

The HDI logo is displayed in a white rectangular box in the top left corner. It consists of the letters 'HDI' in a bold, green, sans-serif font. The letter 'H' is white with a red vertical bar on its left side.

**HDI**

**HDI Global SE Japan Branch**

## **Claims Workshop**

Preparing for (and Learning from) the Big One  
November 2023

# Contents

- 1 Introduction
- 2 Pre-Loss Preparation
- 3 Collaboration During Loss
- 4 Post Loss Review
- 5 Conclusion

# 1

## Introduction

# Introduction

## Preparing and Learning Cycle

### Pre-Loss

#### Planning and Visualization

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- Risk Engineering surveys
- Claim Scenarios and Protocols
- Sum Insured reviews

### Post Loss

#### Analysis and Lessons Learned

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- After Action reviews
- Revise Plans and Protocols



### During Loss

#### Quick Collaboration

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- Immediate Notification of Loss to Insurer
- Look for opportunities to mitigate the loss and loss of production
- Usage of designated experts
- Interim Payments for Covered Claims

# 2

## Pre-Loss Planning

# Pre-Loss Planning with your Insurer

## Risk Engineering Surveys

- Helps avoid or mitigate the impact of a large loss

## Claim Handling Protocol

- A customized procedural manual for reporting and handling of claims
- Ensures a smooth claim process through identifying key contact people, client requirements, designated experts, etc.

## Large Loss Scenario

- Client, Broker, and Insurer gain deeper insights into the risks, potential bottlenecks in recovery and insurance coverage
- Greatly facilitates a smooth loss response and claim experience

## Review Sum Insured

- Regular review of sum insured for property and business interruption (BI) values, including BI indemnity period
- Avoids underinsurance penalties, and helps insurer clear coverage more quickly to start making interim payments as soon as possible

# Pre-Loss Planning

## Large Loss Scenarios

**We offer large loss scenarios to help educate Clients and Brokers on our claims process, and prepare in advance of losses**

- Applicable to any Line of Business, but especially helpful for Property, Product Liability, Cyber and International Programs claims
- The scenario is chosen together with Client and Broker based on their business and actual risks, and using the insurance policy
- Benefits:
  - Client better understands HDI's claim process, including communication & documentation requirements
  - Deepens Client's familiarity with how their insurance policy responds to a loss
    - International Programs scenario: includes how a large loss may trigger both master and local policies
  - Deepens HDI's understanding of the Client's risks, including opportunities to prevent or mitigate losses before one occurs
  - HDI Claims gets a deeper perspective of the Client's operations and needs
  - Promotes a smooth claims experience for all parties in the event of an actual loss

# Pre-Loss Planning Large Loss Scenarios

Sample discussion flow, to be customized by the Line of Business (Property example)

Topics	Main Discussion Points	Points to Cover
Loss Occurs	<ul style="list-style-type: none"> <li>Loss occurs (ex: fire loss to production facility)</li> <li>Immediate response by the Client</li> </ul>	<ul style="list-style-type: none"> <li>Internal procedures to react to a loss</li> <li>Measures taken to mitigate the loss</li> <li>Communications internally</li> </ul>
Recovery	<ul style="list-style-type: none"> <li>Recovery process – restore physical property, machinery</li> <li>Recovery process – regain production, including mitigation efforts</li> </ul>	<ul style="list-style-type: none"> <li>Contractors / repairers (existing relationships, set rates)</li> <li>Repair vs replace decisions</li> <li>Impact to production</li> <li>Measures/costs to minimize the impact</li> </ul>
Claim Flow	<ul style="list-style-type: none"> <li>Notice of Loss</li> <li>Site visit, documentation requirements</li> <li>Claim tasks – review coverage &amp; costs</li> <li>Settlement of Property Damage, Business Interruption (PD, BI) aspects</li> </ul>	<ul style="list-style-type: none"> <li>Communication flow (Client, Broker, HDI, adjuster, etc.)</li> <li>Assignment of experts (adjuster, accountant, etc.)</li> <li>Client tracking and submission of costs</li> <li>Reasons why certain documents are required</li> <li>Timelines – settlement of PD, BI</li> <li>Interim payment possibilities</li> </ul>
Policy Coverage	<ul style="list-style-type: none"> <li>Structure of policy</li> <li>Application of policy to the loss</li> <li>Address questions or gray areas</li> </ul>	<ul style="list-style-type: none"> <li>Applicable requirements or exclusions in the policy</li> <li>Deductibles, sub-limits</li> <li>Calculation of claim amount</li> </ul>



