

Adjusting to change

Benedict Burke, head of Crawford Global Markets, is focusing on industry segmentation and specialty expertise rather than geographic reach to drive the loss adjuster's multinational, large and complex risk business



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Global insurance market trends are putting pressure not just on reinsurers but on loss adjusters too.

The lack of major natural catastrophe events, soft market conditions and increased levels of merger and acquisition (M&A) activity among insurers and brokers are forcing loss adjusters to rationalise their operations, reconfigure their service offerings and acquire capabilities in new areas.

Even the largest independent loss adjuster in the world, US-headquartered Crawford & Company, with its global network of 700 offices and its ability to handle claims in more than 150 countries, has not been immune to the pressures imposed on the sector.

Benedict Burke, senior vice-president and head of Crawford Global Markets, says in all his 35 years of working in the industry, there has not been a more challenging time for the loss adjusting and claims management industry. Burke has previously served as chief executive of Crawford's operations in the UK and Ireland and is also the president of the Chartered Institute of Loss Adjusters (Cila).

Crawford Global Markets is responsible for developing, marketing and selling the company's loss adjusting and claims management services to the Lloyd's and London companies market, to other global insurers, to large corporate brokers and to Fortune 1,000 corporations.

The services are provided through three main operational business units within the group: Global Technical Services (GTS), which focuses on the adjusting of specialty and large and complex claims; Lloyd Warwick International (LWI), a specialist marine energy loss adjuster; and Broadspire, its global, full-service, third-party administration (TPA) business.

Burke does not see the challenges for loss adjusters associated with today's market conditions as being all bad, though. "There is, of course, pain to be taken around challenge," he says. "As a business, we have got vast experience in managing risk at an enterprise level. We monitor our costs against our revenues which means we, along with other companies in the sector, have had to rationalise our expenses in some areas.

"But being challenged is good in many ways. It has forced us as an industry to stand back and really try to understand where we, as loss adjusters, not only add value as a profession but also where we add most value as businesses. For loss adjusters, such questions become more pertinent during a soft market period, but they can also help us to shape our business to ensure we have a more resilient proposition base."

Head start

In this regard, Burke very much feels Crawford and the global markets unit have got something of a head start over their competition. Crawford Global Markets, he says, has played a key role in this outcome and that its contribution is based on insights into how the large corporate insurance market is likely to change in the future.

Benedict Burke CV

Benedict Burke is head of Crawford Global Markets.

He joined Crawford & Company in April 2003 as managing director of its UK general insurance business. In 2006 he became chief operating officer for the UK and Ireland and was responsible for overall operational delivery, training and audit. In this period Burke also worked on a number of strategic growth projects.

In 2008 he was appointed chief executive of the UK and Ireland and became a member of the Crawford global management team. In 2012 he was appointed senior vice-president within Crawford's Global Markets Division.

Burke is also an advisory board member of the Chartered Insurance Institute's claims faculty. He is a fellow of the Chartered Institute of Loss Adjusters. He was elected deputy president of the CII in 2014 and president of the Chartered Institute of Loss Adjusters this year.



"Over the past several years we have diversified our business to ensure we are in a better position to cope with periods of volatility in terms of the volume of insurance claims in the market. In the commercial risk sector, volume claims are largely associated with small to medium-sized enterprise risks and this sector will continue to remain a very important foundation of our business revenues," he says. "However, we are also looking to create propositions that provide for better-quality earnings and this is the area Crawford Global Markets focuses on. We saw some of the changes coming. We took early action and we are negotiating the volatility in the market as best as we can."

The principal responsibility of the Crawford Global Markets team, according to Burke, is to manage relationships in the main global corporate risk markets, to explain Crawford's service propositions to clients and to work with the main operational business units within Crawford that will deliver those propositions. The team is focused on the corporate risk management community, particularly on those companies that fall within the Fortune 1,000 category, as well as on the major corporate brokers and insurers.

