



Devonshire Claims Services

Specialist Claims Administration

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Introduction

DCS is a unique claims handling operation specialising in the control and administration of all classes of professional liability claims, but with particular emphasis on *Professional Indemnity, Directors & Officers* and *Financial Lines* insurance. Our aim is to provide insurers with all the services expected of an in-house claims department, but without the excessive cost to the insurer of maintaining such departments. Additionally, with our versatile cost structure, insurers are better able to forecast claims handling costs and budget accordingly.

We believe that by providing an excellent claims service, our clients can benefit from a more profitable account and can ensure the loyalty of an insured, in a market where competition amongst insurers is ever increasing and business is more difficult to attract or retain.

Our primary business is the administration of claims portfolios, although we also deal with specific cases on an *ad hoc* basis outside the scheme arrangements for example, where a conflict of interest has been declared by a number of insurers).

In addition to general claims handling, we also undertake *Pre-renewal Risk Assessments, Claims Reviews, Delegated Underwriting Authority Audits* and *Regulatory Audits* on behalf of a number of clients.

DCS is also part of the *DCS group of companies* which includes *Robin Simon LLP*, a law firm specialising in insurance, *Walsh PI*, a loss adjuster specialising in Engineering, D&C and surveyors claims and *3Sixty Systems*, a specialist insurance IT service provider. The Group's ethos is to provide its clients with a complete Claim Solution, enabling them to draw on the expertise of the firms individually or as a group. This relationship enables **DCS** to draw on the specific expertise of its sister firms in-house whenever required, generating resultant cost savings to the client.

DCS also has a subsidiary firm providing similar insurance based solutions in Sydney, Australia (*DCS Asia Pacific*) with 5 staff involved in Professional Indemnity and Liability claims administration.



Structure

DCS currently employs 20 staff in the UK, of which 13 are full-time claims administrators. Within this brochure are full CV's of the key personnel within the company. Briefly however, details of the senior UK management are:

Neil McManus – Managing Director

Neil McManus has been dealing with Professional Indemnity claims in both a lead and co-insurance capacity for over 25 years. His various roles over the years has led him to deal with both UK based and overseas clients across many professions including Architects, Engineers, Solicitors, Financial Advisors, Insurance Brokers and Surveyors, many of whom are among the largest in their field. Neil was responsible for the creation of DCS and has overall responsibility for management of the firm. His specialist field is construction related classes including Surveyors, Architects and Engineers.

In addition to his role within DCS, Neil is also chairman of the *Professional Indemnity Claims Forum*, which is affiliated with the *PI Forum* and is made up of senior Professional Indemnity Claims Managers and Directors, who meet on a regular basis to discuss any issues and concerns that affect the market.

Neil Sully – Director

Neil Sully has also been dealing with similar classes of business for over 14 years and was, until he joined DCS in 1998, the London Claims Manager of a large regional underwriting operation based in the City.

Neil has been involved in many landmark cases including *Layher vs Lowe* and *Rothschild vs Collyear*. He was also responsible for the successful resolution by Mediation of a multi-million dollar claim against a substantial firm of valuers in Australia. Neil's specialist area is financial related losses, particularly against *Independent Financial Advisers*, having responsibility for management of the larger claims and IFA portfolios, as well as administration of the financial aspects of the firm.



Technology

We appreciate that any client entering into a delegated arrangement has less involvement in direct claims handling and will therefore expect detailed statistical information about the progress of their account. In recognition of this we have developed **C~View** which is a versatile, bespoke computer system that records, in detail, all relevant information regarding the current status and history of a given claim.

C~View enables us to produce comprehensive statistical information whenever required, to assist insurers in monitoring their schemes, not only in terms of reserves and payments, but also the performance of the classes of business for underwriting purposes. Examples of the information we provide to our clients on a regular basis are included within this brochure.

We also appreciate that many clients will from time to time have a need for urgent information on a given claim or risk, particularly during the renewal process. To assist our clients in this regard, **C~View** allows our clients direct access to obtain information remotely and on a real-time basis.

Details of our remote access system are included in the **C~View** User Guide in this brochure.



Expertise

From a claims administration perspective, **DCS** has three specialist operating divisions; *Professional Liabilities, Marine & Energy*:

▪ Professional Liabilities Division ▪

This division specialises in the main professional lines business and is managed on a day-to-day basis by Matt Howes & Richard Bedford.

Matt Howes – Associate Director

Matt has over 10 years' experience handling a range of Professional Indemnity professions but also has considerable experience of handling Directors & officers claims.

