



UN-CHARTERED WATERS

NAVIGATING CHANGE THROUGH EXPERTISE

26-27 SEPTEMBER

BATH



NAVIGATING LABOUR LAWS

JAMES DALEY
FAIRER FINANCE

About Fairer Finance

Creating a fairer financial services market for consumers and the business that serve them.

Founded in 2014, Fairer Finance is a research and ratings agency, consultancy, and consumer group with a mission to create a fairer financial services market.

We do this by publishing our unique ratings – and by working with companies who want our help and expertise to do better.

We support insurers, banks, lenders, and asset managers in delivering good outcomes for their customers.



We have advised providers across all FCA-regulated markets, and non-regulated firms ahead of forthcoming regulation.

Familiar with how the regulator thinks and supervises firms, firms ask us the tricky issues that require the combination of our skills.

Our multi-disciplinary team includes experts in behavioural science, data science, economics, linguistics, and regulatory compliance.

What we'll cover

1. A new Labour government – what we know so far
2. Labour's likely interventions in the insurance market
3. Developments in the regulatory landscape
4. Consumer Duty and its possible impact on the loss industry

ac

A new Labour government: What we know so far

 **Fairer** Finance



New, new Labour



In January, Labour published two reports designed to position it as pro-business. “A new partnership” made three recommendations:

- More co-ordination from the heart of government to deliver a world class standard for engagement and ability to measure success in order to achieve the right outcomes for the economy.
- Long-term relationships between government and business need to be fostered and the ‘spin cycle’ of both political appointments and policymaking should end.
- Engagement should be open and transparent, sourcing the best ideas for our economy and society – not just the ideas of those with proximity to power.

Financing Growth

In January, Labour published "Financing Growth" – it's plan for the financial services sector.

"Financial services are one of our country's greatest assets. Growth in the financial services sector is growth for the whole economy."



Financing Growth – six policy priorities



1. Deliver inclusive growth of the UK's financial services sector
2. Enhance the international competitiveness of the UK's financial services sector
3. Reinforce consumer protection and financial inclusion
4. Lead the world in sustainable finance
5. Embrace innovation and fintech as the future of financial services
6. Reinvigorate our capital markets

The manifesto

“Financial services are one of Britain’s greatest success stories. Labour will create the conditions to support innovation and growth in the sector, through supporting new technology, including Open Banking and Open Finance and ensuring a pro-innovation regulatory framework.”

“Labour will further support drivers by tackling the soaring cost of car insurance.”





Key players



Rachel Reeves
Chancellor of the
Exchequer



Tulip Siddiq
Economic Secretary to
the Treasury



Louise Haigh
Secretary of State
for Transport



Dame Meg Hillier
Chair of the Treasury
Select Committee



The poverty premium

PEOPLE IN POVERTY PAY MORE FOR CAR INSURANCE THAN WEALTHIER DRIVERS BECAUSE...

...OF WHERE THEY CAN AFFORD TO LIVE
IF YOU LIVE IN A DEPRIVED AREA
CAR INSURANCE CAN COST UP TO
£314 MORE A YEAR



...THEY CAN'T AFFORD TO PAY ALL IN ONE GO
SO THEY HAVE TO PAY MONTHLY
WHICH CAN COST UP TO
£384 MORE EACH YEAR





“Tax on the poor”

- At the ABI conference in February, Tulip Siddiq committed to tackling the poverty premium in insurance if Labour was elected.
- Meanwhile, around the same time, the FCA’s director of insurance, Matt Brewis referred to premium finance as a “tax on the poor”
- In the summer, the ABI commissioned an economic think tank to look at ways to reduce the cost of motor insurance – including a consideration of alternatives to premium finance. The report is due to be published this autumn.
- Once this debate takes shape, it has the potential to disrupt the entire insurance market...



Potential remedies

Premium Finance

- Retail insurers are banned from asking customers to pay annual premiums upfront and must allow consumers to pay by instalments at no extra cost.
- Premium finance interest rates are capped, or forced to taper as premiums rise.

Pricing

- Insurers are banned from using certain risk factors in their risk models – eg occupation, postcode, credit score
- Insurers are forced to offer "affordable" social tariffs for those on lower incomes
- A new government-backed reinsurance vehicle is set up to subsidise prices for certain risks which drive up prices for the least well off (think Flood re)

The future of insurance regulation

 **Fairer** Finance



Consumer duty, consumer duty, consumer duty

- The FCA's Consumer Duty came into force in July 2023 (July 2024 for backbook products).
- It's the biggest shift in regulation since the insurance sector came under FSA supervision in 2004.
- It is changing the way the regulator regulates.
- It is changing firms' relationship with the regulator.
- It is still early days. The biggest impact of Consumer Duty is yet to be felt.



The four principles

Consumer duty forces firms to **prove they are working to deliver good outcomes** for retail customers (this includes small and medium sized enterprises).

There are four key outcomes that underlie the overarching consumer principle:

- **Products and Services:** Ensure you understand the target market of your products and that the needs of these consumers are central to your product design.
- **Consumer Understanding:** Ensure your customers are provided the information they need to make informed decisions in a timely way, including using language they can understand.
- **Customer Support:** Ensure your customers are given the right support to meet their needs – and that there is no unnecessary friction in the way of them achieving good outcomes.
- **Price and value:** Ensure your products offer fair value to customers. There should be a reasonable and explainable relationship between the price, cost and benefits of your products.

Driving up standards

We are already getting an idea of the FCA's playbook when it comes to using Consumer Duty to drive up standards:

- Set expectations in guidance publications, speeches, Dear CEO letters
- Single out an area where insufficient progress is being made – eg cash savings, Gap insurance
- Deep dives into individual outcomes and performance across individual sectors – followed by anonymized updates on examples of good and bad practice
- Where firms/sectors have not responded to warnings, escalate to market wide intervention – eg Gap insurance.
- Leak worst offenders to the press? – eg St James' Place

Customer support review

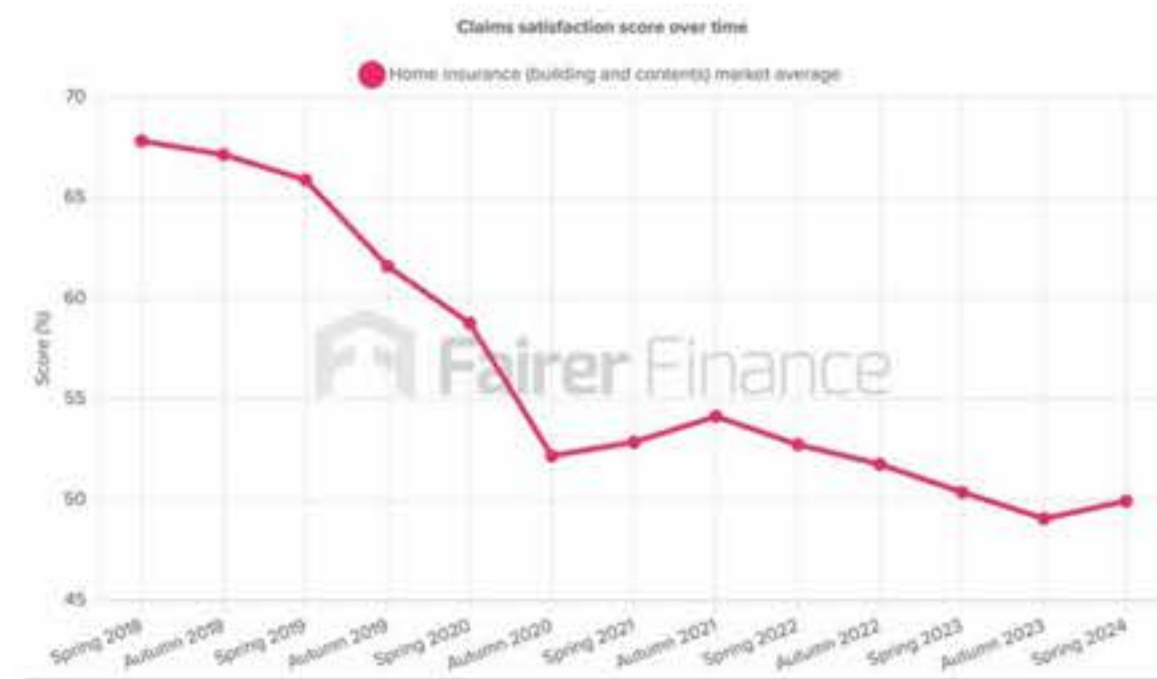
- The FCA is about to begin a review of the customer support outcome
- This is likely to extend to the claims end of the insurance industry.
- Recent red flags:
 - Buildings complaints to the Ombudsman topped 2,000 in Q1 2024
 - Travel insurance complaints are heading back to pandemic levels (and there's no pandemic!)
 - FCA value measures data shows that a number of sectors have low claims ratios



Claims satisfaction over time



Car insurance



Home insurance



Travel insurance



Pet insurance

Accountability up and down the distribution chain

- Loss adjusters might not be regulated – but insurers are accountable for their actions
- That means insurers need to ensure loss adjusters are working to deliver good customer outcomes
- It means insurers need to ensure loss adjusters are communicating clearly
- It means insurers need to ensure loss adjusters are providing the right level of support to customers and are not putting up any unnecessary barriers to achieving good outcomes – particularly when it comes to vulnerable customers.
- It means insurers need to ensure that loss adjusters are helping them deliver fair value to their customers.

Questions to be asking

- Do you know which of your customers are vulnerable – and do you know how to support them in meeting their needs?
- Are you keeping claimants up to date at every stage of their claim?
- Have you considered the possible bad outcomes for consumers, and put plans in place to mitigate foreseeable harms?
- Are your communications written in plain language and designed accessibly?
- Are you recording all complaints and expressions of dissatisfaction, analysing trends and feeding relevant information back to insurers?



Will you sink or swim?

- Insurance industry is coming into the political and regulatory spotlight
- The new government has an appetite to deliver tangible change that doesn't cost it anything
- Claims will be a key focus
- The loss adjusting profession must lean into the challenges the sector faces and work together to raise standards....
- ...or face the prospect of regulation



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AI IN THE EVOLVING CYBER RISK LANDSCAPE



DAMIAN CLEARY

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&

ALEX JOMAA

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How Does AI Work?

- Artificial intelligence (AI) enables machines:
 - To **learn** from data,
 - To recognise **patterns** in data sets,
 - To perform tasks more **efficiently**, and
 - To perform tasks more **effectively**.
- The algorithms and models behind AI seek to **perform** human tasks

How Does AI Work?

- It relies on a series of binary steps based on:
 - Input - data is collected from various sources in the form of text, audio, videos etc.
 - Process - sorting and deciphering the data using patterns it has been programmed to learn until it recognises similar patterns in the data sets
 - Outcomes - the AI uses those patterns to predict outcomes in, say, customer behaviour and market trends and is **programmed** to decide whether specific data is a “pass” or “fail” i.e. does it match previous patterns? That determines outcomes that can be used to make decisions
 - Adjustments - When data sets “fail”, AI learns from that, and the process is repeated once the algorithm’s rules are **adjusted** to suit the data set in question
 - Assessments - the AI synthesises insights gained from the data sets to make **predictions** based on the outcomes and any adjustments made

Pros and Cons of AI in Insurance Claims

Pros:

1. Increased Efficiency:

It speeds up the claims process by automating repetitive tasks and analyses vast amounts of data quickly to identify patterns that humans might overlook, leading to more accurate assessments, quicker settlements and better customer satisfaction.

2. Cost Reduction:

Automating parts of the claims process reduces the need for large teams of human adjusters (!)

3. Consistency and Accuracy:

Application of consistent rules and criteria when assessing claims minimises human error and reduces inconsistencies in claim decisions.

4. Better Fraud Detection:

AI can better identify suspicious patterns and anomalies, improving the ability to detect fraudulent claims.

5. Enhanced Customer Experience:

AI-driven virtual assistants can guide customers through claims processes, answer questions and provide updates.

Pros and Cons of AI in Insurance Claims

Cons:

1 Data Privacy Concerns:

AI systems often require access to large amounts of personal data. This can raise concerns about sensitive data security.

2 Lack of Human Touch:

AI-driven processes might feel impersonal. Human empathy and understanding may be necessary for handling certain claims. Customers may prefer speaking to a person.

3 Bias in Algorithms:

AI systems can unintentionally inherit biases from input data and adjustments, especially if AI systems rely on historical data that already contains biased decision-making.

4 Technical and Implementation Challenges:

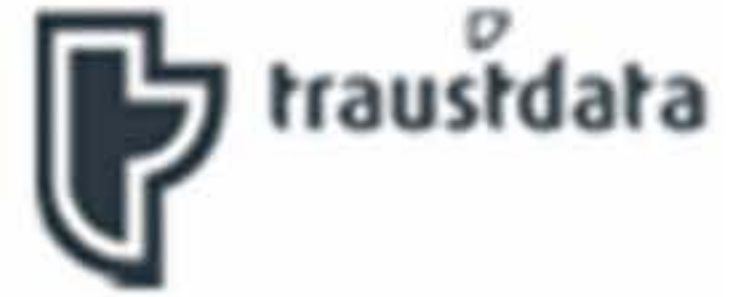
AI systems require proper setup, ongoing monitoring, and maintenance to function correctly, leading to errors if the system is not properly supervised or maintained.

5 Job Displacement:

If AI takes over routine tasks, some claim processing and customer service jobs are at risk.

6 Dependence on Data Quality:

AI's effectiveness relies heavily on the quality and quantity of data it processes. **Poor data input** can result in inaccurate or unfair decisions, leading to disputes.



It Works Both Ways

94% of UK insurance claims handlers believe at least 5% of claims are being fraudulently created or altered using artificial intelligence (Insurance Post – 19 Sept 2024).

Audio and visual manipulation enabled by AI technology, also known as deepfakes, is a major growth area for insurance fraud.

Current Sentiment

38% of insurance claim handlers expect they will need to retrain as their jobs will become obsolete and 45% are concerned about their future job security.

67% of workers view AI as a “friend” rather than a foe.

46% of workers say that AI is making their jobs easier.

43% note that AI is taking away administrative tasks so they can focus on more high-value work.



Where Does This Leave us?

Dependent on Data Quality – rubbish in, rubbish out

Speaking of which...don't mention the war - *Orient Express Hotels v Generali* and *The FCA Test Case*

So, will we all be looking for new jobs in a few years' time?

I don't think so...

AI has the potential to **assist** with the interpretation of complex contracts, but it is unlikely to fully replace human involvement, especially in high-stakes or nuanced situations.

"Technology is extremely important ... but you need to have...judgment; otherwise, that's the sort of mess you end up in." (Richard Brindle, CEO of Fidelis)

Where Does This Leave us?

Dependence on Data Quality – rubbish in, rubbish out



Most data is old, stale and redundant and will generate irrelevant, repetitive, inaccurate and inexplicable results

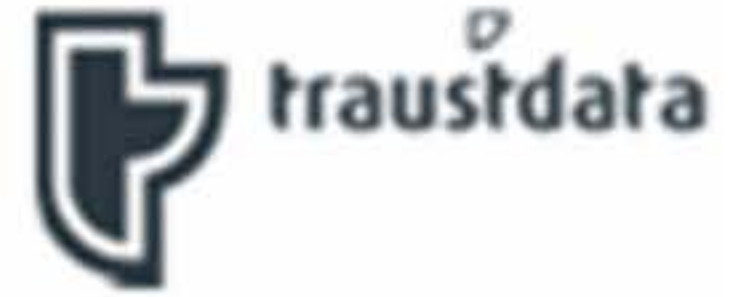
Which brings me neatly onto a brief introduction to quality data to mitigate cyber risk

Data Quality to Understand Cyber Risks

Most EDR security services only scan for threats on the **Surface** of the Dark Net, by when it is usually too late to defend a cyber attack



We use data which reaches into the Inner Level and Core, which means we detect compromised data and malware 18-24 months before it appears at the Surface – this provides valuable time to respond and manage the threat before a cyber-attack occurs



Timeline of a Cyber-Attack

“Access brokers” steal the compromised data – it usually starts with a password breach (password security and vulnerability is the easiest way into a network) whereupon “info-stealer” malware is downloaded, and private data and credentials are harvested.

These “access brokers” are not usually the people who are going to use the stolen data; they are simply the people who steal the car and then chop the car up and sell it on in smaller pieces to others who will use those pieces (in this case, to break into your network). This activity occurs on forums in the **Inner Layer** and **Core** of the Dark Net, and it is here that we gain access to information and knowledge of a user’s compromised network.

Once an attacker has bought the compromised data (e.g. compromised passwords to allow access into a network) and has harvested the data they want, it is only then that the harvested data is put up for sale on the open forums back up at the **Surface** of the Dark Net. And it is only here that most EDR (Endpoint Detection & Response) capabilities used by IT security teams scan/scrape and discover the compromise – that is usually too late.

Because all of this takes time, often between 18 and 24 months from initial password breach, this time period allows a business to make changes to its network (redo passwords, remove malware, re-image laptops/PCs etc.) BEFORE the main cyber-attack occurs (e.g. ransomware).



Cyber Risk & AI

September 2024

Cyber Attack Chains



The evolution of AI based security



Traditional Signature-based Antivirus

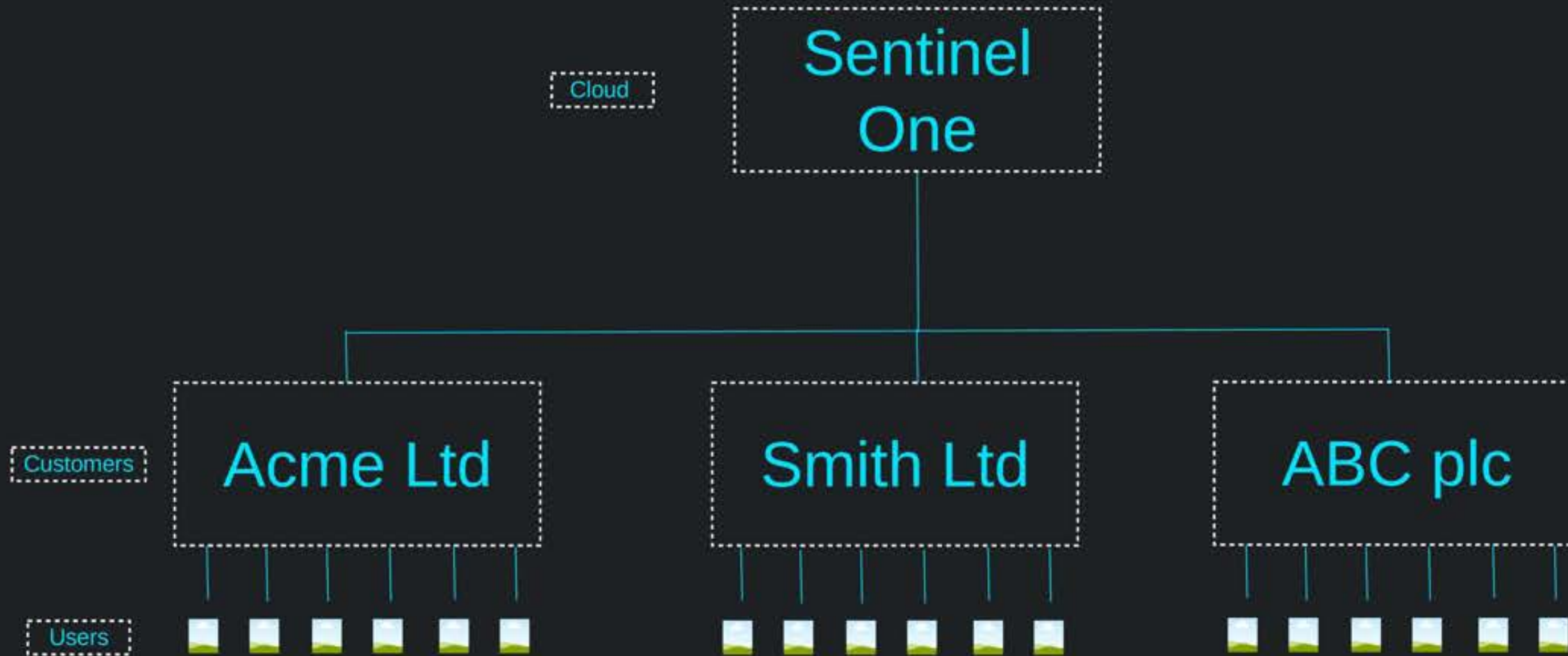
1. Reactive and not proactive
2. Incapable of detecting anomalous behaviour
3. Relies on detecting known malware



Endpoint Detection & Response

1. Proactively responds to threats
2. Observes and learns "normal" user behaviour in a network
3. Collects and aggregates cross-user data to feed AI model
4. Able to monitor and automatically respond in real time

AI EDR Delivery



Effect on cyber underwriting

- 2019-2020 saw exponential rise in ransomware attacks across segments and industries
- Lack of EDR and Multifactor Authentication attributable to successful attack chains in 99% of insured ransomware attacks



Offensive use of AI

- Chatbots will produce malicious software on demand
- Manipulating and corrupting training data inputs
- Reverse engineering
- Generative AI





