

## Message From the Chair

by Kimberly A. Riordan, CPCU, AIC

Kimberly A. Riordan, CPCU, AIC, is a litigation manager with Electric Insurance Company in Beverly, Massachusetts.

The 2013 Annual Meeting took place in New Orleans, Louisiana, from October 25 to 29, 2013. The Claims Interest Group was well represented, with a majority of committee members in attendance and very busy.

The Claims Interest Group presented three sessions during the meeting: Rick Villela, CPCU, and Maureen Farran, CPCU, worked with the International Insurance Interest Group to

present “Oops... That’s English but It Sounds Foreign to Me.” Brian Panebianco, CPCU, was the moderator for “One if by Land, Two if by Sea: Cargo Theft Trends and the Impact on Claims.” Cecelia Foy, CPCU; Nancy Lawrence, CPCU; Rick Lamar, CPCU; and Denise Brown, CPCU, presented the interactive “Why Can’t We All Get Along: Claims Conundrums From All Perspectives.” Also, we were joined by Nancy Sylvester, CPCU, ARM-P, for our luncheon.

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Claims Interest Group Members at the 2013 CPCU Society Annual Meeting

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# Getting the Most From Your Defense \$\$\$

## How to Properly Select and Utilize Legal Counsel

by Matthew J. Smith, Esq.



Matthew J. Smith is the founder and president of Smith, Rolfes & Skavdahl Company, L.P.A., a member law firm of the Claims & Litigation Management Alliance (CLM) with offices in Cincinnati and Columbus, Ohio; Detroit, Michigan; Ft. Mitchell, Kentucky; and Orlando and Sarasota, Florida. He is a frequent lecturer on insurance law matters across the United States.


### Introduction: The Reality of Today's Economy

The Great Recession that began in 2008 continues to reverberate throughout the American and world economies in general and the insurance industry in specific. For many of us in this profession, the impact of the economic downturn may continue to have a dramatic impact on the insurance industry for the remainder of our professional work life careers.

There is little value in placing blame or responsibility for how we got here. All economies are cyclical and we have learned the hard way no matter how much new technology or innovation we claim, we are not immune to economic downturn.

More importantly, leaders for the future must focus on how the insurance industry can thrive and grow in the reality of a diminished fiscal climate. The insurance companies and key insurance executives who embrace this concept will be at the forefront of our industry for decades to come.

Next to indemnity dollars, most property and casualty insurers' largest expense is legal fees. Even before the economic downturn, most insurance carriers had started the process of analyzing how to trim legal expense. This has increased in the post-Great Recession era. Legal expense is a "necessary evil" of the insurance profession unless our industry is going to simply pay policy limits on every claim. How legal expense dollars are invested, and accountability for the investment of those dollars, are the keys to success. In truth, most insurance carriers have simply focused on slashing legal expenses without truly analyzing the effectiveness of those cuts, or whether their use of legal expense dollars is achieving maximum benefit for both the company and its policyholders. This trend should stop, as there is simply a better way of analyzing legal expenditures and reducing legal expense without increasing indemnity payments or sacrificing quality claims handling.

To read the entire article, please visit: <https://www.cpcusociety.org/article/getting-most-your-defense>. 

## The Ten Habits of Highly Effective Coverage Adjusters

by Kevin Quinley, CPCU, AIC, ARM



Kevin Quinley CPCU, AIC, ARM, is the principal of Quinley Risk Associates LLC and serves as a claims consultant, a trainer, and an expert witness. Quinley is the author of ten books, including *Claims Management: How to Select, Manage and Save Money on Adjusting Services*.

As the football game is tied in the closing minutes, the offense gets set to gain yardage. The ball is snapped, the quarterback drops back to pass and throws to an unguarded wide receiver, who sprints to the end zone for a game-winning score. The opposing coaches shake their heads, as no defender picked up the wide receiver. In football parlance, this is a "blown coverage."

Blown coverages exist beyond the gridiron, though. They can seep into the arena of insurance claims. Coverage is a bedrock component of claims handling, but it often gets short shrift in the triumvirate of coverage, liability, and damages. There is an unspoken sense that liability and damages are where it's at. Analyzing coverage seems so, well, b-o-r-i-n-g [YAWN].

Nevertheless, if there is no coverage, you do not pass GO and do not collect \$200 ... or policy proceeds. If there is no coverage, then—to an extent—liability and damages are moot. Further, probably more bad-faith claims arise out of bodily injury coverage issues than they do out of disputes over liability or damages. A truly skilled claims professional needs to be adept and embrace best practices when handling insurance coverage.

What are the ten habits of highly effective coverage adjusters? I submit that they are as follows, in no particular order:

**#1. They read the policy.** Not just a sample copy of the policy, but the actual policy issued that applies to the loss in question. They don't skim. They dig in and read the policy.

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