Liability claims

Risk Management & Insurance Forum 1 March 2018

Ashok Lal

Senior Casualty Claim Examiner

AIG Insurance New Zealand Ltd

AIG

Agenda

❑ Key take away

❑ Introduction to AIG

❑ The Claim Process

❑ The Claim Cycle

❑ What can go wrong

❑ What to do about late notifications?

❑ Claim Example

❑ Questions?

Key take away

1. Record everything

2. Admit nothing

3. Let us (Aon/AIG) know as soon as possible

Introduction to AIG

- Covers in place with AIG include:

  - Public & Product Liability (Casualty)
  - Employers Liability (Casualty)
  - Professional Indemnity (Financial Lines)
  - Statutory Liability (Financial Lines)
  - Property damage & business interruption

- A standard Public & Product Liability policy covers the insured for their **Legal Liability** arising out of property damage or bodily injury during the policy period, arising from and within the course of the insured business, subject to the full terms and conditions of the policy.

AIG

The Claim Process

- First Notification of Loss to AIG via your broker

- Providing initial advice to the Insured

- The Information we need and why

The Claim Cycle

- Indemnity: determining cover under the policy for a particular occurrence.

- Liability: determining the legal liability of the insured to the third party claimant, if any, and the appropriate strategy to either defend or settle the claim.

- Recovery: action taken against another party/entity who may have caused or contributed to the loss (also known as Subrogation).

Indemnity → Liability → Recovery

What can go wrong

Late Notifications

- Potential consequences of a late notification.

Lack of or delay in providing information

- Potential consequences of missing or late provision of documentation to AIG.

AIG

What to do about late notifications?

- We've settled a third party claim without consent from AIG.

- We believe the Liability policy would have responded, had we notified at the outset.

- What do we do now?

AIG

Claim Example

Water Damage to customer's premises

Insured Business: Domestic & commercial electricians

The Claim: In September 2016, AIG's insured was engaged to replace faulty call system call points and overhead lights. While working in the ceiling space, the insured brushed past an old an brittle pipe forming part of the sprinkler system, causing it to break and flood the premises.

In October 2017, the insurer for the third party sought reimbursement of over $40,700 for repairs, alleging our insured's negligence resulted in the activation of their customer's fire sprinkler system, flooding the premises, causing property damage and interruption to the business.

Where the insured went wrong:

- No photographs were taken of the condition of the pipework.

- No internal investigation/incident report was completed.

- No statements were taken from the employees involved.

- They could not locate the contractual documentation for the work.

Any questions?