

KEEPING THE INDUSTRY ON ITS TOES

In March last year, a number of regional subsidence repair specialists joined forces to launch withers.net – providing insurers, loss adjusters and engineers with 24/7 access to a national network of supplier partners.

withers.net challenged the delivery of subsidence solutions by channelling the expertise of independent regional firms into a self-managed network. Co-founded by Withers PLC in partnership with Bearing

Foundations and Acorn Foundation Engineering, the companies believe they are radically overhauling the handling of what are traditionally lengthy and costly claims.

Working together using a web-based central 'hub' system, these regional players believe they address the cost, capacity and service delivery issues often associated with a fragmented network. All are ASUC Plus members and are based in Croydon, Luton and Manchester.

One of the key drivers behind the launch was Withers managing director Robert Withers. "In the past, insurers have either used their own in-house teams, managed separate subsidence companies or contracted with a national organisation, liaising with differing service providers via regional office networks.

"I knew there was a place for integrated solutions. Member companies meet various criteria and common commercial and delivery standards, including FSA and legislative compliance. Once signed up to withers.net, members agree postcode areas and/or disciplines they'll work within. This ensures a nationally delivered service utilising local knowledge."

Withers claims that by using a web-based system, there are no 'big office overheads'. He is confident that insurers can reduce their current spend on network management fees by around 6 to 8%.

There is a matrix or menu pricing structure, lump sum

fixed prices and a schedule of rates if required. A web-based claims management system addresses any capacity issues and service delivery is scrutinised via Key Performance Indicators.

Administrative and claims management support is accessed via a central hub office in Croydon and insurance and loss adjusting clients monitor their claims' progress via data input onto the system. Password protected customer files are held centrally on the web and as well as 24/7 access, clients can assess whether contractors have met KPIs and service standards.

Clients include Capita Insurance Services, GAB Robins, Ashworth Mairs (including QCRN), Serگون BRM and Crawfords.

So what's in it for the loss adjuster? "We lighten the load. Every job is managed through a single electronic filing system ensuring transparency, control and consistency. Client details and progress reports are put on to the site directly and all parties



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(apart from homeowners) have an overview of work in progress."

Adjusters logging on to the 'work with jobs' section of the site see their jobs' progress via a traffic control system and it is the provision of a complete claims overview that makes a difference to the role of the adjuster. Most delays in paper-based claims are because of poor communication.

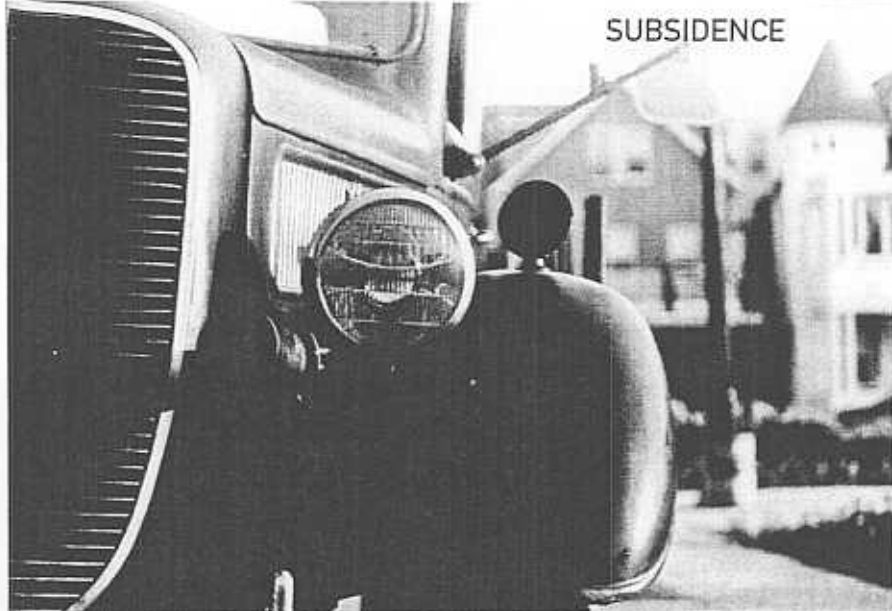
Under the traffic control system, all jobs are colour coded white, amber or red. White means everything is running on time, amber flags up a key date, such as 'start on site' is looming and red alerts contractors two days before a scheduled key date.

