



INTERNATIONAL MONITOR

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International Institute of
Loss Adjusters
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IIA World Headquarters

Ottawa, Canada

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Our members are represented in these countries

| | | |
|-----------|-------------|----------------------|
| Argentina | Italy | Spain |
| Australia | Japan | Thailand |
| Austria | Kenya | Trinidad and Tobago |
| Barbados | Lebanon | Turkey |
| Belarus | Mexico | United Arab Emirates |
| Bolivia | Netherlands | United Kingdom |
| Brazil | New Zealand | United States |
| Canada | Nigeria | Uruguay |
| Chile | Paraguay | Uzbekistan |
| Colombia | Peru | Venezuela |
| Ecuador | Portugal | |
| Hong Kong | Russia | |
| India | Singapore | |

2017 IILA Annual General Meeting, Moscow, Russia



For those of you who could not make it to our Annual General Meeting (AGM) held in Moscow Russia, I would like to report to you that it was an unqualified success and considerable praise is to be given to our convention chairman Andrey Bogachov and Past

President Nickolay Cheglakov, who did an outstanding job, with no detail being overlooked during our stay in Moscow and St. Petersburg. It was truly an outstanding experience!

It should be noted, that the education component of the meeting was held in conjunction with the NAIA (the Russian Federation's National Association of Insurance Adjuster) along with delegates from FUEDI & CILA. As a result of



this collaborative educational effort, the International Federation of Adjusting Associations is extending invitations to our membership for that organization's seminars.

Congratulations again to our colleagues Andrey Bogachov and Nickolay Cheglakov for their fine work in hosting our most recent annual general meeting. [Click to see photo gallery »](#)



PRESIDENT’S MESSAGE

Mr. Charles J. Reilly, Jr.

It is my distinct pleasure as your President of our illustrious organization to reintroduce our organization’s long dormant newsletter to our membership.

The purpose of our newsletter is to enhance the reputation of our organization, enlighten the insurance market as to the value and position the loss adjuster plays in the insurance industry as well as being a solid source of information and communication for our membership.

Towards that end, the newsletter will be looking for member contributions to it as well as from friends of the Institute in the legal, accounting, engineering fields as well as from the insurance markets we all serve.

Our Mid-Year meeting will be held in conjunction with the United States based National Association of Independent Insurance Adjusters (NAIIA) in Reno, Nevada USA from June 11-14, 2018 at the Hyatt

Regency Lake Tahoe Resort. A link to the registration packet is included with this newsletter.

Our Annual General Meeting is scheduled to be held in Asuncion, Paraguay, South America from September 23-September 28, 2018 at the brand new De Las Torres Hotel. Arrangements are also being had for a pre-conference tour to Quito, Ecuador and the Galapagos Islands the week before and a post conference tour of Montevideo Uruguay the week after the conference. Details of all events will be forthcoming to your attention in the near future.

The Institute needs to increase its membership roles and I am asking that each member reach out to qualified individuals in your respective regions to

encourage and persuade like minded individuals to apply for membership and join our illustrious institute.

In closing, I look forward to seeing one and all at our Mid-Year meeting in Lake Tahoe, Nevada USA and at our Annual General Meeting in Asuncion, Paraguay, South America.

Best regards,

Charles J. Reilly, Jr., CPCU, RPA, CAU
President



**International
Institute of
Loss Adjusters**

2017 Market Report

The 2017 results for the International Insurance Market were a challenging one for both the primary and reinsurance carriers. Companies with exposures in the Southern United States as well as the Caribbean Basin sustained major damages resulting from Hurricane Harvey, Irma, and Maria.

Willis Re has estimated that the recent catastrophes suffered in 2017 total approximately \$136,000,000,000.00 US Dollars.

Despite the losses, pricing corrections have not seen a significant spike, which is due to a combination of a strong reinsurance market capitalization along with the losses being split over several different catastrophe events and the fact that a large portion of the losses were retained within the primary market.

Some of the leading international insurers who suffered from these events were AIG, Chubb

and Swiss Re. The Allianz Group fared better and posted strong results for 2017.

2017 London & Lloyds Market Report

For the first time in six years, Underwriters at Lloyds has posted a loss which is due in large part to its exposure to the catastrophic events in the United States from Hurricanes Harvey, Irma, and Maria. In addition, it suffered from the storms in Europe as well as from California wildfires, making it one of the costly natural catastrophe years ever for the insurance sector.

Brit Limited announced that while its gross written premiums for 2017 increased by an 8.2 percent rate, its combined ratio shot up to 112.4 percent as the result of its exposure to those events.

In looking forward, Matthew Wilson, Group CEO at Brit Limited suggested that the outlook for 2018 is more positive and pointed to encouraging signs of rate improvements despite the Brexit issue with the European Union.

IFAA & Insuralex Meetings

In the recent past, delegates from the ILLA have been attending other allied meetings as either presenters and/or members of the Board of Directors of those associations.

