

Claims handling: Look on the bright side!

It has been turbulent weather around the region in the last few months and insurers are bracing for a deluge of claims. **Mr Nehemiah Neo**, Managing Director, vrs Insight Group, Pan-Asia Loss Adjusters, tells insurers that this is a good time for them to show their professionalism as well as thoughtfulness to the public.



A flurry of claims is expected across the region from the unseasonable weather we have endured in the past couple of months. In Singapore, we have witnessed two bad floods in Orchard Road within a month or so, which are rare phenomena indeed. And there has also been bad weather resulting in insurance claims right across the region.

Insurers keeping low profile

As an adjuster, I am always keenly interested in how insurers respond to claims such as these which attract lots of publicity and grab headlines.

Natural events such as storms, flooding (as in China and Southeast Asia), typhoons and other events seem to dominate the headlines because they are essentially 'bad' news items. They also create strong visible images which today's media relies upon to gain attention.

I also notice that many insurers tend to keep a low profile during such times. Perhaps that may be the psychology of the industry which believes it is better to keep a low profile when catastrophes take place.

Changing the image

Keeping our heads down, doing our job and paying valid claims is commendable and the right thing to do. But I also think the industry can make some well-timed efforts to change its image among customers at moments when numerous or major claims have to be settled.

Too often we see insurers talking about the inevitability of increased premiums when there is a loss in a particular class of business or if there has been a significant catastrophic incident.

Of course whenever there are major losses on any account, it is a time to re-appraise underwriting performance and raising rates may perhaps be one way of doing this. But I suggest that the time to broach the subject of rates going up with customers is not opportune when they are making claims.

Thoughtfulness at times of claims

To mention charging customers more right after claims are made is not the best of public relations. It is probably the last thing they wish to hear at that moment. What claimant customers need to know from their insurers is that their claims will be handled swiftly and professionally.

Insurers need to demonstrate more of a human face in times like this, not just the corporate face which is the image of our industry. Of course that human face can be translated into other aspects of our work such as efficiency, speed, professionalism and integrity. But the simple act of showing our humanity should run through all of that behaviour.

Adopting a seemingly cold and unsympathetic stance towards customers when claims are being processed damages the reputation of the industry and the idea of rate rises should never be communicated at that particular time.

Excluding the risks after claims

Another aspect of industry behaviour which people are sometimes uncomfortable with during a time of stressful claims is the rapid production of new policies tailor-made to cover the claims situation which has arisen.

While this can be lauded as entrepreneurial in some cases, it can also be interpreted in a negative way by customers, especially, if claims have not been settled on outstanding policies.

Adjusters are appointed by insurers so we have to work closely with them and represent their interests in any claim. But over the years I have worked with long standing clients and I never shy away from encouraging them to focus on the 'soft' issues in the event of a major claim. After all, we sometimes forget that people make insurance claims at times of great stress and loss in their lives, be they personal lives or corporate.

The industry's role is to put an arm around the customer at this difficult time. Issues of economic hardship should be addressed quickly if policies are claimed upon.

Being guardian angels

One major claim we handled a while back was from a large group of hawker food stall owners in a local area in Singapore who had lost their livelihoods in a terrible fire in the hawker food centre.

We were able to act as guardian angels to these food stall owners – many of whom faced real financial difficulties due to the fire – by expediting their claims very quickly and arranging for underwriters to personally be present at a community centre nearby to hand them cheques within a short time of the incident.

I will never forget the look of gratitude on the faces of the stall owners who received their cheques that day so that they could proceed to re-start their business quickly. It is this kind of action which warms the hearts and wins the minds of the customers. Do we see this often in the insurance business?

Establishing bonds of trust

This behaviour is professional and the correct way of doing things for a professional underwriter. But it is also so much more than that – it acts such as this which help build up that bond of trust between the insurance industry and the insuring public.

What underwriters are selling is the promise to pay when a legitimate claim arises and that promise is fundamentally based on trust.

The industry must work on building and earning its trust through the 'soft' elements I mention here. Discussion about increasing rates or rushing our new-fangled policies to take advantage of difficult situations may well please shareholders, but probably not customers.

Who comes first? 