Best Practices for Successfully Navigating the Claims Process

It's never too early to prepare

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A Worrying Trend

The frequency and cost of claims against businesses have increased significantly in recent years, rising faster than the rate of inflation for just about every claim type, from healthcare to property damage to professional liability and beyond.

And it's a trend that's only going to continue. In the near future, you should expect to face a claim from at least one of three risk categories: management liability, cyber breaches or large-scale catastrophic events.

This document will walk you through the three best practices you should follow today to prepare for claims to come:

1. Build a robust claims response infrastructure
2. Empower your broker to negotiate favorable terms for you
3. Know how to respond in the hours and days following a claim

Best Practice 1

Create the proper infrastructure

Whether you've already survived a suit or you have yet to experience one, it's crucial to prepare today. Complete the following steps *before* you face a claim:

1. BUILD AN ADJUSTMENT TEAM

Identify an adjuster and any other necessary consultants *before* a claim happens. Meet with these experts and your HUB broker to discuss exposures and account nuances, and establish the clear communication channels that will be crucial during the claims process.

2. UNDERSTAND YOUR COVERAGE

Review your coverage in conjunction with your account manager and HUB broker. Know what's covered and what isn't; clarify what information is required to process a claim and when notification is due.

3. IDENTIFY POINTS OF CONTACT AND SECURE IMPORTANT DOCUMENTS

A serious claim often requires the attention of multiple individuals within the affected organization. Identify key players from sales, operations, accounting and finance, management, and risk management, who could be critical to the claims process and could hold key documents.

4. ANTICIPATE YOUR LOSSES

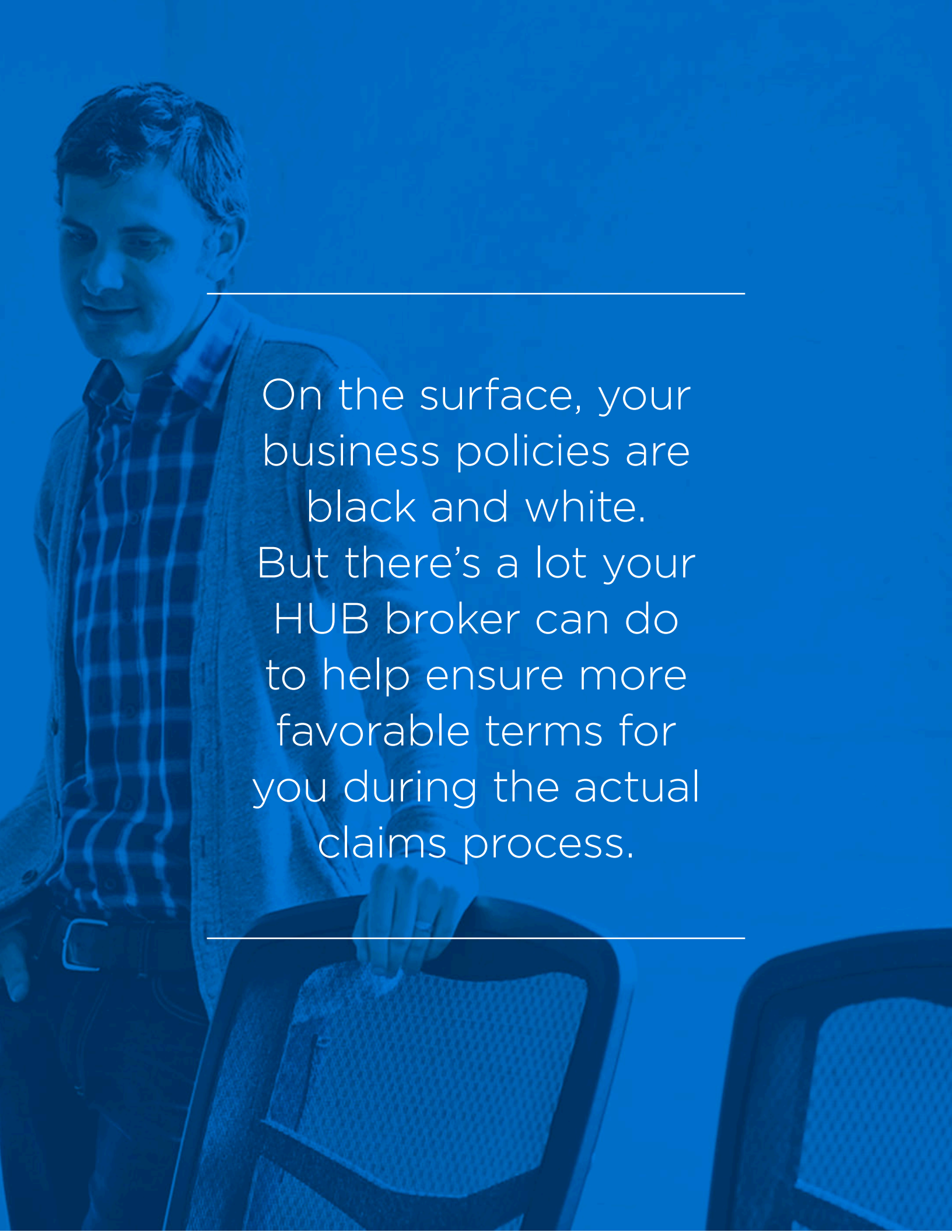
Think about the types of losses you could sustain, which specific business units are at risk, and how to help those units endure and efficiently resume operation, either in place or offsite.