Matt's experience includes acting as lead Underwriter and reporting to excess layers on high-profile Professional Indemnity claims relating to WTC (9/11), Enron and the recent Split Cap/Zero Dividend problems, as well as involvement in administration of the market notification arising from the collapse of The Independent, including liaison with the Market Steering Committee. Matt also has experience in handling several substantial claims against major nationwide Surveying practices, Law Firms and Financial Advisors.

Richard Bedford – Associate Director

Richard has over 15 years experience in dealing with professional indemnity insurance claims for a wide range of professions including but not limited to; Solicitors Surveyors, IFAs, Architects, Engineers and Insurance Brokers. He has experience of working for major insurance companies and the Lloyds market and was, prior to joining DCS, the Claims Manager for the largest Professional Indemnity underwriting agency in the UK.

Richard also has extensive mediation experience having presented cases for clients at mediation and also attended mediation hearings as insurer's representative. He has excellent knowledge of the pre-action protocols relevant to professional indemnity claims.

Professional Indemnity

This remains our core business and involves the administration of a large number of portfolios ranging from the standard professions such as *Accountants, Architects, Financial Advisers, Insurance Consultants, I.T Consultants, Solicitors* and *Surveyors* to more non-standard classes such as *Agricultural Consultants, Mortgage Brokers, Translators, Photographers* and *Off-shore Trusts*.

Our experience in this field has enabled us to deal with a broad spectrum of risks from modest SME's to large multi-national corporations with claims ranging from hundreds of pounds to multi party litigations where the quantum claimed runs into millions. Examples of the higher profile cases we have been involved in are claims arising from the collapse of *Equitable Life, The Independent Insurance Company*, and *HIH*. We are also involved in handling claims against several of the UK's top 10 law firms.

As well as a number of our staff having experience in handling claims from the APIA scheme (the largest architects scheme in the UK) over the last 5-10 years, we have also handled individual losses for many of the major European *Engineering & Construction* groups.

Directors & Officers

Although this class is still relatively undeveloped in the U.K (when compared to the U.S in terms of claims experience), many of the staff within **DCS** have considerable experience in this field. A number of our claims handlers were previously employed by a major Lloyd's Managing Agency, which underwrote a significant **D&O** account in a lead capacity. The handlers concerned were closely involved in the resulting claims, many of which involved high profile, corporate risks.

Financial Lines

In this sector, we are experienced in handling all manner of claims arising under *Financial* and *Bankers Blanket Bond* policies. We currently administer a large scheme of *European Banks* as well as a multitude of investment product issues for some of the major providers, many of which have been reported in the national press.

Casualty

DCS currently administer a medium sized casualty account for a global insurer based in London.

The risks are UK and Eire based and range from large building construction companies to small adventure groups. The claims that arise from these policies are also varied in size and nature. We have dealt with, and settled, large quantum based losses via the use of rehabilitation experts and are also very keen to pro-actively settle and negotiate less valued claims.

Over 50% of the casualty claims are dealt with in-house and without the need of an external investigation which limits the amount of defence costs incurred. The claims that are investigated externally (via a loss adjuster) are then reported back to DCS for continued handling / resolution.

▪ Marine Division ▪

This division specialises in all aspects of marine insurance and is managed on a day-to-day basis by Claire Dawe.

Claire Dawe – Associate Director

Claire Dawe has 17 years experience in the London Insurance Market and has excellent relationships with brokers, insurers and law firms both in London and the overseas market.

Her diverse experience in the marine market working for Shipowner (Cunard Line), Hull & Machinery underwriters (Axa) and P&I (Shipowners' Club) makes her the perfect choice to front Marine claims services to the industry via **DCS**.

The majority of marine-based claims emanate from Hull & Machinery and Protection & Indemnity insurances and are of an international nature, thus we have familiarity with various jurisdictions worldwide. Specifically claims range from collisions, groundings, breakdowns, piracy, personal injury, wreck removals and pollution claims.

Overall, this team has 22 years of experience in the marine market.

▪ Energy Division ▪

This division specialises in all aspects of Energy insurance and is managed on a day-to-day basis by Dan Cooper.

Dan Cooper – Associate Director

Dan Cooper is a 5-year qualified solicitor with legal experience in Professional Indemnity, Property, Reinsurance and EI/PL claims.