# 3

## Collaboration During Loss

# Case Studies

## Major Property Losses

### Main Points

- **Top priorities in the event of a major loss that affects production:**
  - Ensure production recovers as quickly as possible, without losing customers or market share
  - Especially recover within the policy's Business Interruption indemnity period to prevent lack of insurance for extended interruption
- **If your Property insurer is involved early on they can:**
  - Help with making quick decisions that appear to cost more up front but in fact significantly lower the down time in production
  - Assign experts to assist with recovery
  - Confirm coverage more quickly to be able to offer interim payments
- **Success factors:**
  - Involve the insurer right after a loss, so they can act together with you to find ways to mitigate your loss
  - Pre-planning or pre-loss scenario exercises can help the client, broker and insurer to react as quickly as possible

# Case Studies

## Major Property Losses

### Case #1 – Hailstorm in Italy

- **Client suffered roof damage to 50,000 square meters, including above their production lines**
- **No cleaning company available in Italy after the storm**
- **HDI brought in a cleaning team from Germany for the client**
- **With HDI's quick approval, purchased 20,000 square meters of sheet metal and covered the production lines first**
- **Were able to restart prior to their competitors – thus the higher prices of a German cleaning team and purchasing of sheet metal for temporary cover was well more than offset by the savings gain in restarting production months earlier than they would have**
- **Savings of Millions of EUR**



# Case Studies

## Major Property Losses

### Case #2 – Major Warehouse Fire in Germany

- Poultry industry client suffered a major fire to its warehouse
- With insurer, agreed to do damage inspections with priority on the buildings that affected production
- With winter approaching, the demolition work would not make it in time and would be delayed by the cold
- One building that was still intact was blocking access to larger demolition vehicles, thus the size of vehicles was restricted and slowed demolition
- The insurer presented an idea – to tear down the building in order to unblock access and allow faster demolition work. The added cost of this saved the client and insurer much more by allowing them to recover their business far earlier
- Savings of EUR 165M

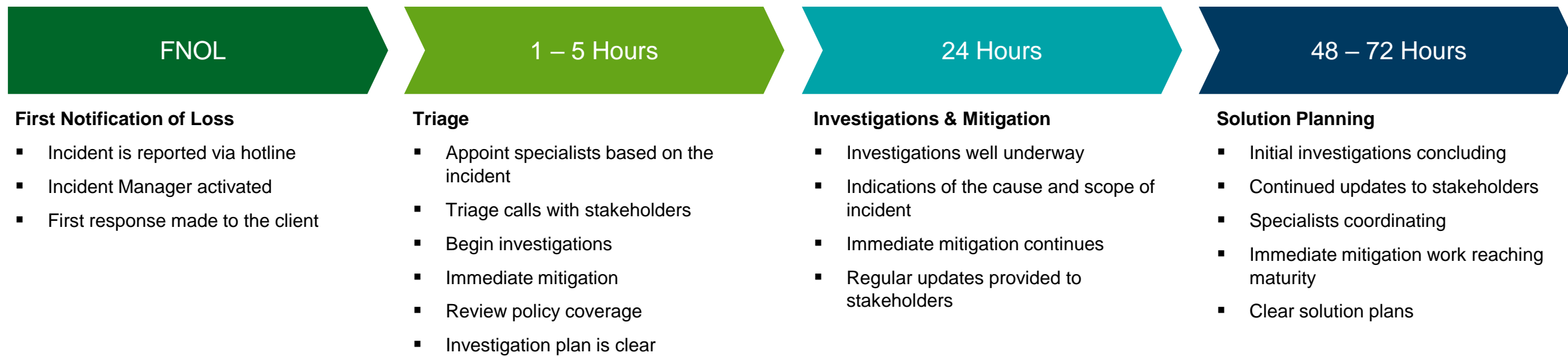


# Case Studies

## Major Cyber Losses

### Initial Response - Main Points

- **An effective and immediate response to a cyber incident is critical:**
  - Priorities: containment, mitigation, investigation and remediation / recovery, protect risk to reputation and legal liability
  - If your Cyber insurer provides an effective response service, this can be key to achieving all of the above
  - Important to prepare with your insurer pre-loss to ensure the incident response and insurance claim process is clear
- **Incident response flow:**