Burke says his role as head of Crawford Global Markets is to identify the right people within Crawford and in the market who

can communicate with clients in different industry sectors. "These are people who are known and trusted in these markets. They speak the same language and they understand the pressure points. Their role is to serve as a conduit for our operational people, to make sure the solution matches the requirement. They are a critical part of an expert dialogue. My job is to identify the people who can do that, who have the expertise to support the growth we anticipate in our Broadspire TPA and GTS businesses."

Broadspire

Part of the diversification process within Crawford has been the transformation of Broadspire from solely a US-based division into what Burke claims is the only true global claims management TPA. "This means it operates according to the same holistic model anywhere in the world," he says. "For the client, there is one global level service agreement. We can commit to a price across the world and can aggregate data on a global basis. There is one compliance and data management regime and we can provide a global banking and treasury management service. We operate in a non-siloed environment. I would argue we are the only TPA that acts in this way."

Broadspire largely (but not exclusively) operates in the cor-

Developing professionalism

The state of loss adjusting as an industry and the professionalism of loss adjusters are pertinent issues for Burke, one of the most well-known figures in the sector. Indeed, he was part of the CII taskforce that drew up the Aldermanbury Declaration in 2010, a framework of clearly defined policies for customer service, ethical conduct, qualification and continued professional development in the UK insurance industry.

Burke believes one of the principal challenges for the insurance claims sector is to better understand the changing needs of the commercial customer within the context of a global market, of a 24/7 communication cycle and of an increasingly demanding and closely regulated service provision. "At the centre of this is the need for developing professionalism within the general insurance claims sector. The trust and confidence of the buyer is a prerequisite of success," he says.

One of the goals of the Aldermanbury Declaration is that UK-based insurance companies should acquire chartered status through the CII, as the standards for becoming chartered were much the same as the metrics set out by the declaration. Here, according to Burke, the insurance sector has some catching up to do with the loss adjusting sector. "We have always sold our services on the basis of our technical competence, know-how and our professionalism. If the insurance industry is looking for parity of esteem with accountancy and law, if it wants to be more trust-

ed by the public, then people who work in the claims industry have to be technically competent and have the appropriate qualifications and accreditations," he says.

Loss adjusters, he says, are already well advanced on the journey of professional and technical qualification, but there is more that can be done. Cila, for example, is expanding its qualification base to ensure the people who work within the different areas of the industry have access to the right professional qualifications, which enhance their role in terms of providing services to the customer.

Burke's view is Cila will need to reconsider the charter for loss adjusting companies, which has now been in place for many years. "It is certainly something the institute needs to consider. Twenty-five years ago, the management boards of loss adjusters were populated by only loss adjusters. They have done a very good job but the business has become much more sophisticated. "There is now a need to understand complex compliance and regulatory issues and to really understand how technology is used to support innovation and to help companies gain competitive advantage. People development and training needs require specialist knowledge and experience. These days a range of different experts need to be brought on to the boards of loss adjusters to give a holistic management input. The Cila charter, in my view, needs to evolve to reflect how loss adjusting businesses are actually run today."

porate captive and self-insured markets and the predicted future growth of the division is based on the belief within Crawford that large corporates will continue to increase the levels of their self-insured risk retentions.

"We touch a significant element of the Fortune 1,000. Most of those corporations have captives or some other form of risk-financing vehicle. A lot of these captives will have significant self-retention levels. Broadspire TPA works within that retention level. When these corporates have a major or complex loss, it is often insured. And the insurer will often instruct Crawford GTS on the same programme. For both the corporate and the insurer, this generates confidence around compliance and facilitates cashflows, which we manage through our treasury function," he says.

Burke says it is critical for multinational companies that claims within a corporate captive are properly managed and reported. "If you are, say, a risk manager overseeing 58 territories, how do you know at aggregate level what your self-insured loss frequency is in each of those territories? How do you manage claims in different currencies? How do you understand and comply with local conventions and legal jurisdictions?"