CHALLENGES IN INFRASTRUCTURE

ROB MCNEIL

GRS

&

NICK ASHBY

HAWKINS & ASSOCIATES

Challenges in power infrastructure

Technology

Fuel Supply

Ageing Assets

Business Models

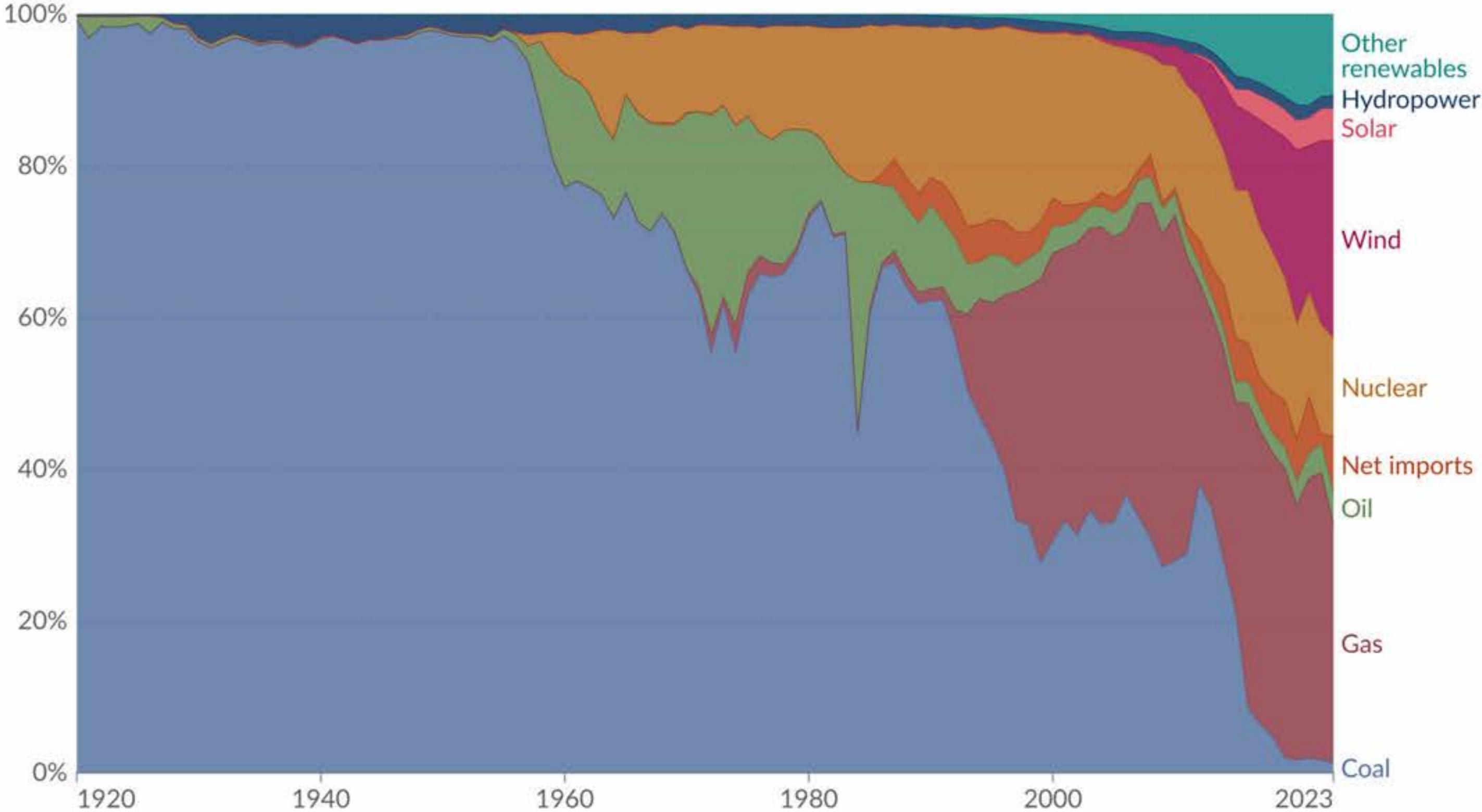
Energy Policy

Investment

Power generation development



Electricity production in the United Kingdom

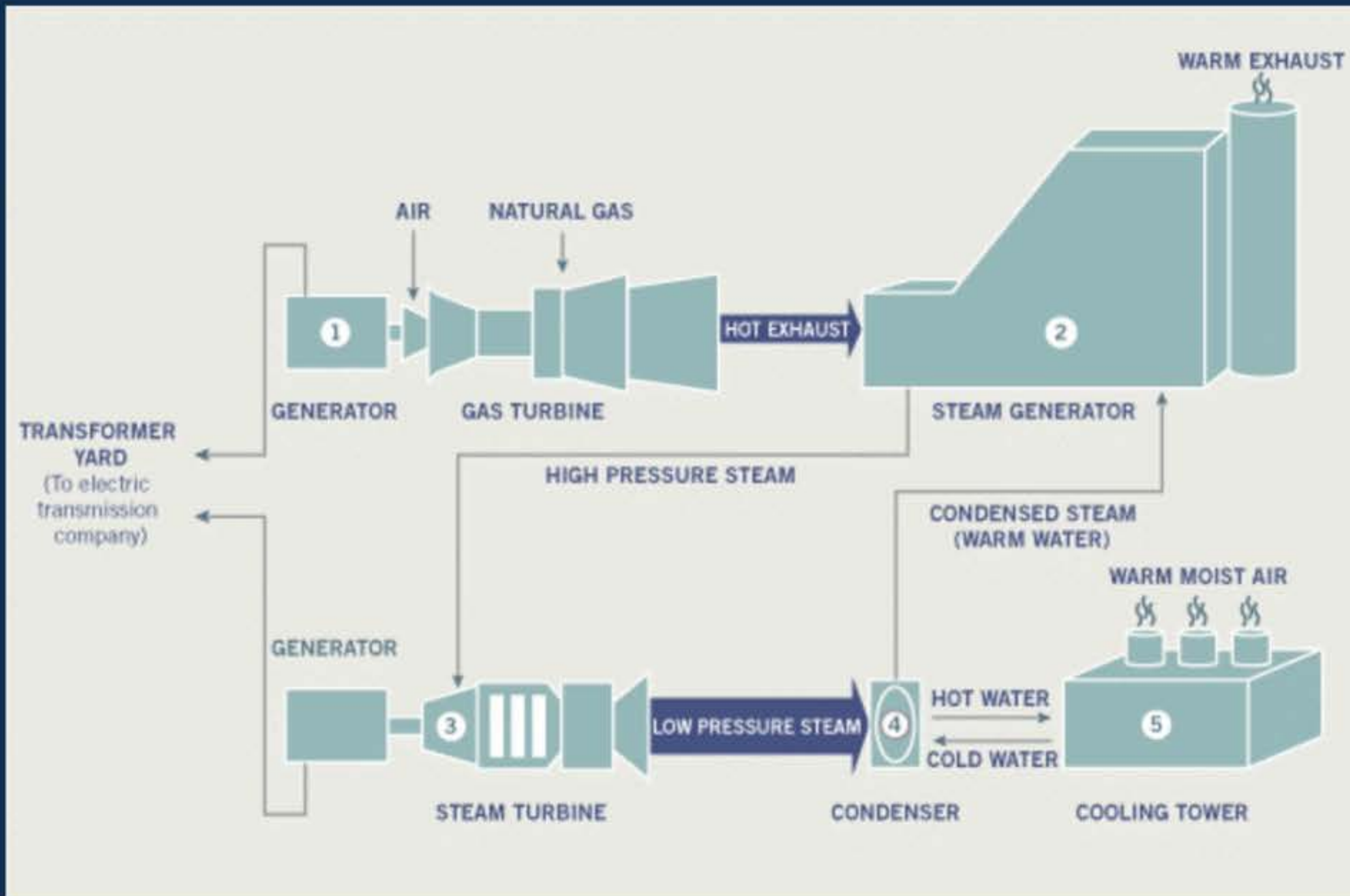


Data source: Ember (2024); Energy Institute - Statistical Review of World Energy (2024); Department for Business, Energy & Industrial Strategy of the UK (2023)

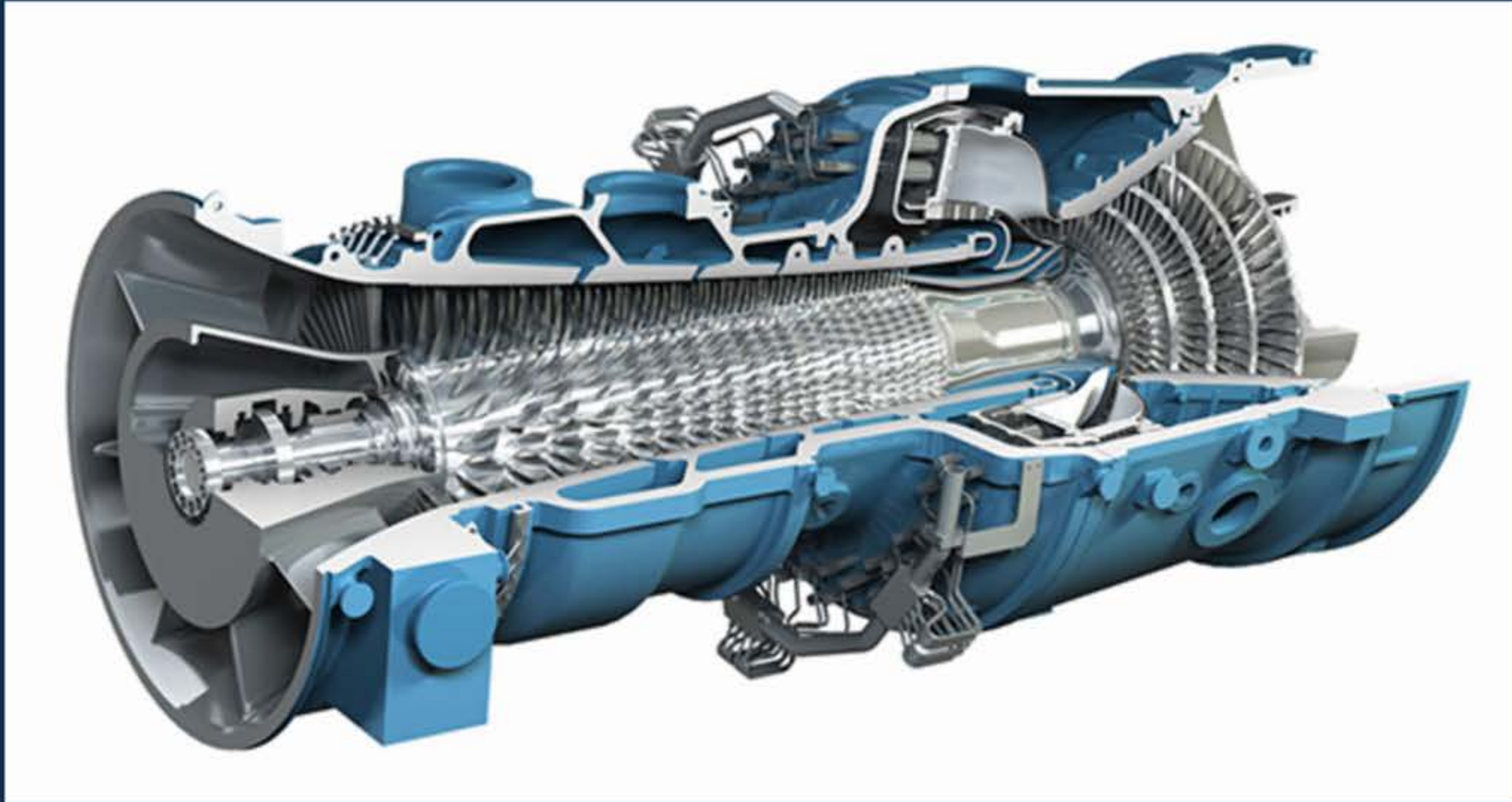
Note: Includes electricity generation (which may include electricity that is exported) plus net imports.

OurWorldinData.org/energy | CC BY

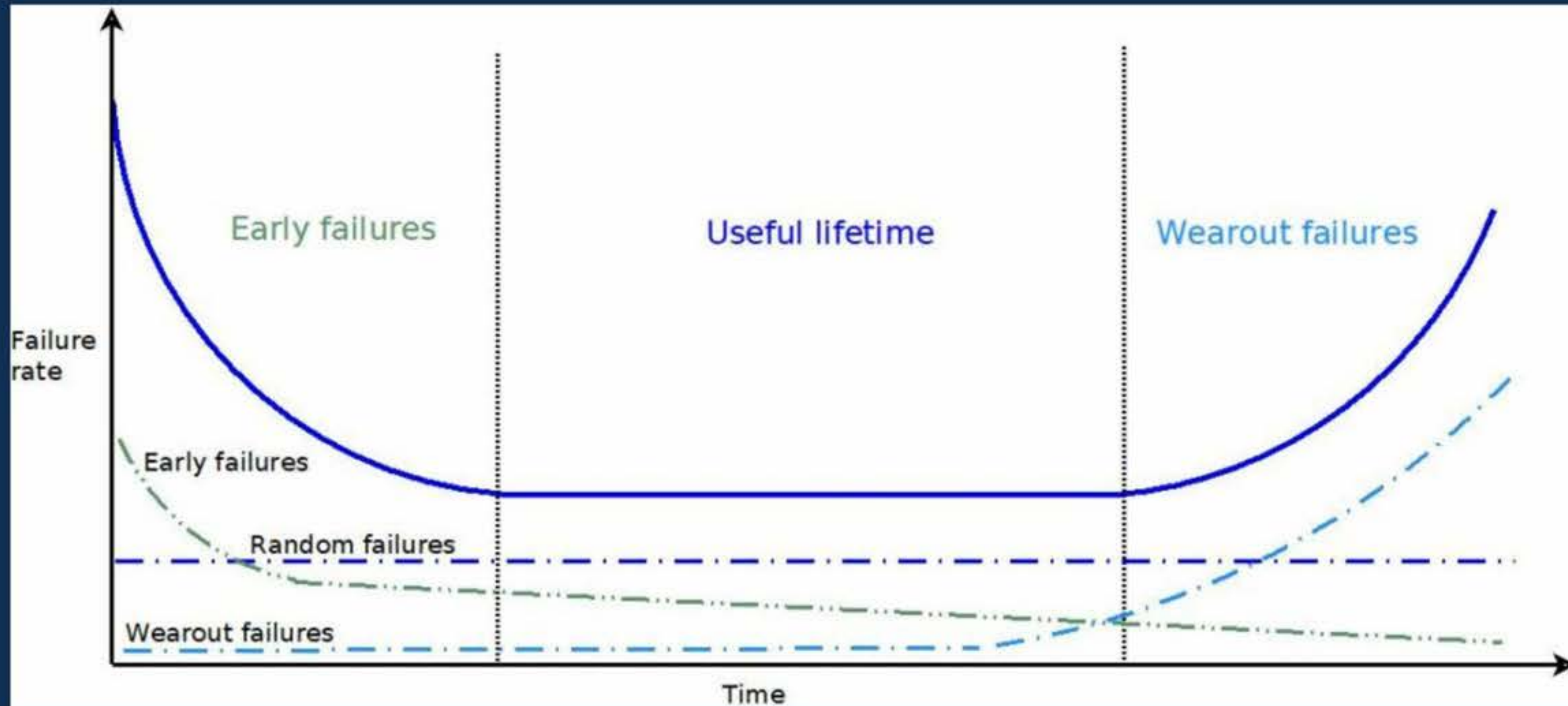
Combined Cycle power stations



Turbine design



Failures as assets age



Maintenance & investment

- Larger assets (turbines, generators) will be covered by Long Term Service Agreements (LTSA)
- Other ancillary parts may be maintained and managed by the plant
- Assets have specific schedules for when maintenance is carried out and extent of work
- Increase in inspections as assets age, typically with higher costs
- Commercial factors may have influence, particularly for non-mandatory maintenance
- Who sits with the risk?

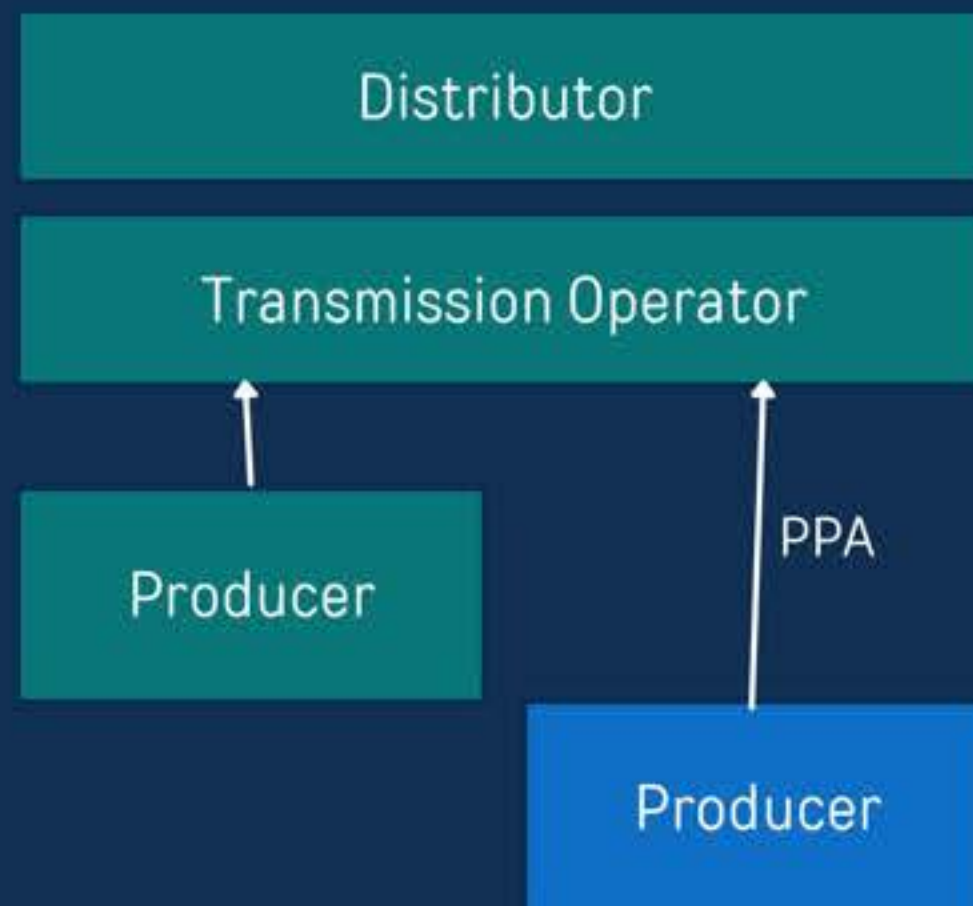


Turbine design life and extensions

- The lifetime for a typical turbine rotor is from 100,000 to 150,000 EOH (normally around 20 -25 years)
- Original Equipment Manufacturer (OEM) may conduct life assessment to extend the operation of a turbine
- Depending on the scale of refurbishment, this can reintroduce instability with multiple new components
- Who sits with the risk?

Selling electricity

Fixed Power Purchase Agreement

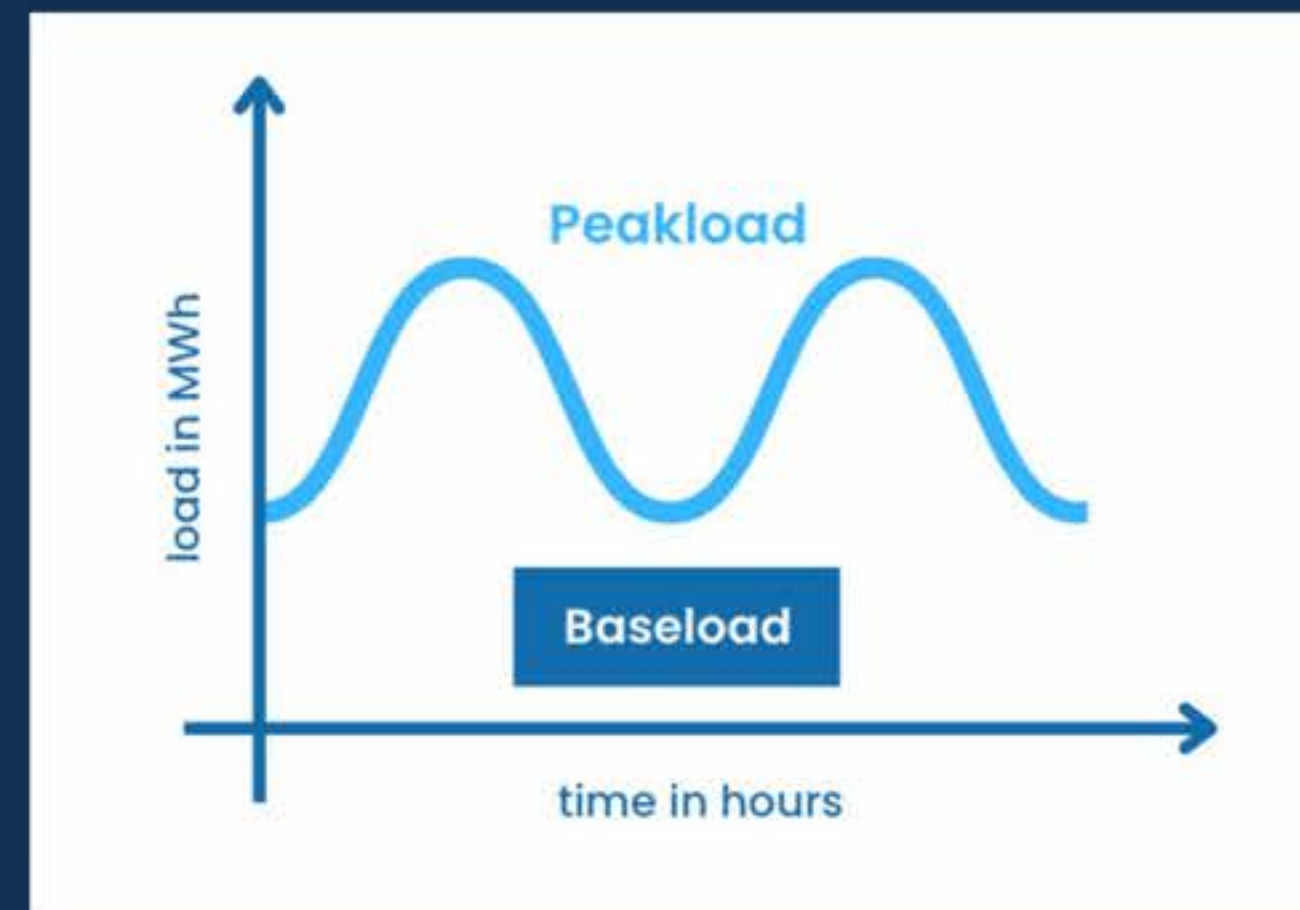
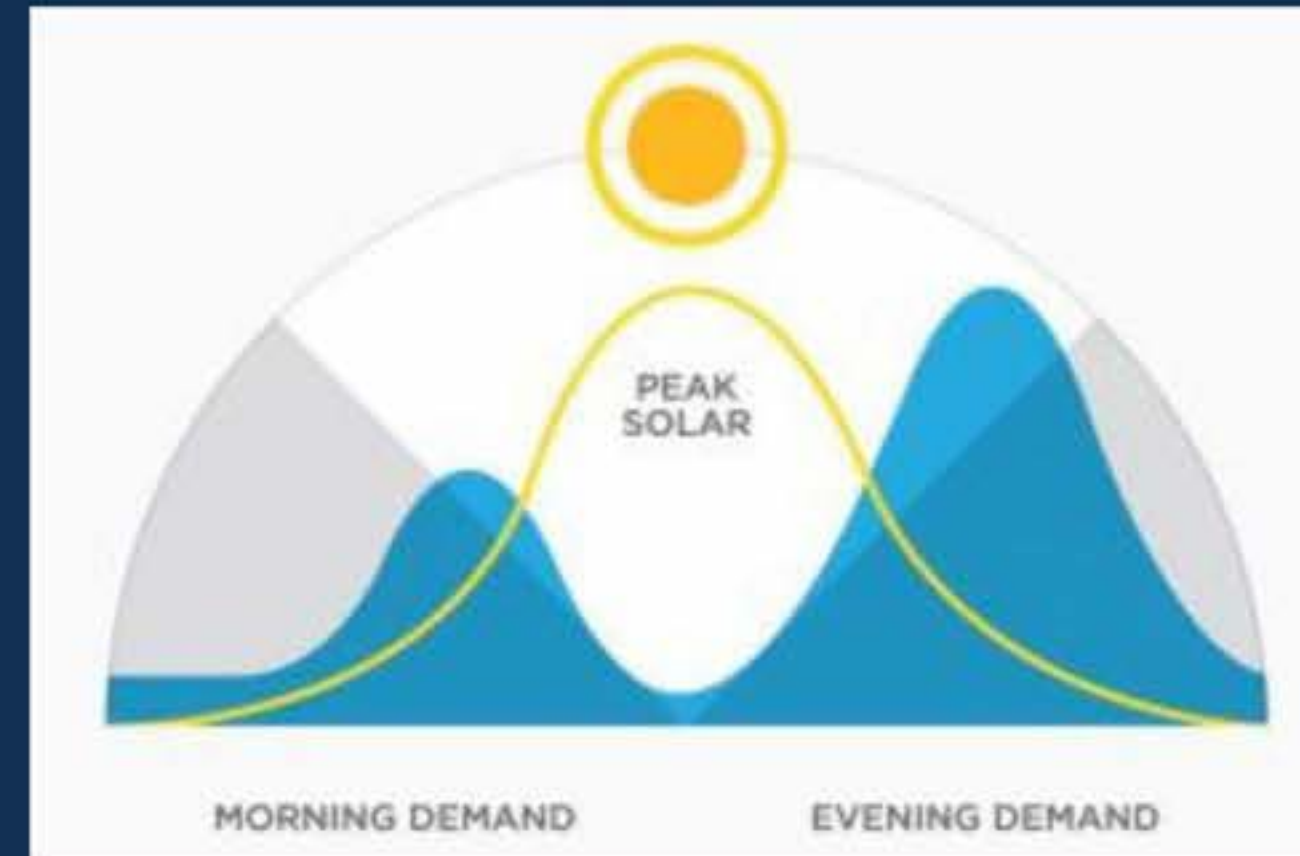