# Case Studies

## Major Cyber Losses

### Incident Resolution and Claim Settlement - Main Points

- **The client will learn how the incident occurred, and other security weaknesses which come to light. The client will learn how to better protect their systems to prevent future incidents.**
  - Note: such investigation and recovery work may be covered by the insurance policy, but costs to improve systems are usually not covered.
- **The insurer stays updated throughout the process, providing any guidance needed on coverage and supporting the client's needs**

Ongoing until the end of claim

#### Specialists continue

- Legal experts: guide the client through reporting requirements and protecting their legal liability
- Public relations: will work in coordination with legal experts and the client to determine public communications, if necessary
- Other: various other experts assigned to fit the situation (dark web investigators, credit checking to detect whether customer personal information is being used, etc)

#### Insurance claim

- Forensic accountant may be appointed to assist with business interruption claim
- Good communication with the insurer, including coverage clarification, helps with decision making process on scope of recovery work
- Insurer may make interim payments to support client's recovery if needed

# 4

## Post Loss Review

# Post Loss Review

## Post-loss review main points:

- Review the loss, cause, claim process and recovery of the client's operations for lessons learned and opportunities to improve resilience
- The insurer's claims team, risk engineers and underwriter should be involved.
- Topics will range from how to prevent similar losses from reoccurring, to mitigation ideas including building resiliency through expanding supplier network, options to buy from competitors to mitigate loss of production and market share, etc.
- Output:
  - Revise Claim Handling Protocol if change is needed
  - Risk improvement ideas gained
  - Points on policy terms and conditions for renewal discussions



# 5

## Conclusion

# Conclusion

**Preparation and Learning Cycle with your insurer can make a big difference in your resilience against the “Big One”**

## Pre-Loss

### Planning and Visualization

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# Appendix

# Property versus Cyber Risks

## Property and Business Interruption

### “Short-tail” Risk

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- The risk triggering the policy is often immediately apparent (ex: fire)



## Cyber

### “Long-tail” Risk

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- The risk triggering the policy often occurs well before the client becomes aware (ex: a network intrusion)

# Pre-Loss Planning Claim Handling Protocol

## Benefits

- Client's bespoke arrangements and needs are captured
- Creates transparency in the claim process for all parties: Client, Broker, and Insurer
- Client, Broker and HDI (Japan and other branches) have a shared understanding of the claims process
- Promotes certainty and confidence in the process
- Ensured global consistency

## Example Content

- Claim notification instructions
- Global contact list for Client, Broker and HDI
- When local offices must report to Japan\* (large losses, litigated claims, potential coverage issues, etc.)  
\* All claims are registered in the network portal by overseas claim handlers
- Process for handling coverage issues
- Designated experts
- Special data / reporting requirements



## Claims Protocol

ABC Corporation

### General Policy Information and Contact Points

On the happening of any claim or circumstance which may give rise to a claim under the policy the client will:

1. Give written notice to HDI Global or the nominated external contact point where this is written into the protocol, with full available details as soon as reasonably practicable.
2. Make no admission of liability or offer of payment without the written consent of HDI Global.
3. Inform HDI Global immediately of any impending prosecution inquest or fatality inquiry or civil proceedings and send the relevant document prior to making an official response.

In order to assess the liability of the client and the potential merits of a third party claim, HDI Global requests that the client retain the following information where applicable. This list is not exhaustive and HDI Global will advise what other documentation is required on individual incidents.

- ❖ Preserve any evidence which may assist HDI Global in the investigation — in particular:
  - ① Take photographs/videos of the damage and location
  - ② Contact details of witnesses
  - ③ Details of batch number/order (for product liability cases)
  - ④ Copies of all contractual documents with third party contractors
  - ⑤ Copies of any inspection or maintenance records
  - ⑥ Copies of the accident report

Where necessary, HDI Global will instruct the nominated loss adjuster to assist in the investigation of any claim and to establish necessary facts pertaining to the incident.