



QUANTITY SURVEYORS' VALUE RISING DUE TO THE IMPACT OF CLAIMS INFLATION

By Adam Humphrey and Chris Reeves

Claims inflation continues to be a major concern for the insurance industry. GRS' Head of Quantity Surveying, Chris Reeves Head of Quantity Surveying (QS) explains why the use of quantity surveyors helps Insurers make better decisions on major, complex and technical claims.

Repair costs are the critical component of any claim, especially in major, complex losses where inflation can affect labour, plant and materials. In the current climate, claims inflation is such that the ability of insurers to accurately assess the cost and quantum of the claims they face is being seriously tested. The potential repercussions are significant.

In an era where the pricing cycle continues to harden, capital deployment is ever more important. The inability to deliver certainty on claims' costs leaves insurers with two choices.

The first is potentially over-reserving based on the imagined worst-case scenario to avoid future upward revision. However, this will reduce the capital available to support new business.

The second is to reserve based on your best guess on the quantum of the claim and hope there are no nasty surprises at the end of the claims process.

This illustrates a need for certainty early in the claims lifecycle and the proactive management of quantum exposures throughout. Quantity Surveyors can provide that certainty; this approach entails deploying the right professional disciplines to mitigate these challenges. This helps insurers make better decisions.

This ability to analyse the initial reports and assess the most efficient way to manage the claim will allow the QS to make detailed estimates and look at what is likely to influence quantum. It also significantly reduces the risk of not having the right level of detail to support the loss adjuster's report to the insurer. The skills of the QS can be used to be proactive regarding scoping the damage and associated repairs admissible within the claim.

Such detailed reports protect insurers' interests and helpfully highlight potential differences between the parties' expectations. As chartered professionals, there is a written obligation to apply the best standards transparently, and the resulting expert-led analysis delivers greater certainty to all parties.

For all claims stakeholders, using quantity surveyors will support better decision making, and potentially reduce the insured and uninsured losses while reducing duration.

With major and complex losses, no two claims are the same. Still, the process used by quantity surveyors has been proven repeatedly in analysing and assessing the key cost issues expediently and expertly. It can support the people, process and technologies used by GRS' adjusters, and insurers' decision making. The claims environment has become ever more volatile, with the costs and delivery times for critical materials and equipment continuing to increase. Working alongside our adjusting teams, the QS function can help deliver certainty in this environment.



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