

**Monthly Editorial by
Desmond Le Grys
Group Chairman**



Editorial:

HCB - Des Le Grys looks back

Peter Smith had retired from Friends Provident and had joined up with James Harris Investigations. He introduced me to Jim Harris at a PHI Club meeting. Naturally the conversation turned to claims handling. I put forward the view that the UK offices did not handle disability claims well – they relied heavily on medical doctors' reports and only in exceptional cases employed an enquiry agency which was extremely costly. We agreed that a claims Inspector service was required, similar to general insurance. If you had a car crash, you could not just take the damaged car to a garage and tell them to fix it – the motor insurer would send round an inspector to validate the claim and to make sure the claim was reasonable. We agreed that a similar service was needed for Income Protection claims (the new name for PHI.)

The Health Claims Bureau was formed in 1993 as a 50/50 partnership between Munich Re, my old company and James Harris. Munich Re would provide finance and backup and James Harris would organise the claims inspectors. The business grew slowly and steadily but it was hard work persuading some offices of the cost/benefit advantages. One claims manager declined our service on the grounds that the claims department would bear the cost and if there were any claims saving this would be credited to the "b****y actuaries". We tried to persuade the office to take a more holistic view – but I am not sure that we ever succeeded.

HCB had more success with a Scottish insurer that had a large portfolio of group business. They paid the income protection claims through a section that handled pension payments and essentially used the same automatic payment system for both classes. They were making some significant losses on income protection as very few claimants recovered! We helped them to develop a new practice and systematically reviewed both new and existing claims. Over the years losses turned to profits as the claims outgo was controlled and in time they could validly reduce the valuation factors and that released more capital

The late 1990s was a time of change for HCB, David Pitcher joined us on retirement from Permanent Insurance and brought his great experience to our team.

After I retired from Munich Re the "new brooms" decided they wanted to handle claims management internally and it was amicably agreed that the two offices would go their separate ways.

We were pleased that Cologne Re, now Gen Re bought into HCB and they brought experience, not only of the UK but other overseas countries. At that stage the structure of HCB was changed and James Harris Investigations became a wholly owned subsidiary of HCB.

HCB was not the only office offering claims management facilities at that time, Mercantile and General (now absorbed into Swiss Re) had a nurse visiting service. When they ended this service we set up a small team of nurses which has been slowly expanded since then. HCB can now offer nurse visiting, claims inspection and investigation services throughout the UK and Ireland. We also have a cooperation with major claims services in the USA.

HCB opened up in Dublin in 2001 and got off to a rocky start. The operation has now come good and we get good support from some of the major players in the Irish market.

These days HCB has a wide range of services to offer, including training and seminars. Our professional services extend to IP claims assessors who work on a contract basis within client offices when they have a temporary or special need for extra capacity. We offer problem solving services and general advice on income protection. We offer services to Creditor insurers and Third Party administrators who generally have very efficient systems for handling and administering claims but do sometimes need assistance in managing the claims and reducing claims outgo.

So now it is time for me to leave HCB and I would like to thank the efficient, hardworking and cheerful staff who have supported us over the years. HCB has come a long way since Jim Harris and I had a beer together and agreed to set up a small inspection service. I am sure HCB will continue to succeed and I wish them well in their new offices in Didcot.

This month's editorial was written by Desmond Le Grys.

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