

values



Values is an informational newsletter for attorneys who assist clients in answering valuation questions and claims adjusters who work to pay the proper amount of a claim.

PROBLEM CLAIMS AND "EMOTIONAL EXPECTATION"

"Diplomacy is the art of letting someone else have your way."

Daniele Vare, author



Daniele Vare wasn't referring to the often complicated negotiations between an insurer and the insured, but she could have been. Too often, these negotiations dissolve into fiery disagreements, legal wrangling and the loss of a good, long-term relationship. Indirectly, these disputes can also have a larger and longer impact to the insurance industry's goodwill, image and reputation.

Successfully working with a "difficult insured" is more of an art than it is a science. It requires equal parts of diplomacy, experience, communication, business knowledge, curiosity and compassion.

We have a term we use to describe when an insured and the insurance company or adjuster don't see eye-to-eye on a claim. We call it "Emotional Expectation."

An insured's Emotional Expectation usually results from a combination of factors that include:

- 1) The insured is facing a traumatic event that impacts their daily life and/or livelihood.
- 2) An insured who feels entitled to a return on years of insurance premium payments without any claims (and has others pushing them to fight for every last cent).

- 3) An insured who views the adjuster as methodical and unemotional as the adjuster goes through the "routine" of cutting the insurance company's losses without trying to understand the insured's business.
- 4) An insured who misunderstood their insurance coverage and feels distrust of the insurance company due to a perceived lack of communication.
- 5) The insured's general view of insurance adjusters as "hatchetmen" employed by the insurance industry to negotiate and save the insurance company money.
- 6) An adjuster who asks the necessary questions which the insured may consider uncomfortable or even accusatory - or give the insured the impression that the adjuster doesn't fully understand their business.

When a claim is heading toward the point of unnecessary Emotional Expectation, it is wise to consider using the services of a respected forensic accounting firm. Forensic accountants are trained to investigate and resolve these issues fairly and to determine the proper amount for a claim. But beyond that, their business knowledge and experience help them play several roles in the claims process that can help settle the claim more quickly, accurately and with better understanding and agreement.

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The Roles

The “Good Cop”

Whenever a claim reaches the point of Emotional Expectation, the primary contact for the insured is the adjuster. Often, introducing another person between the two sides can go a long way to resolving personality conflicts that can result from these situations. As a disinterested third party, a forensic accountant often has more credibility in the eyes of the insured.

The Expert

A CPA is a highly respected business professional whose job it is to understand business – especially the “business-side” of business. A forensic accountant often has the experience and training to better understand how a loss affects the rest of the business. In most claims, it’s not the damage to the property that is disputed, but the resulting interruption to the business, handling of the inventory and other business processes. Forensic accountants understand the company’s structure and accounting processes and can usually help determine these losses accurately, based on a very specialized approach to gathering information. This approach can also help eliminate fraudulent claims and prevent overpayment on losses – especially in complex claims.

The Referee

In some cases, a centralized authority is needed to establish and enforce the ground rules and separate the issues when needed. As the referee, a forensic accountant can help eliminate some of the “claim gamesmanship” that can accompany a disputed claim and establish a fair structure that serves as the basis for finding a resolution that is fair for both sides.

The Judge

Too often, disputed claims go to court because one side – or both – refuse to listen to the other. Often there are legitimate points to be made on both sides of the claim – and having an impartial judge who is willing to listen and weigh the facts can avoid a lengthy and expensive legal process. An experienced forensic accountant knows what questions to ask and how to weigh the fact for both sides.

The Witness

As a last resort, a forensic accountant can serve as an important expert witness in a claim dispute. The impartiality and business knowledge that a forensic accountant brings in these cases is invaluable. However, the best results come when we are brought into the claim process early so that we have access to information from the beginning and have time to analyze the information to provide the best information to the court.

In the insurance business, maintaining a good, long-term relationship is just as important as settling claims. By involving an experienced forensic accountant in a difficult claim, you greatly improve your ability to determine the proper amount that should be paid for a claim. But even more importantly, you show the insured (your customer) that you are interested in resolving the issue fairly. And when it comes to growing an insurance company that people trust, nothing is more important than that.

“Those disputing, contradicting, and confuting people are generally unfortunate in their affairs. They get victory, sometimes, but they never get goodwill, which would be of more use to them.”

Benjamin Franklin

Can We Help You?

Dale Cremers, Bob Holtzbauer and Roger Nearmyer have experience to help you address questions about forensic accounting. Please call for more information at 515-274-4804 or e-mail us at info@chncpa.com.

