

# Getting behind the Single Claims Agreement

Latest piece of the 'London makes it possible' jigsaw will enhance market competitiveness by accelerating claims turnaround



By **Stephen Crabb**, Senior Vice President, Head of European Claims Group

2017 was a year that reminded the London insurance market that natural catastrophes can and do happen – and in this instance, many of them in a short time frame. By the end of November 2017, the Lloyd's market had paid claims worth US\$1.7bn in response to windstorms Harvey, Irma and Maria. Lloyd's brokers were receiving money from Lloyd's managing agents within just five days of agreement in order to pay policyholders promptly.

Customer service in times of trouble is clearly a key differentiator for any insurer, and the level of client service provided by the claims team directly contributes to building that competitive advantage. A negative claims experience is one of the top reasons a client will not renew with their insurer. For any business that is trying to grow, claims management is a vital part of the mix.

As a Lloyd's market business, it is vital that our reputation for paying claims in times of need remains robust. So, we are delighted to support the development of a Single Claims Agreement Party (SCAP) arrangement. This collaborative cross-market initiative seeks to enhance the claims service by streamlining and simplifying the London market claims agreement model for the benefit of our customers. It is intended to promote a quick and efficient claims agreement process for non-complex claims. For non-complex claims below GBP 250,000, or currency equivalent, the authority for claims handling will be delegated to the Slip Lead, making the process of agreeing non-complex claims faster and more efficient and improving and reinforcing the attractiveness of the London market.

This is the culmination of a body of work through 2017, during which time a formal governance model was established with a Steering Group reporting to the respective associations and Lloyd's boards. Work primarily focussed on:

- developing a model clause for adoption on risks where the SCAP arrangement applies,
- looking at technology and market services, and
- governance and oversight.

The SCAP has been designed to support adoption by brokers and carriers on a risk by risk basis, with individual participating carriers having the option to contract out of SCAP should they choose. To facilitate this, a model wording (the Inter Carrier Agreement (ICA)) has been developed with the support of external legal counsel. This model clause provides for the delegation of authority to the Slip Leader for all in-scope claims and sets out all other relevant terms. It is proposed to publish the clause in due course as an LMA Model Clause for adoption on new and renewal risks.

The SCAP Claims Agreement process will require each bureau lead (following a SCAP or slip lead) to handle the claim to ensure each bureau can move the claim through the current process. The visibility of the claim to followers and bureau leads will be supported by the daily delivery of a SCAP notification report that will supplement their current claims workflow mechanism and data.

The SCAP model, related clause, refreshed claims scheme and supporting guidelines will all be published on 1st February. Allied World in London is wholeheartedly behind this initiative and will be taking part in the market training in January.

We believe that SCAP and other claims projects are a vital part of our ability to maintain London's position as a leading global insurance centre and to ensure that our clients are receiving the service that we believe is a vital part of our proposition.

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