

C-Suite Claims: Interim payments can promote insurance



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Nemehiah Neo explains how loss adjusters can help support the reputation of the industry by helping facilitate interim payments when disaster strikes.

We have all seen the accusation too many times - the claims department is dragging its feet over a legitimate claim. The policyholder is frustrated, the broker is of little help and the underwriter appears to be uncaring and intransigent.

Sadly the soft insurance cycle produces this kind of behaviour. Claims payment is sometimes delayed, either by design or via a murky sea of administration and bureaucracy.

The role of the loss adjuster in this cycle is little understood. Our fraternity is often viewed by claimants as the front line of an underwriter's defence - a defence that is designed not to pay claims.

While loss adjusters do indeed work for underwriters - the role is positive and aimed at smoothing the claims process. In 30 years my job has been most satisfying when we've been able to play a proactive and decisive role in the paying of valid claims.

We have seen many livelihoods and business destroyed by catastrophic loss, and delays in the receiving of insurance payments often adds to the sense of loss experienced by claimants.

However when the underwriter, acting on swift and accurate information from his adjuster can make a swift settlement, the whole process affirms the continuing integrity of the system. This is the crux of the insurance offering - the ability to provide powerful economic, financial and social value in a situation of profound loss.

Unfortunately few consumers or commercial buyers of insurance see the process like this: they view insurance as a necessary evil

and the underwriter and his loss adjuster as the bad guys. This is still true today but things are changing.

Interim payments to claimants are becoming more practised in some markets as insurers are increasingly recognising that nothing beats a moment in time like when a claim payment cheque is handed to a policyholder needing urgent funds to keep his customers.

We believe an insurer should be judged on the quality of the service just like any other part of the financial services sector. Interim payments are able to make a difference - in particular where there is cover for time elements; such covers seem to be on the upward trend.

Although there is no industry benchmarking or formal rules on industry payments, the rule of the thumb can be 50% or higher of what can be supported or will ultimately be paid. In order for this to happen, the adjuster has to move with speed to establish there is no information available to suggest there is anything untoward about the incident so that underwriters will feel comfortable in releasing payment-on-account.

The industry has for understandable reasons not promoted this part of the business. However, we can see a time when underwriters, acting on the professional advice of their loss adjuster, will pay interim claims speedily in cases in which it is needed most or even where there is no policy endorsement to cater for interim payments.

Once this side of our business is more widely known, the perception that our industry survives by delay and deny will surely change.

Nehemiah Neo, *pictured*, is managing director of Singapore-based Insight Loss Adjusters