

Sharing of Roles and Responsibilities



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In damage insurance, the claims adjuster is responsible for investigating claims, assessing damages, and negotiating settlements. He oversees the entire claims adjustment process. The claims adjuster may also retain suppliers or specialists to carry out specific activities that fall within the claims adjuster's exclusive scope of practice. The claims adjuster remains ethically responsible for the work done on his behalf. Suppliers and specialists who have been mandated by a claims adjuster must limit their involvement to the tasks assigned to them, remain within their area of expertise, and refrain from intervening beyond those limits.

The claims adjuster must therefore provide them with a clear mandate.

A Tool to Guide You

The Chambre de l'assurance created a document in table form created a document in table form that sets out the activities that are exclusively reserved for claims adjusters and those that can be carried out by employees over the phone or by specialists or service providers.

You will find this reference tool extremely useful in your day-to-day professional practice as it applies to all claims adjusters, in other words:

- adjusters who work in claims management firms who are mandated by insurers (known as "independent claims adjusters")
- adjusters employed by insurers (on the phone, on the road, revisers, technical advisors)
- adjusters who work in claims management firms who are mandated by insured parties (known as "public claims adjusters")
- adjusters employed by brokerage firms

N.B. Certain examples and comments pertain specifically to claims on property damages or residential claims. Some adjustments may be required for other types of claims.

Legend

ACTIVITIES THAT ARE EXCLUSIVE TO CLAIMS ADJUSTERS



EXCEPTIONS

May be performed by an employee working by phone who is authorized to settle claims, pursuant to Section 10 of the *Act respecting the distribution of financial products and services* (ARDFPS) ¹



May be performed by a specialist or service provider ²



¹ Non-certified employees are authorized to settle a claim inasmuch as all the following conditions are met:

1. must be domiciled in Canada and must be an employee of a firm; and
2. the activities are carried out under the direct responsibility and supervision of duly certified claims adjusters; and
3. the employees working by phone are not required to travel outside their normal workplace; and
4. the activities occur solely in connection with the processing one of any of the following:
 - a. files relating to claims arising from motor vehicle glass breakage;
 - b. files relating to automobile claims covered by the *Direct Compensation Agreement*, or
 - c. files relating to any other claims with a maximum amount of \$7,500.

In the comments section of this table, the term "claims adjuster" also includes employees working by phone and who are authorized to settle claims as long as the required conditions listed above are met.

N.B. It should be noted that these situations are distinct from those contemplated in section 10.1 of the ARDFPS, which allows the Autorité to grant permission for claims from insured persons to be processed in a timely manner in the event of particular circumstances, subject to the conditions it determines.

² The following are deemed service providers: car assessors employed by an insurer or an independent (including estimation centres), assessors working for a body shop, engineers, restoration firms, contractors, appraisors, cleaners, etc.

Are considered to be specialists, for example, lawyers, accountants and specialized investigators.

INVESTIGATE the claim

This activity includes the following tasks:				COMMENTS
1	Make the initial contact with the insured			If the initial information collected when the insured calls the insurer to report a loss (identification of the insured, location and circumstances of the loss) is not collected by a claims adjuster, the latter must validate the information collected upon first contact with the claimant. He must also provide the claimant with all the information required to understand the file, such as information on deductibles and insurance limits.
2	Obtain consent for the collection of information or secure signature on the consent form authorizing the gathering of information			The claims adjuster must explain to the claimant the purpose and scope of his consent. A third-party supplier cannot have the claimant sign the consent form.
3	Collect information on the loss			As part of his investigation, the claims adjuster collects all the information and details on the loss. He must provide the claimant with all the information the claimant required to understand the file, such as information on deductibles and insurance limits.
4	Take the insured's statement			 The claims adjuster must take the insureds' statement. However, an additional statement may be taken by a specialist in charge of the investigation.
5	Obtain the testimony or the statement of third parties			 The claims adjuster must obtain the testimony or the statement of third parties. However, an additional statement may be obtained by a specialist in charge of the investigation.
6	Visit and inspect the location where the loss occurred			 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. The claims adjuster remains responsible for the report and must, if necessary, question the specialist or service provider in order to give an informed opinion on the conclusions of the report.
7	Take measurements and photos			 The claims adjuster must review the work performed with regard to the measurements and photos used to assess the damages and establish the amount of compensation.
8	Mandate and supervise the suppliers			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 that he has mandated, as well as with the insured. If the insurer has mandated a supplier for an emergency situation (i.e. requiring immediate action to limit losses) before a claims adjuster has been assigned to the file, once appointed, the claims adjuster must ask the supplier for a report of the work done in order to familiarize himself with the file and take responsibility for it. If emergency work is necessary, the claims adjuster must ensure that the claimant is aware of the impact on the claim (for example: are these costs reimbursable? will the insurance limits be reached or exceeded?) and who will be responsible for paying for the work, should the loss be deemed inadmissible.