Tony Boobier, Building Services Director at Capita, has been a supporter of withers.net from the outset, seeing it as a genuinely innovative solution within the subsidence industry. "Capita was the first company to sign up with withers.net as we could immediately see the benefits a system like this would bring to all of those involved in subsidence claims.

"The concept is simple, and creates a subsidence repair solution with all the benefits of a large organisation, but with the overheads of a smaller one. The idea came from the world of air traffic control, where the controller could see everything which was going on from the screen, and take action accordingly. There's no reason why subsidence claims handling can't be managed in the same way.

"withers.net also throws down a wider challenge to the rest of the insurance industry, with a reminder that small and medium-sized firms working together can create a serious challenge to the big boys, through the use of technology-based solutions." Continues Boobier, "Organisations like Withers constantly keep the industry on its toes. Ideas like this remind us that there are always newer, better ways of dealing with claims."

Given that the issues surrounding subsidence and claims handling continue to move higher up insurers' and homeowners' agendas, solutions such as withers.net are to be welcomed.



THREE CHEERS FOR THE OLD WAYS

Keith Curling speaks up for the tried and tested ways of handling subsidence claims but says flexibility is the key.

You can't always believe what you read. The insurance press has over the last five years been full of publicity surrounding fast track and one stop subsidence services.

However, that hasn't stopped many insurance principals still subscribing to the traditional methods with adjusters reporting under the ABI format. This has always and continues to work well for many loss adjusting firms. Also, the majority of insureds prefer the adjuster to suggest a suitably experienced firm of structural engineers. That does not mean in less complicated cases there are not faster, more refined ways of reporting. Loss adjusting is, after all, about flexibility and horses for courses.

Surprisingly, the most frequent problem when the insured requests an engineer of their own choice is that they fall out with them. On occasions some engineering practices, having carried out only few subsidence claims, tend to become over-cautious with monitoring and their final proposals for the remedial solution. Keeping the two professions separate enables the loss adjuster to concentrate on his own duties. Furthermore, the adjuster is seen to be independent from the engineer and providing an unbiased service.

Frequently, adjusters receive referral claims where the insured has been given poor service or the cause of subsidence has been misdiagnosed. These are often claims that have been managed under a supposed fast track 'project managed' package deal. The most frequent complaints being

Misdiagnosis due to inadequate investigations

Incorrect repair solutions resulting in continuation of movement and damage

Other influences not identified during the original claim that have activated further damage

The monitoring had dragged on

beyond promised dates

With higher net worth clients the 'old school' traditional methods work better. Many insureds are highly educated professionals who take the time to study the engineer's reports and welcome this level of service. They also like to know that their property is being examined in great detail and that the final remedial phase will be managed to the highest standards.

Time

Emphasis from the majority of insurers has been to settle subsidence claims quicker and cheaper. The response from the Loss Adjusting market has been fast track 'project managed' solutions. Over the past decade it appears that the efficacy of these services has been unfolding with differing results. Lessons have been learnt with this impersonal, conveyor belt system. Probably the best thing to say about it is that it can work for some claims but it is too rigid and it appears that there have been many occasions where the standard of the initial site investigations have been compromised. The success of subsidence investigation and diagnosis is like most things, all down to the accuracy and quality of the preparation.

Some may say that loss adjusters who prefer the old route and ways have stayed a little bit in the dark ages, plodding on with old fashioned 'tried and tested' formulas. But we, like many other medium sized loss adjusters, are still here, and there are still many insurance companies who prefer the traditional values. The reason why? Because there really isn't much difference in the time and cost in resolving a subsidence claim using traditional techniques as opposed to 'project managed' systems.

It is very much like the old hare and tortoise tale. You can rush on with good intentions using a 'project managed' scheme but you will still come to the same hurdles e.g. Local Authority trees, neighbour's trees or even the insured's trees if they are protected, shared drains, communal sewers, etc.