Open Market



Operational regimes

- Operational regime of a plant has a significant influence on fatigue-based failure rates
- Since the development of renewables, thermal plants and equipment originally designed for base load operation are required to change regime to become a peaking operation
- Introduces new/increased stresses
- OEMs redesign operating procedures and components to reduce stress
- Who sits with the risk?



Claims issues



Power of OEM



Evolving use of established technology & correct operation



Reinstatement value at the end of an asset's life



Machinery Breakdown versus Operational All Risks



Mitigation opportunities

Key remarks



Failure rates in power assets change over the lifespan of the asset, which can be linked to expected and external factors



The change in operational regime required by gas power plants has changed the risks and failures occur as a result of this, fatigue-based failures in particular



OEMs can offer engineered solutions to deal with changes, but where does the risk then reside?



Rob McNeil

Director, Energy, GRS

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CILA Claims
Conference

26 September 2024

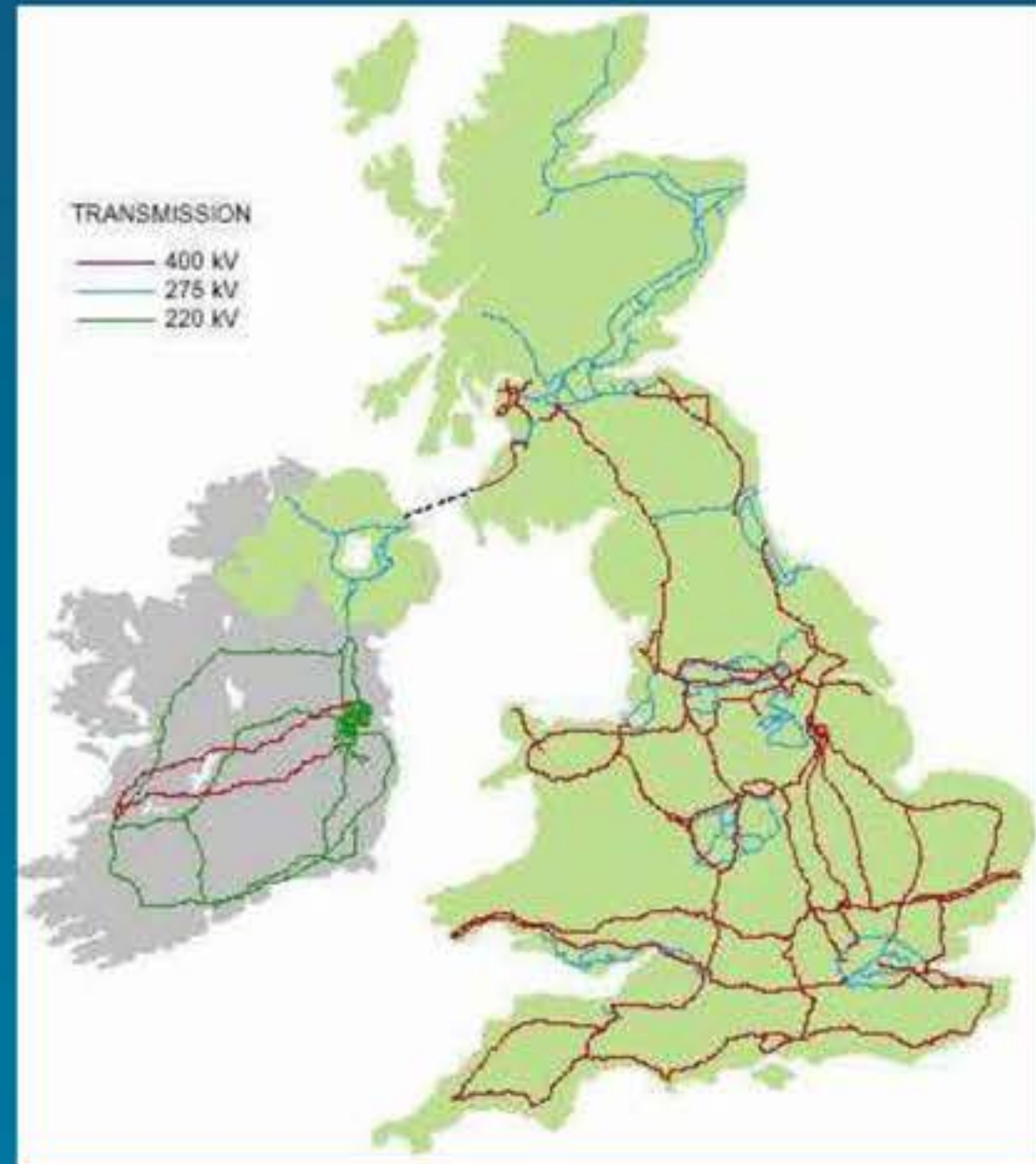
Discussion

Infrastructure

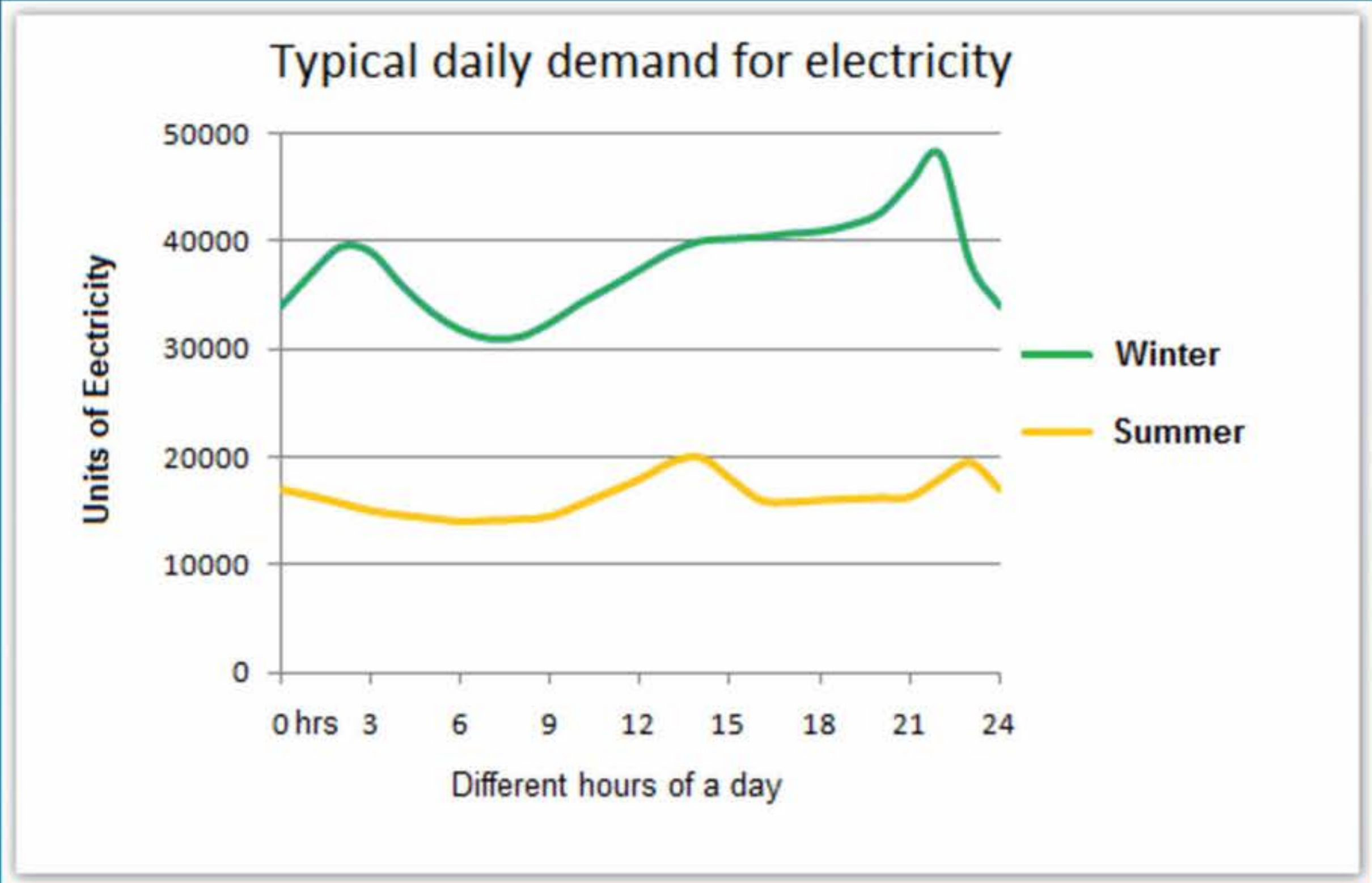
Generally, infrastructure characterised by:

- Some sort of interconnectivity or network
- Sized for peak or maximum demand
- Typically has large daily and seasonal variations (M25 for example - other ring roads are available)
- Typically has some sort of state ownership or regulation
- The end user may see little change over time, but the technology and business model may see 'step' changes
- Infrastructure has to accommodate demographic and societal changes
- Utilities tend to be technically cautious; equipment historically has been '*built not made*' and designed typically for 150,000-200,000 operating hours

UK Electricity and Gas Infrastructure



Generation and Demand must match second by second (or at least until 'Grid Scale' battery storage becomes viable)



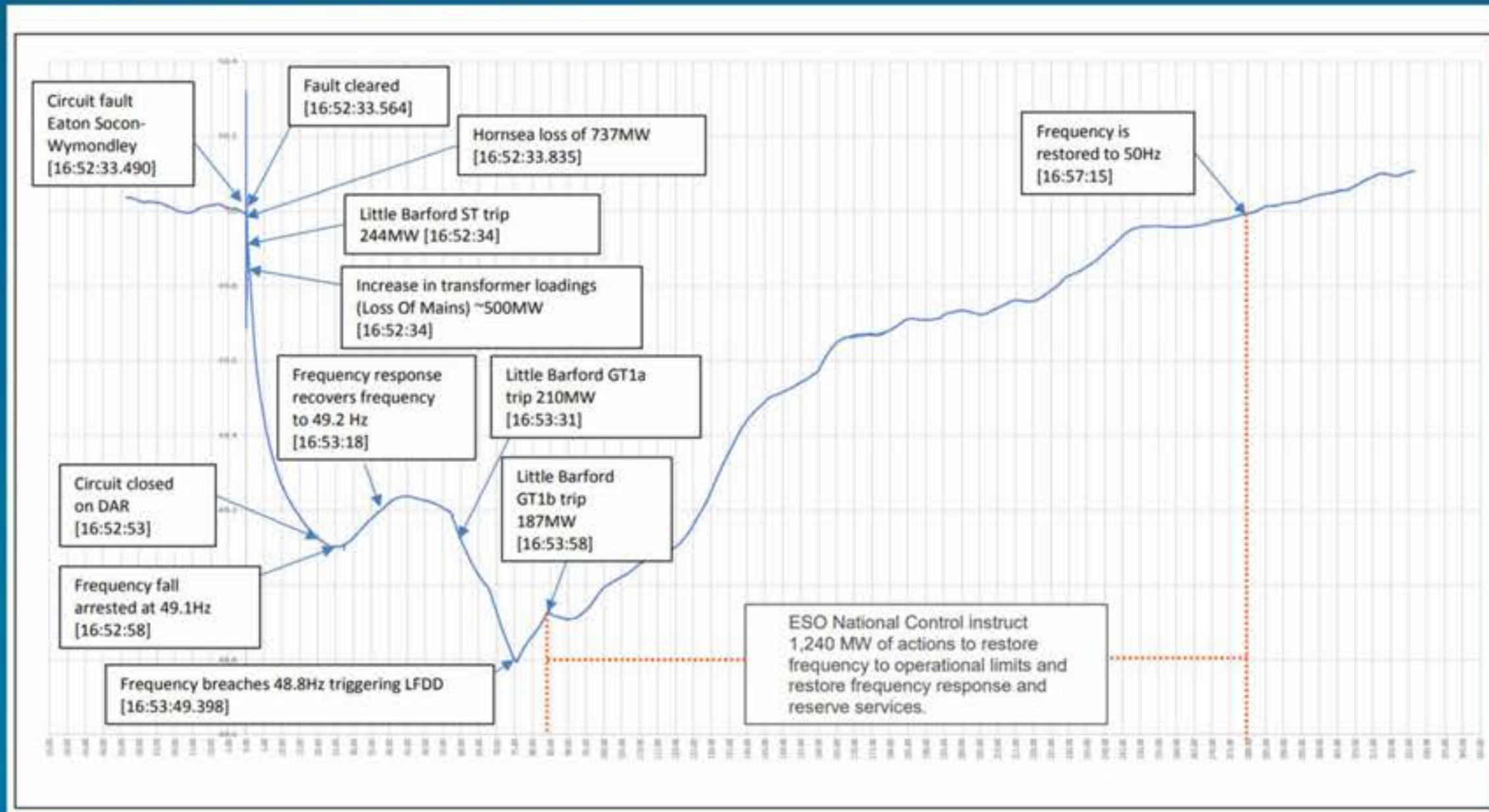
Grid scale electricity is the ultimate perishable product

- If the power station is broken down the opportunity to sell electricity for that period is lost forever. It is like a hotel bed or an aeroplane seat.
- Electricity is also a true commodity , the only measure of quality, is that it is 'there' when you need it and is at the right voltage and frequency.
- The grid system and your toaster does not recognise, green, renewable, or black electricity, it is all the same.

8 September 2019---Severe demand and generation mismatch

Frequency plunges outside of statutory limits –automatic load shedding is initiated to save the system. (graph courtesy of Ofgem)

It is the role of the National Grid ESO to keep the system frequency at 50 Hz, with a statutory limit of 0.5 Hz above or below this value.. Load shedding at 48.8 Hz-Generation should remain stable down to 47.5 Hz and at least 20 seconds as low as 47 Hz.



What tools do you need to successfully manage Power Plant Assets- Ageing or otherwise ?

- Good Plant (boiler, turbine, generator, solar PV inverter, etc)
- Good People
- Good Procedures

Wider Political and Social
Environment

What Causes an Asset Age

- What it eats (fuel type), Time, Temperature and Cycles
 - Elapsed Calander Time (don't forget off load damage such as corrosion)
 - Operating Hours
 - Cycles of load and temperature can accelerate ageing
- How well you look after it!!!! **You have to keep putting the metal back in!!**
- If you '*rally and race*' it, then review the maintenance intervals and scope.
- If you are gentle with it assess fully before extending the maintenance intervals-don't forget the auxiliary plant.

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The dash for gas post privatisation (1990) Assets have achieved a 25-30 year life.

- Most first-generation UK CCGTs were 'E' class machines.
- Latest 'F' class machines have a 10% points efficiency advantage over the 'E' machines in CCGT configuration.
- Also 'F' machines in CCGT format designed to be fast loading and flexible.
- Most UK 'E' machines closed out or in reserve.

What about the 'low carbon' and alternative technologies?

- Hydro 80 + years Tummel in Scotland dates from 1930s
 - Nuclear 40 years
 - Wind 20 years Likely to be able to life extend or replant
 - Solar PV 25 years
-
- We are seeing solar farms and some wind farms reach 'mid-life' at circa 10 years old. Solar prone to 'cheap' equipment and the impact of daily cycling.

Managing The Plant

- It is like Triggers broom...you can generally just keep replacing the bits.—It is just nuts and bolts and welded pipes! BUT.....
 - Eventually you run into parts supply and obsolescence, which can introduce risks associated with Reverse Engineering and non-OEM service providers.
 - It may become uneconomic to refurbish it unless you upgrade it. Technology download.
 - Don't forget the auxiliary systems, these may be the limiting factor.
 - Maintenance induced failures---"if it is not broken don't fix it".
- System health and life extension tools, condition monitoring Non-Destructive Testing, and thorough regular 'fact finding' surveys.
- Degradation discovered during an inspection often considered by the insured to be a 'loss event'-discuss.
- Feed the results of the survey into an 'Engineering Plan' which in turn feeds into budget planning.

Technical Risks of Refurbishment and Upgrades

- Obsolescence of control systems typically occurs first. Modern control systems are overarching-*'one button start'*.
- Who takes the technical risk? The plant is the sum of the parts not just the parts you are refurbishing.
- Change Control risks associates with modifications and upgrades-dull but so important –Flixborough to Callide C.

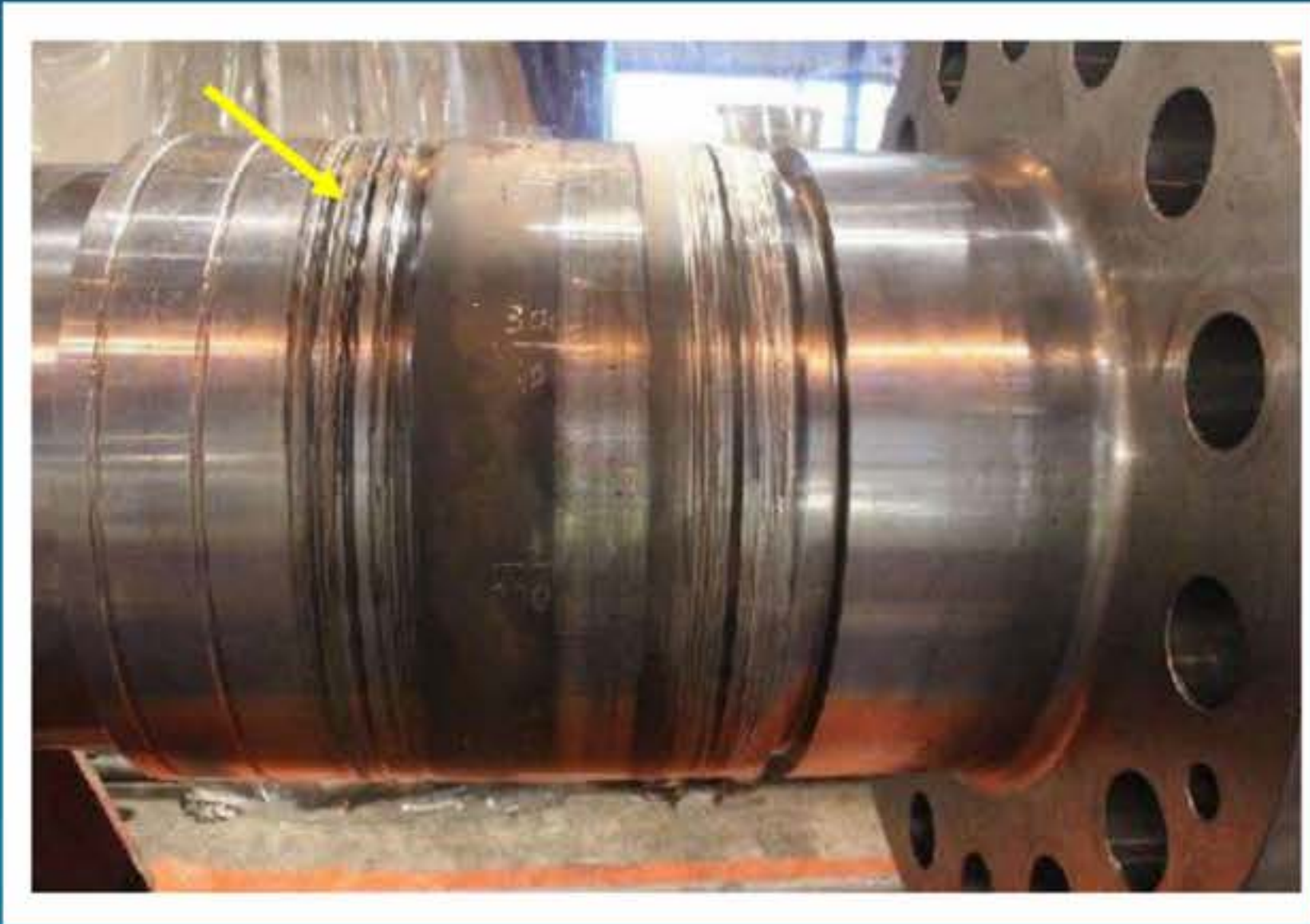
Failures of Change Control Management



Life expired asset and maintenance induced failure



Failure to maintain and test auxiliary equipment- catastrophic DC power loss in Vietnam



Aluminium Smelter Pot line freeze caused by a site black out with change control as the root cause.