5. PROVIDE PROPER NOTICE

Businesses too often make the mistake of waiting until the end of the policy year to submit a laundry list of potential claims issues. This can lead to denials due to lack of detail, and can impact policy renewal. Moreover, it can hinder the ultimate goal — a sustainable business-broker-carrier relationship that provides you with the best possible protection. Proper communication with your insurer throughout the process, from initial notice to final resolution, is critical to claims acceptance and payout.

6. CRAFT YOUR COMMUNICATION CORRECTLY

Carriers will reject a written claim notice if it lacks details such as the names of affected individuals, a list of allegations, foreseeable damages and pertinent financial figures. Your HUB broker can teach you expert communication tactics today — so you can avoid claim rejections down the road.



On the surface, your business policies are black and white. But there's a lot your HUB broker can do to help ensure more favorable terms for you during the actual claims process.

Best Practice 2

Leverage your key advocate: your HUB broker

There's a lot your HUB broker can do to ensure more favorable terms for you during the actual claims process. He or she can help you:

1. SELECT FAVORABLE COUNSEL

Many organizations prefer to work with their own third-party attorney when defending a claim, seeing it as a huge advantage in reaching a positive outcome. Although carriers traditionally require you to choose from a list of their approved counsel, your HUB broker can work with the carrier to obtain an exception.

2. LEVERAGE HUB'S VAST NETWORK

In every professional policy, there are negotiable exceptions — for brokers with influence. For example, if your business interruption policy has a small limit on its fine arts coverage, but more robust limits under another sub-coverage, your HUB broker could work with the insurer to use the coverage on one to minimize your out-of-pocket expenses on the other. That's something a basic adjuster wouldn't be able to do.

3. NEGOTIATE COVERAGE ISSUES

Your HUB broker will leverage existing relationships to assist you, and even get involved in a claim's final settlement if required. In one recent example, the insurance company agreed to indemnify a company against a professional liability claim, but reserved the right to wait until the final settlement was negotiated to determine payout. Staying closely involved, the HUB broker worked with the carrier to increase the business's share of the payout.

4. COMMUNICATE EFFECTIVELY

During the claims process, it's often not only what you say, but how you say it that counts. In one recent case, a business was in a hurry to settle a claim, but it seemed as if the insurance company was dragging its feet. The HUB broker crafted a message to the insurer detailing the issue, and this transparent communication helped expedite a reasonable resolution for the business.

Best Practice 3

Know how to respond and react in real time

Once you've reported a claim, your response is crucial to minimizing further damage and preserving claims dollars. Here's what do during the first 24 to 48 hours:

1. PREVENT FURTHER DAMAGE

Your policy will require that you protect and preserve your business and its property from further damage. Make any temporary repairs necessary. Restore fire protection if it's damaged. These may seem like short-term fixes, but they're of critical and lasting value.

2. DON'T DISCARD ANYTHING

Don't remove anything from the scene of the claim. Make sure to retain any documents, including video recordings, related to the claim. Let the adjuster inspect everything, and come to a clear understanding as to how they plan to deal with damaged assets that can't be replaced.

3. TRACK ALL YOUR CLAIMS-RELATED COSTS

Create a general ledger account and record all costs associated with your losses, including work orders and job accounts. When possible, compare it with your existing inventory of the property to determine original purchase prices and costs to replace items. Where there are lead times, make note of those as well.

4. LOG YOUR EFFORTS

Keep a journal of the claim- and damage-related work that takes place each day, noting its objective and who was involved. This information can be very valuable in demonstrating to the insurance company the size and scope of the investment required to restore normal operations.

5. MAKE PERMANENT REPAIRS

When it's time to make permanent repairs, the adjuster will want to be involved, and may even engage a contractor-consultant to develop a scope of work. In the event of differences of opinion, you may need to engage an expert to support your position.

Getting back to normal

Ultimately, you want to resume normal operations as quickly as possible following a claim. Create a plan to achieve that goal — and ensure that it answers these questions:

- Can your organization set up a temporary location to resume operations?
- Can your business use idle or underutilized manufacturing facilities or lines to restore production sooner?
- Would working extra or longer shifts restore production?
- Can you purchase a product to help ensure an uninterrupted supply to customers?
- Can other business units help satisfy customer demands?

You can't prevent a claim. But you can be ready for it.

Your HUB broker can help, negotiating on your behalf to achieve the best possible outcome. And this gives you the peace of mind that what matters most to you will be protected — through unrelenting advocacy and tailored insurance solutions that put you in control.

Contact a HUB broker today at:
hubinternational.com/PropertyAndCasualty

Advocacy | Tailored Insurance Solutions | Peace of Mind

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