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Charles Taylor

WHITE PAPER

Delivering local expertise to continental claims throughout Asia & Australia

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Introduction

The UK's land mass could fit into Australia more than 30 times. Add to that the different countries, languages and legal systems of mainland Asia and it is clear to see the potential challenges of providing local market claims expertise across the vast and varied Asia and Australia region.

But that is exactly what Charles Taylor's 400+ experts offer from 38 different locations throughout Asia and Australia; all supported by our network of accredited local loss adjuster associates.

We offer loss adjusting services across aviation, marine, natural resources, specialty, property and casualty classes. We also have a broad range of technical services to support our specialist operations.

Here we explore the scale and complexity of risks across the region and examine some of the key differences in claims management between it and the UK.

We look at why a local presence and an in-depth regional understanding is such a critical part of our proposition and the impact these factors have on securing swift and accurate settlements.

All risk region

Last year, natural disasters in Asia generated losses of approximately USD $73bn, according to figures from Munich Re, in comparison to the 10-year average of USD $66bn. The carrier said only USD $9bn of those losses were insured.

These losses included an earthquake in Myanmar and major flooding in north-east China. There was also Tropical Cyclone Ditwah, which smashed into Sri Lanka and India and caused flooding and landslides that killed hundreds of people.

In Australia, Munich Re said 2025 was second only to 1980 in terms of overall losses caused by natural disasters. Cyclones, flooding, thunderstorms and hail all caused extreme damage and demonstrated the range and ferocity of risks faced in this diverse and expansive region.

The geographical spread of these risks has helped insurers avoid aggregated losses and is a contributing factor to the strong appetite to write business in this part of the world. But the scale and scope of the risks demand the ability to respond effectively when losses do occur.

Across Asia, there are recurring issues of development outstripping infrastructure in many cities, and this growing urbanisation is increasing the level of aggregation and risk to insurers in highly populated areas.

Delivering local expertise to continental claims throughout Asia & Australia

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Market snapshots

The Australian market is well served by both domestic and multi-national carriers and has a mature and robust regulatory regime in place.

In 2024, figures from Gallagher Re show that non-life gross written premiums in Australia totalled USD $46.9bn. In comparison, the combined gross written premiums from Malaysia, Thailand, Indonesia, Vietnam and the Philippines were less than USD $30bn, with the largest contributor being Thailand (USD $8.8bn). These figures highlight the number of different territories across Asia compared to Australia.

Perhaps the most notable change in the Australian market in recent years has been the emergence of a more competitive broking sector at the top end of the market. Until the early 2000s, the large corporate space had been dominated by two global brokers. Since then, we have seen other firms make their mark and today Aon, Marsh, Willis, Lockton, Gallagher and Howden all have a notable presence in the country.

The more competitive broking sector offers increased choice to clients and ensures there is pressure on carriers to enhance their wordings and to sharpen their pricing.

The insurance landscape is evolving rapidly, driven not only by increased competition in the broking market placing greater pressure on pricing and policy wordings, but also by the continued expansion of the Managing General Agent (MGA) sector. The growth of MGAs — particularly Lloyd's syndicate agencies with delegated underwriting authority to write business locally — is creating a broader range of highly specialised insurance products tailored to niche markets and risks.

This shift is raising expectations around service delivery and claims performance. As products become more bespoke and underwriting expertise more specialised, the claims process increasingly becomes the "shopfront window" of the insurer experience. In turn, there is a growing need for adjusters with deep subject matter expertise who can match the technical complexity of the risks being underwritten.

For an expert-led business such as Charles Taylor, this presents a significant opportunity to deliver value through technical excellence, specialist knowledge, and superior claims outcomes across many different territories including:

- Japan
- China
- Hong Kong
- Taiwan
- Vietnam
- Malaysia
- Singapore
- Indonesia
- India
- Pakistan
- Korea
- Philippines
- Thailand

Market snapshot (cont'd)

Some are mature markets with well-defined and consistent operating standards and regulatory frameworks. Others are emerging markets with evolving approaches to regulation.

