



QUINLEY RISK ASSOCIATES, LLC

CLAIMS COACH BLOG

by Kevin R. Quinley, CPCU, AIC, ARM

November 2014 - Adjusters, Has Your Claims Process Been Hijacked?

In a past life as a claims-executive overseeing commercial lines liability accounts, a huge source of frustration was policyholders who -- without authorization or communication -- attempted to self handle their own claims. Then, when the claim blew up or bumbling attempts to resolve cases failed, they would transfer the wreckage to the insurance company claim department to somehow try to clean it up.

Handling claims was not their core expertise. Manufacturing wheelchairs, implantable heart valves or catheters was their core expertise. Such clients were no more qualified to handle product liability claims than I was to tell them how to design or manufacture a portable defibrillator or left ventricular assist device. Nevertheless, there were those accounts and clients -- often egged on by brokers -- who believed that they could do it better.

Perhaps part of the genesis for this is the fear that if they report a claim, their insurance premiums will rise. Sometimes it may be because they have been burned by a bad experience with a prior insurance company and its inept claim department. Or, it could be because they believe that their superior product or technical expertise with regard to the product and technology carries over to their ability to adroitly navigate the claims process and bring a case to conclusion. Or, it could spring from hubris in believing that claims adjusting is not rocket science and that anyone can do it.

Sometimes, however, there's a fine line between self-handling and self abuse. Further, in some cases corporate accounts have the in-house expertise and savvy to handle and manage their own claims. (Although, if this is the case, why buy insurance? Why not just self-insure?)

Self handling a liability claim is fine if there is an understanding and agreement that the policyholder is authorized to self handle claims within their deductible or self-insured retention. In the absence of such agreement, many commercial accounts which are leaders in their market niche do not have the skill sets to adroitly handle claims.

Once, I saw a plumbing contractor's van with the following assurance etched on its side, "We fix all your plumbing problems including your husband's repairs."

I had to chuckle. Sometimes the job calls for a pro, not a amateurish DIY attempt. Insurance claims fall into this category.

Russell B. Ross, president of the American Medical Association in the 1970's once said, "Passengers who insist on flying the plane are called hijackers."



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Has your claims process ever been hijacked by well-intentioned but misguided policyholders who think that they can do a better job than the professionals in managing liability claims? Are the inmates running the asylum?

Question: How have you handled situations where a policyholder is attempting to self handle its own claims but is in over its head?

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