

CLAIMS ADJUSTMENT

SHARING OF ROLES AND RESPONSIBILITIES



CLAIMS ADJUSTMENT: SHARING OF ROLES AND RESPONSIBILITIES



In damage insurance, the claims adjuster is the individual who **investigates** the claim, **estimates** the damages or **negotiates** the settlement. He is the driving force behind the entire process of claims adjustment. The adjuster is also responsible for mandating suppliers or specialists to carry out specific work that the adjuster requires in order to fulfill the mandate for which he is exclusively responsible. Furthermore, though the adjuster may mandate a third party, he remains ethically responsible for the work the third party carries out. Suppliers and specialists who have been mandated by a claims adjuster must confine themselves to performing the work requested of them, remain within their field of specialization and do nothing beyond these limits. It is the responsibility of the claims adjuster to provide a clearly defined mandate.

A TOOL TO GUIDE YOU

Following the enactment of the *Implementation Directive of the Autorité des marchés financiers pertaining to the definition and exclusive activities of claims adjusters*, the ChAD created this document in table form that sets out the activities that are exclusively reserved for claims adjusters and distinguishes these activities from those that can be carried out by employees over the phone or by service providers, as long as they comply with certain conditions specified in the AMF Directive.














You will find this reference tool extremely useful every day in your professional practice since it is applicable to all types of claims adjusters, in other words:


- adjusters who work in claims management firms, including independent representatives, who are mandated by insurers (known as "independent claims adjusters")
- adjusters who work in claims management firms, including independent representatives, who are mandated by insured parties (known as "public claims adjusters")
- adjusters employed by insurers (on the phone, on the road, reviser, technical advisor)
- adjusters employed by brokerage firms
- representatives who have a letter "E" designation on their certificate

































Roles and Responsibilities in Claims Adjustment

LEGEND	Exclusive to claims adjusters 
	EXCEPTIONS May be performed by an employee on the phone authorized to settle claims pursuant to the directive of the AMF ⁱ 
	May be performed by a specialist or a service provider ⁱⁱ 

INVESTIGATE THE CLAIM This activity includes the following tasks:				COMMENTS
Make the initial contact with the insured				
Have the consent form allowing the gathering of information signed				
Collect information on the loss				
Take the insured's statement				1 The claims adjuster must take the insureds' statement. However, an additional statement may be taken by a specialist such as a specialized investigator, a lawyer, an accountant, etc.
Obtain the testimony or the statement of third parties				2 The claims adjuster must take the testimony or the statement of third parties. However, an additional statement may be taken by a specialist such as a specialized investigator, a lawyer, an accountant, etc.
Visit and inspect the location where the loss occurred				3 The claims adjuster is responsible for deciding whether it is relevant or necessary for him to inspect the loss himself. He can then decide to mandate a specialist or a service provider to provide him with a report of their observations.
Take measurements and photos				
Mandate and supervise the suppliers				4 With the exception of the claimant, who can mandate and supervise his own suppliers, only the claims adjuster can mandate suppliers. He must then supervise their work himself. Moreover, the claims adjuster is responsible for confirming the applicable coverage and the limit of the amount of insurance with the suppliers.
Determine whether the conditions of the contract were respected vis-à-vis the insured risk				
Have the non-waiver agreement signed				
Determine the cause of the loss				5 The claims adjuster can mandate a specialist or service provider to determine the cause of the loss (for example, an engineer), however it is the adjuster's responsibility to make the final decision (for example, if he receives several engineers' reports).
Provide the insured with an explanation of the insurance coverage and the acts carried out during the course of the investigation				

ESTIMATE THE DAMAGES This activity includes the following tasks:				COMMENTS
Assess the amount of damages				6 The claims adjuster can entrust another specialist or service provider with the task of assessing the damages. Furthermore, the <i>Act respecting the distribution of financial products and services</i> stipulates that, within the meaning of the <i>Automobile Insurance Act</i> , the assessor does not have to be certified. The claims adjuster nevertheless remains responsible for making the final decision concerning the amount of damages.
Establish the depreciation of the property				7 The claims adjuster can ask a specialist or service provider to establish the depreciation of the property. However, the claims adjuster must make the final decision on the depreciations that will apply.
Mandate and supervise the suppliers				8 With the exception of the claimant, who can mandate and supervise his own suppliers, only the claims adjuster can mandate suppliers. He must then supervise their work himself.
Declare the property a total loss				9 The claims adjuster can ask a specialist or a service provider to determine if the property is a total loss. However, it is the claims adjuster's responsibility to declare the property a total loss and to authorize its replacement.
Provide the insured with an explanation of the estimate of damages				10 The service provider can explain his estimate of the damages. All advice and explanations concerning the adjustment of a claim must be provided by the claims adjuster who has an overall understanding of the file.

NEGOTIATE THE SETTLEMENT This activity includes the following tasks:				COMMENTS
Establish the parties' liability				11 A specialist or service provider such as a legal advisor can establish the parties' liability.
Determine the eligibility of the loss				
Decide on the depreciation that applies to the schedule of loss				
Authorize the replacement of property that has been declared a total loss				
Authorize the new value replacement of property				
Establish the amount of compensation				
Mandate and supervise suppliers				12 With the exception of the claimant, who can mandate and supervise his own suppliers, only the claims adjuster can mandate suppliers. He must then supervise their work himself. Moreover, the claims adjuster is responsible for confirming the applicable coverage and the limit of the amount of insurance with the suppliers.
Have the assignment of claim signed				13 The service provider can have the insured sign the assignment of claim for services that he has provided or goods that he has sold. However, the claims adjuster must fully explain to the insured the consequences for the payment of compensation of signing an assignment of claim.
Recommend a settlement to the insurer and obtain the authorization to settle				
Review the investigation as a whole and authorize a settlement				
Send the insurer's offer to the insured				
Provide an explanation of settlement options and arrangements the insurer intends to make				
Negotiate the settlement with the insured				14 A specialist or a service provider such as a legal advisor can negotiate a settlement with the insured. A senior manager with the insurer may also play a role in the negotiations.
Settle with the insured				15 A specialist or a service provider such as a legal advisor can negotiate a settlement with the insured. A senior manager with the insurer may also play a role in the negotiations.
Make the payment recommendation to the insurer				
Obtain a proof of loss and/or release				16 A damage insurance representative or any support staff member can send the proof of loss and/or the release to the insured for signing. However, the claims adjuster must provide the insured with all the necessary explanations regarding these documents.
Notify the insured that the insurer denies coverage				17 A specialist or a service provider such as a legal advisor can notify the insured that the insurer has denied coverage.

i According to the AMF's Directive, a non-certified employee is authorized to settle a claim inasmuch as all the conditions listed below have been met:

- The activities are performed under the responsibility and direct supervision of a duly certified claims adjuster; and
- The employee works on the phone and does not have to go "out on the road"; and
- The activities are only performed within the context of processing one of the following types of files:
 - files dealing with the replacement or repair of automobile glass;
 - files to which the Direct Compensation Agreement applies; or
 - files for which the claimant has submitted a value of claim of less than \$2,000.

For further details, please consult the Directive on the AMF's website at the following address: www.lautorite.qc.ca.

ii The following are deemed service providers or specialists: car assessors employed by an insurer or an independent (including Estimation Centres), assessors working for a body shop (Photol-Link, etc.), engineers, insurance restoration specialists, contractors, assessors, cleaners, etc.



999 de Maisonneuve Blvd. West, Suite 1200
Montreal, Quebec, H3A 3L4
Phone: 514 842.2591 or 1 800 361.7288
Fax: 514 842.3138

chad.ca

(August 2009)