For example, in mature markets such as Singapore, Hong Kong and South Korea, the IFRS 17 accounting framework is used as standard. In the emerging territories, there is movement towards this standard and countries such as Malaysia, Thailand and Indonesia have already adopted it. Others, such as Vietnam, the Philippines and India are planning to adopt it in the future while currently working to local standards or IFRS 17 equivalents.

In Australia, authority for accepting liability and settling claims tends to rest in the domestic market where insurers generally hold a significant percentage of the risks they underwrite, backed by treaty reinsurance.

In Asia, while it is difficult to generalise, it is more usual for domestic insurers, particularly in emerging markets, to retain only a small percentage of the risk and to use facultative reinsurance to transfer the majority to other markets.

Whatever the regulatory, structural and cultural differences within the region itself, and in comparison to other markets such as the UK, the EU and the US, they are unmanageable without access to local knowledge, expertise and resources.

Local knowledge supported by local presence

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In the event of a large and complex loss in an emerging market where the domestic insurer carries a small slice of the liability and international reinsurers carry the rest, there are some significant challenges to overcome.

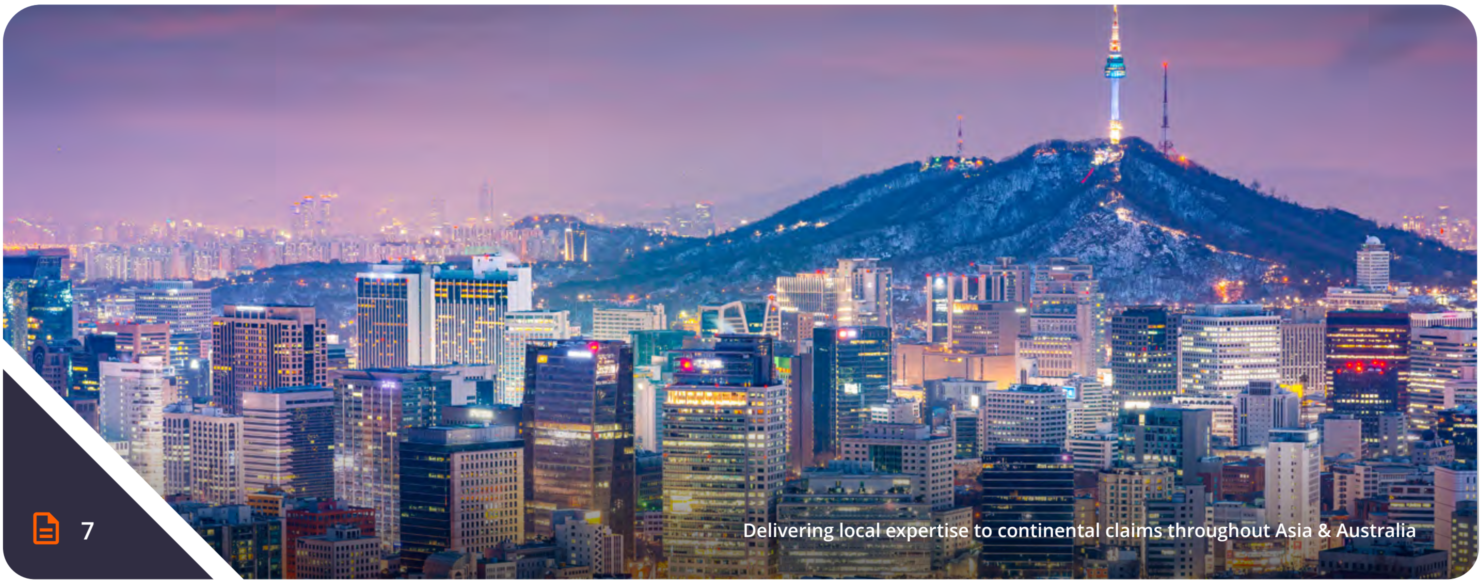
The international reinsurer often wants to manage their exposure to the loss, but may find themselves kept at arm's length. The local carrier works with its own broker and loss adjuster, as well as having established relationships with associated third parties. It will want to manage the claim in accordance with its own practices and protocols. This is also balanced with the need for local carriers to not have to want certainty from reinsurers when it comes time to pay claims.

