

SECTION 4: CLAIMS MANAGEMENT

PART 1 Adjusters' Reports: (all perils)

- B. All reports; front page format;
- B. Full reports:
 - i. Main body format;
 - ii. Explanatory notes.
- C. Abbreviated reports

PART 2 Loss Procedure for Co Insured Risks

- A. Procedure
- B. Apportionment

PART 3 Loss Report Forms

SECTION 4 PART 1 A

SECTION 4 PART 1 ADJUSTERS REPORTS: (ALL PERILS)

**A. ALL REPORTS: FRONT PAGE FORMAT
I. IMMEDIATE ADVICE/PRELIMINARY REPORT**

POLICY NO. INSTRUCTING
 NAME & ADDRESS OF INSURED OFFICE REFERENCE
 SITUATION OF DAMAGE
 BUSINESS
 VAT STATUS OF INSURED
 USAGE OF BUILDING
 TIME, DAY, DATE OF LOSS
 POINT OF ORIGIN
 SUPPOSED CAUSE
 FINANCIALS (IMMEDIATE - GIVE BRIEF RESERVE ADVICE; PRELIMINARY, AS BELOW)

ITEM	COL	DESCRIPTION	SUM INSURED	PAYMENT RECOMMENDED	NEW O/S RESERVE	TOTAL CLAIM COST
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II. INTERIM REPORT

POLICY NO. INSTRUCTING
 NAME & ADDRESS OF INSURED OFFICE REFERENCE
 SITUATION OF DAMAGE
 BUSINESS
 VAT STATUS OF INSURED
 USAGE OF BUILDING
 TIME, DAY, DATE OF LOSS
 POINT OF ORIGIN
 SUPPOSED CAUSE
 PAYMENT RECOMMENDED
 FINANCIALS

ITEM	COL	DESCRIPTION	SUM INSURED	PREVIOUS PAYMENTS	PAYMENT RECOMMENDED	NEW O/S RESERVE	TOTAL CLAIM COST
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III. FINAL REPORT

POLICY NO. INSTRUCTING
 NAME & ADDRESS OF INSURED OFFICE REFERENCE
 SITUATION OF DAMAGE
 BUSINESS
 VAT STATUS OF INSURED
 USAGE OF BUILDING
 TIME, DAY, DATE OF LOSS
 POINT OF ORIGIN
 SUPPOSED CAUSE
 AMOUNT OF CLAIM
 ADJUSTMENT
 FINANCIALS

ITEM	COL	DESCRIPTION	SUM INSURED	PREVIOUS PAYMENTS	PAYMENT RECOMMENDED	ADJUSTED LOSS
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ADJUSTERS FEE & EXPENSES; £
 VAT: £
 TOTAL: £

SECTION 4 PART 1 ADJUSTERS REPORTS: (ALL PERILS)

B. FULL REPORTS

The format for full reports will be a front page as outlined in section 4 part 1 A plus the following.

i. MAIN BODY FORMAT

NB: This is not a form to be filled in; it is only a summary of the headings and their order. The principle is accepted that reports will be under headings and in the following order, (omitting those irrelevant to the claim).

DESCRIPTION OF PREMISES

DESCRIPTION OF BUSINESS

DISCOVERY

CAUSE

SPREAD & STOP

NATURE & EXTENT OF DAMAGE

INTERRUPTION FEATURES

INITIAL MEASURES

WARRANTIES/CONDITIONS

MATERIAL DAMAGE PROVISIO

RECOVERY

APPOINTMENT OF ASSESSORS

ADEQUACY OF SUMS INSURED

DEVELOPMENTS SINCE LAST REPORT

CLAIM & ADJUSTMENT

OTHER INSURANCES & CONTRIBUTION

MANDATE

RESERVE FOR INSURERS

SECTION 4 PART 1 ADJUSTERS REPORTS: (ALL PERILS)

B. FULL REPORTS

ii. EXPLANATORY NOTES

The listed headings, used as appropriate, should contain the following information; sub-headings can be used as required.

No paragraph from a preceding report should be repeated in subsequent reports unless the content is to be altered or the Insurer or leading Office require otherwise.

FRONT PAGE

Headings are self-explanatory except for the following.

