



statewide
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RAINFALL LOSS EVENT

Preliminary considerations – potential claim recovery

As Councils begin to assess the impact of the heavy rainfall and flooding, your thoughts will inevitably turn to loss recovery and how you can manage the claims process effectively to avoid unnecessary difficulties and lengthy delays.

In addition to what is already a complicated situation, it is likely widespread damage will result in commercial insurers and their Loss Adjusters facing significant workloads and challenging logistics.

Against this background, Councils need to have a good working knowledge of the claims process and be in a position to proactively control their own claim to avoid the possible problems that might otherwise arise.

With this in mind we have prepared the following recommendation:

Secure the site

- Protect the site from further damage and preserve the integrity of the site to enable accurate assessment of loss
- Gather facts to assist in the determination of the cause of loss
- Review the structural integrity of the surrounding property as needed

Document the Loss

- Fully document (videotape or photograph) the damaged plant and equipment
- Do not remove any damaged plant and equipment until viewed in situ by a loss adjuster, unless necessary (i.e. due to safety, to reduce further damage, to recover). If the plant and equipment needs to be removed place in temporary storage, do not throw out
- Conduct a detailed stocktake / reconciliation of plant and equipment to ascertain damaged assets
- Engage suppliers of damaged assets to assess the extent of the damage (repair vs reinstatement) and obtain a quotation for the recommended response. Consider what steps can be taken immediately to either stabilise or temporarily repair assets. Advice should be provided in writing

Form a loss management team

- This is the first step towards rebuilding
- The team should include people with the appropriate technical skills and level of authority to make decisions and be able to carry them through
- The team should include:
 - Statewide Mutual Claims team
 - Your JLT Account Manager
 - Representatives from the affected department
 - Representatives from the department that will reinstate the damaged property
 - Representative responsible for maintaining customer service
 - Representative from finance

Develop a preliminary estimate of the loss

- Accurate reserve for claim loss
- Realistic expectation for insureds and stakeholders
- Supported by appropriate work papers
- Updated on a regular basis
- Incorporate ranges
- Summarise uninsured exposures

Establish loss accounting system

- Create an audit trail to ensure all costs in regard to the loss are captured
- Track in accounting system; separate codes, mirror data etc
- Copy all related invoices and collate in separate files for the purpose of substantiating any claim
- Establish quickly to avoid loss of information
- Need to communicate to users

Communicate

- Communicate, communicate, communicate – too much is better than too little. Keep the loss experts informed of progress throughout the period of the claim and do not release information until you fully appreciate its impact
- Seek Statewide Mutual's agreement prior to material costs being incurred to mitigate the loss and on key decisions, such as reinstatement methods, mitigation expenses, time lines etc. This will provide greater clarity and reduce the possibility of disagreement as to whether the cover applies
- Ensure you are clear about the process and what is required of you. If you don't understand something, ask and ensure you are satisfied with the response
- Communicate any problems, for example with suppliers, timetables, work schedules etc to the loss adjuster as soon as they become apparent – so you include them in the problem solving process



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JLT Forensic

JLT Forensic is a team of Chartered Accountants with deep technical expertise in both accountancy and insurance, focused on delivering claims preparation solutions to assist Council prepare its complex claims.