It is at this point that international reinsurers may discover that the claims cooperation they expect to rely on does not give them the influence they may expect. In our experience, claim control clauses are not as common as the reinsurance market would prefer, but where they are in place, the Reinsurers involvement can be more influential.

While working under a claim control clause makes the process simpler, even under the co-operation clause we can enhance the claim through our involvement. We have in-country offices working with local insurers who also work extensively as the loss adjuster for the reinsurer, plus our local knowledge and physical presence enables us to overcome language and legal differences and lean on our established relationships.

This makes it possible to set up an effective governance structure for the claim, which will minimise the potential for conflict and provide answers to questions such as:

- What are the communication protocols?
- Who has the authority to make what decisions?
- Which parties can communicate with each other?
- How do experts collaborate?
- Who leads the discussion with the experts?
- Should reports be aligned before they go to insurers? If so, how?
- Do the cedant and reinsurance adjusters send individual reports?



Designing and implementing such a governance structure is only possible if you understand the different cultural norms at play, have multi-lingual capabilities and an in-depth knowledge of the legal and regulatory obligations with which you need to comply.

Such detailed collaboration and early engagement are especially important when dealing with contentious issues. For example, the local insurer and the international reinsurer may disagree on the scope of cover offered by a particular clause. If each secures a decision within their own legal jurisdictions backing their view, it can create challenges for all involved.

The insured party expects a full and swift settlement as soon as is practicably possible. While a local insurer will only pay out with the certainty that their reinsurance will respond as they expect. If there is a mismatch between the liabilities supported by the insurance and reinsurance providers, negotiations can become protracted and entrenched. We seek to avoid getting into these intractable positions by applying in-person local understanding and expertise.

In large complex claims involving multinational stakeholders across multiple jurisdictions, it is essential to have a local presence supported by local expertise and experience to manage them effectively.

It is also true that such collaboration could and should be called upon more regularly prior to a loss and that this would further improve the ability to resolve claims in a swift, accurate and agreed manner.

Full scale loss scenario testing involving all associated parties, with predefined and detailed plans for post-loss responses, is something to consider as it makes significant differences and improvements to claim outcomes.

Such planning ensures considered and effective governance structures in the event of claim. It also helps identify and refine the responses required by various parties to ensure their expertise is used to best effect and the loss is managed efficiently. We believe this type of approach enables international re/insurers to have meaningful input to the consistent, collaborative and accurate handling of claims across the immensely diverse Asia and Australia region.

Final word

We have developed our Asia capability significantly and in Australia we have 140+ experienced adjusters providing a full-service proposition across aviation, marine, natural resources, motor, property, casualty, and technical and special risks.

In Asia, we have 300+ experts adjusting claims across the same spread of markets. In both territories, our network of associates operates to closely monitored service level agreements and assists us in delivering an expert adjusting service in even the most remote markets.

The ability to deploy expert, on-the-ground resource at scale allows us to respond to claims of all sizes and complexity and to navigate the legal, regulatory and cultural differences that exist across the region.

We believe this level of response will support re/insurers operating in this part of the world and encourage additional competition into its various markets. We also believe it will drive engagement from re/insureds and grow their confidence in the ability of the insurance market to support them when needed.

