New world for claims professionals

L-R: Messrs Graham Purdon, Paul Brenchley, James Ong and Guido Gavio.

With claims processing being the 'litmus test' of all insurance products, loss adjusters face a myriad of challenges and opportunities as they oversee claims in an increasingly digitalised and globalised world. Many of these issues were covered by notable industry leaders at the 2019 Insurance Claims Summit organised by *Asia Insurance Review*.

By Ranamita Chakraborty

In today's digitalised and rapidly-evolving insurance value chain, loss adjusters and electronic solutions (e-solutions) for claims management work hand in hand as they are suited to handling different types of claims.

This point was raised by Charles Taylor Adjusting Asia regional managing director (property, casualty, technical and special risks) Tony Chapman at the Asia Insurance Claims Summit last month.

Mr Tony Chapman

He sees claims that are high-volume and low-value and are very e-solution orientated. At the other end of the scale (low-volume and high-value), he sees very people-orientated claims.

Holding an optimistic view for the loss adjusting profession, fellow speaker and Sedgwick Singapore CEO (Asia) James Ong said that while automation may process smaller and simpler claims increasingly, specialist loss adjusters play a crucial role in managing major complex losses.

"High-end major complex losses is where loss adjusters can really showcase their skillsets," he said during a presentation on the role of adjusters in today's world of claims.

In that regard, certain human-specific traits such as empathy as well as good communications and project management skills showcased by adjustors can't be replicated by technologies such as AI according to Mr Ong.

He said that loss adjusters would succeed better than AI at policy interpretation as machines lack the nuance to pick up certain loopholes which humans might fare better at after sifting through facts and legal documents.

Echoing similar views, Mr Chapman said, "We are in a situation where you cannot use e-solutions for all of the issues. But we (loss adjusters) are in the high end of the market where e-solutions don't work."

He also showcased how the loss adjusting profession comprises a varied range of skill-sets as it employs technical experts and loss adjusters from various disciplines such as aeronautical engineers, forensic accountants and property surveyors.

Preparing the next generation of talent

Highlighting how skill shortages have become a major problem for the loss adjusting profession, Mr Chapman said, "I am a big fan of e-solutions. I do believe cost efficiencies are in order. But in Singapore alone, in the last eight months, there has been 67 adjusters come out of retirement to start work again."

Being a loss adjuster since the early 1990s, he questioned how the industry will now deal with training issues for young industry entrants when e-solutions are in the middle of managing claims.

When asked about how loss adjusters in the region are managing the talent gap, Mr Chapman noted that over 20% of the loss adjusting market has been 'sucked out' to go and work for insurers and the answer is to make loss adjusting an attractive career option especially for the younger generation.

"If you look around, the average age of an adjuster is getting higher every single week and there are few, if any, youngsters coming in. And those are all going to get snapped up," he said as insurers compete for the same limited pool of young talent.

Citing an example of how loss adjusters and the insurance industry in Canada facing this universal problem have tried to attract and train young talent, conference chairman and

Mr Paul May

International Federation of Adjusting Association director Paul May said that when a Canadian loss adjusting company takes on a trainee/ young graduate, they partner the latter with an insurer which then allocates some claims to the trainee.

Every two months, a mentor discussion then takes place between the insurer's claims department, the loss adjusting company and the trainee. This is a kind of 'no poach' agreement between loss adjusting companies and insurers, said Mr May, who is also Concordia Consultancy CEO, at a panel discussion on best claim practices in the market.

In this case, the insurer realises that it is helping to grow a new generation of professionals rather than waiting to 'poach' professionals who have been trained by loss adjusting

companies and working there for few years.

However, Mr May notes that this practice is not working fully but it is a definitely a way of tackling the talent gap in the loss adjusting profession.

Combatting fraud in an advanced digital age

Fraudulent claims have been a long-standing issue for the insurance industry but anti-fraud technology has provided a much-needed solution to reduce the threat of fraud and invalid pay outs. However, certain factors do stand in the way of successfully adopting such technologies, said a panel discussion on this topic.

Panellist and Liberty Insurance head of fraud and recovery Andy Foo elaborated on how anti-fraud technology platforms help to detect a new pattern of fraud by machine learning.

Mr Andy Foo

He said, "Known fraud patterns are based on past successful investigations and we actually input the particular pattern in the system so this can help us to detect fraud quite easily."

"Unfortunately, fraudsters are always very creative. Once they realise that the industry is monitoring this particular trend or pattern, they tend to evolve or change their modus operandi," he said.

According to Mr Foo, one of the major challenges for fraud prevention is that while most professionals in the industry use anti-fraud technology systems for detection,

they somehow just fail to provide feedback back into the system to help it improve.

"Maybe another way to look at this issue is that if we are looking at identifying new types of fraud, there are other new types of data that we can look at to make a tangible sense of

Mr Owen Hawkes

data feeding in," said panel moderator and KPMG partner (forensic, dispute advisory services) Owen Hawkes as he suggested a way to tackle challenges associated with fraud prevention.

An example of this could be using social network analysis in investigating fraudulent claims whereby claims professionals could look into a claimant's use of social media and

Ms Daphne Wong

showing links between the claimant and other individuals involved, said panellist and MDD Forensic Accountants director of investigations Daphne Wong.

For instance, in a motor vehicle accident, an indicator of whether or not that accident might have been staged is if the two claimants involved in the accident actually know each other. In that scenario, a social media analysis might reveal that they are both friends on Facebook, said Ms Wong.

"External sources of data as opposed to just internal indicators that we have developed from previous investigations can actually be a very good way of investigating claims and the risk profile of the customer," she said as she delivered an essential piece of advice on insurance fraud for conference delegates.

The Asia Insurance Claims Summit was organised by *Asia Insurance Review* from 5-6 November in Singapore with the theme 'Adjusting to Globalisation'. The two-day conference was sponsored by BELFOR.