FINANCIALS

- I Under the "Item" column, the following headings must always be shown at the end:-
 - a) Loss Adjusters' fees;
 - b) Other expenses, (forensic reports, specialist reports, etc);
- II "New O/S Reserve" is the total figure, after making any recommended payment, to be held against future expenditure under the claim.
- III "Total Claim Cost" is the sum of all payments made plus "New Reserve"

MAIN BODY

DESCRIPTION OF PREMISES

- I Brief description of construction, age, condition & location.
- II Item & plan numbers should be quoted if possible. Where there is no plan a rough sketch or diagram is often helpful. Compass reference points should be used where possible.
- III Where relevant, (e.g. subsidence), indicate site features; slope of land; location, size and type of trees; location of drainage, ground conditions, and relevant details of surrounding land or features.
- IV Provide digital photographs where relevant.

DESCRIPTION OF BUSINESS

- I Nature of the Insured's trade or business with particular reference to the use of the affected part of the premises and the processes therein.
- II Relevant claims history.

DISCOVERY

- I Time, day and date.
- II By whom and how.
- III Description of alarm systems.

CAUSE

- I Provide full details where the cause results from or is in any way connected or associated with a feature of the structure, contents or any process carried on.
- II Where the cause is not established detail possibilities and investigations made or planned.
- III Describe location and point of origin/entry/incident
- IV Details material first ignited/involved.

SPREAD & STOP

- I Detail how the fire spread and the extent & rate of spread.
- II Extinguishment
 - a) Action taken on discovery:-
 - i. Time & method of calling Brigade:
 - ii. Arrival time of Brigade; (reasons for any delay must be given):
 - iii. Interim measures taken by employees, works brigade, etc.

- b) Limitation of damage by Brigade in extinguishment & salvage operations.
- c) Existence, operation and success or otherwise of sprinklers and/or other appliances.

SECTION 4 PART 1 B ii

NATURE & EXTENT OF DAMAGE

- I A general description of the nature & extent of the damage is required divided between policy items, e.g. plant & machinery, contents, stock and any other property involved.
- II For business interruption claims describe the effects of the damage on the business, including any influencing effects of the actions (or lack of actions) described under "Spread & Stop" above.

INTERRUPTION FEATURES

- I Outline key financial history.
- II Refer to factors affecting normal recovery, e.g:-
 - a) Delay in replacing raw materials;
 - b) Damage to vital machinery disrupting production;
 - c) Loss of market and/or customers;
 - d) Delays in rebuilding;
 - e) Delay in replacing stock and/or raw materials.

INITIAL MEASURES

- I **Material Damage:-**
 - a) Compliance with Dangerous Structures notices and/or Local Authority requirements;
 - b) Demolition and clearance of debris;
 - c) Protective measures;
 - d) Salvaging arrangements;
 - e) Damage limitation/mitigation measures.
- II **Business Interruption**
 - a) Identify critical paths to restore and any action taken, e.g.
 - b) Replacement of raw materials from as many sources as necessary;
 - c) Finding suitable alternative premises;
 - d) Finding alternative firms to undertake work temporarily if it cannot be done by the Insured;
 - e) Payment of additional overtime to employees of the Insured, builders, suppliers of machinery etc, to speed return to normal

WARRANTIES/CONDITIONS

- I If no warranties/conditions, say "None".
- II If any applicable, confirm when they have been complied with;
- III Full details are required where there is any breach, whether or not it has any bearing on the loss.

MATERIAL DAMAGE PROVISIO

Confirm that this has been complied with.

RECOVERY

- I Identify recovery potential and planned action.
- II If recovery not recommended, give reasons.

APPOINTMENT OF ASSESSORS

Insurers wish to know whether the Insured has employed Assessors or any other advisors to act.

ADEQUACY OF SUMS INSURED

Comment on adequacy in terms of the values at risk.

DEVELOPMENTS SINCE LAST REPORT

Describe any changes or developments since the previous report.

CLAIM & ADJUSTMENT

(USE ALL HEADINGS FOR FINAL REPORTS AND AS APPROPRIATE FOR PRELIMINARY OR INTERIM REPORTS)

I Material Damage

- a) Name of any advisors appointed by Insured.
- b) Details of original claim as presented summarised under appropriate headings.
- c) Items added or deleted after submission.
- d) Arithmetical corrections and resultant effect on claim.
- e) Then follow the normal steps of adjustment, using "Financials" table headings and plan numbers.
- f) Reference to transfer of any costs to a Business Interruption Insurance.
- g) Whether the adjustment is on an indemnity basis or under a Reinstatement memorandum.
- h) Reference to relevant clauses, e.g. average, stock declarations, Local Authorities, Architects & Surveyors fees, Debris Clearance, etc.
- i) Nature and cost of extinguishing expenses and recommendations for consideration.
- j) All figures should reconcile and match figures in the "Financials" table and those referred to under specific headings.
- k) Any recommended interim or final payment must be accompanied by the Adjuster's reasons.

