



# The Changing Climate and Claims

The true test of any policy and coverage is a loss scenario. How are the needs and expectations of insurance buyers evolving in this rapidly shifting, ever more complex world?

Organisations are facing very changing and often increasing exposures. Emerging risks are a key challenge. Extreme weather and changing environmental patterns, linked to global warming, are becoming increasingly common.

## Changing Times

Around the world, the socio-political temperature is rising. We have seen the long-term French ‘yellow jackets’ protests, paralysing French cities, and the anti-government protests in Hong Kong.

The climate is changing too. The US National Hurricane Centre predicted that, this year, we will see 19-25 named storms, significantly more than the average of 12.<sup>1</sup> With some 10 weeks of the season remaining, we have already reached 23.

Prior seasons have been devastating. In 2019 Hurricane Dorian, a category five storm, wreaked havoc across The Bahamas with damage estimated at \$3.4billion.<sup>2</sup> The true number of missing people will never be known, given the large number of unregistered refugees living on the worst hit islands.

The economic consequences of the global pandemic are still nowhere near being understood as lockdowns continue.

The speed and nature of incident responses will have a major impact on minimising the disruption to businesses.

## Responding to a Changing Environment

The role of risk managers has never been more important and from our experience, claims run smoothest when there has been advance preparation. We have identified the following key steps to consider:

- **Agree a claims protocol** with brokers and insurers, including a pre-nominated global loss adjuster. The adjuster selection should be driven by expertise, coverage and familiarity with the business sector. Key local contacts should be predetermined as should other appropriate specialists. Technology usage should be agreed.

- **Arrange site and business familiarisation sessions** for claims partners. This will allow more effective and speedier decision making in the event of a claim. Critical post loss time can then be directed to loss mitigation and problem resolution.
- **Complete post-loss reviews** to take learnings from the claim experience and update business continuity plans and the claims protocol.
- **Review supply chains** to understand how shifting risks will affect suppliers. What are the vulnerabilities to second and third tier suppliers in the chain?
- **Consider the data being captured**, how is it being used and how may it need to be amended in the future?

## Technology

The speed of response to a claim is vital, as are the insights which can be gained through data. Technology can play a major part in the process both through speeding and improving the overall claims journey:

- **Remote video and data capture** via app technology, allowing personnel on site to immediately live stream video footage, supporting rapid triage and loss mitigation decision making, no matter where in the world the incident has occurred. The captured media can also assist with the early securing of subrogation evidence, where other parties are potentially involved in loss causation. Securely recorded, the footage can be shared with customers to provide comfort on how the situation is being dealt with.
- **Claim modelling and analytical tools** can take mixed data sets and combine them into a model that is both historically analytical and future predictive to assist decision making. This data combination can include publicly available information. For example, for COVID-19 loss analysis, we have been mapping government infection data, against retail/hospitality locations or footfall data for major retail centres where rental income, and loss, is linked to tenant turnover. It is also very helpful in reserving, which is key if there is a significant level of loss participation through self-insured retentions and captive placements.

## Conclusion

Whilst technology is assisting with process efficiency, communication, risk assessment or claim calculation, it is only a facilitator and the human element should never be underestimated. Technology will not suggest innovative loss mitigation solutions. The foundations of successful risk management and claims handling stem from the ability to build trusting relationships with stakeholders.



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**McLarens are an online exhibitor at Airmic Fest from 22 to 24 September. View Graham Smart's recorded session on The Changing Climate & Claims in the Knowledge Hub on [AirmicFest.com](https://www.airmicfest.com)**

**The McLarens App, a secure remote access and evidential capture tool, is now available for claims. For a preview of the McLarens App, without a specific loss, please contact [clientservices@mclarens.com](mailto:clientservices@mclarens.com)**

### References

<sup>1</sup> Chappell, B. (2020). NOAA Now Predicts Up To 25 Named Storms In The Atlantic Hurricane Season NPR [online] Available at: <https://www.npr.org/2020/08/06/899736652/noaa-nowpredicts-up-to-25-named-storms-in-the-atlantic-hurricane-season?t=1600337851575> [Accessed 17 August 2020]

<sup>2</sup> Rolle, R. (2019). Dorian Damages Bill Soars To \$3.4 Billion The Tribune [online] Available at: <http://www.tribune242.com/news/2019/nov/18/dorian-damages-bill-soars-34-billion/> [Accessed 17 August 2020]