INVESTIGATE the claim (suite)

9	Determine whether the conditions of the contract were respected with regard to the insured risk				
10	Remit the reservation of rights letter to the insured or have the non-waiver agreement signed				If further investigation is required, or if there are concerns regarding the admissibility of the claim, the claims adjuster must inform the insured and give him a reservation of rights letter or have him sign a non-waiver agreement. A specialist such as a legal advisor or a senior manager representing the insurer can also do so.
11	Determine the cause of the loss				The claims adjuster can mandate a specialist or service provider (for example, an engineer) to investigate the cause of the loss. However it is up to the claims adjuster to make a ruling and determine the cause of the loss (for example, if he receives a number of engineers' reports) in connection with the admissibility of the claim.
12	Provide the insured with explanations regarding the insurance coverage and acts carried out during the course of the investigation.				The claims adjuster must be the one to provide explanations to the insured throughout the course of the investigation. He should only refer the insured to service providers to clarify technical matters.

ESTIMATE the damages

This activity includes the following tasks:					COMMENTS
13	Estimate the scope and the amount of damages				The claims adjuster can entrust another specialist or service provider with the task of assessing the damages. Furthermore, the ARDFPS 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. The scope of the damages and the work required to remediate these damages determine the remediation work as a whole. The claims adjuster is the one to make a ruling, particularly if there are differing assessments and he must explain to the insured the reasons for his decision.
14	Establish the depreciation of a property or determine its value for purposes of the claim.				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 and the values assessed.
15	Mandate and supervise the suppliers				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. Furthermore, the claims adjuster is responsible for confirming the applicable coverage and the limit of the amount of insurance, with both the insured and the suppliers he has mandated. Suppliers mandated by the claims adjuster are always accountable to the claims adjuster. Even when the claimant mandates and supervises the suppliers himself, the claims adjuster controls the claim by ensuring that the scope and the cost of the suppliers' work correspond to his assessment and that the claim settlement process follows the agreed upon course of action.

ESTIMATE the damages (suite)

16	Declare the property a total loss				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 after having notified the insured and provided the relevant information to him.
17	Provide the insured with explanations relating to the estimate of damages				The service provider can explain his estimate of the damages. However, advice and explanations concerning the adjustment of a claim must be provided by the claims adjuster, who has an overall understanding of the file. He must also provide the insured with explanations as to the calculations for the estimate (the basis for calculation and percentage of depreciation) and the potential impact on the settlement of the claim.

NEGOCIATE the settlement

This activity includes the following tasks:					COMMENTS
18	Establish the parties' liability				A specialist such as a legal advisor can establish the parties' liability.
19	Determine the eligibility of the loss				
20	Determine the depreciation that applies to the loss				
21	Authorize the replacement of property that has been declared a total loss.				
22	Authorize the replacement cost of property				
23	Establish the amount of compensation				
24	Mandate and supervise suppliers				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. Furthermore, the claims adjuster is responsible for confirming the applicable coverage and the limit of the amount of insurance, with both the insured and the suppliers he has mandated. Suppliers mandated by the claims adjuster are always accountable to the claims adjuster. Even when the claimant mandates and supervises the suppliers himself, the claims adjuster controls the claim by ensuring that the scope and the cost of the suppliers' work correspond to his assessment and that the claim settlement process follows the agreed upon course of action.

NEGOCIATE the settlement (suite)

25	Have the "assignment of claim" signed				The service provider can ask the insured to sign an assignment of claim for services he provides or goods he sells. However, the claims adjuster must provide the required explanations to the insured as relates to the consequences of an assignment of claim on payment of the indemnity.
26	Recommend a settlement to the insurer and obtain the authorization to settle				
27	Review the investigation as a whole and authorize a settlement				
28	Forward the insurer's offer to the insured				
29	Provide explanations as to settlement terms and the arrangements the insurer intends to make.				
30	Negotiate the settlement with the insured				The claims adjuster or the insurer can mandate a specialist such as a legal advisor to negotiate the settlement with the claimant. A senior manager with the insurer may also intervene in the negotiations.
31	Settle with the insured				The claims adjuster or the insurer can mandate a specialist such as a legal advisor to settle the claim with the insured. A senior manager with the insurer may also intervene in the settlement.
32	Make the payment recommendation to the insurer				
33	Obtain a proof of loss or release				A damage insurance representative or any support staff can send the proof of loss or the release to the insured for signing. However, the claims adjuster must provide the insured with all the necessary explanations regarding these documents.
34	Notify the insured that the insurer denies coverage				A specialist such as a legal advisor can notify the insured that the insurer has denied coverage. One of the insurer's senior managers may also do so.



Download the electronic version of the Sharing of Roles and Responsibilities Guide at chad.ca/en/toolbox



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