The Energy Division at DCS handles both onshore and offshore losses in all jurisdictions across the globe on a delegated authority basis for a leading global insurer. The onshore losses range from minor outages to major incidents events including those at power stations, petrochemical plants and refineries. On a similar scope the offshore losses, can range from minor claims to the catastrophic losses following Hurricanes Katrina and Rita. Claims involving non-renewable and non-renewable energy courses are also handled within the Division.

The Energy Division has a combined experience in excess of 15 years in the onshore and offshore markets.



Services

DCS act for each client under a delegated authority, which is tailored to the clients' specific requirements and is formalised by contractual arrangement. The contract confirms the scope of the agreement and gives the assurance that all information held by us on behalf of the clients will be treated with utmost confidentiality. The diversity of our client base does, however, give us greater information regarding any claims trends that may develop, enabling us to warn underwriters at an early stage of any areas of concern within a specific class or profession without divulging any specific client sensitive information.

Our main objective is to administer claims 'in-house' as far as possible thereby minimising the use of external representatives. We recognise however that by its nature, liability business can be litigious and we have therefore established a panel of tried and trusted solicitors and adjusters to assist in our investigations where appropriate.

To ensure quality of service is maintained, we require all panel firms to annually re-sign our Service Standards Agreement, a copy of which is included within this brochure.

In addition to general claims administration, **DCS** is able to offer a number of bespoke services either in-house, or by involving other practices within the **DCS Group**.

▪ Audits ▪

Whether it is required by Lloyd's, the FSA or merely as good business practice, the need for an independent specialist to review the operation of Delegated Authorities or undertake audits of Third Party Administrators is essential.

With the increased regulation in the insurance sector comes an increased requirement for insurers who delegate their authority for underwriting, claims administration or both, to ensure the Coverholder acts responsibly and within the terms of the defined authority. In line with both FSA and Lloyd's requirements, DCS have specialised audit products that address the key requirements of both bodies.

To cater for these requirements, DCS has a specialist audit team providing 3 different audit services:

Regulatory

Currently, the FSA do not have specific guidelines on the auditing requirements of a third party other than to place the onus of responsibility on the insurer to ensure the Coverholder or TPA does not act in breach of their regulations.

Specifically for Lloyd's syndicates, we give consideration to the operation of a Binding Authority under the terms of the Lloyd's Coverholders Handbook and Lloyd's Franchise Standards.

Claims

This involves a review of the claims handling criteria, primarily with regard to adherence to the delegated authority, but also encompassing reserving philosophy, use of external service providers (solicitors, adjusters etc) and technical capabilities. In addition, with the introduction of the Compensation Act 2006, to regulate claims managements companies, it is probable some elements of claims management will require to be regulated. DCS will address the issue of

whether or not the claims function falls within the Regulatory requirement and if so, will review compliance with these also.

Underwriting

We have undertaken a number of underwriting audits of Coverholders. In addition to addressing compliance with the terms of the Delegated Authority, our audits also consider adherence to the provisions of the applicable Rating Guide, reviewing such aspects as application of base rates, discounts/loadings, correct risk identification, wordings and endorsements. Our audits also consider the underwriting procedures in terms of the recently introduced Contract certainty requirements.

▪ Pre-Renewal Risk Assessments ▪

From our appreciation of the renewal process, we understand that insurers do not always have as much time available as they would like when considering a renewal, even in cases where the risk is likely to pay a substantial premium. In order to assist insurers in this regard, **dc**s undertake reviews of specific risks which involves spending time with the insured at their offices to discuss in detail, material issues such as internal procedures, claims tracking and the claims experience. We then provide insurers with a comprehensive report commenting on the risk generally and advising areas of concern, as well as those areas we consider the insured does well.



Benefits of DCS

The benefit of **DCS** over an in-house claims team or a solicitor TPA (aside from the obvious cost implication), is that we have a specialist insurance background and therefore have a detailed working knowledge of insurance policies and their impact on claims. This allows us to view claims not only from a technical perspective, but also from a commercial viewpoint.

Our ultimate goal is to “*achieve a satisfactory resolution of all claims, to the benefit of all concerned*”. We also aim to work very closely with Underwriters to ensure they have as much current knowledge of any given risk as possible.

Additionally, through our relationship with our panel solicitors, we are able to draw on the knowledge of qualified lawyers should any technical legal input be required, without the need for a full legal instruction. This directly benefits our clients by reducing the expenses incurred in the investigation and defence of a claim and avoids defence costs becoming disproportionate to the claim itself .