II Business interruption

- a) Identify main stages of affect on the business and the indemnity period adopted.
- b) Identify the values for key factors, e.g. Gross Profit Rate, Standard Turnover, Actual Turnover, Annual Turnover, etc
- c) Comment on trends in the business and the justification for variation to reflect these.
- d) Address ICOW items with comment on their economic value in relation to turnover.
- e) State the nature and value of savings.
- f) Show calculations made for all aspects, including Average if applicable.

OTHER INSURANCES & CONTRIBUTION

- I For contribution under co insured risks the Insurer, or schedule of Insurers, with primary liability, pays in full and obtains reimbursement as outlined in Section 4, Part 3.
- II For contribution under common law each insurer or schedule of insurers pays its own share to the Insured unless otherwise agreed.
- III Detail as applicable and outline action being taken.

MANDATE

- I If necessary attach a written mandate authorising the Insurers to make a payment to a party other than the Insured.

OR

- II Attach a mandate authorising the omission of a named interest from any cheque(s) payable to the Insured.
- III The written mandate must be addressed to the instructing Insurer.

RESERVE FOR INSURERS

Identify any key assumptions and dependencies made.

SECTION 4 PART 1 C

SECTION 4 PART 1 ADJUSTERS REPORTS: (ALL PERILS)

C. ABBREVIATED REPORTS

Abbreviated reports will be used in respect of all losses as agreed with individual insurers subject to a normal minimum of £10,000, (excluding fees), reported reserve or £10,000 payment on any claim.

The format for abbreviated reports will be a front page as outlined in section 4 part 1 A plus the following heading.

ANY OTHER COMMENTS

This heading should be split into the following sub-headings as appropriate:-

Recovery;

Warranties/conditions;

Adequacy of sum insured;

Mandates.

See section 4 part 1 B ii, (explanatory notes), for guidance as to contents.

No paragraph from a preceding report should be repeated in subsequent reports unless the content is to be altered or the Insurer or leading Office require otherwise.

SECTION 4 PART 2 A

SECTION 4 PART 2 LOSS PROCEDURE FOR CO-INSURED RISKS: (ALL PERILS)

B. PROCEDURE

The following procedure has been approved and the Chartered Institute of Loss Adjusters have advised their members to comply therewith.

1. Adjusters should issue their reports to each Insurer.
2. It is the responsibility of co-insurers to correct any apportionment errors.
3. Where a loss is less than £10,000 and the number of co-insurers exceed 5 a preliminary report need only be sent to the leading office.
4. When a payment is being recommended Adjusters should send a draft report to the leading office for approval: the leading office should respond within 5 working days. Payment reports to co-insurers should confirm that leading office approval has been obtained.
5. In any report recommending payment the date specified for simultaneous payment should be not more than 5 working days from the date of despatch of the report to co-insurers.
6. Where there is clear liability for the whole of the payment recommended, the leading office should be authorised to pay, at its discretion, any policy loss not exceeding £50,000 plus Adjusters' fees and to recover from those co-insurers named in the policy which subscribe to the approved procedure.

NOTE: Strict compliance with the date for simultaneous payment is essential.

7. A leading office may pay in full losses exceeding £50,000 where:-
 - i. There is a general agreement; or
 - ii. In individual cases following notice to co-insurers.

SECTION 4 PART 2 LOSS PROCEDURE FOR CO-INSURED RISKS: (ALL PERILS)

B. APPORTIONMENT

The following procedure has been approved and the Chartered Institute of Loss Adjusters have advised their members to comply therewith.

Reports issued in connection with a Co-insured risk should contain an Apportionment containing a schedule of the participating insurers, their references, proportions and allocation of the Reserve / Payment. There should be sufficient heading to show the identity of the Adjuster, the name of the Insured, and the address of the risk, the date of the loss, the Leading insurer, and Adjuster's references.

In no instance will an Adjuster issue a Report to Co-Insurers without first of all obtaining approval from the Leading Office. This does not normally apply to Preliminary Reports or Interim Reports merely dealing with the progress of the adjustment, (i.e. where no payment is being recommended), however, Reports which change the reserve, but do not recommend a payment, must be submitted to the Lead Insurer for approval prior to circulation to Co-insurers.

