

THE millennium marked a time for change in the financial services industry generally and this inevitably extended to the loss adjusting sector. A decade on, I have been reflecting on our profession and asking where are we going and what operating models will be most sustainable.

To answer these questions, it is perhaps best to understand where loss adjusting has come from. Most firms were largely populated with generalists, with individual adjusters undertaking a wide variety of assignments across personal and commercial lines property, business interruption, information and communications technology, construction and liability disciplines — to name a few. Indeed, the Chartered Institute of Loss Adjusters' examinations underscored that approach.

Today's market requires transparent expertise that maps to the insured risk and the dynamics of a particular claim instruction. If it is not available in the adjusting sector at acceptable rates and capacity, clients will, rightly, seek those skills elsewhere. To be a generalist loss adjuster today, trying to be all things to all people, is to be a jack of all trades and master of none. The adage of get big, get niche or get out will be fully played out, if it has not been already. This model of loss adjusting is dead or at its very best in terminal decline.

Professionals within the sector look toward our members' body for guidance, for personal development, for modernisation and, dare I suggest, leadership and vision. In the words of our new CILA president Andrew Homewood: "This institute, and this profession, are in damn good shape. They are getting better and stronger."

#### New market conditions

In many respects, I agree: long live loss adjusting and well said. What makes me agree? Over the past decade, loss adjusting companies have had to adapt to new market conditions. This has been primarily driven by professional procurement, which seeks the best value proposition — cost, expertise and customer delivery — that empirically demonstrates a return on investment when outsourcing to loss adjusters.

Some adjusting companies have adapted well and created diversified models wherein they can offer distinct, but integrated, service offerings plugging into their client needs

Loss adjusting has changed dramatically over the past 10 years. **Benedict Burke** examines the changes and argues that customer outcomes are only getting better.

# The death of loss adjusting?

where they best offer value. This has required significant capital investment and the quality of earnings now being produced as a result are encouraging.

At the centre of all of this is the customer. Today we talk less of insurers and insureds and more of our partner clients and customers. Delivering a world-class customer service means looking holistically at the customer journey and being flexible in accommodating customer choice. For the industry as a whole, there remains much we must still do to create a consistency around service, especially in times of surge demand.

#### Quality repair networks

During this period we have seen loss adjusting companies react positively to client demand for professional, high-quality building repair services. The investment required to develop such networks is considerable, as the selection and management of contractors is an essential aspect of delivering a high quality repair service. With this in mind, I welcome the new CILA president's leadership commentary on contractor networks, namely that these are "operated at the request of insurers and usually on an open book basis where all revenues are fully declared and accepted and approved by insurers".

The debate pursued by some in my profession that somehow such arrangements demonstrate a lack of ethics is as tiresome as it is superficial. Do its advocates really consider that our clients' highly professional procurement staff or our own — and similar companies' — corporate governance would



**Burke: The debate suggesting contractor networks lack ethics is tiresome and superficial.**

permit the creation of such an offering if it did not have at its heart treating customers fairly and transparently? The fact that its associated earnings create economies of scale that can be shared with our clients through competitive fee structures, thus mitigating the total cost of claims management, is a positive. Surely this is undeniable?

Key to all of this is to ask clients and customers what they want, and our staff what they believe we should deliver. A culture of innovation is the spirit in which new ideas are cultivated, tested and brought to market to meet clients' needs.

We articulate our 'easy to do business with' culture through our wide offering which encompasses claims services, business process outsourcing and consulting. Competitors in our arena will have their own way of representing the breadth and depth of services they are able to provide.

However, there is another audience that constantly needs to understand the increasing complexities of today's business environment: our staff, who rightly seek increasingly rewarding careers and want to be valued and belong to a more confident, trusted profession. Investing in them to achieve both professional qualifications and personal goals is the responsibility of every loss adjusting and professional claims management company that cares about reinforcing the reputation of our industry. Every individual adjuster out there should be asking, 'Is my company doing enough to train and develop me?'

Crawford was one of the first companies to sign the Aldermanbury Declaration, which seeks to improve standards across the general insurance industry and I sat on the Chartered Insurance Institute's task force chaired

by Barry Smith. We recognised that ethics, training and people development strategies are fundamentals for our industry, as they are at the very essence of professionalism. I accept that the broader loss adjusting industry looks to the larger companies to invest in developing talent, promote technical qualifications through a relevant professional body, and so nurture the technical leaders of tomorrow, who will make our industry sustainable. Crawford itself has just seen the first cadre of 12 senior managers complete the fully sponsored Crawford MBA, delivered in partnership with the Anglia Ruskin University.

#### Collective action

I urge those companies yet to sign the Aldermanbury Declaration to do so and to demonstrate a commitment to improving standards. In addition, make a contribution to our professional bodies so as to continually reinforce the reputation of our industry. As Mr Homewood takes up the challenge to modernise the CILA's code of conduct and to make it fit for our purpose, let us all lend our support in an objective sense.

Creating customer choice and ensuring high levels of customer satisfaction, while being able to evidence total cost of indemnity savings to our clients, are not mutually exclusive, but must be our collective loss adjusting industry's determined strategy.

Have we achieved all we can achieve? Not yet, but we are a lot closer now than we were at the start of the millennium. Given the pace of change I witness every year, we are going to be delivering better outcomes for customers, next week, next month and into the future. **POST**

**Benedict Burke is chief executive officer and senior vice president of Crawford & Company UK & Ireland**



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