Major Loss Case Study
Impact of CTA involvement

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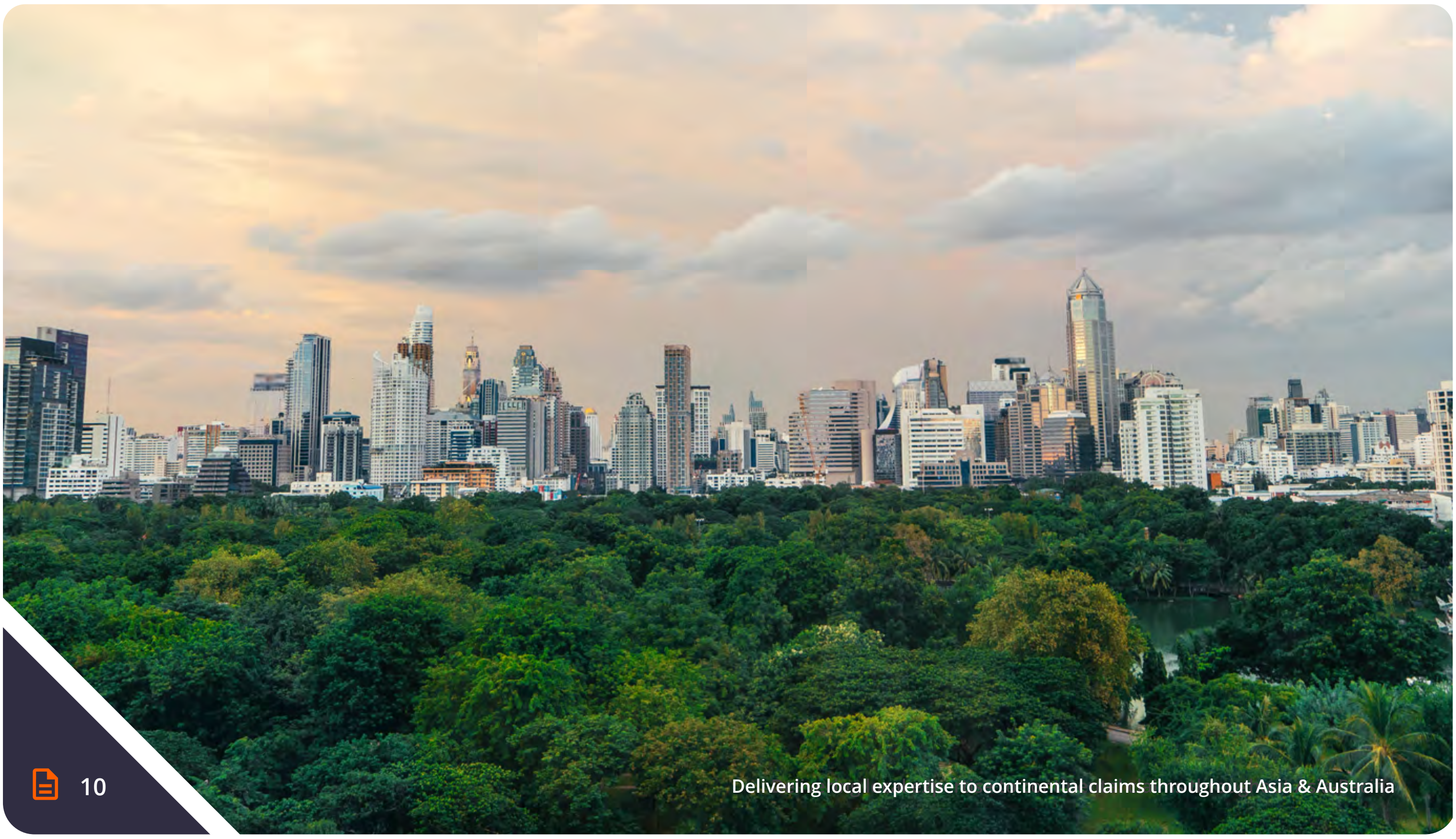
Where: Asia
Insured: Largest national power producer in domestic market
Loss: Significant damage to a transformer

The event was expected to result in an outage lasting more than 12 months and the size of the insured and the impact of the damage on its operations positioned this as a significant loss from the outset.

This was a prestigious account for the local insurer and it was not inclined to press the insured too hard.

The cedant insurer would ultimately retain less than 1.5% of the overall loss with facultative reinsurers picking up the balance. The policy was subject to a claims cooperation clause.

The local insurer appointed its own local adjuster and along with the local broker initiated the claim process. This included a local investigation into the circumstances leading to the breakdown and the cause of the failure.



There were multiple issues to contend with from the outset.