Recent attendees at the International Federation of Adjusting Associations' February meeting in London England included IILA First Vice President Andrey Bogachev and Eurasia Regional Vice President Jose Vicente Arrufat Pellicer. This conference focused on the upcoming challenges the Brexit negotiations will have on the insurance industry in general and the loss adjuster in particular.

Jose Vincent Arrufat Pellicer also presented on behalf of the IILA at the recently concluded Insuralex Conference held in Madrid Spain.

The IILA is continuing to engage in a cooperative way with other interested associations in the loss adjustment field.

Rims Risk Forum 2018

Latin America – May 7-8, 2018
Mexico City, Mexico

RIMS Risk Forum Latin America will be hosting a forum for risk professionals on a host of topics including:

- Complex Property & Business Interruption Claims
- Traveling the RIMS – CRMP Highway
- Cyber Threats to the Business Community
- Cyber Threats to Critical Infrastructure
- Business Continuity Plans

Information on costs and registration can be obtained at info@rims.org

DEAL MAKERS

Written by Brent Demnar, IILA Full Member, Australia

One of the unique skills that Loss Adjusters can bring to the table is an ability to think “outside the square”. As we do not have any pecuniary interests in the outcome of a settlement, other than to ensure that whatever is agreed meets the spirit of the

governing contract, we are actually able to view the process and negotiation from a totally impartial prospective.

That is not to say that we don’t share a sense of frustration on occasions when negotiation platforms are clearly contrary to either logic, the facts or both, but in the end, we can essentially remain emotionally detached from the posturing that occurs and focus instead on the underlying issues.

Very often, negotiations bog down due to an intransience by one side or the other to move beyond their line in the sand, and where this involves money, it can be very difficult to bridge the gap without resorting to the use of expensive court time.

“Everyone has had experience with deal makers”

While every situation will be different, as much due to the personalities of the players involved, more so than the sum of money at stake, there are no doubt a number of “deal makers” that numbers have devised that broke an impasse and led to an amicable settlement.

I invite members to share their experiences of “deal makers” for the benefit of all in future additions of the International Monitor. Whether they represented moments of sheer professional brilliance, animal cunning or simply opportunistic textbook solutions is not important, the point is that we all can learn from the tricks of the trade and the experience of others.

To break the ice, I will share an experience I had recently with a claim involving an unnamed Government and its Reinsurers. After a year of investigation, evaluation and technical problems involved the contract, we had reached the stage where the final figures were being collated.

Arguments in relation to Policy coverage plagued the process, but each obstacle was eventually overcome by both goodwill on both sides and well reasoned and interpretation of the offending provisions. Even fundamental disagreements as to quantification methodology were able to be resolved by demonstrating that the adoption of one method over the other

would not impact upon the final claim, due to various Limits. When we finally reached the eleventh hour of the process, and once the full reserve of goodwill on both sides had been completely exhausted, a line was drawn in the sand by both sides, some distance apart. The elation of reaching a point of no return was unfortunately tempered by the fact that nothing could convince either side to move. All underlying calculations were checked and rechecked, all assumptions made were again tested for the extent to which they had thought would contribute to the bottom line, but nothing could be found within the adjustment that either side considered capable of revision. Stepping back from the abyss, it was evident that political issues were more responsible for the inability of the Government to change their position, with a public announcement having previously been made regarding their expectation in relation to the settlement. Even though the Government's statement regarding the settlement had been clearly premature, given that the Government could

not afford the political costs of agreeing to a lesser sum, the objective then became a matter of finding a solution to their problem.

While reinsurers had already offered to make immediate payment of the amount of their quantification, beginning in fact months before the final impasse was reached, this was continually rejected by the Government as they were by then politically tied to the amount they had publicly released. However, in realizing that the timing of the settlement was no longer a critical issue, an opportunity presented itself for a "deal maker" to be struck.

The amount of difference between Reinsurers settlement offer and the sum the government required represented some three months interest at the prevailing money market rates on the primary sum (in excess of \$50,000,000.00). In discussions with Reinsurers, who had already had the benefit of the primary sum for a period longer than they had intended, a deal was proposed where by Reinsurers would retain the settlement for a further ninety days, with all interest accruing

on the sum to be for the benefit of the Government up to the amount of difference between the respective positions.

This was then put to the Government, who accepted the deal, solely on the basis that they could demonstrate that settlement had been achieved in the amount they had forecasted.

Even though the solution in this case was not radical, it did demonstrate that solutions to many seemingly impassible problems can be found. While I generally dislike the concept of focusing on the money, preferring instead to work with people and the facts, we have a duty to use everything we have in our professional arsenal to achieve the best outcome for our clients.