©Hawkins 2017



©Hawkins 2017

But remember it always end like this!



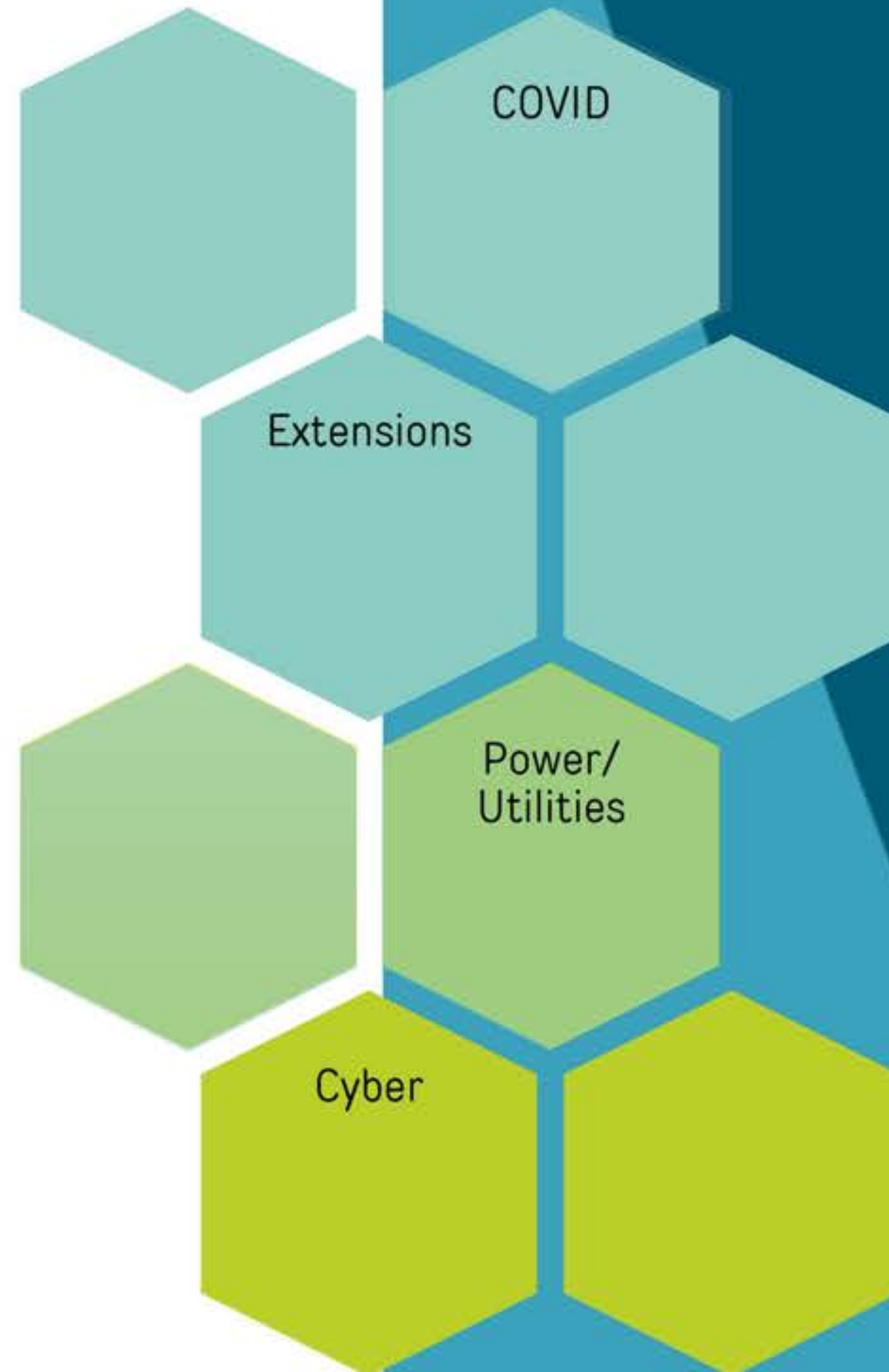


**WHEN THE CROWD STRIKES:
AGGREGATED & NOVEL**

ANGUS OSBOURNE-WHITE
*CRAWFORD FORENSIC ACCOUNTING
SERVICE*

Crawford[®]

BACKGROUND





Your PC ran into a problem and needs to restart. We're just collecting some error info, and then we'll restart for you.

20% complete



For more information about this issue and possible fixes, visit <https://www.windows.com/stopcode>

If you call a support person, give them this info:

Stop code: CRITICAL_PROCESS_DIED

CROWDSTRIKE



Update to Falcon Software Sensor

Widespread system crashes

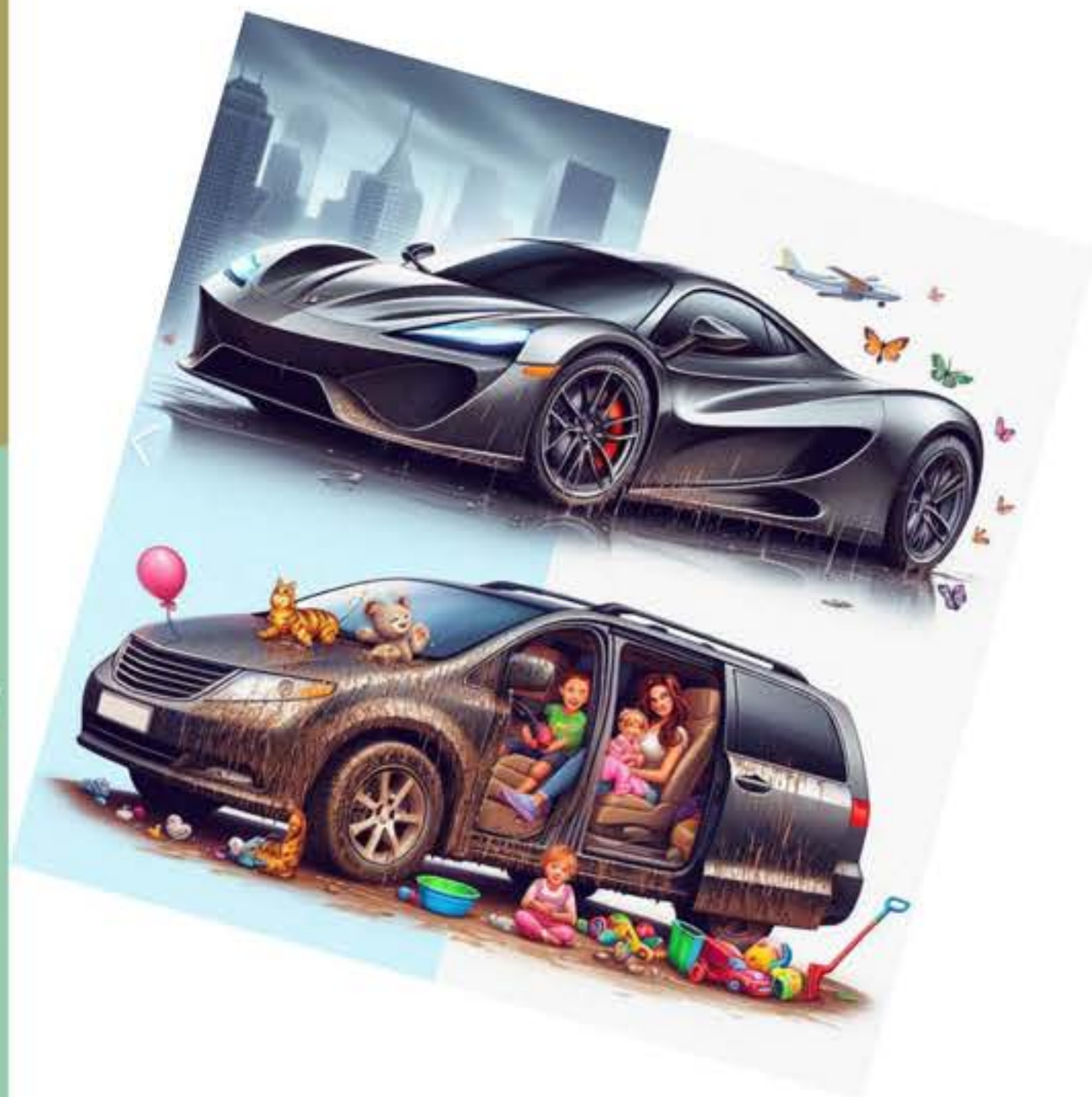
Fix released

Consequences?



COVID – THE KEY ISSUE

Expectations v Reality

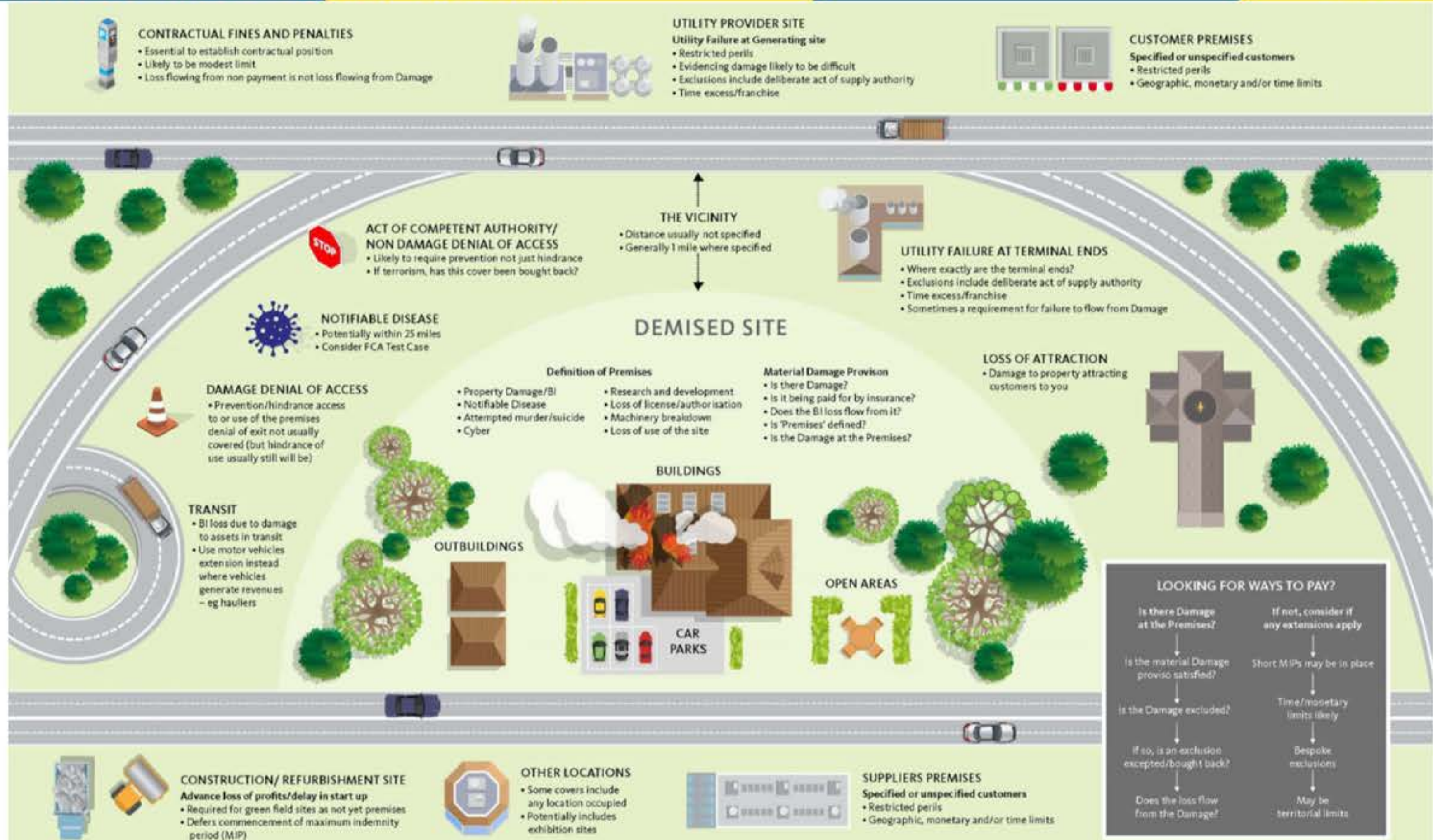




CONTINGENT BUSINESS INTERRUPTION COVER

Image source: Sedgwick, 2021

Crawford®



COVID – THE KEY ISSUE

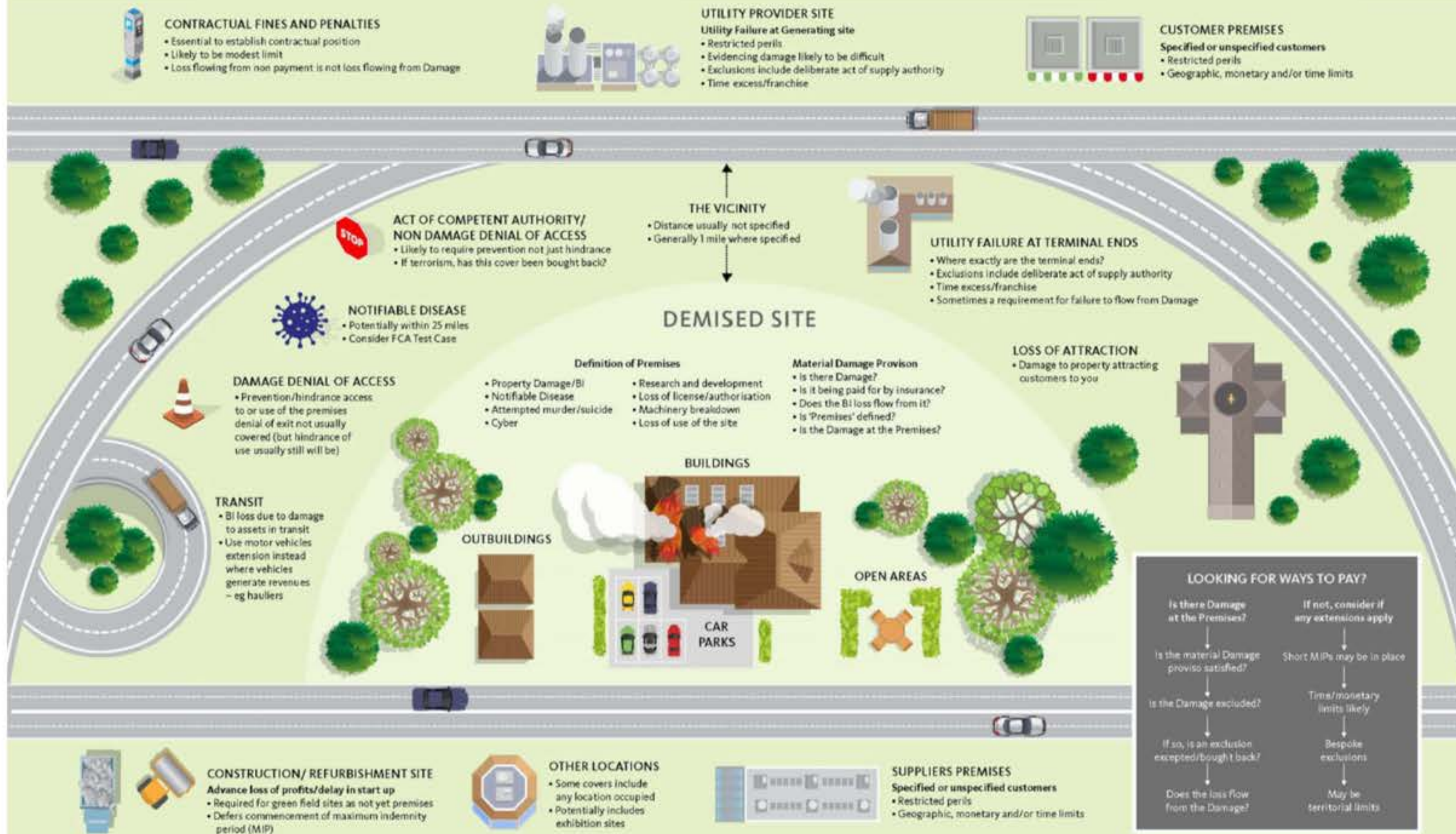
EXPECTATIONS V REALITY





CONTINGENT BUSINESS INTERRUPTION COVER

Image source: Sedgwick, 2021





CONTINGENT BUSINESS INTERRUPTION COVER

Crawford

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DEMISED SITE

Definition of Premises

- Property Damage/BI
- Notifiable Disease
- Attempted murder/suicide
- Cyber
- Research and development
- Loss of license/authorisation
- Machinery breakdown
- Loss of use of the site

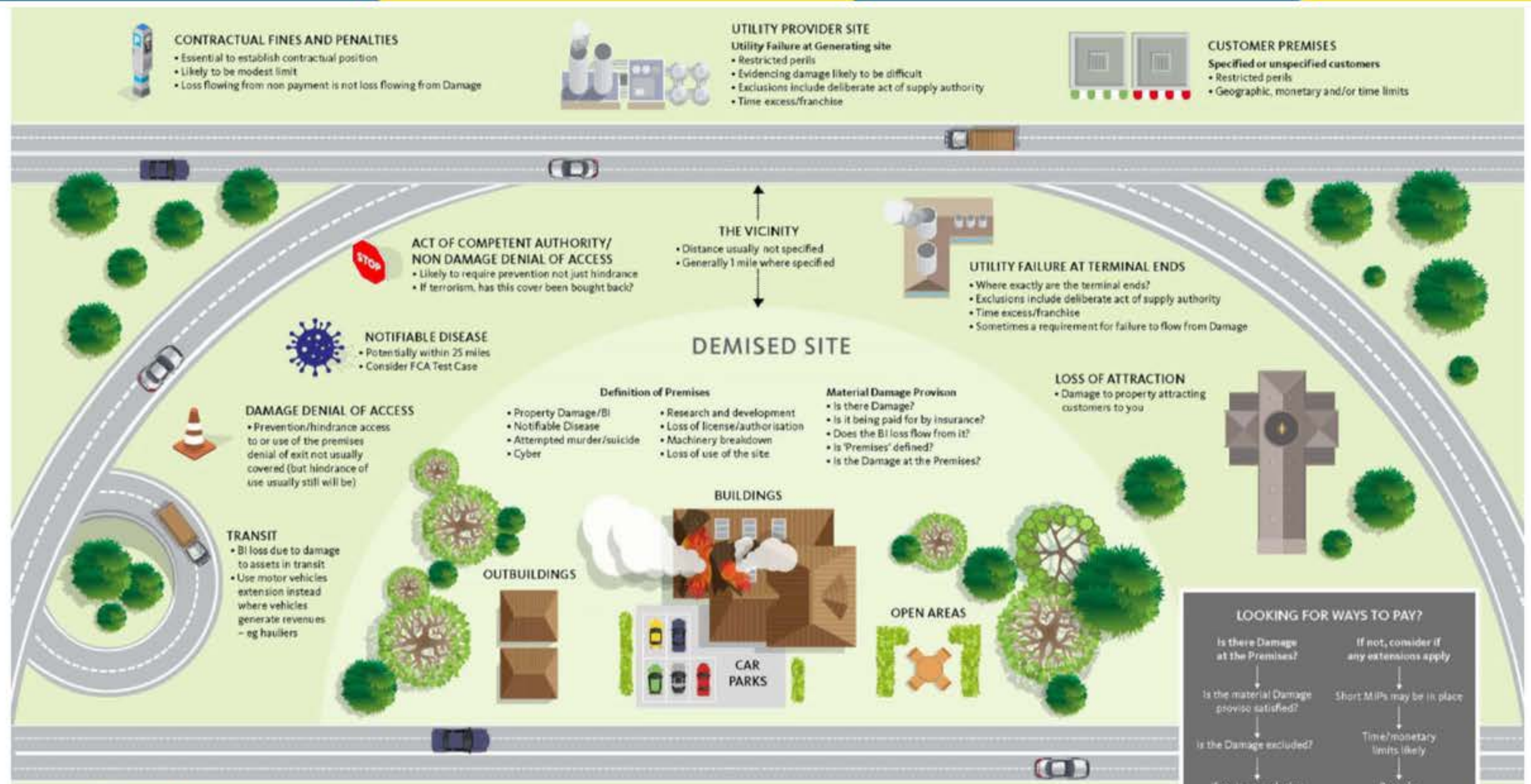
Material Damage Provison

- Is there Damage?
- Is it being paid for by insurance?
- Does the BI loss flow from it?
- Is 'Premises' defined?
- Is the Damage at the Premises?