"Of course, some corporates allow local operations to handle these claims and absorb the expense into the local balance sheet. But the corporates miss out on the data knowledge and risk insights our aggregation provides. The learning opportunities which come with engaging a professional TPA, that can aggregate the data and report on loss frequency and trends etc, will help risk managers to make their organisations much more resilient. It is about openness and transparency. That is why risk and captive managers see us as very relevant to them."

Diversification

The company diversification process also includes the development of GTS, which has always dealt with large and complex property/casualty claims, into the more specialist areas of the insurance market, when the Crawford Specialty Markets unit was merged into it in November last year.

First launched in July 2013, the specialty market business unit assisted companies in the Lloyd's and international adjusting markets with specialty lines claims,

Burke on...

Crawford's holistic model

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The rise of the MGAs

"We are already working with a number of MGAs and those opportunities will only increase as MGAs become more prevalent in the market. There is definitely an emerging TPA opportunity for us in that area."

Going global

"We are now very much focused on the fact we need talent on the ground to communicate the fact we are present in [emerging] markets and ensure we can service the global corporate risks programmes retained there within the local context."

most notably in the energy, marine, aviation, mining, business interruption and forensic accounting areas. In this regard, the setting up of LWI and the recent acquisition of GAB Robins significantly boosted Crawford's specialty lines capabilities in the marine energy and aviation markets, Burke says.

The advancement of Crawford's capability to handle specialty losses is seen as a significant growth area for the group. This strategy emerged out of a review of the changing dynamics in both the developed and emerging insurance markets which Crawford conducted in 2013/14.

"We saw more and more insurers and brokers were looking at real industry segmentation to position their own propositions to the corporate insured and were requiring less generalist adjusting skills. Specialty adjusters, on the other hand, were in big demand. And Crawford is responding to that trend in terms of making sure our capacity and adjuster skill sets will remain relevant to the market's long-term requirements. We call it our GTS Powerhouse," he says.

For Burke, an example of that thinking is Crawford Cyber Solutions, a cyber claims and incident management service, for which, he says, Crawford Global Markets has already secured a number of anchor clients.

As part of this, Crawford has established a partnership agreement with Zurich Global Corpo-

emerging TPA opportunity for us in that area," he says.

Although Lloyd's and the London companies markets are the largest and the most important markets for Crawford Global Markets, they are not the only ones. In addition to London, Crawford Global Markets has a presence in a number of other corporate risk centres, including Chicago, New York, Amsterdam, Brussels, Germany, Singapore and Hong Kong.

"The multinational corporate risk market is by definition global. These are very sophisticated markets and we need to have the right people on the ground to understand how best we can work with them. The Singapore and the Hong Kong markets, in particular, now have the capacity and the skill sets to retain risks which have traditionally come into the London market. We are also seeing this in Dubai," he says.

"We are now very much focused on the fact we need talent on the ground to communicate the fact we are present in those markets and ensure we can service the global corporate risks programmes retained there within the local context. We will continue to scale up where there is a good business case."

Burke describes Crawford's geographic reach as unrivalled within the global loss adjusting sector, but he says the decision as to whether the company establishes a presence in a particular country or geography is always a question of balance.

"We would like Crawford Global Markets to be on the ground well in advance of the client articulating their growth need. But it is rightly a question of having to make a justifiable business case in terms of getting access to our finite investment capital," he says.

"Most of the time, the response I have found is positive and the investment to strengthen our cyber capability is a great example of this. We were engaged very early in market discussions around cyber and as a loss adjuster we now lead the market in incident and cyber claim management. But it must always be about the strength of the business case."

Crawford Global Markets will continue to see opportunity through the lens of industry segmentation and specialty knowledge rather than necessarily through geographic reach, Burke says. "We see industry knowledge and know-how as the basis for our success," he says. ■