

Insurance **POST**

Subsidence surge sees claims up 300% in 2018



Jonathan Swift

[@InsuranceSwiftly](#)

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It has been predicted that 2018 won't be just a subsidence surge year, but one that will see the greatest upsurge in claims over a two year period.

Experts also told the *Post Claims Club* last week that it will be distinguished by a significant rise in valid claims compared to previous events.

Sedgwick head of subsidence Kevin Williams said: "We have had some near misses where we have had a really dry start to the year and then all of a sudden it rains in August and September and as a result there is no upturn in claims. "

However, he commented that his business is estimating that the year will end on 23,000 domestic claims, more than double the Association of British Insurers reported 12,000 in 2017.

Williams said historically the likes of 2003 were characterized by a 70% hike based on the previous 12 months.

He added that Sedgwick had seen a 300 – 400% rise in claims volume through August to October when based on the seasonal average.

Figures that fellow speaker [Crawford head of subsidence Sne Patel](#) concurred with, adding the numbers of claims his business had seen were 300% up from the first half of 2018, which had seen below average action.

Both also agreed that repudiations were down. Sne said it would usually expect these to run at 60 - 65%, but that these had plummeted to 25 – 30% in 2018. Williams commented that whilst a surge year would historically see 60% repudiation rates, instead 70% were valid based on the current run rate.

When it came to questions of dealing with the upturn after years of benign activity, LV technical home claims controller Colin Horswell commented: “Whilst a slight drop in service standards might be unavoidable, I think if we communicate that and let customers know what is happening it can help keep them onside.”

“Resources get stretched in any type of event, and I think surge planning is about managing and maximising your resources. The huge dip in subsidence claims leading up to this has meant that there are fewer claims handlers who are adept at handling them. Certainly less so than in 2003 and 2006.

“So how do we cope with a 200%, 300% or 400% increase in claims with a smaller pool of handlers, both internally - and externally - as suppliers have had to downsize in recent years as the numbers have dropped out.”

Sne and Williams cited [technology advances](#) as helping them manage the surge, with the later commenting that in only 40% of incidents had it sent an adjuster or engineer to the site.

Instead he noted the rest had been done using video, either with a technician capturing the damage so it could be viewed by expert; or live streaming, where policyholders are guided and prompted by someone back at their desk.

“We have managed the increase in volumes over the last few months; true it has taken a bit longer to visit some sites, but not a huge amount extra compared to the increase in volumes. Our complaint levels are below 1% so again it seems the communication is working to manage expectations,” Williams continued.

When asked by a Claims Club member what companies were doing to attract back underpinning contractors to insurance work, who might have sought work elsewhere during the fallow years, Patel concluded: “We are doing significantly less underpinning to the detriment of the members of the [Association of Specialist Underpinning Contractors](#). One of the things we are now looking at is mitigation, and I don’t think we were hot on that in previous times. And that means we have less need for underpinning.”

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