CONTINGENT BUSINESS INTERRUPTION COVER



CONSTRUCTION/ REFURBISHMENT SITE

Advance loss of profits/delay in start up

- Required for green field sites as not yet premises
- Defers commencement of maximum indemnity

OTHER LOCATIONS

- Some covers include any location occupied
- Potentially includes exhibition sites

SUPPLIERS PREMISES

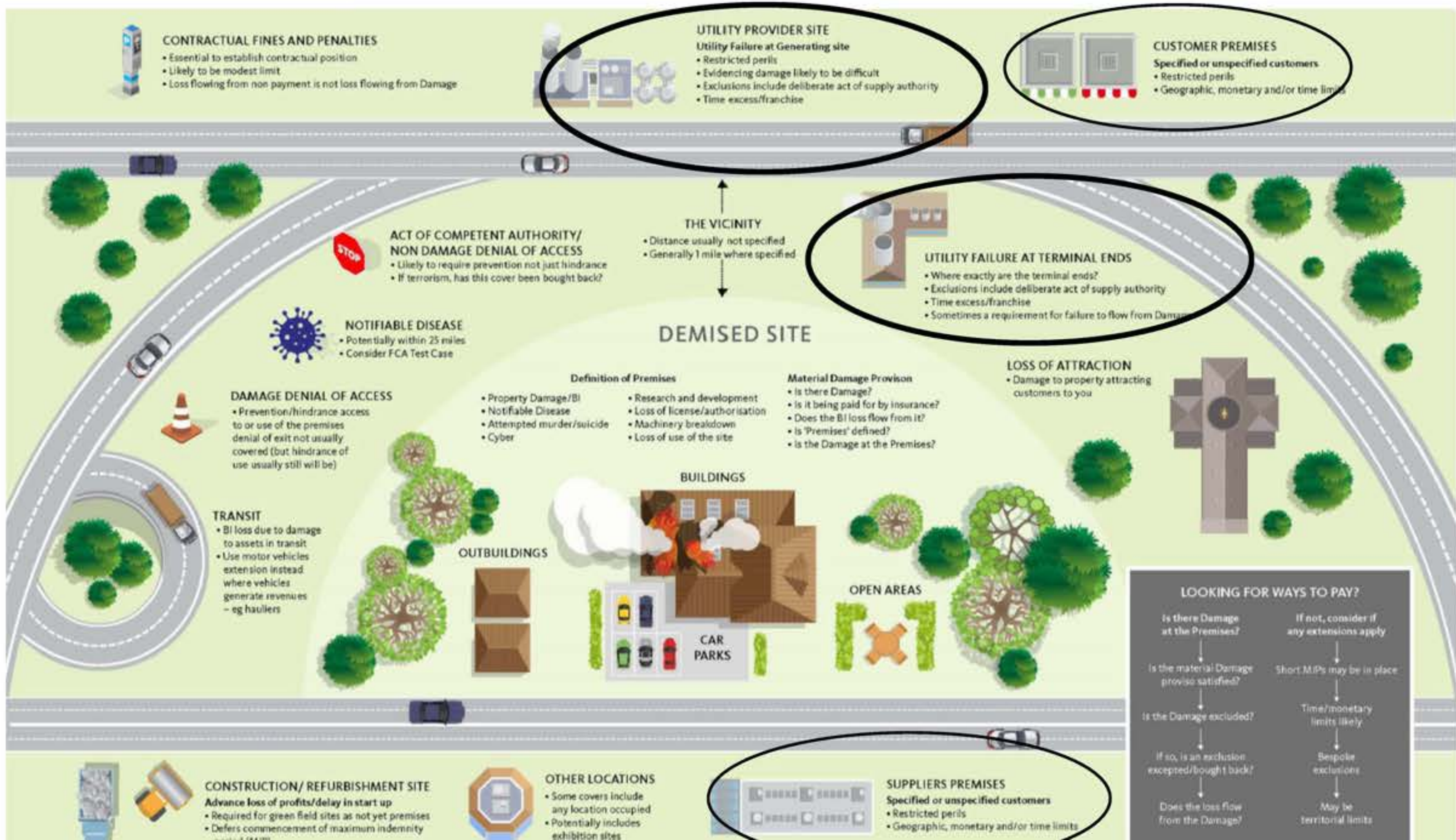
Specified or unspecified customers

- Restricted perils
- Geographic, monetary and/or time limits



CONTINGENT BUSINESS INTERRUPTION COVER

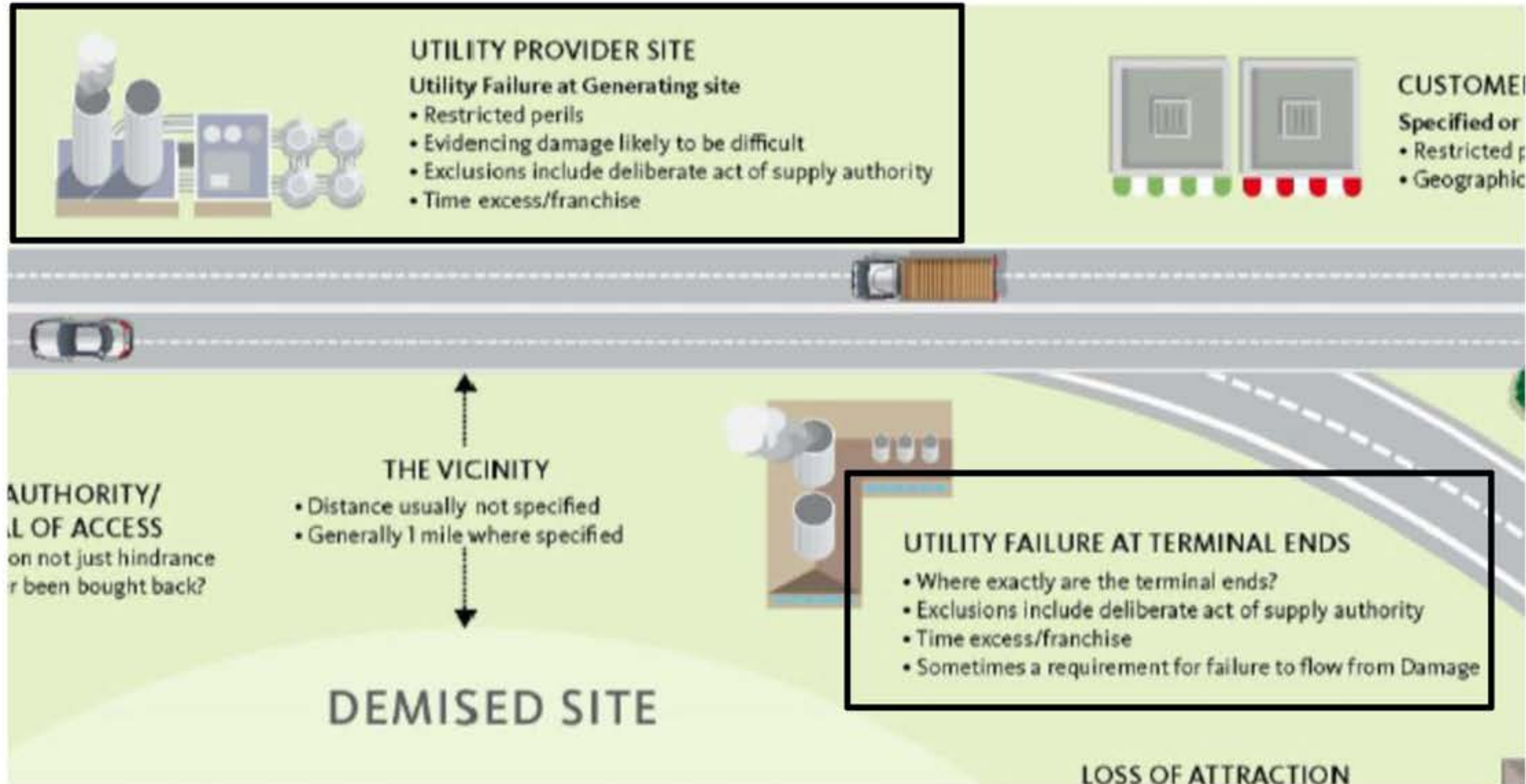
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CONTINGENT BUSINESS INTERRUPTION COVER

Crawford[®]





WHEN IS A PHONE NOT A PHONE?





DIRECT PARALLELS WITH THE TEST CASE

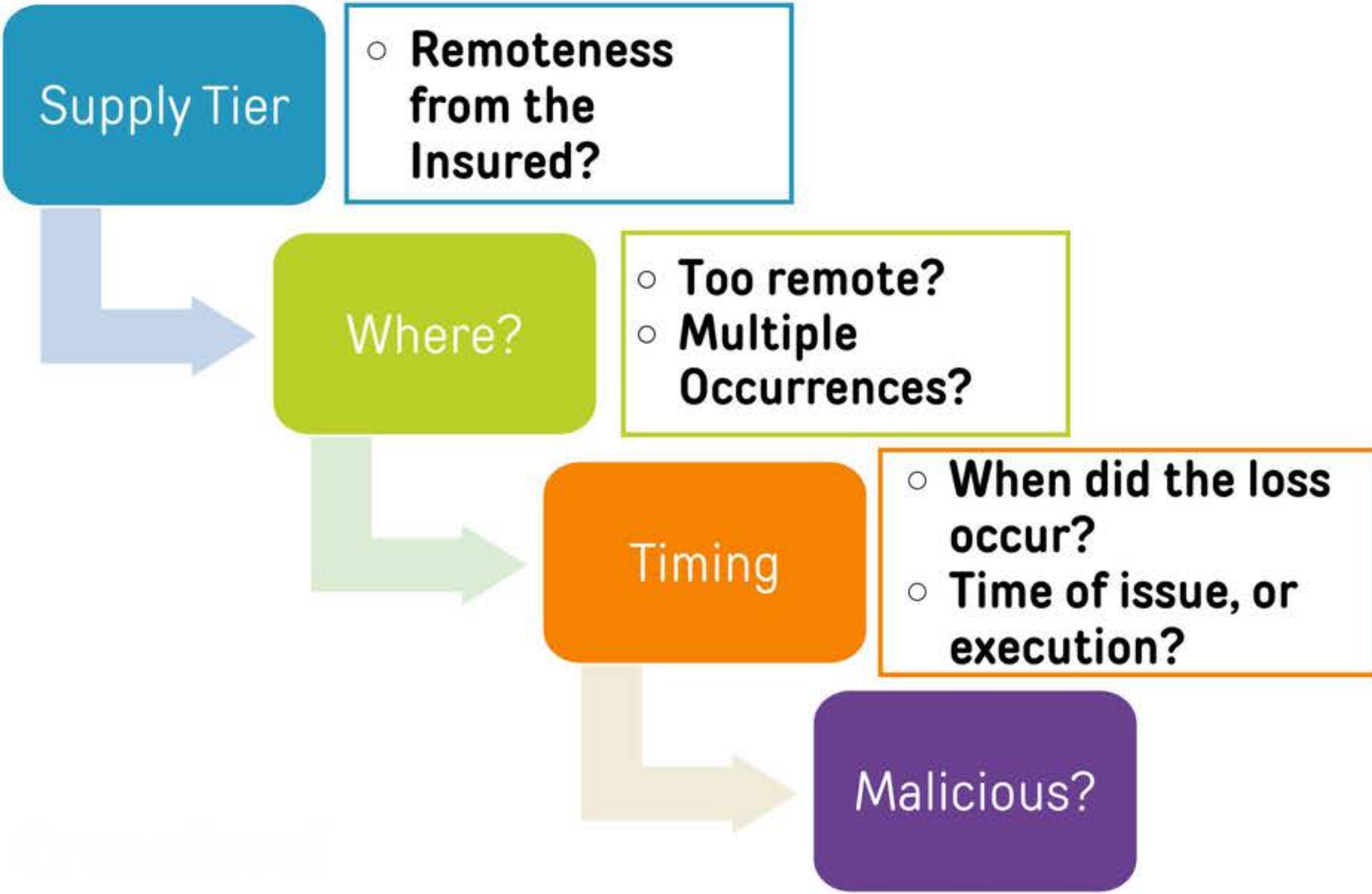
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	COVID-19	UTILITY EQUIVALENT
Out of Scope	Specified Disease	Damage at Generating site
Hybrid	Denial of access due to disease	Failure at terminal ends due to Damage
Covered?	Notifiable disease	Accidental Failure at terminal ends
Impossible to prove?	At The Premises	?



SO, WHAT ABOUT CROWDSTRIKE?

Crawford®





Business Income

- Resulting directly from a Network Disruption

Network Disruption

- Denial, restriction, or hindrance of access to Your Computer System... by any party otherwise authorised to have access

Exclusions

- Failure, malfunction, inadequacy of satellite, electrical or mechanical failure/interruption, including but not limited to electrical disturbance, spike, brownout, blackout, outages to utilities et cetera.



I PREDICT A RIOT?

Crawford®



Image source: [KETAMINE: good photos of the riots.](http://ketamine.blogspot.com)
(ketamine.blogspot.com)



THE CHARTERED INSTITUTE
OF LOSS ADJUSTERS

Questions?

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HEALTH & SAFETY

EMILY GARNETT
POLYGON GROUP





THE GLOBAL EXPERT IN
PROPERTY DAMAGE
CONTROL



ALWAYS BY YOUR SIDE.

Session Overview

This session will delve into the critical health and safety risks that claims professionals need to consider when dealing with property damage claims.

From mould exposure to structural hazards, the session will cover the most common risks encountered during restoration projects and their implications for claims management.



Emily Garnett – Introduction

- 18 Year career in Health, Safety, Environmental, Quality & Wellbeing
- Psychology Vs Law
- Multiple Industries/Sectors – Morgan Sindall, Mace, Amazon, M&S
- NEBOSH Diploma Qualified and Chartered Member of IOSH, MHFA Instructor
- Passionate about employee wellbeing and subsequent benefits this brings
- Value led individual



Critical H&S Risks

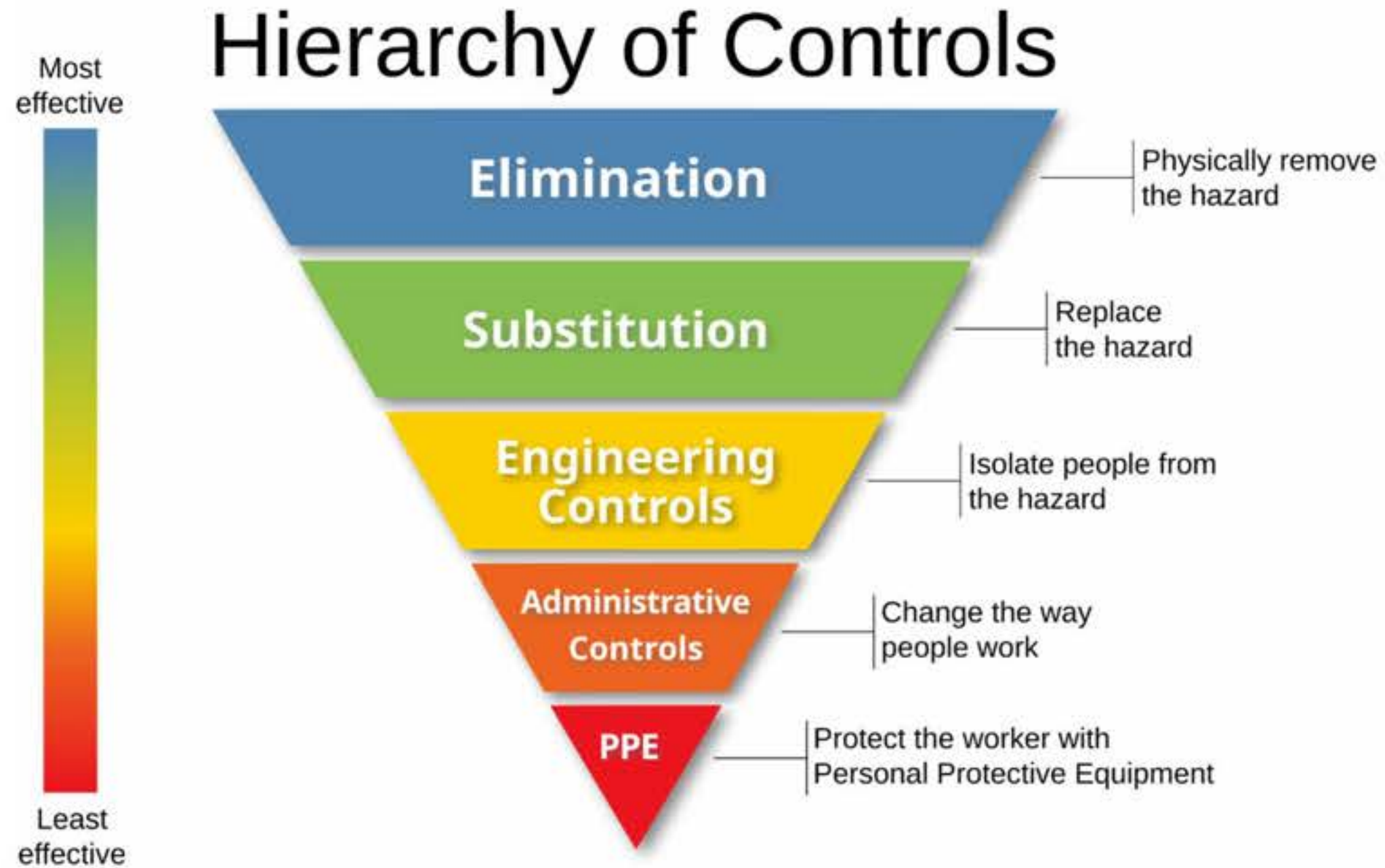
Critical H&S Risks

- Risks are often unknown – sharing of knowledge between stakeholders is crucial
- Range across a broad spectrum of Health-related topics and Safety
- Occupational Health & Safety risks can be missed during the planning process
- Technicians can find themselves operating in ‘unknown territory’



Hazard Identification and Control

Hierarchy of Control



Approach to Risk Assessment

- 5 steps – Recognised approach
- Point of Work Risk Assessment

Point of work risk assessment (POWRA)

Point of work risk assessment						
Site Name						
Client		Address				
Case Number		Date				
Part 1.	Before you start			Yes	No	N/A
	Do you have the right H&S documentation for the job i.e. Risk Assessments and Safe Systems of Work?					
	Do you have the right personal protective equipment (PPE) for the job?					
	Are all power tools, leads, plant and equipment PAT Tested and Calibration in date?					
	Is all access equipment for Working at Height inspected and free from visible damage/deterioration?					
If you have answered 'No' to any of the above, take the required action or report to your AOM. If in doubt always ask!						
Safety and health assessment <i>(if the hazard is present tick the box)</i>						
Part 2. Think	Asbestos Containing Materials					
	Falls from height		Entry into a confined space		Poor lighting	
	Falling or flying objects		Dust		Temperature (high/low)	
	Chemicals or harmful substances inc mould		Fumes		Adverse weather	
	Heat, fire or explosion		Noise		Uncertified equipment	
	Asphyxiation or drowning		Vibration		Risk from others	
	Risk to plant		Electricity		Risk to others from your work	
	Object overturning or collapsing		Residues		Stored energy or insecure loads	
	Slips, trips or falls on the same level		Underground services		Traffic or moving vehicles	
	Other (state)		Manual handling		Animals/Pets	
Control measures for each risk are outlined within existing operating procedures found on my Polygon. If no control measures are in place for the hazards identified above, then Part 3 (on the next page) needs to be <u>completed</u> and appropriate control measures put in place before work commences.						



Part 3. Act

Additional safety assessment				
Hazard <i>(identified overleaf)</i>	Control measures or precautions	Remaining risk		
		High	Medium	Low

Part 4. Review

End of job review				
Are there any lessons for next time?	Yes	No		
Has the work created any new hazards?	Yes	No		
If applicable, is the property left in a safe condition for policy holders/building users?	Yes	No		
If you have answered 'Yes' to either of these questions, make a brief note below and tell your AOM <i>(list here any information that would make the next visit safer and include contact details if appropriate).</i>				

Specific Hazards

Critical Safety Risks – Fire Damaged Properties

- Structural stability is a crucial area of risk in our day-to-day operations
- Our operation is reliant on information from our clients, as well as professional such as the fire service – without this our technicians are at high risk – particularly on upper floors where structural collapse can occur.
- Some structural damage is hidden, even with ‘sign-off’ given. This can sometimes be attributed to water damage during the emergency services attendance.



Critical *Health* risks – CoSHH



Many materials or substances used or created at work could harm employee health.



These substances could be dusts, gases or fumes that are breathed in, or liquids, gels or powders that irritate eyes or skin.



There could also be harmful micro-organisms present that can cause infection, an allergic reaction or are toxic – in the case of property restoration one example of this is mould.



Harmful substances can be present in anything from paints and cleaners to flour dust, solder fume, blood or waste.



Ill health caused by these substances used at work is preventable.

Critical Occupational *Health* Risks – CoSHH

Our management approach:

- finding out what the health hazards are
- deciding how to prevent harm to health (risk assessment)
- providing control measures to reduce harm to health
- making sure they are used
- keeping all control measures in good working order
- providing information, instruction and training for workers and others
- providing monitoring and health surveillance in appropriate cases
- planning for emergencies



Critical Occupational Health Risks – CoSHH

- PUK work with our client base and policy holders to deal with the impacts of mould which occur after floods.

