broad range of fleet operators, both through our Rehabilitation and Fleet Risk Consultancy teams,” he explains, “and are able to help them proactively manage employee driver health and well-being as well as reducing their exposure to risk. A key part of this is looking at ways to transform the culture of the organization through better engagement, education and re-education.

“By working with staff to instill a greater level of safety consciousness, we aim to reduce the number of collisions, reduce the severity of those which do occur, and ensure that when they do make a claim they are not caught out by a failure to report to the DVLA.”

(1)DVLA - March 2018; (2)HMRC - October 2016; (3)AA - April 2018; (4)Brake Road Safety – October 2014; (5)Direct Line – October 2016



The CONNECT effect

At Broadspire, our connected claims initiative employs a tailored claims strategy to profile and process genuine claims quickly, supporting customers and claimants through the claim process, reducing claim lifecycles, litigation and cost. That’s how we deliver:

MOTOR 80 percent of liability decisions in 21 days	CASUALTY 70 percent of liability decisions in 21 days	PROPERTY 90 percent of claims settled in 15 days	ACCIDENT & HEALTH 95 percent of claims settled in 5 days
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To learn more about how connected claims can help you on your claims journey, speak to the Broadspire team at Booth 131.

Preventing business interruption headaches

WHY BUSINESS INTERRUPTION LOSSES POLICIES DO NOT ALWAYS REFLECT THE REALITY OF FINANCIAL LOSSES, AND HOW TO MINIMIZE DISCREPANCIES THROUGH SCENARIO PLANNING. FREDERIQUE HARDY, DIRECTOR OF FORENSIC ACCOUNTING SERVICES AT CRAWFORD REPORTS

A few years ago I worked with an energy company. An incident had occurred at one of its coal power generation plants and I was instructed as a forensic accountant for the business interruption (BI) loss. Under the provisions of the policy, the cost of coal was deemed a variable cost within the rate of gross profit. When generation stopped, coal cost was deemed to cease as well.

Although this was broadly true, it failed to reflect that this particular loss impacted only one of several generating units within the plant. And that the coal for the remaining generating units had become more expensive as a result of the incident. The insured benefitted from volume discounts and, as the coal quantity purchased decreased following the incident, the unit price of coal increased.

It did not fit in as a loss of profit as these units were not damaged and generated as planned, nor did it fit in as an increased cost of working. Although there was a genuine financial loss, there was no natural fit within the BI framework.

A few years later, the same company suffered another similar incident. This time however, having learnt from this first experience, the policy now included provision for such a scenario. Working with their brokers and underwriters, the Insured had modified their BI cover to include a provision for lost volume discounts on raw materials.

This is a good illustration of why organizations should thoroughly stress-test their BI cover. This has arguably never been more important, as organizations face a rapidly-changing risk landscape and a broadening range of BI exposures.

According to the Allianz Risk Barometer 2018 BI is the most important global risk



Frederique Hardy, director of Forensic Accounting Services at Crawford

for the sixth year in a row. Along with the traditional physical damage losses associated with natural catastrophes and industrial accidents are losses from non-damage BI, stemming from supply chain and cyber incidents among other potential triggers.

For the first time cyber was the most-feared BI trigger in the Allianz risk survey. It is estimated that last year's global ransomware attacks - including WannaCry and NotPetya - caused total economic losses of \$8 billion¹, of which half a billion dollars was attributed to direct and indirect business interruption². Much of this was uninsured.

Crawford is committed to improving pre-loss scenario analysis as a tool to stress test and challenge BI policy wordings before a claim occurs. This process, which brings together all stakeholders in claims, is particularly suited to complex loss scenarios such as cyber losses. Just as risk engineers are brought in to assess the physical aspects of an organization's facilities, so corporates can benefit from the forensic accountants' focus on the intangible assets within their business.

Why subrogation is often a missed opportunity

THE TOPIC OF CLAIMS LEAKAGE CONTINUES TO RISE UP THE AGENDA

Why is the subrogation process sometimes seen as the weakest link in the lifecycle of a claim?

Recent studies have shown that up to 15 percent of general insurance claims are closed with a missed subrogation opportunity. There's a whole host of complex, often historical reasons, why the subrogation and recovery models haven't worked, but largely it's because they are too often an afterthought and disjointed from the first-party claim.