Climate Change And Its Effect On Insurance Claims

*From Claims Canada's
November 2017 Issue*

*Written by Neville Bussell, IILA
Retired Member, Canada*

The wildfire insurance losses incurred in Fort McMurray, Alberta in 2016 are the costliest

in Canadian history. The fire involved residential property, businesses, municipal property and landscape over an area of 590,000 hectares.

The Insurance Bureau of Canada Costs estimated costs of \$3.5 billion. Fortunately, there was no loss of life.

Conversely, bushfires in Australia (which is prone to wildfires) occurring on the 7th of February 2009 created catastrophic events with the incineration of a number of towns only 90 kms from the city of Melbourne, Victoria. The fires killed 173 people and injured 414. Four hundred and fifty thousand hectares were involved, and insured losses of 4.4 billion Australian dollars resulted.

In California and the western United States, wildfires recently caused the evacuation of thousands of people from their homes [Editor's note: as we go to press, California wildfires have destroyed thousands of homes and killed at least 35 people]. U.S. records indicate 2015 was a record-breaking year for wildfires. Ten million acres were involved (four million hectares or 40,000 square kilometres), an area the size of the Netherlands

or Switzerland. The National Fire Protection Association in the U.S. suggests the overall cost of fires (which included wildfires) in 2011 approximated US\$329 billion dollars or 2.1 percent of the gross domestic product.

Europe and many other countries, including Indonesia, have been the subject of catastrophic wildfires. From Croatia to Portugal, Spain to Italy, wildfires have created havoc. In Southern France in 2015 and 2016, wildfires decimated homes and businesses, and threatened the city of Marseilles as 2,699 ha were involved in the destruction. Overall costs of the fires have not been established.

In Portugal, Prime Minister Antonio Costa described four raging wildfires that occurred in June 2017 as follows:

“The greatest tragedy of human lives that we’ve witnessed in our country in years.”

These fires in 2017 were responsible for the deaths of 64 people and 204 injured. Many of the deaths were as a result of people being caught by the blaze as they fled the flames in their cars.

In South America in January 2017 90 massive wildfires were responsible for the destruction of forests, vineyards, livestock, residential and business property. The fires were the worst tragedy in Chile's recent history. One hundred and eighty thousand hectares were involved, and 11 people lost their lives. The costs are estimated at US\$363 million.

In the Canary Islands in August 2016 wildfires destroyed approximately seven percent of the island of La Palma and forced the evacuation of 2,500 people.

New Zealand was not unscathed as 14 homes were destroyed by two wildfires on the outskirts of Christchurch in the South Island. Many people were left homeless and a helicopter pilot was killed during firefighting activities.

The Christchurch fires were in February 2017 and now, just recently in July 2017, three New Zealand cities, including Christchurch, are suffering flash flooding because of extreme weather.

Wildfire problems continue. In July 2017 there were more than 180 active wildfires in the central and southern regions of the province of British Columbia.

Over 40,000 people were forced to evacuate their homes. A total of the area affected by the fires encompassed 140,000 ha. Ash from the fires has been reported in Calgary, Alberta, approximately 712 kms to the southeast.

Damages have not yet been established, but likely will be in the billions of dollars. What is responsible for these worldwide wildfires?

According to Jason Funk, senior climate scientist with the Union of Concerned Scientists, Cambridge Massachusetts,

“There is very well-documented scientific evidence that climate change has been increasing the

length of the fire season, the size of the area burned each year and the number of wildfires.”

Major wildfires are caused by a combination of events:

1. High temperatures
2. Low humidity
3. Lack of controlled burn offs to clear fuel sources, leaves, shrubs, etc.
4. High winds
5. Human involvement
6. Climate change
7. Lightning strikes

Another area of concern to insurers regarding climate change is the increase of extreme flooding in various parts of the world. Torrential rains have

created major flooding in many countries. It seems a number of countries have suffered catastrophic losses because of climate change related flooding.

Recently in Beijing, China, the heaviest rainfall in 60 years occurred. Damages are estimated at US\$1.2 billion. Heavy rains and flooding in southern China caused landslides and mudslides. At least 10 people were killed and over 100 injured. The Chinese government has set aside 1.88 billion yen (US\$285 million) to aid in disaster relief over 20 provinces and regions [...]

[Click to read entire article »](#)

Featured Conferences

IILA 2018 Mid-Term Meeting

June 14th, 2018 at Hyatt Regency Resort, Lake Tahoe, NV, USA

Held in conjunction with

NAIIA 81st Annual Conference

June 11-15, 2018 at Incline Village, NV, USA

[Click to download the registration packet. »](#)

and

IILA 52nd AGM and Conference

September 23-27, 2018 in Asuncion, Paraguay



International
Institute of
Loss Adjusters

REGIONAL VICE PRESIDENT REPORTS

An ever – expanding global economy is changing virtually every aspect of the business world. Nowhere is this economic fact of life more manifest than in the insurance claims adjusting industry. Please take a look at our regional vice presidents’ reports to learn more.

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