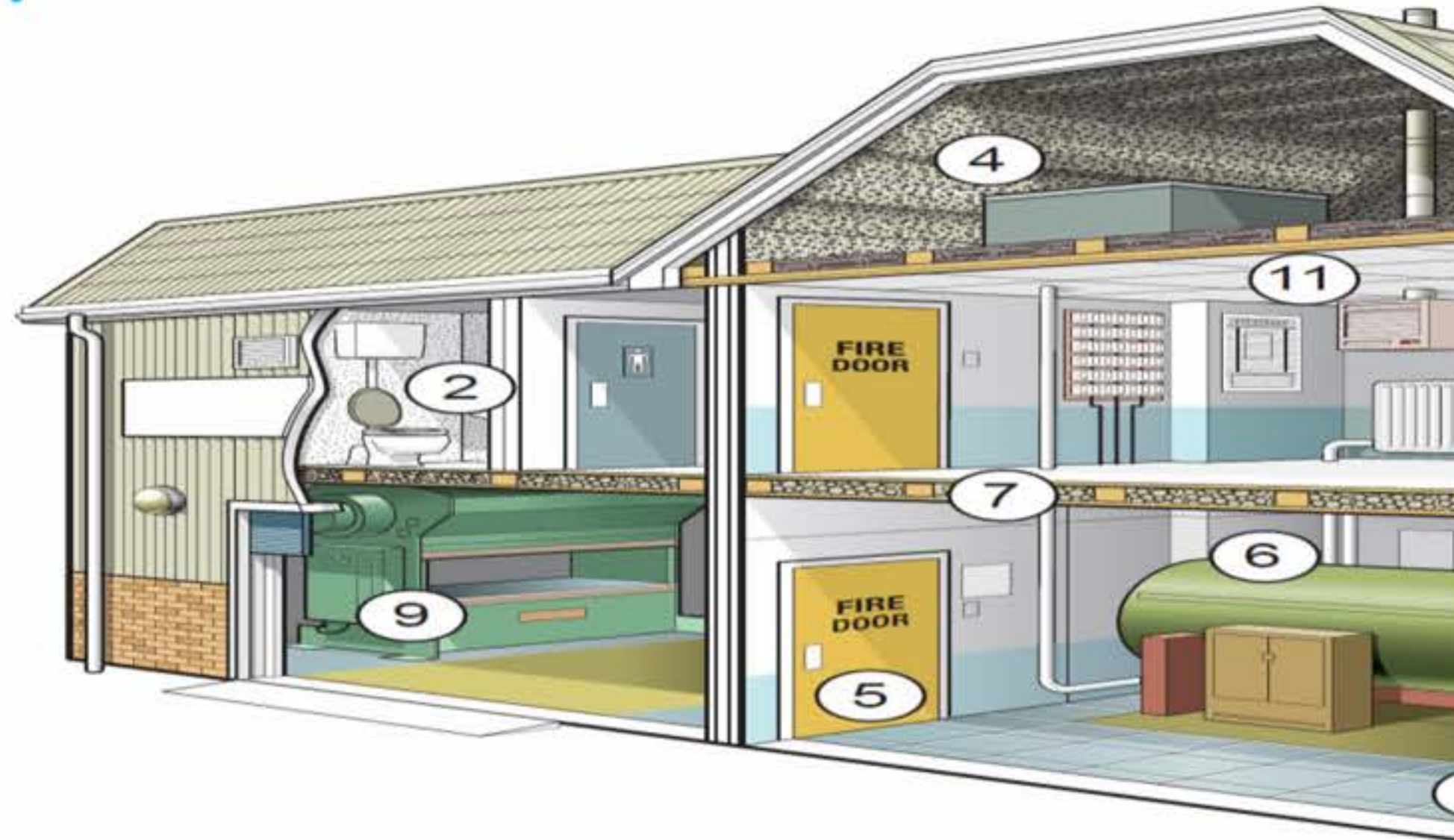


Critical Occupational Health Risks – Asbestos

5000 v 1645



Critical Occupational Health Risks – Asbestos



In this diagram of a pre-2000 building, the blank circles are places where might be hidden. Using what you have learned during today's lesson, write in the blank circles the number that corresponds to the common hiding place in the list below.

1. Asbestos cements products
2. Textured coatings
3. Floor tiles
4. Sprayed coatings on ceilings and walls
5. Asbestos insulating board
6. Lagging
7. Loose asbestos in ceiling or floor cavity
8. Board around windows, radiators and fireplaces
9. Fuse boxes and electrical switchgear
10. Textiles
11. Ceiling tiles
12. Soffit boards

Critical Occupational Health Risks – Asbestos



Psychological Health & Safety

Psychological Safety – Why is it important?



- 76% more employee engagement
- 74% less employee stress
- 50% more productivity
- 27% reduction in employee turnover

Psychological Safety – Why is it important?

- Sharing bold ideas
- Failing or making mistakes
- Delivering bad news
- Asking questions
- Requesting help
- Expressing opinions
- Vocalizing concerns



Psychological Safety – Implementing

Listen to and
implement feedback

Model vulnerability
– share own
mistakes

Celebrate lessons
learned as much as
wins

Advocate for your
team– build trust

Avoid Pointing
Fingers – look at
true root cause
analysis

Set audacious goals
– stretch in order to
grow

Optimism Bias in H&S

Optimism Bias



Optimism bias stems out of an unrealistic perception that things will never go wrong

Q&A



COVID CLAIMS: WHERE ARE WE NOW?

NICOLA MAHER

EDWIN COE LLP

LAUREN MURPHY

EDWIN COE LLP



What will we cover?

- History
- Where are we now?
- Other issues to consider
- Concluding thoughts



The FCA Test Case

FCA v Arch Insurance (UK) Limited & Others [2020] EWHC 2448 (Comm)

- Disease wordings
- Prevention of Access / Public Authority wordings
- Hybrid wordings
- *Orient Express Hotels Ltd v Assicurazioni Generali SpA* [2010] EWHC 1186 (Comm)

FCA v Arch Insurance (UK) Limited & Others [2021] UKSC 1

- Disease wordings
- “But for” test - not always the appropriate test of causation to apply
- Sufficient to show that loss from business interruption was proximately caused by one or more occurrences of illness resulting from Covid-19
- *Orient Express Hotels case* was wrongly decided and should be overruled

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Rockliffe Hall Limited v Travelers Insurance Company Limited

- February 2021
- Infectious Disease Extension states “*Infectious Disease means...*” and lists certain diseases
= a closed list - not indicative of the kind of diseases that were included
- Covid-19 or SARS was not listed therefore there was no cover
- “Plague” refers to the plague and not a plague



Corbin & King Limited & Others v Axa Insurance UK Plc

- February 2022
- Rejected insurers argument that the NDDA clause only provided narrow localised cover
- Supreme Court's approach to causation on Disease wordings in the FCA Test Case should be "*read across*" to the NDDA clause in question
- Separate limit of £250,000 for each insured premises



Stonegate, Greggs and Various Eateries

- October 2022 and January 2024
- Aggregation – Losses to aggregate on a “*per government action basis*”
- Losses after policy period for Disease wordings – limited to losses suffered within policy period and a few weeks after (subject to exceptions)
- Losses after policy period for POA wordings – limited to losses up to next new enforced closure
- Furlough – Furlough payments to be deducted as a saving

‘Single Business Interruption Loss’ is defined, insofar as relevant, as

‘all Business Interruption Loss and Business Interruption Costs & Expenses (excluding Additional Increased Cost of Working, Claims Preparation Costs, Public Relations Crisis Management Costs and Rewards Costs) and any amounts payable under Extensions that arise from, are attributable to or are in connection with a single occurrence ...’

“At the Premises” Case

- *London International Exhibition Centre Plc v Royal & Sun Alliance Insurance Plc*
- June 2023
- Supreme Court’s concurrent causation analysis from the FCA Test Case should be applied to “At the Premises” wordings. Supreme Court did not distinguish between 25 miles, one mile and “the vicinity” when considering the causal test to be applied and no reason why this could not be shrunk to something close to vanishing point.



Bellini (N/E) Ltd v Brit UW Ltd [2024] EWCA Civ 435

- June 2023 and May 2024 (appeal dismissed)
- Requirement for damage was deliberate
- No cover for losses suffered as a result of Covid-19

We shall indemnify you in respect of interruption of or interference with the **business** caused by **damage**, as defined in clause 8.1, arising from:

- a) any human infectious or human contagious disease (excluding [AIDS] an outbreak of which the local authority has stipulated shall be notified to them manifested by any person whilst in the **premises** or within a [25] mile radius of it;
- b) murder or suicide in the **premises**;
- c) injury or illness sustained by any person arising from or traceable to foreign or injurious matter in food or drink provided in the **premises**;
- d) vermin or pests in the **premises**;
- e) the closing of the whole or part of the **premises** by order of a competent public authority consequent upon defect in the drains or other sanitary arrangements at the **premises**.

The insurance by this clause shall only apply for the period beginning with the occurrence of the loss and ending not later than [3] months thereafter during which the results of the **business** shall be affected in consequence of the **damage**.

Provided that **our** liability under this clause shall not exceed [5%] of the **sum insured** by this **section** or £50,000 whichever is the greater.

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Gatwick Investment Ltd & Others v Liberty Mutual Insurance

- January 2024
- “*Statutory Authority*” includes the UK Government
- Supreme Court’s concurrent causation analysis should be applied, following *Corbin & King*
- Conclusion on limits is dependent on policy wording
- Furlough payments to be deducted as a saving, following *Stonegate*



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International Entertainment Holdings & Others v Allianz Insurance

- A case of Covid-19 does not amount to an “*incident*”
- UK government and/or the Secretary of State is not a “*policing authority*”
- Had there been cover, the policyholders would have been entitled to a limit of indemnity per premises as the “any one claim” wording operates on a “per premises” basis.

S/30/1 Endanger Life or Property

Denial of Access Endanger Life or Property

Any claim resulting from interruption of or interference with the Business as a direct result of an incident likely to endanger human life or property within 1 mile radius of the premises in consequence of which access to or use of the premises is prevented or hindered by any policing authority, but excluding any occurrence where the duration of such prevention or hindrance of us is less than 4 hours, shall be understood to be loss resulting from damage to property used by the Insured at the premises provided that

- i) The Maximum Indemnity Period is limited to 3 months, and
- ii) The liability of the Insurer for any one claim in the aggregate during any one Period of Insurance shall not exceed £500,000



“At the Premises” Appeal

- *London International Exhibition Centre Plc v Allianz Insurance Plc & Ors*
- September 2024
- Court of Appeal confirmed that the Supreme Court’s concurrent causation analysis was appropriate for “At the Premises” clauses

The word Damage is extended to include closure of the Premises or part thereof on the order or advice of any local or governmental authority as a result of an outbreak or occurrence at the Premises of

A) Any human contagious or infectious disease other than Acquired Immune Deficiency Syndrome (AIDS) or any AIDS related condition, an outbreak of which is required by law or stipulated by the governmental authority to be notified



Where are we now - Causation

- On Disease wordings, the correct causation analysis is the concurrent causation analysis – it is sufficient to show that the order or advice made was in response to cases of Covid-19 which includes at least one case of Covid-19 in the specified radius
- On Prevention of Access / NDDA wordings, the correct causation analysis is also the concurrent causation analysis
- Gatwick Appeal – January 2025

<u>Insurers</u>		<u>Policyholders</u>
Limited local form of cover which does not cover circumstances arising from a national pandemic	versus	No reason why Supreme Court's concurrent causation analysis should not be applied



Where are we now – Furlough

- Furlough payments are to be deducted as a saving (but before the application of any limits)
- Gatwick Appeal – January 2025

<u>Policyholders</u>		<u>Insurers</u>
The sum saved was not in consequence of the insured peril because furlough was payable to all businesses	versus	The FCA Test case analysis of concurrent causation should apply to the interpretation of the savings clause



Where are we now – Limits

- Conclusion on limits is dependent on policy wording
- Composite policies – Due to be appealed in January 2025

<u>Insurers</u>		<u>Policyholders</u>
necessarily result in separate limits		each separate contract of insurance
<i>New Hampshire Insurance Co Ltd v MGN Ltd [1997] 1LRLR 24 should</i>	versus	<i>New Hampshire Insurance Co Ltd v MGN Ltd [1997] 1LRLR 24 was</i>

- *Flat Iron Steak Limited v QIC Europe* - March 2025



Other Issues

- FCA Calculator has been decommissioned
- FCA Guidance - <https://www.fca.org.uk/publication/finalised-guidance/final-guidance-bi-insurance-test-case-proving-presence-covid-19.pdf>



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"Edwin Coe handles all matters to the highest standards. The lawyers provide well thought-out advice that is then acted upon in an extremely efficient manner." Chambers UK 2024

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PROPERTY ADJUSTER: BACK AND TO THE FUTURE

TOBY KNIGHT
MCLARENS

ALISON UNWIN
SEDGWICK INTERNATIONAL

PAUL REDINGTON
ZURICH

LUKE BRANNIGAN
CRAWFORD & COMPANY



BACK AND TO THE FUTURE

- D** – Demands
- E** – Education
- L** – Logistics
- O** – Office
- R** – Regulation
- E** – Environment
- A** – Attitudes
- N** – Network





BACK AND TO THE FUTURE

D – Demands - Evolution of wordings/cover

E – Education

L – Logistics

O – Office

R – Regulation

E – Environment

A – Attitudes

N - Network





BACK AND TO THE FUTURE

D – Demands

E – Education - Training & Qualifications

L – Logistics

O – Office

R – Regulation

E – Environment

A – Attitudes

N - Network





BACK AND TO THE FUTURE

D – Demands

E – Education

L – Logistics - technology/phones/travel

O – Office

R – Regulation

E – Environment

A – Attitudes

N - Network



STORM DAMAGE ROOF INSPECTION





BACK AND TO THE FUTURE

D – Demands

E – Education

L – Logistics

O – Offices - workplace/hybrid workers

R – Regulation

E – Environment

A – Attitudes

N - Network





BACK AND TO THE FUTURE

D – Demands

E – Education

L – Logistics

O – Office

R – Regulation - H&S/Compliance/Consumer Duty

E – Environment

A – Attitudes

N - Network



BACK AND TO THE FUTURE



D – Demands

E – Education

L – Logistics

O – Office

R – Regulation

E – Environment - sustainability

A – Attitudes

N - Network



BACK AND TO THE FUTURE



D – Demands

E – Education

L – Logistics

O – Office

R – Regulation

E – Environment

A – Attitudes - Expectations / Mindset

N - Network





BACK AND TO THE FUTURE



D – Demands

E – Education

L – Logistics

O – Office

R – Regulation

E – Environment

A – Attitudes

N - Network - Specialist Practices



THANK YOU





UNVEILING HIGH NET WORTH FRAUD

ALEX WAKEFIELD
MCLARENS

IAN CARMAN
SEDGWICK INTERNATIONAL

JULIA STOCKDALE
FINE ART RESTORATION



* Used for illustrative purposes

ALEX WAKEFIELD
MCLARENS

IAN CARMAN
SEDGWICK INTERNATIONAL

JULIA STOCKDALE
FINE ART RESTORATION



HIGH NET WORTH FRAUD

**DOES IT EXIST?
SURELY NOT.**





HIGH NET WORTH FRAUD

DOES IT EXIST?
SURELY NOT.

GENERAL NEWS

Prince's polo friend jailed

POLO-PLAYING Lord Brocket last night began a five-year prison sentence for his role in a £4.5 million classic car fraud.

The one-time sporting acquaintance of the Prince of Wales, who had pleaded guilty to his part in the 1991 fraud in December, was sentenced with two of his employees at Luton Crown Court.

Brocket (43), full name Charles Nail-Cain, was told he had behaved disgracefully in enlisting the support of Mark Caswell (40) and Stephen Gwyther (41) in the fraud.

Judge Daniel Rodwell QC said, "To use the pressure and power he had to make men of previously good record take part in a criminal operation is quite disgraceful."

The two men were given 21-month sentences suspended for two years for the crime, which centred on the faked theft and dismantling of classic cars.

Judge Rodwell dismissed claims made by Brocket's counsel, Desmond de Silva QC, that he had been acting out of panic at the financial crisis caused by the development of the family seat and his collapsing marriage. The judge said, "It's one of the most long-lasting panic attacks I have ever heard put forward before me. It stems from October 1990 to July 1994."

Brocket's financial consultant Michael Campbell-Bowling (59) was yesterday discharged by the court of any offences relating to the incident.



Lord Brocket—prison sentence



- The drivers of fraud are the same for all
- Cashflow
- Financial difficulties
- Divorce
- Work
- Economic trends
- Death duties, inheritance tax
- Old money often cash poor
- Greed
- Sudden Wealth Syndrome
- Sense of entitlement (false documents)

“They’re the same as the rest of us, they still wake up with nightmares”





QUESTION - SLIDO

- **What percentage of claims do you think are referred for potential concerns within our Private Clients & Estates team?**

1. **10%**
2. **15%**
3. **30%**





Answer 30%

One in three such claims have concerns. They tend to be:

- **Misrepresentation**
- **Circumstances/veracity**
- **Non Disclosure**
- **Claim frequency**
- **Background of the insured – thorough checks**



The Case of the Art Critic

Mayfair, London home of famous art critic, famous for being difficult

Extensive collection of art on walls through property

Recent work at the house involved contractors

Allegation of damage to an Old Master painting from a ladder moved through the stairwell

Contractor refused to admit responsibility and now we have an insurance claim

Painting insured for £150,000

Now claimed to be worthless and full amount demanded





The Case of the Art Critic

CAN ANYBODY TELL ME
WHAT'S WRONG WITH THIS
PICTURE?





Summary of first visit concerns

- Claim seems to have arisen out of spite, contractor main target. Wanting to know if we will pursue them for reimbursement
 - Recent increase in sum insured
 - Recent failed sale/withdrawn from auction
 - Lack of provenance and supporting documents for value
 - Damage not consistent with description
 - Attitude and urgency
-
- Post visit follow up reveals strenuous denial from contractor and photos taken to survey show no obvious damage

Next step?

Expertise is essential. Adjusters don't know it all!
Knowing who to ask and that you can ask is key.



ENGAGEMENT WITH SPECIALIST/SUPPLIER

In this instance an art restoration studio

Loss adjuster request:

Conservation studio appointed by loss adjuster to collect artwork to assess the impact and provide findings and evidence-based information.



* Used for illustrative purposes



CONSERVATION STUDIO ASSESSMENT

Conservation studio undertakes assessment of artwork, comprising:

- Physical examination - overall condition, structural issues, impact damage, areas of concern
- Technical photography analysis
 - Visible light
 - Raking light - highlight brushwork, impasto and deformations
 - Transmitted light - highlight areas of loss, cracking and non-original work
 - Ultraviolet Fluorescence (UVf) - highlight varnish layers, past intervention/restoration campaigns
 - Infrared Reflectography (IRR) highlighting any artist development such as under-drawing and changes, features covered by previous restoration
- Microscope examination and photomicrographs - looking at scaled magnification to highlight detailed elements and areas of concern/previous interventions

Physical examination (Interactive question)

Overall condition and the area of impact is assessed by the conservator.

Question – Which would you think most aligns to the stated cause?

EXAMPLE 1



EXAMPLE 2

EXAMPLE 3



Physical examination (Interactive question)

Overall condition and the area of impact is assessed by the conservator.

Question – Which would you think most aligns to the stated cause?

EXAMPLE 1



The impact is from a sharp instrument.

EXAMPLE 2



The impact is historical – canvas has stiffened into shape, ingrained dust in the canvas, and residue of tape adhesive to the reverse which was used to tape it.

EXAMPLE 3



The impact is from a blunt instrument but is fresh.



Technical photography analysis (Interactive question)

Looking deeper into the artwork and whether the artwork has a history or previous restoration or intervention.

Example 1



Example 2



Example 3



Question – Which artwork(s) appears to have previous restoration intervention if any?



Technical photography analysis (Interactive question)

Looking deeper into the artwork and whether the artwork has a history of previous restoration or intervention.

EXAMPLE 1



EXAMPLE 2



EXAMPLE 3

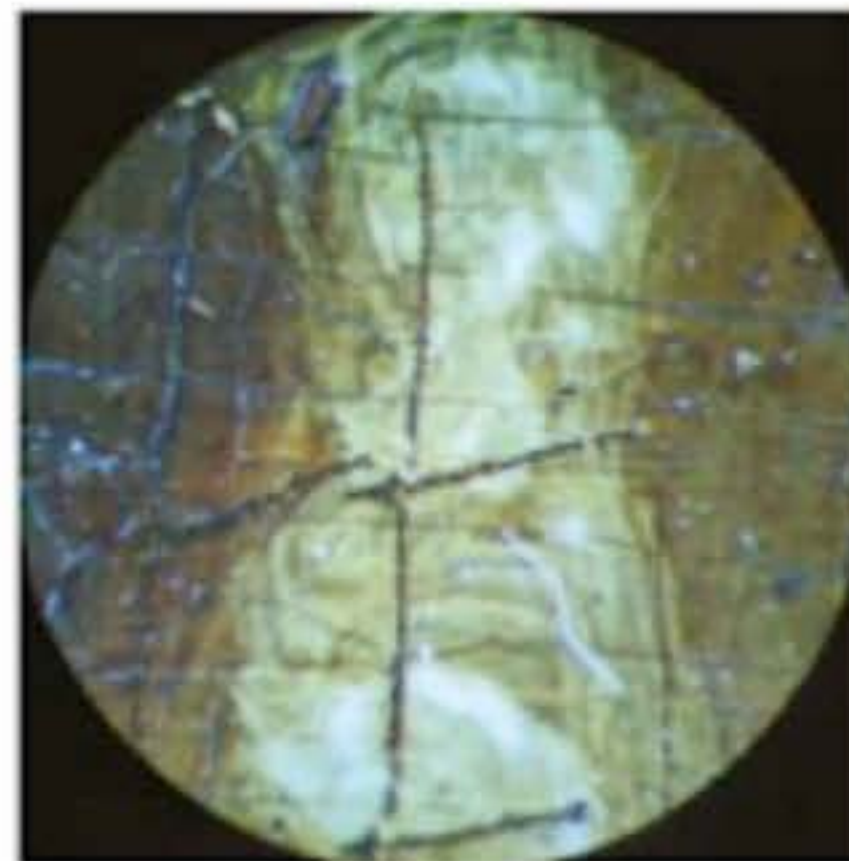
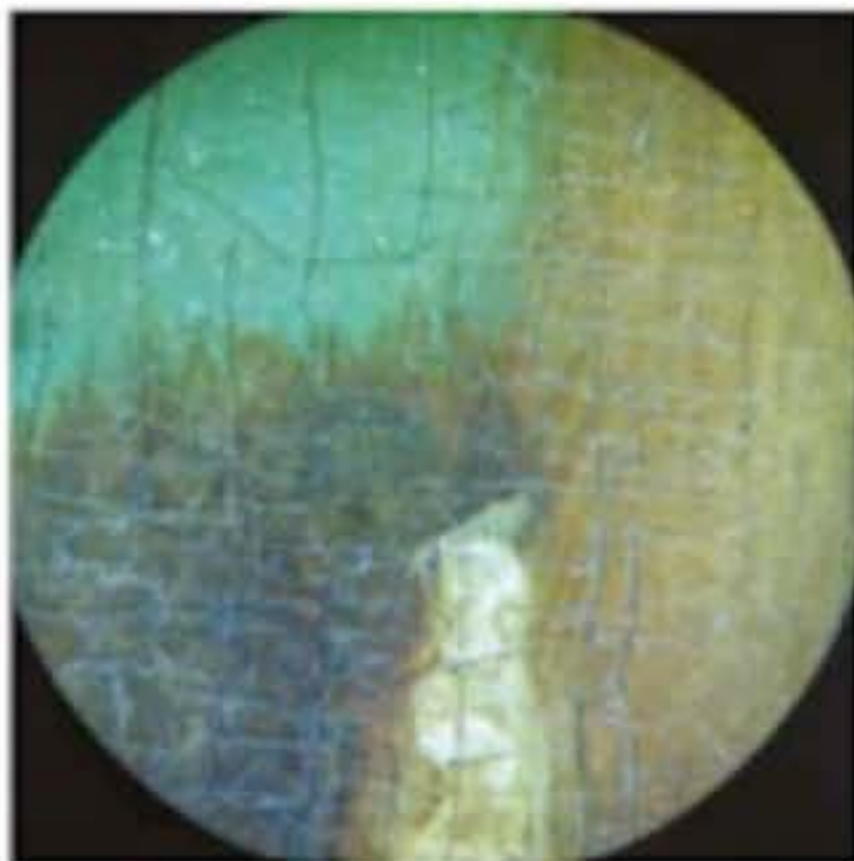


Answer: All of them have had previous restoration campaigns. Some campaigns have been undertaken more sympathetically than others.