How did Crawford redesign its recovery operating model?

We've moved the identification to the front end of the claims process, highlighting first-party claims where there is likely to be third-party involvement. These claims are automatically highlighted and referred to our Subrogation & Recovery Unit and our bespoke lawyer-led workflows.

Most importantly, we ensure that recovery opportunities are not missed. When the adjuster is dealing with the first-party claim, he or she cannot pass it through the system without identifying potential recovery opportunities. Insurers and risk managers benefit from early



Jason Spencer, managing director, Crawford Legal Services™

(1) <https://uk.reuters.com/article/uk-cyber-lloyds-report/global-cyber-attack-could-spur-53-billion-in-losses-lloyds-of-london-idUKKBN1A20AH>
(2) https://www.fbs.cam.ac.uk/fileadmin/user_upload/research/centres/risk/downloads/crs-cyber-risk-outlook-2018.pdf

Recovery in numbers

1-in-3 proportion of escape of water claims that involve a recovery

97% proportion of Crawford claims that have considered a recovery since the operating model was redesigned

8% increase in first-party claims having recoveries captured at initial assessment

identification and engagement of the “at fault” third party.

How does improved subrogation benefit the policyholder?

We’re recovering for both the insurers and policyholders, and work on behalf of

a growing number of corporate clients, where they are self insured or have a large deductible. They are instructing us directly to do exactly the same thing – to recover the losses or uninsured losses at below deductible level.

We’ve been able to really drive success in the subrogation process when it comes to certain perils that result in accidental damage. A substantial number of third-party claims should result in a recovery. This includes escape of water, escape of oil and fire.

We know that at least a third of escape of water claims should now involve a recovery. And there are at least four or five different perils where the client is sitting on huge potential leakage if recovery is not proactively pursued.

WeGoLook[®] coming soon in the UK

ON-DEMAND CLAIMS INSPECTION
REVOLUTIONIZING CLAIMS HANDLING

WeGoLook will soon go live in the UK.

The pioneering on-demand field inspection and verification service – a subsidiary of Crawford – revolutionizes the firm’s ability to handle high-frequency, low value claims.

Already used by Crawford’s teams in the U.S. and Australia, WeGoLook will introduce an extensive network of independent contractors (Lookers[®]) across the UK. Each Looker will be equipped with an innovative mobile data capture system allowing them to conduct on-site inspections in almost real-time of claims-related incidents and capture pre-configured data.

Crawford’s adjusters will have instant access to this pre-configured data and as a result will be able to complete claims processing in a fraction of the time. This will not only mean a higher quality of service for the policyholder, but will also greatly increase the productivity of the adjusting teams as they will be able to rely on the Looker network to gather the data they need.

As part of the launch, Crawford has appointed Philip Madeley to lead client development and relationship management

for WeGoLook in the UK. He has previously worked for a niche technology startup, as well as financial services leaders including JP Morgan and the Commonwealth Bank of Australia.

Madeley says: “The launch of WeGoLook in the UK will make a big difference to our ability to handle low value claims across the country. The service will provide our adjusters with instant access to all the data they need, making the teams much more responsive and enabling them to assess much larger volumes of these lower value losses.”

WeGoLook has already proved its effectiveness on numerous occasions to the Crawford teams in even the most extreme circumstances, as James Rayner, vice president, Global Markets at Crawford explains.

“Following Hurricane Maria, communication from Puerto Rico was difficult and our clients were struggling to obtain meaningful information from their local operations,” he says. “Crawford used WeGoLook to provide initial photographs of

67 locations for one of our quick-service-restaurant clients.

“This was very helpful to support our deployment of loss adjusting capabilities, and more importantly for our client, to assist in their decision-making process on immediate advance payments from the insurer to help with initial restoration and reinstatement activities and cashflow.”



Philip Madeley,
client development
and relationship
management for
WeGoLook UK



Crawford[®]

Global Client Development is responsible for managing the global relationship with Crawford’s major clients worldwide and provides a single gateway to the world of Crawford services which include multinational program management, major or complex loss handling through Crawford Global Technical Services, our definitive solution for large, complex claims, claims management solutions through our third party administration provider, Broadspire and ‘ondemand’ services through our subsidiary, WeGoLook.

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