This part of a report must be started on an *entirely fresh page* and the following wordings are recommended:-

1. This Report and apportionment has been approved by the Leading Office.
2. Insurers' proportions of the amount(s) now due and balance of reserve are shown in the apportionment.
3. **A. For loss payments not exceeding £50,000 –**

The Leading Office is paying% of the loss and Adjuster's charges. Co-Insurers within that percentage are requested to draw their cheques for their shares as shown in the 'Total' column in favour of: -

.....

Loss Reference No.....

And forward these to them at.....

.....

.....

By (Date inserted should be no more than 5 working days from date of issue of the report).....

Lloyd's underwriters and the remaining Co-Insurers are requested to pay their shares of the loss and charges.

OR

B. For loss payments exceeding £50,000 (unless special arrangements have been made)

–

Insurers are requested to draw their cheques for their shares of the loss in favour of

.....

And forward these

to.....reference.....

.....

.....at

.....

By (Date inserted should be no more than 5 working days from date of issue of the report).....

Fees and expenses should be forwarded direct to the Adjusters on the same day.

THE APPORTIONMENT

There is no reason why the apportionment should not be shown, or at least started, on this page of the report, dealing with the method of payment. Examples of each type of Apportionment are:

ADJUSTER & BRANCH

ADJUSTER'S REF

NAME OF INSURED

SITUATION OF LOSS

DATE OF LOSS

LEADING OFFICE

APPORTIONMENT OF RESERVE

Insurer/Branch	Reference	%	Reserve
Leading Office			
Co-insurer			
Co-insurer			
Co-insurer			
Lloyd's			
		100.00	

- Notes:**
1. Where any previous advice has been sent to a Co-insurer a copy of this apportionment should be issued even though its share of a recovery or payment is below the limit.
 2. List of Co-insurers to be in descending order of percentage with Lloyd's always last.
 4. Apportionments must also quote Co-insurers' branches and policy numbers (unless the claim number is known at this stage).

APPORTIONMENT (For use with Interim Payment report)

ADJUSTER & BRANCH

ADJUSTER'S REF

NAME OF INSURED

SITUATION OF LOSS

DATE OF LOSS

LEADING OFFICE

Example wording:

This report has been submitted to and approved by the Lead Insurer, Insurers' proportions of the amount(s) now due and balance of reserve are shown in the apportionment. The Leading Office is paying% of the interim payment. Co-Insurers within that percentage are requested to draw their cheques for their shares as shown in the 'Total' column in favour of: -

.....

Loss Reference No.....

And forward these to them at.....

.....

By (Date inserted should be no more than 5 working days from date of issue of the report).....

Insurer/Branch	Reference	%	Previous Payments	This Payment	Balance of Reserve
Leading Office					
Co-insurer					
Co-insurer					
Co-insurer					
Lloyd's					
		100.00			

SECTION 4 PART 3 LOSS REPORT FORM

Reports for losses arising from fire, explosion and sprinkler leakage

Full information, including the form itself and guidance on how to complete it can be found on the Fire Protection Association, (FPA) website at <https://lossreport.riscauthority.co.uk>. (Form completion will only be possible with a password). The FPA will host and manage the database. The following is a brief outline of that information.

Following extensive discussions with Insurers, Loss Adjusters and the Department for Communities and Local Government, (CLG), a single, revised loss report form has been produced replacing the old forms A, B & C. The new form is web-based and will be used to populate a database of incidents to aid statistical analysis, provide information on trends, highlight areas for further research and generally help to direct, manage and legislate improvements in fire safety. It is intended that the loss report data will be matched to Incident Reporting Systems, (IRS) data collected by Fire and Rescue Services following fire incidents and submitted to CLG. Apart from those for whom the data is intended, no individual or company can access the completed form other than its author. A copy of the form can be made for inclusion in Adjusters' insurers

The criteria for form completion are as follows:

- a) Material damage for all interested parties exceeding £100,000;
- b) Business interruption estimated at over £100,000;
- c) Whenever there is a fatality, regardless of the above;
- d) Following any sprinkler actuation regardless of the above;
- e) (When acting for individual parties with losses below the £100,000 threshold, but total losses for all parties may exceed £100,000, Adjusters are asked to complete the form for their known amount: the database will match all forms concerning the same loss).