Microscope examination and photomicrographs

Used in a number of scenarios, for example the photomicrographs below highlighted evidence of an artwork being purposefully/intentionally aged to make it appear older than the artwork actually was.



Details taken under 10x, 30x and 50x magnification showing a textural application of paint used to create the white collar detail on the figure's shirt. Here the paint is less blended and the strokes of the brush have been used to create areas of impasto as well as thinner sections in order to give a sense of ruffled textural detailing. There are also some dark vertical and horizontal cracks which have been painted on with a very fine brush and sit on top of the paint layer.



THE CHARTERED INSTITUTE
OF LOSS ADJUSTERS

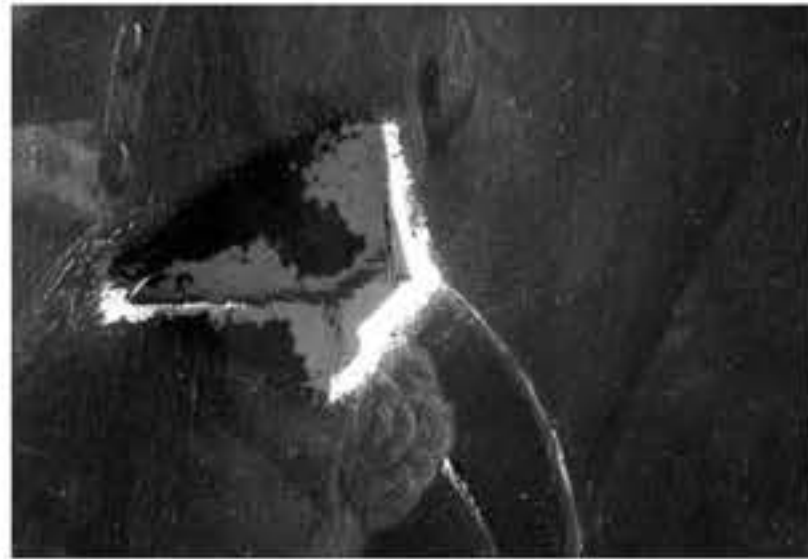
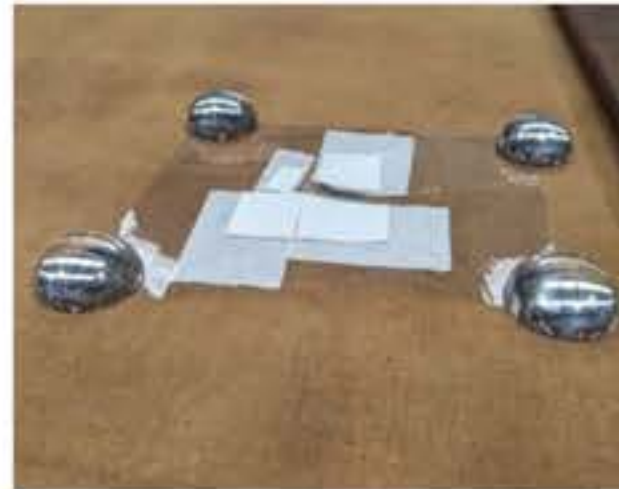
LOSS OF VALUE

ASPECTS FOR CONSIDERATION, INCLUDE:

- OVERALL CONDITION OF ARTWORK
- DAMAGE IMPACT AND RESTORATION OUTCOME EXPECTED
- PRIOR RESTORATIONS, INTERVENTIONS, REPAIRS AND RETOUCHING
- QUALITY OF PREVIOUS REPAIRS/RESTORATIONS
- LINING
- HISTORY OF VALUATIONS
- MARKET TRENDS FOR ARTIST'S WORK
- OTHER FACTORS



DAMAGE IMPACT AND RESTORATION OUTCOME EXPECTED



Prior interventions

- Has the artwork had any previous intervention?
- Quality and conservation approach undertaken historically and proposed works required?
- Visual disturbances/impairments?



Visually prominent repairs or those undertaken with the approach detailed previously

Patch repairs that are crude or likely to fail in the short term

Heavy-handed retouching or undertaken with oils that age at a differing rate to the original paint.

Overzealous and unsympathetic retouching/overpaint, which is historically inaccurate

Retouches that are sympathetic to the artist's original intentions, minimal and with conservation-appropriate medium.

VALUATION HISTORY AND MARKET TRENDS

Dates of valuation(s) carried out and by whom

What allocation is attributable to incident impact and restoration?

What allocation is attributable to other factors such as market demand, artist trends, prior repairs, etc?

What is the actual current market and trends for the artist's work?

Median Artwork Prices



Median Artwork Prices



With findings presented to the loss adjuster for onward review.

OUTCOME OF INSPECTION

From assessment by the easel painting conservator, our observations are as follows:

- The tear damage is akin to being from an impact with a sharp instrument such as a bladed instrument, rather than a blunted instrument
 - Tear damage is clean
 - If impact from a blunt instrument, the canvas fibres would be pulled and misshaped with significant displacement.
 - Edges of the torn canvas are in alignment, this would not be so from impact with a blunt instrument
 - Minimal paint disturbance/loss, this is akin to minimal surface contact by the instrument impacting the artwork
 - Minor deformations to the canvas which is typical to something sharp rather than blunt
 - Tear damage is recent - no signs of ingrained dust or contaminant build up or canvas becoming stiff
- Overall aspects to include in considerations:
 - Prior campaigns of restoration evident (image and conservator notes would be shared), including; retouches which are visually obvious and patch repairs which are failing and causing canvas distortion. These are apparent when viewing under normal lighting and cause a visual disturbance.
 - The artwork was put up for auction 7 years ago and the condition notes from the auction house don't make reference to previous patch repairs.
 - Market trends for the artist's work has been in decline for the last 5 years which is prudent to note.



INVESTIGATOR ENGAGEMENT – KEY CONSIDERATIONS

- What is the insurer wishing to achieve?
- Agree case management roles, responsibilities and frequency of updates
- Data Protection Act (2018) considerations
- Positioning when securing an appointment. Helpful phrases.
- Positioning in the pursuit of an outcome - overt or discrete?



INTERACTIVE QUESTION

According to the ABI, dishonesty exists in what percentage of general insurance claims?

- a. 3%
- b. 24%
- c. 8%
- d. 11%



INVESTIGATOR ENGAGEMENT – CASE REVIEW

Triage:

- Is the instruction valid?
- Are the foundations of the allegation firm?
- Test – will the deployment of specialist investigation resource add value?
- Ensure ALL documentation, reports, call recordings and policy history information is to hand.
- Are there any legal, regulatory or ethical concerns?
- Risk assessment – adjuster views.

Research:

- Background research – open source and consented data sources.
- ‘Know your opponent’ based strategy
- Is there a motive?
- Is the policy valid?
- What can be done to rule out the concern from the desk?

Pre-visit:

- Compile an investigation plan and secure sign off from the adjuster and insurer.
- Speak to the adjuster, broker, assessor and insurer. Ensure all parties are aligned and understand the objectives.
- Ensure an appointment is secured with the right person, right amount of time and in the right environment.





INVESTIGATOR ENGAGEMENT – THE VISIT

- Understand risk features – personal H&S
- Be alert to the presence of audio/visual recording devices
- Scene setting, rapport building and ground rules.
- Ask the policyholder if they are happy to provide additional information and, where appropriate, alert them to the risk of providing inaccurate information.
- Choose your seat carefully!

- INFORMATION CAPTURE

- Policy history and validity
- Property ownership and usage
- Occupant's background and history with reference to the SOF
- The incident itself. Detail, detail, detail.
- Who, why, when, what, where?
- 'Peel the onion'
- Search out and record checkable facts. They include CCTV, alarm records, phone records, documents, images, witnesses.
- The subject of the claim – history, ownership, title.
- Evidential continuity. In this case, who has handled the painting?

CONCLUDING THE VISIT:

- Is an immediate challenge appropriate? Pros and cons.
- Be clear on next steps and information required.
- Where appropriate, provide a means of 'safe escape'



Investigator Engagement – Post visit

- Update the adjuster and insurer, commenting on strength of evidence and intended next steps.
- Comment on witness credibility and prospects of proving fraud to the required standard.
- Document and pursue all reasonable lines of enquiry.
- Order! Carefully consider the impact that the order of questions may have on the responses.
- Re-test the evidence and identify any evidential weaknesses objectively.
- Consider the merits of a lawyer review/instruction.
- Be balanced – identify and articulate all relevant facts which are both fatal and supportive to the policyholder's position without bias.

“IF I WAS GUILTY OF A FRAUD, I WOULDN'T WANT TO BE INVESTIGATED BY YOU. IF I WAS INNOCENT, I'D WANT YOU TO BE INVESTIGATED BY YOU...”



Conclusion & Summary

1. The adjuster's concerns were valid.
2. A decision was taken to seek expert advice as a first step
3. The expert advice revealed that:
 - The damage could not have occurred as claimed
 - The painting's provenance was in doubt
 - There were signs of previous poor quality repair
 - Works attributed to this artist have reduced in value since purchased
- 4) The detail of the expert advice was then shared with an investigation specialist
- 5) The investigation was carefully planned and took into account sensitivities and requirements
- 6) The facts were presented and.....

- 7) This claim was withdrawn.

CASE CLOSED



ADJUSTING IN CONFLICT ZONES

TOM ZAGUL

ZAGUL ADJUSTERS & SURVEYORS



Typically, our focus is on assessing property damages for (re)insurers of private/public companies





The October 7th Conflict ...

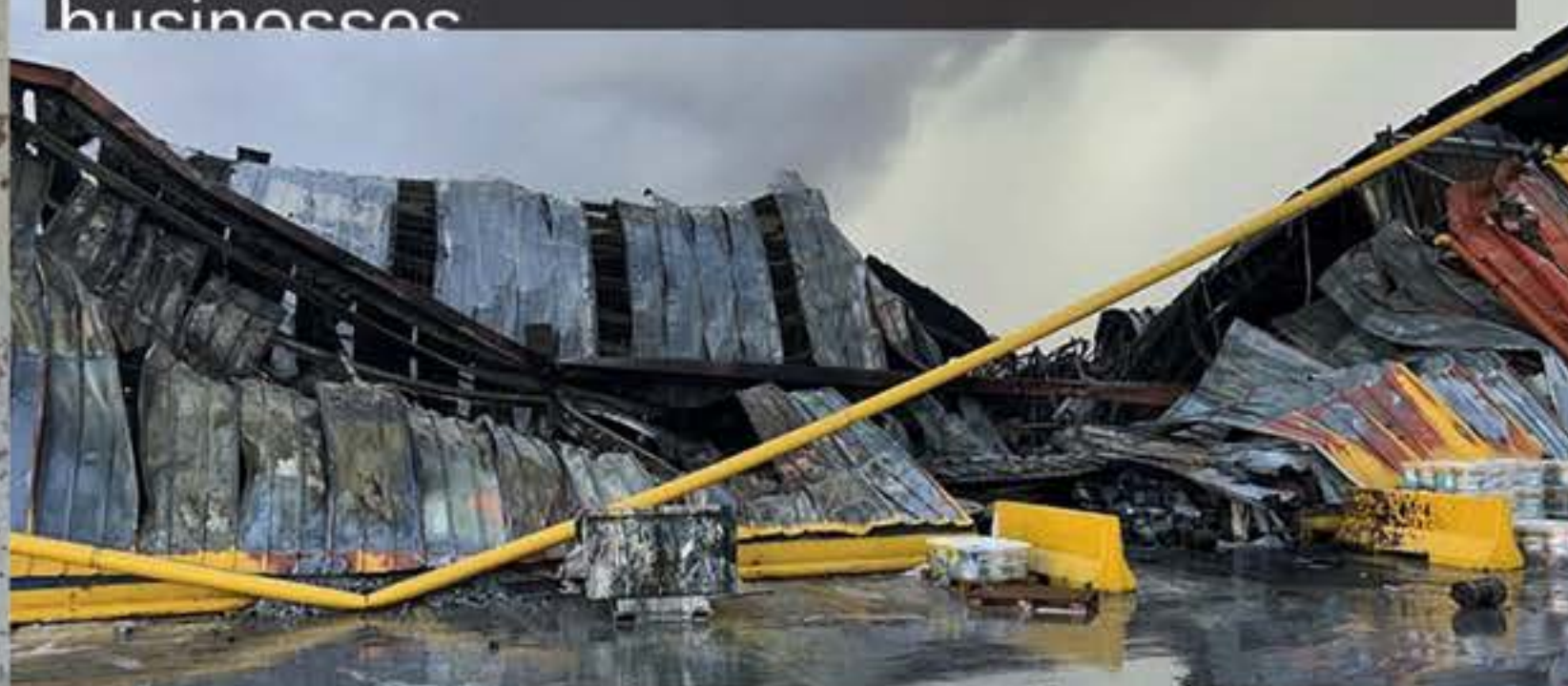


However, when the October 7th conflict broke out, clients who had experienced "war" damages, asked us to assist them in dealing with losses. This involved liaising with government authorities.





And ... extensive damage to businesses



“Terrorism” and “war” policies are uncommon in Israel. Even when included in a policy, they serve as secondary (gap) coverage.

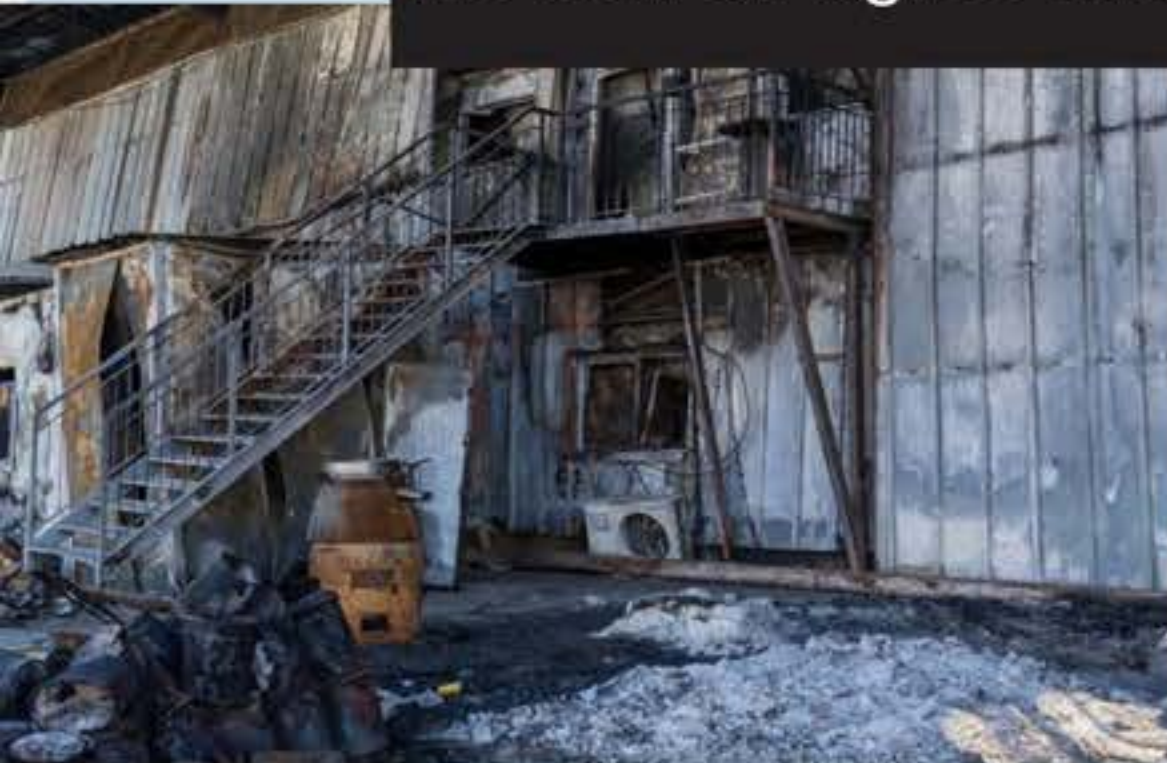
There is a nearly complete separation between:

- a. insurance damages; and
- b. “war” damages (for which the government provides compensation)






We can all agree that any conflict, and its human cost, is a tragedy



Most of you will know that:

- On October 7th, 2023, Israel was attacked from the south border, with additional attacks from Israel's northern and eastern fronts.
- Since then, war has been raging in Israel with painful consequences.



A dark, atmospheric photograph of a forest. In the center, a fire is burning, with bright orange and red flames rising into the air. The fire is surrounded by dark, silhouetted trees. The sky is a mix of dark grey and blue, with some lighter patches where the fire's light reaches. The overall mood is somber and dramatic.

So, how do we continue to manage a loss
adjusting firm during a conflict?



The challenges of insurance damage assessment during wartime

- Access issues: limited accessibility to high-risk areas.
- Inability to reach areas under fire.
- Difficulty in recruiting international experts for examinations.
- Increased costs due to the closure of service providers located in combat zones.
- Lack of understanding from insurance companies and the demand for answers even when they cannot be provided.

Most insurance companies are based in central Israel, where the consequences of the conflict are less apparent. For them, it is business as usual.



Challenges in Assessing "War" Damage

- At this stage, the State is not sending loss adjusters to *war zones*#1 (exceptions: defence industries or essential facilities).
- Attempts to resume production in non-combat zones while retrieving essential components.
- The fate of **undamaged** inventory with an expiration date; it may expire due to the inability to access it.
- Potential dispute between insurance companies and the State over coverage: Natural (weather) damages following "war" damage.

#1 This changes on a daily basis.





Challenges in Assessing "War" Damage

- **BI Trigger:**
What happens when a policy has a clause regarding business interruption due to government orders, and the authorities close the area due to the "war"? Does business interruption insurance cover the loss?
- **Evidential challenges:**
Complex interactions with people who have experienced the war first-hand, involving the difficulty of:
 - a. helping them "pick up" the pieces; and
 - b. obtaining necessary documentation / materials from them.
- **Procedural challenges:**
 - Procedures and regulations that change frequently due to the size, type and scale of the events.
 - All war damage events can evolve into ongoing rolling incidents due to repeated attacks.
 - Inability to start restoration work until the end of the conflict. Contrast with most insurance events, which are typically one-off occurrences





Challenges in Assessing Quantum

- **Claims inflation:**
Three major components leading to changing repair costs.
 1. Contractor rates increasing
 2. Labour force constraints
 3. Uncertainty as to timing of repair works



A wide landscape of a green field under a blue sky with large white clouds. The foreground is filled with lush green grass, and the background shows a line of trees and a distant horizon. A black rectangular box is overlaid on the left side of the image, containing the text "So, what are the solutions?".

So, what are the solutions?



The Solutions

- **Digital solutions** and photographic damage surveys will support the initial assessment.
 - Tools that allow photos by the Insured's personnel.
 - Augmented reality to draw off scale measurements from these photographs.
- **Access of:**
 - Our staff access to site involves coordination and escort from IDF forces.
 - Network of local skilled workers, who are operating in the war zone and can access the damage areas.
 - Early agreement with State authorities to approve our firm conducting the initial assessment.
- **Advance Payments:**
 - Requesting advance payments to relocate production to a secondary site outside the "war" zone.
- **Building rapport/trust**
 - Adjuster working with *State Office* to assist with interpretation of existing laws.





The Solutions

- **Early claim settlement:**

In discussion with *the State Office*, we have agreed early claim settlements. In some cases:

- > before the end of the restoration period; and
- > in some cases, before the commencement of repairs.

- The State publicly says it will only pay for actual (incurred) expenses (i.e. on an indemnity basis). However, due to the numerous events and their scale, we have identified opportunities to agree early settlements. To facilitate this, we secured reduced compensation after verifying that this would:
 - a. allow the business to recover relatively quickly; and
 - b. bridge the 'indemnity' gap.