At the end of the day do insurers really mind if the claim takes a little longer to

resolve? Within reason no, providing and it's an important proviso, that they are kept informed of progress and the insured appreciates the problems. It is all down to good communication, providing updates and maintaining good relations with the insured. The insurers want the solution to be correct and do not want to have to go back for another round of expensive remedial works.

No doubt most insurers would like to see subsidence claims resolved quicker and more economically. The response to these issues has been to tailor the service to accommodate the severity of the problem. However, this does not mean insisting that the insured or the insurer take this up, and they can revert to the full traditional procedures if necessary.

Cost – reactive claims handling at a lower price

Adjuster engineering is a flexible response. It is for the adjuster to identify lower risk subsidence claims. Problems are differentiated by severity and then a decision is made about whether the claim warrants a more simplified reporting process. The accuracy and quality of the investigations remain the same. It is important to recognise where there will be financial benefits by adopting this shorter reporting procedure.

The costs will, of course, be reduced for this more simplified claims handling, and disbursements minimised as the engineer's standard investigation package is reduced. For example, arboricultural services can be eliminated when a suitably qualified engineer can identify the appropriate tree control. Furthermore, the loss adjuster and the engineer will work between them to obtain estimates for tree control, drain repairs, etc.

Although under the traditional system the loss adjuster remains independent from the engineer, the combined reporting procedure is an integration of the loss adjuster's initial evaluation and the engineer's response, when the investigation programme has been completed.

Other financial benefits with the independence of the loss adjusters and engineers as opposed to 'project managed' services are:-

CDM Regulations – as loss adjusters, who also produce their own designs and schedules, are deemed to be designers when they are required to comply with CDM Regulations on nearly all repair and remedial schemes, thus requiring compliance under the regulations and further expense upon the insurer.

Quality

In essence, in this system it is possible to

tailor the level of service in time and cost to accommodate the severity of the problem. But that still allows the maintenance of the same level of quality throughout. In this way a flexibility is allowed and the adjuster does not have to enforce any particular scheme upon the insured.

Instead the adjuster continues to work with the insured and insurer as closely as possible to nurture the insured through this uncomfortable situation.

It is important that insurers are made aware of any further influences that have the potential to cause subsidence. Adjusters are often asked to look at referrals involving a second or third opening of the original subsidence claim or a further claim.

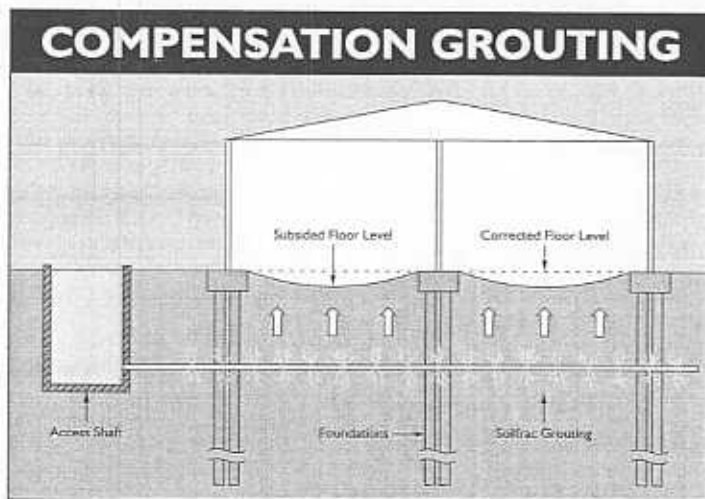
The most common reason is that other influences are ignored or overlooked. It seems that insurers are not being forewarned about future influences. Furthermore, the insured is not being told as to what they should be doing to mitigate the risk of future subsidence and their responsibility to maintain and notify third parties as to their obligations.

Keith Curling is managing director of Carmichaels, the Maidstone and Birmingham-based loss adjusters.

CORRECTING SETTLEMENT

To correct settlement normally requires the occupants of a building to move out. With large industrial and retail units, the associated costs can be very high.

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