1. Reinsurers were not notified of the claim immediately and when the notification came it downplayed the extent of the loss significantly. This was not a result of deception but because the information provided was limited, with much held back initially..

2. A root cause analysis was commissioned between the insurer and the OEM, but without any involvement from independent experts.

3. Limited guidance was given to the insured regarding mitigation options and expectations. Nor was information given on providing clear, detailed and regular updates. The expectation level relating to required information was not set early.

Once reinsurers examined the notification and understood the significance of the claim they elected to engage Charles Taylor to work with the local adjuster. We were instructed to validate the estimated claim values as well as the plan to handle the claim.

The claims cooperation clause in the policy assisted and the low level of retention for the cedant insurer and its reliance on reinsurance encouraged it to agree to this approach.

Our involvement allowed us to:

1. Reconsider the initial estimate of loss and provide the requisite substantiation to satisfy reinsurers to set reserves.

2. Review and reset the claim plan to include:

    a. The briefing and managing of an external cause expert and facilitating their involvement with the local interested parties.

    b. Managing the expectations of the insured in terms of what was required from them to substantiate losses. Our involvement protected the relationships the local adjuster and insurer had with the insured, as they could ‘blame’ reinsurer requirements when the demands were felt to be overly burdensome.

    c. Ensuring a focus on the mitigation efforts and providing certainty to the cedant and insured that costs incurred to offset losses would be covered. We were able to introduce a specialist with a global network of contacts and, in this case, mitigate the loss substantially by using airfreight to deliver a replacement turbine. The size of the turbine meant chartering the world’s largest Antonov aircraft. This included a contribution to costs to the local airport to repair and modify the runway to enable the plane to land and saved three months of downtime and significant costs.

3. The certainty we were able to provide to the cedant insurer, the local loss adjuster and the insured came from the close and direct contact we facilitated with reinsurers, which enabled them to bring their experience and contacts to the claim. The direct influence the reinsurers had on the claim ensured their confidence in its quantum and their associated reserve estimates.

4. In this case we were also influenced by the local custom in respect of salvage. This meant that only local mafia type groups were able to gain from the sale of salvage in the region. There was a genuine threat to insurers, agents and the insured if this was compromised. We worked closely with local stakeholders and reinsurers and communicated the situation clearly and in a way that ensured it did not become a final ‘sticking point’ for the claim.

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The key benefits of our involvement were the:

1. Stability created in respect of the required reserves.
2. Certainty provided in respect of the policy response, which expedited effective decision making.
3. Introduction of a deeper pool of international technical expertise and operational capability to the claim.
4. Confidence given to the Insured that reinsurers were supporting the claim and working towards a timely and equitable settlement.

About
Charles Taylor

We deliver better results for the world of insurance with our specialist technical expertise, powerful technology and comprehensive range of solutions.

Charles Taylor provides a growing range of insurance services, claims and technology solutions across the global insurance market, particularly in complex situations requiring specialist expertise. We aim to build long-term, personal relationships with clients based on trust and partnership, spanning multiple value-creating solutions, and to consistently delight with the quality and responsiveness of our people and delivery.

Our services and solutions support every stage of the insurance lifecycle and every aspect of the insurance operating model, across all major commercial insurance lines as well as technical areas of personal insurance. We serve a diversified international customer base that includes national and international insurance companies, mutuals, captives, MGAs, Lloyd's syndicates and reinsurers, along with brokers, distributors and corporate insureds.

Our Solutions

Charles Taylor Claims Solutions

We use our specialist expertise to understand the causes and impact of claims, reduce their risk, adjust complex losses, provide expert technical services and deliver better results for the global insurance market.

Charles Taylor InsureTech

We use our powerful technology to deliver customer-driven outcomes and help global insurance businesses drive change. Through InHub, we offer a range of SaaS capabilities that are designed to solve specific problems faced by participants in the insurance value chain.

Charles Taylor Insurance Management

We offer trusted end-to-end management of mutual insurers, captives, life insurers and other insurance programmes for capital providers on a long-term partnership basis.

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