- **Weather risks:**

Winter is approaching in Israel, and we are still considering how to address this issue



Ideas are welcome (:





The difference between **insurance** and government compensation

- **Valuation**

Insurance policies typically provide indemnity based on the property's reinstatement value.

The government's compensation is based on the *actual cash value (i.e. replacement LESS depreciation)*.

- **Consequential Damages** (e.g. inventory damage evacuation costs, relocation costs, expert fees, etc.):

In the insurance world, these are considered direct damage(s) indemnifiable during the war;

For the government schemes, these are consequential damages that are only indemnifiable at the end of the war.





Private property damage

We are involved in consulting on this matter on a voluntary basis.

I would just like to note, that the government compensates for private property damage based on:

- a. the size of the house; and
- b. the number of occupants





As you can see, loss adjusting during wartime is a sensitive complex, and even dangerous matter.

We must remember that the emotional aspect of those affected by the war is much more sensitive than dealing with insurance claims in peace time.





HOPING FOR PEACE





NEW TECHNOLOGY

MAMOON ALYAH
CEERISK



Risk
Engineering



Forensic
Engineering




Technical
Consulting



Expert
Witness



Training

 Bridging The Gap



Presented by

Mamoon Alyah, PE, CEng, MBA

Managing Director, Senior Engineer

- Over thirty-five (35) years of experience performing loss investigations of various types of incidents including fires, explosions, machinery breakdown, workplace accidents, lightning, flooding and other natural catastrophes.
- Have been instructed on claims involving different equipment and systems, including:
 - Power generation, transmission and distribution,
 - Industrial machinery,
 - Medical, pharmaceutical, analytical and other equipment
 - Printing presses, packaging,
 - IT servers, data centres, enterprise computers
 - Communication and broadcasting
 - BMS, PLC, Automation and other control systems
- Acted as expert witness in different jurisdictions giving evidence on multiple engineering issues related to different matters of dispute.





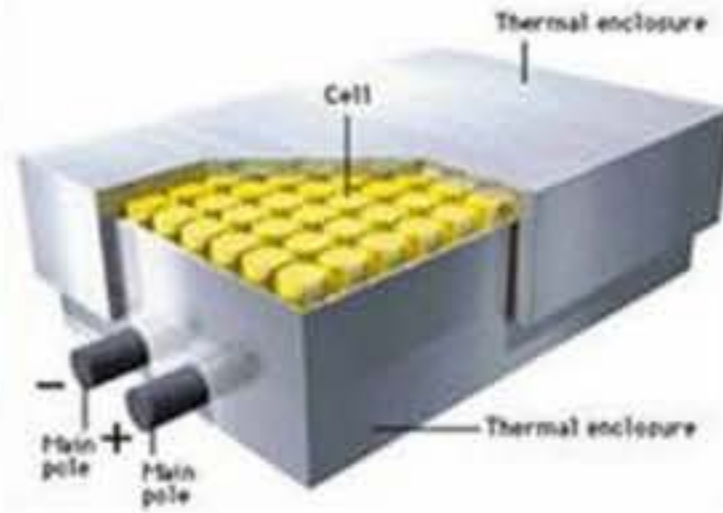
New
Technologies
Risks, Claims
and Trends



Energy Storage Systems (ESS)



Li-ion Battery



Na-S Battery



Redox Flow Battery



Supercapacitor



Power Generation



Transmission & Distribution

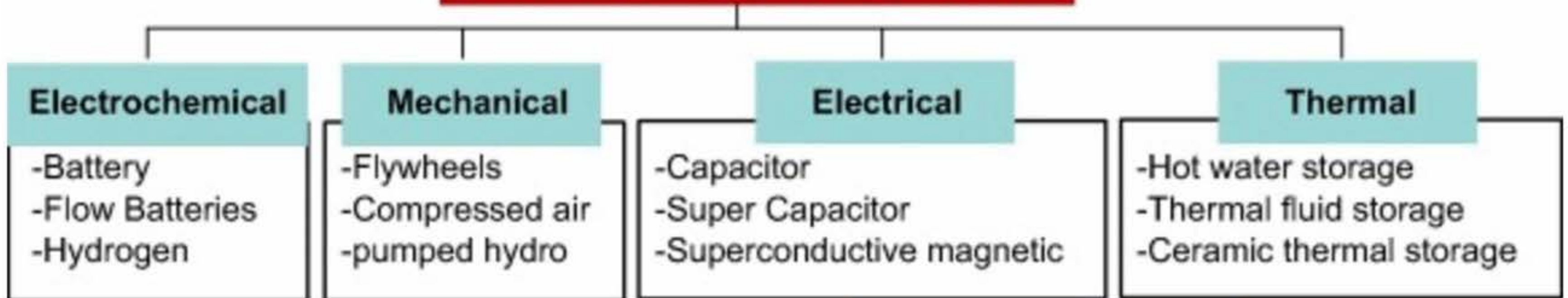


Consumption



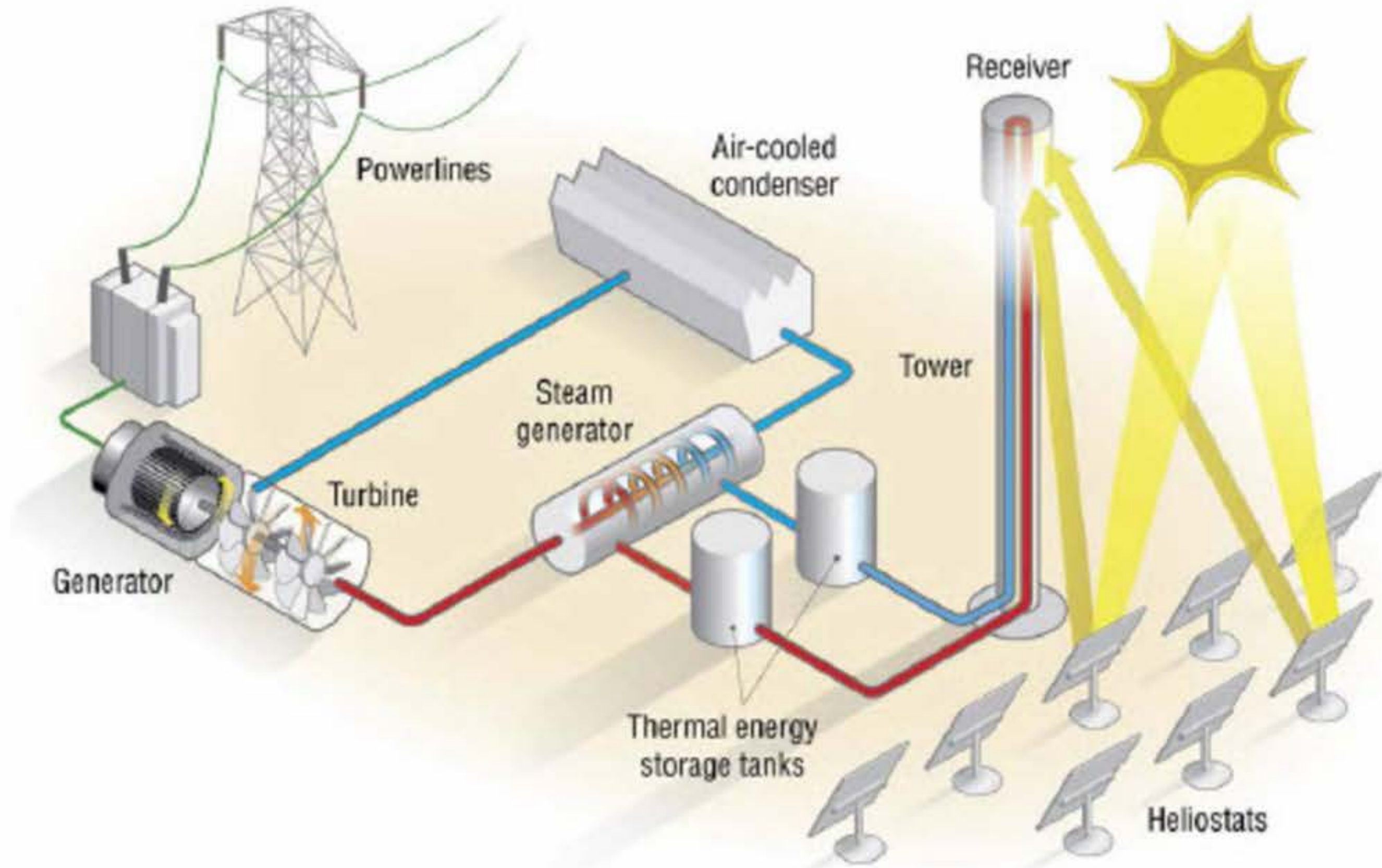
Energy Storage Systems (ESS)

Types of Energy Storage System



CSP

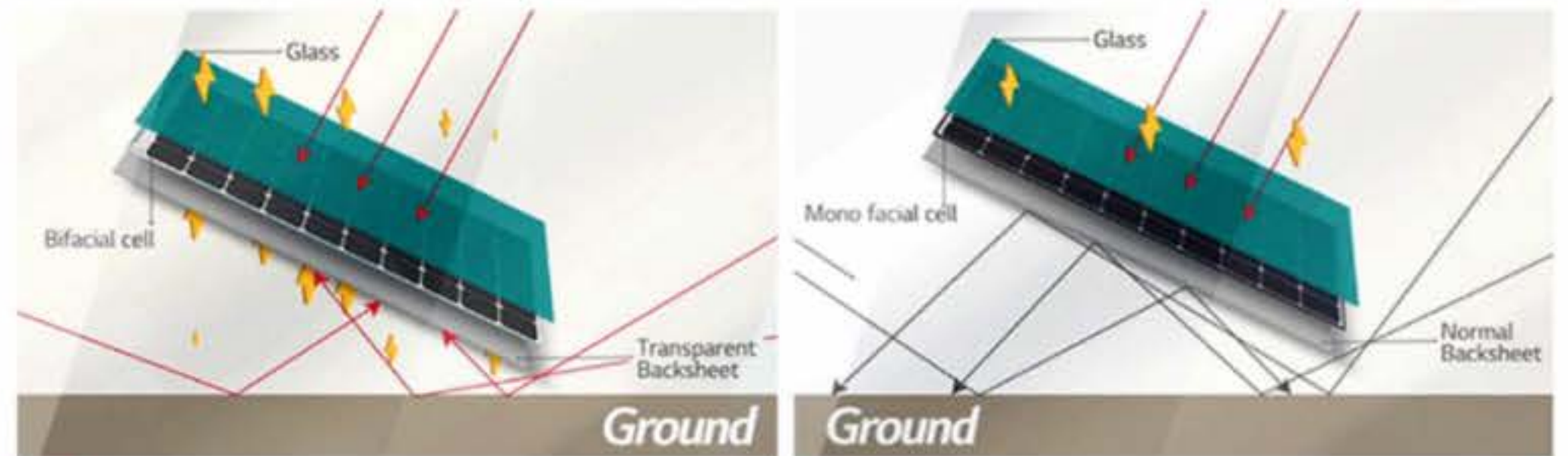





Bifacial PV

Total produced energy = energy from the front + energy from the back.

The bifacial PV Module's performance depends on various conditions, such as system design, installation methods, location, etc.

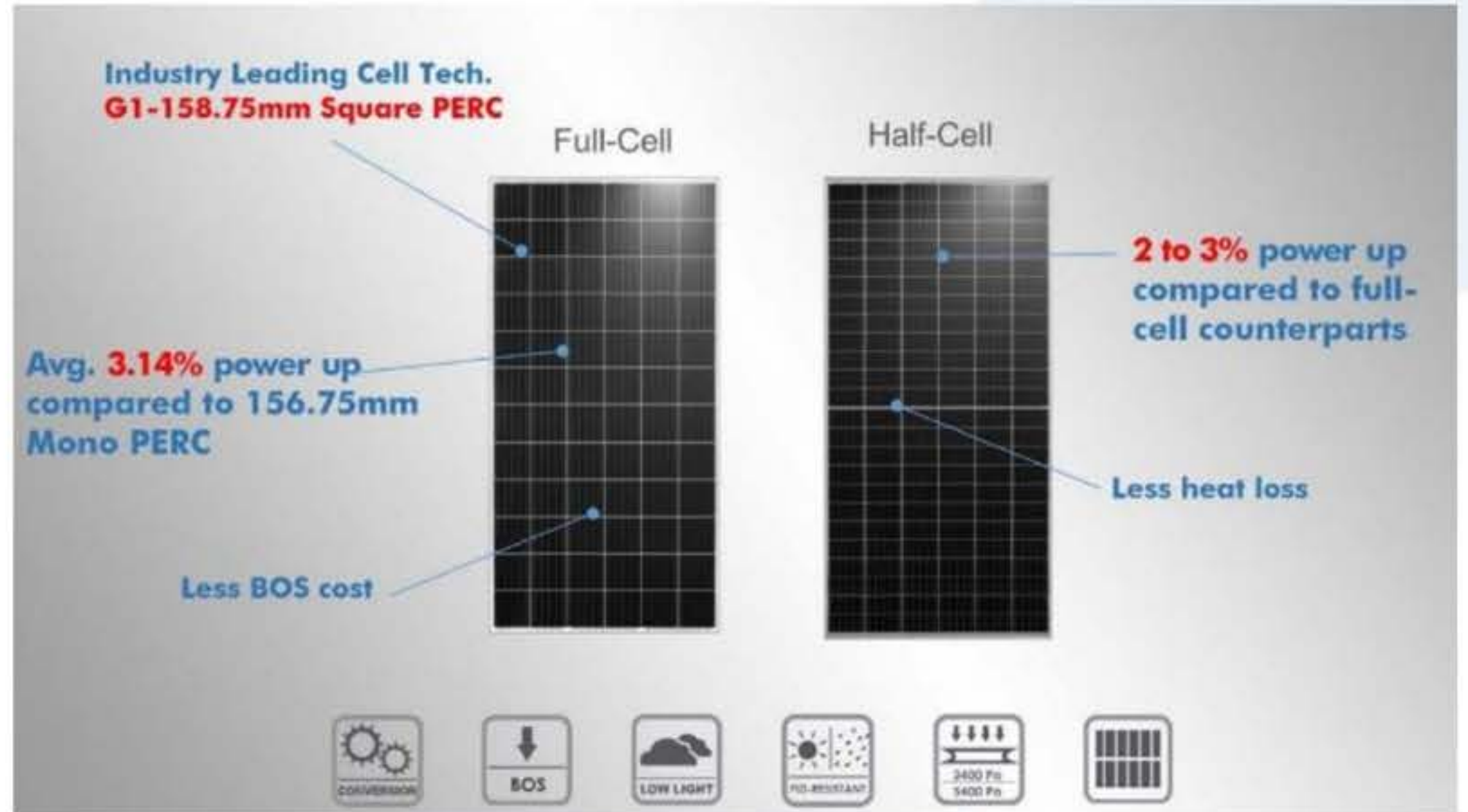


 Bifacial PV module

 Conventional PV module



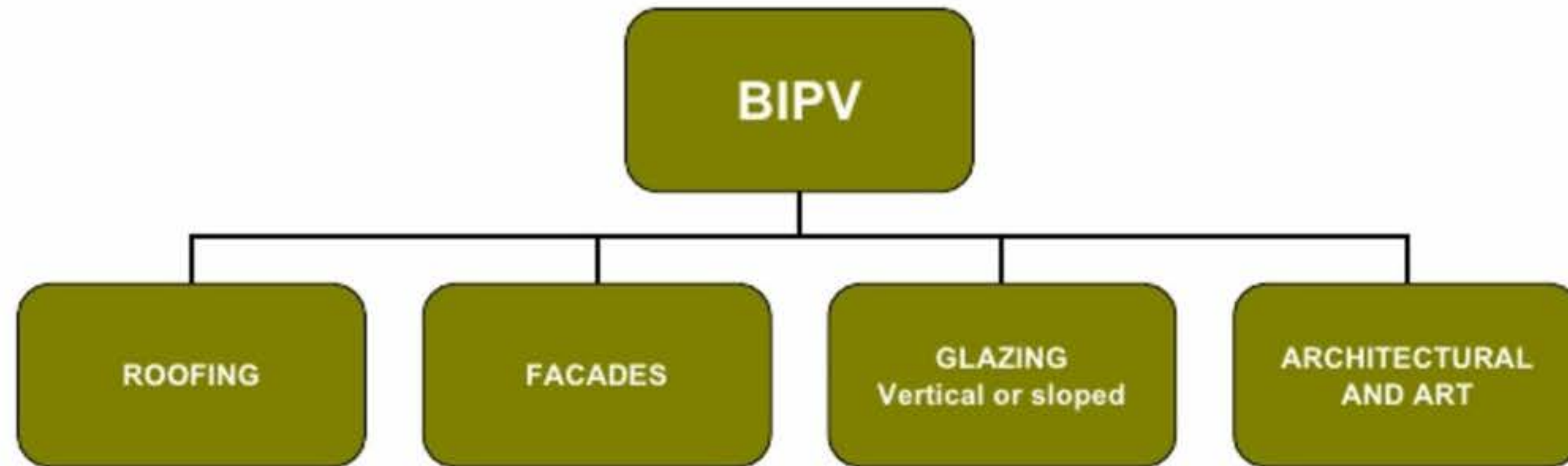
Half-Cell PV



BIPV



TYPES OF BIPV



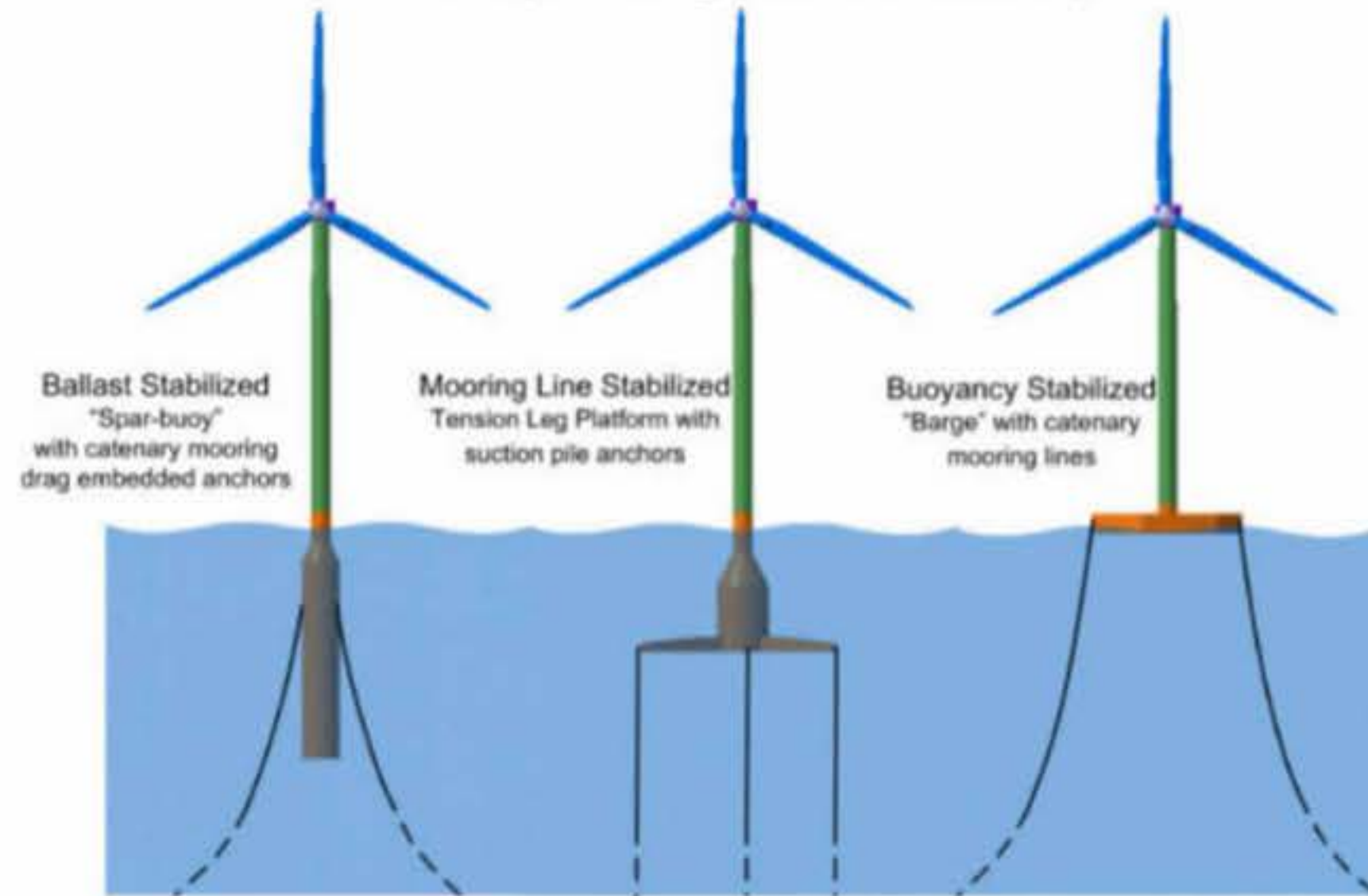
Floating Solar





Floating Wind

Principal Floating Wind Turbine Concepts



Selsam Innovations / U.S. Windlabs Announces New Deepwater Offshore Patent:

A photograph showing a large black subsea cable being hoisted by a crane on the deck of an offshore vessel. The cable is suspended by several red lifting straps. A worker in a yellow safety suit and blue helmet is visible in the foreground, looking towards the cable. The background shows the ship's superstructure and the ocean under a blue sky with light clouds.

Offshore Subsea Cables

Sub-sea cables cause about 70-80% of losses in terms of overall claims amount incurred.

Cannot predict what you
do not know...

New Technologies and Claims



Difficult to predict failures

Developed at a fast pace across the world

Failure modes are simulated and modelled

Deployed in remote unchartered locations



Responding to Failures

Too many unknowns

Limited information

Limited expertise





THANK YOU!

UN-CHARTERED WATERS

NAVIGATING CHANGE THROUGH EXPERTISE

27 SEPTEMBER

BATH