



[Dick Tutwiler](#)

"Adjusting insurance losses in other countries has educated me on how generally blessed we are in the U.S. given our current consumer protection rules and regulations."

What We Can Learn From the International Insurance Community

Nothing ever seems to stay the same in the insurance adjusting profession, which means you are always learning something. What you may expect to turn out one way may in fact turn out to be totally unexpected. The assumption that insurance is a boring old world business, predictable through actuarial science does not hold true in the real world of claims, where the rubber hits the road. Every loss is unique, with different facts, insurance coverage, and a multitude of issues that result from dealing with the many players who become involved in the claims settlement process.

Working internationally exposes one to a whole host of issues with offshore insurance companies' practices and procedures, their staff, and their markets. Can we learn from other markets and their practices? I think so and I am going to share with you some of my recent experiences both good and bad.

First, a good lesson learned which centers on the loss prevention standards some of our international neighbors (most notably in the Caribbean) are following. In the U.S. market, particularly in the coastal states with big wind exposure, windstorm insurance for Cat (catastrophe) exposure is sold at a significant premium, if available at all in the standard markets. There is not much disagreement as to why, given the locations we have built in and the type of construction that has been permitted and grandfathered in. Not so in some of the major hurricane zones in the Caribbean where there is a constant threat from large cyclone events. There, new

structures are being built to a whole different standard. Poured concrete walls and concrete roofs with high impact glass or shutter windows are the norm for most new construction in one Caribbean island I am involved with as a result of hurricane damages. In a recent meeting with the claims manager and his staff, they tell me that property owners are not buying wind (hurricane) insurance, because they don't need it! These houses are built like bomb shelters. And you would be surprised at the pleasing architectural and design style of these homes given their solid poured concrete construction. While this may not be practical in all coastal U. S. high wind hazard areas, it does show that we can learn other means and methods to mitigate or eliminate our losses with proper building standards used in other high hazard parts of the world.

Adjusting insurance losses in other countries has educated me on how generally blessed we are in the U.S. given our current consumer protection rules and regulations. This leads to the bad experience where I have seen little to no government regulation or oversight of existing insurance schemes. Imagine if there were no regulators or overseers of property insurance products in our country. Our Florida legislature which is currently debating a series of "property insurance reform bills" may be surprised to know that deregulation or removal of current policyholder benefits may well result in some very bad unintended results to their constituents in the wake of a property loss. The following are examples of claim handling conduct we have experienced offshore in the past 6 months that would not be tolerated in the U.S. domestic market.

Can you imagine the reaction of a policyholder in Florida upon receiving a letter from their insurance company saying we will pay this amount for your loss but there will be no "quantum" explanation of the loss? Translated, this means the insurance company will pay you what they want to pay but not give you an accounting as to the scope of the repairs of the loss or the dollar amount of the items making up the loss. How can you argue your position if you disagree with their number and don't understand the basis of their offer? In another example, an insurer provides a spread sheet reflecting their view of the loss but then apply policy terms such as percentage deductibles based on some insured value determined post loss, then claim "under insurance" to apply a co-insurance penalty which is referred to as an "Average" clause in some offshore policies we have seen.

In another believe-it-or-not scenario, how about taking six months to write an estimate for roof damages without the benefit of the insured's or an expert's opinion whether the roofs are even repairable and then refusing to discuss the adjustment. How about an arbitration clause written in the policy to settle differences, but once invoked by the policyholder it results in complete silence on the carrier's end? When pressed to start the process they respond by claiming there is no coverage at all! Proper form in the U.S based on our rules and regulations, might have called for the insurer to issue a reservation of rights letter so the policyholder was at least on notice of a possible coverage issue.

While some of these outcomes may surface in the adjusting process from time-to-time, they generally are reversed quickly, once a Civil Remedy Notice (CRN) is filed with the Office of Insurance Regulation. We need to look no further than our international insurance brethren to learn of both positive and negative consequences of certain types of behavior and lack of proper regulations and policyholder protection. Let's hope that our long and storied history of providing consumer protection benefits in the form of rules and regulations governing insurance products and conduct are not thrown out in a rush to deregulate the Florida insurance market and that we remain a beacon of light for others in the international community to follow.

Send comments to:

Tutwiler@publicadjuster.com