

newCILA - The Future of Loss Adjusting and Claims Management

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The CILA office is in a building located, appropriately, just yards away from the monument to the Great Fire of London. On the walls of the modest meeting room at the CILA office are the colourful Royal Charter with seal, and 3 varnished wooden boards bearing the names, in gilt italic script, of the past presidents of CILA. The 3rd board is half full and has enough space for another 8 names.

I wonder whether CILA will need a 4th board.

Possibly not, if CILA fails to restructure and provide leadership for the medium to long term future.

Chartered Loss Adjusting is increasingly becoming a smaller slice of the bigger and diverse claims management pie. To reflect this development the name of the CILA journal was changed several years ago from *The Loss Adjuster* to *Claims Professional*. The name change sought to acknowledge and cater for the interests and business activities of the membership of CILA which at the time also included the Society of Claims Technicians. Outward portability had just been approved to enable many Chartered Loss Adjusters to retain their qualification while working in companies as diverse as brokers, lawyers, clean up contractors, insurance companies, Lloyd's syndicates, and reinsurance companies. In 2000 CILA adopted the "The Claims Institute" as its strap line. However within 3 years CILA allowed the Society of Claims Technicians (SCT) to be taken over by the CII at considerable financial cost and little real future benefit for CILA in terms of influence or claims education. CILA is now the junior partner of the Faculty of Claims (FoC).

So on recent evidence the 3rd board may well be adequate and could along with the other 2 boards and the framed charter end up in a small museum at the CII offices in London.

However that rather gloomy scenario is based on the narrow definition of "loss adjusting" as defined in CILA training, education

and professional governance terms. It is quite likely to happen if the CILA's involvement in Claims Management remains solely related to the activities of Chartered Loss Adjusting as opposed to the far more extensive claims management roles that exist today.

Serving the world's insurance markets

Global and niche claims management and consulting companies, that in days gone by would have been labelled as "Chartered Loss Adjusters", continue to lead the way and set the pace in claims management in the UK and around the world. They serve the Global insurance markets and constantly improve their business models, processes and propositions to protect their "loss adjusting" market from incursions by accountants, lawyers, brokers, clean up and roofing contractors, carpet warehouses, white goods suppliers, and so on. But where is their voice or input in the professional world of loss adjusting and claims management? Many encourage their staff to participate in local insurance institutes, and some allow their senior managers and "future stars" to participate in CILA activities. But as a group there is no explicit organized collective commercial input from the employers into the future strategic planning of the CILA.

newCILA

A thorough overhaul of all CILA's activities and services is urgently needed if CILA is to survive and prosper as an independent and relevant organization able to support the wider claims management community.

Otherwise CILA need not order the 4th board.

Such a review to create *new CILA* should be supported and driven in great part by the employers with significant input by the clients that buy claims services. A group representing the adjusting and claims management employers and operating within the management of CILA is therefore a necessary development if *newCILA* is to emerge with the confidence and ability to buy the 4th board.

There are some specific issues in the future that *newCILA* may need to address:

Regulatory

Is the American concept of Bad Faith actions against Insurers likely to arrive in the UK? As with most things American it is probably a case

of when rather than if. In which case a new training opportunity will arise as well as possibly extra work for the *newCILA* complaints committee.

Transparency

As business models in the insurance world are becoming more and more subject to regulatory scrutiny there is likely to be a need for transparency, clarity and openness in “connected party” transactions. Does “treating the customer” fairly mean that loss adjusters are or will be required to “treat the customer’s customer” fairly? If so will delivery chain arrangements (such as managed contractor and subsidence networks, and subsidiary/sister companies of loss adjusters providing repair and replacement services) need to be more fully explained to the policyholders and the FSA. Might they need to be restructured to satisfy the rules of transparency or some even divested?

Strategic Alliances between newCILA and others

Strategic alliances with relevant organisations may be a feature of the way *newCILA* operates in the future. Activities such as project Management; Business Continuity; Forensic Accounting; Alternative

Dispute resolution; Risk Management and Claims Preparation are complementary to the work of claims professionals.

Global claims education

Process outsourcing and service centres are developing in countries with cost, time zone, and language advantages, but CILA and FoC examinations are still set from the UK. In India it is possible to set and mark a paper for less than £3 and in the UK it is possible to use IT to administer online exams. So the economics and process of delivery and marking of exams is in need of a rethink. Outsourcing the process is an option.

Through its links with the International Federation of Loss Adjusting Associations (IFAA) and the European Association of Loss Adjusting Experts (FUEDI) *newCILA* could become the global thought leader in the development of claims management education training and professional development activities.

Relevance of exams

The CILA exams are based on English law and practice and will be of little interest or value to candidates working overseas or in claims areas not requiring the focus of the current syllabus. To date, rather than expanding the level and range of subjects, CILA has shrunk the offering. How will this help the aspiring claims professionals and loss adjusters in the economies of the future such as China and India?

Claims, as opposed to loss adjusting, education and training is now predominantly in the hands of the FoC, and various conference companies. But *newCILA* could enter this market especially with support from its emergent Specialist Interest Groups, its developing International Chapters and the education resources of the employers.

Inward Portability

As insurers develop their own claims and loss adjusting tactics they may employ their own adjusters. To deprive such “in-house” professionals from the opportunity to train, study and qualify within the CILA structure is not helpful. All people working in the claims area should have the opportunity to become Chartered Loss Adjusters. The current requirements for a period of time working in a chartered firm and being independent from the client are out of date and act as a tourniquet on the future flow of new members for CILA.

Through carefully designed cpd and mentoring procedures *newCILA* will be able to satisfactorily address the concerns of those that are against this change.

Acquisitions

A strategic review of CILA's aims and those of its members may result in recognition that as "The Claims Institute" *newCILA* should have a division to deliver claims management training and professional development in addition to the Chartered route. Options could include starting a new division; de-merging the SCT from the FoC joint venture; entering a new joint venture with another institute; seeking to agree with the CII a more hands on leadership role in the FoC (providing examiners and developing the syllabus etc); or acquiring the FoC.

An independent annual conference for newCILA

A clear identity and platform for *newCILA* will be essential. In the next few years it may become clear that the involvement with the CII at the annual insurance conference has not provided the CILA membership with any advantages. Indeed it might be concluded that it has been the "thin end of the takeover" wedge. It may also be

found to have cost CILA a great deal in return for a small number of CILA members to have had an opportunity to promote their personal and corporate profile to the delegates at the conference. The next few years may well see a *newCILA* Annual Conference and AGM with a fresh format supported by members and the employers. It would reduce the concerns that exist over CILA being slowly smothered and absorbed by the CII, and provide a platform for developing the new initiatives and direction for *newCILA*.

CILA's journal: the Claims Professional

The last issue of the Claims Professional journal will be produced this month. All good things come to an end and the medium of online information is making the relevance of a paper based communication more questionable. However while newspapers generally may be feeling the heat from internet competition the specialist magazine market is doing very well. By ceasing the issue of a prestige showcase journal CILA is lowering its profile at a time when the competition, from outside the loss adjusting profession, is becoming more intense. In such circumstances is retreat the best course of action? The profession and practice of loss adjusting needs to be promoted and I would expect that a *newCILA journal of claims management and loss*

adjusting will appear in the future. It may not be in the same format but it will be in electronic and paper form!

And the 4th board?

The question of the 4th board is in the balance. By undertaking a radical re-think of all aspects of CILA and embracing a more collective, transparent, relevant and open approach to the future, *newCILA* may just need it.

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