

'CURRENT CHANGES'
FROM OUR LOSS ADJUSTING CORRESPONDENT,
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Over the last eighteen months loss adjusters have become sexy. That is not a comment on the changed energies or composition of the profession, but the financial markets' verdict on loss adjusting firms as corporate acquisitions.

Most firms have a lay history of independence and individual entrepreneurialism, and in a business which depends on a delicate blend of professionalism and personality that has seen many of them grow to be substantial business entities. Their turnover, their cash flow (at least in the company market), and their relationship with other financial service sectors have suddenly made them attractive buys, and in the last year and a half many have sold out to commercial holding companies anxious to diversify into financial markets. There are now partners and directors of loss adjusting firms with substantial shareholdings in their acquiring companies, whose other interests include merchant banking, insurance broking, estate agency, Lloyd's underwriting syndicates, and assorted individual groups.

There is little question over the abilities of the current generation of senior adjusters to divorce themselves from outside pressures, and to continue to act with that disinterest and fairness that has been the cornerstone of professional training for decades. Nevertheless, whisperings have been heard, indicating certain market unease over the loss of independence.

How far could a loss adjuster resist pressure from his major shareholder to disclose confidential information that might be useful to the holding company in the development of other subsidiaries? What suitable pressures might there be in the actual process of adjusting a loss for a related company? How close could the relationship become between adjusters and brokers, or adjusters and underwriters, again with undercurrents of influence?

There is little doubt that at the moment these fears are imaginary, but they are being voiced in insurance markets, and in a decade or so may have more validity than they do today. The insurance market is, for all its traditionalism, a volatile one, and can switch its loyalties faster than a third division soccer manager. It is interesting that one major firm of adjusters, the first to lose its independence many years ago, has reversed the trend and recently been bought out by its management.

The exact legal position of loss adjusters in relation both to their clients and policyholders has never been precisely defined judicially, but whatever it is it may now have to be treated with much more overt circumspection than in the past. Ultimately, though, the reaction of the market will show whether these preliminary and inchoate misgivings are justified.