For the practical administration of claims, we operate an ‘open-house’ for brokers and have standing appointments with the majority of Liability based Lloyd’s Brokers. This is of great benefit to the brokers and as it enables them to cover several markets in one appointment – this in turn benefits our clients as we are promptly advised of claims and updates rather than having to wait for the information to reach us in turn, as is the normal practice.



Costs

We are extremely flexible in our pricing structure and will tailor our cost to the individual clients' requirements. Our most common pricing structure is based on a cost per claim, as this enables our clients to accurately project the likely claims costs at any time, giving more certainty when finalising budgets. Our cost per claim is for full "*cradle to grave*" handling of a notification from first advice to conclusion and is triggered by the initial notification. In addition, we recognise that some accounts may be more "circumstance intensive" and also therefore have the ability to structure the individual claim cost on certain accounts.

Alternative charging methods we use are single payment retainers based on projected claim numbers (which can be adjusted annually to reflect actual claim numbers), or an hourly rate, which we sub-divide into 10-minute units for greater accuracy of charging.



Further Information

Should you be interested in any of the services provided by **DCS** and/or its associated companies, we would welcome the opportunity to discuss your requirements further and demonstrate how we tailor a bespoke claims service to your specific requirements. Full contact details are:

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Client Base

DCS currently has several full claims administration contracts and a number of *ad hoc* instructions. Listed below are the current contracts with brief details of the nature of service provided to the client:

❖ Administration Contracts

These accounts generally involve claims administration on a delegated authority where we retain full claims handling including settlement authority and appointment of lawyers, loss adjusters and experts from our agreed panel of service providers. In most cases, notification of the claim is made directly to *dcs*. Some clients have ceased underwriting since inception of their agreement with *dcs*. In most cases we continue to administer their claims until conclusion.

Beazley Syndicate 623/2623

- Full claims administration of their UK Professional Indemnity portfolio.

Arch Insurance Company (Europe) Ltd

- Claims administration for all classes of business underwritten in Europe including, Professional Indemnity, Energy, Marine and Casualty.

Mitsui Sumitomo Insurance (Syndicate 3210)

- Full claims administration of their UK and European Professional Indemnity portfolio.

Navigators

- Full claims administration of their UK Solicitors scheme.

Glemham Underwriting Ltd

- Full claims administration of their Facility placed with Hiscox and Heritage

Abacus Syndicate 2525

- Full claims administration of their run-off Professional Indemnity portfolio.

Lexington Insurance Company Ltd

- Full claims administration of their UK Professional Indemnity and General Liability portfolios underwritten on their behalf by Thor Underwriting Ltd (in Liquidation)

Kiln Syndicate 510

- Full claims administration of their Professional Indemnity portfolio.
- Management of claims from their service company: Link Insurance.

E & O Professionals (in run-off)

- Full claims administration of their UK Professional Indemnity portfolio.

Newmarket Underwriting Ltd (in run-off)

- Full claims administration of their UK Professional Indemnity scheme for IFA's

❖ Audit Contracts

In addition to portfolio management, we have undertaken claims audits of specific accounts for a number of clients within the parameters of our ongoing administration contracts and have also been retained for larger scale reviews by the following:

Brit

- Various regulatory audits of delegated underwriting authorities in the UK as a Brit audit panel member.
- Coverholder Claims Audit in Hong Kong.

Heritage Managing Agency Ltd

- Underwriting audits of various UK and Australian based underwriting agencies.

QBE Syndicate 386

- Various regulatory audits of delegated underwriting authorities in the UK as a QBE audit panel member.
- Claims audits of all files under various Law Society schemes.
- Reinsurance claims audit in Australia.
- Coverholder Audit in Canada.

Beazley 623 / 2623

- Regulatory audit of Australian based underwriting agency with delegated claims handling authority.
- Regulatory audits of various delegated underwriting authorities in the UK

Abbey Legal Protection

- Quarterly Audit of the Legal Costs Indemnity scheme.

Novae

- Underwriting audit of Australian based underwriting agency.

Ace INA UK Ltd

- Underwriting audit and review and review of a UK delegated binding authority.

Beacon Management Group

- Scandinavian audit of worldwide Reinsurance of Marine and Energy claims and underwriting portfolio on behalf of a major international insurer.

Lexington

- Claims Audit of EL/PL losses for a Manchester based PLC.

Magian Underwriting Agency

- Audit of IFA claims administration under delegated authority.

W R Berkley Insurance (Europe) Ltd

- Underwriting audit of Australian based underwriting agency.



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