

AN INTEGRATED APPROACH TO HIGHWAYS RISK AND CLAIMS MANAGEMENT



Highways claims account for the vast majority of liability claims against local authorities that are the statutory Highway Authority¹. The new Highways Code of Practice “Well-Managed Highway Infrastructure” was published on 28 October 2016. It supersedes the previous codes “Well-maintained Highways”, “Well-lit Highways”, and “Management of Highway Structures”.

The code marks a change from the specific guidance and recommendations of the previous codes to a risk-based approach. This change will provide more autonomy for Highway Authorities to determine their highway maintenance policy. This is likely to lead to further scrutiny and challenge of Highways Asset Management Plans (HAMP) by claimant solicitors.

Claims are the ultimate test of the robustness of a Highway Authority’s HAMP and Marsh advocates a structured risk-based approach be taken across all aspects of infrastructure maintenance, in order to review your HAMP.

WHY WORK WITH MARSH

Marsh has a significant market share of local authority clients and as an independent risk and insurance specialist in this market we offer our clients a collaborative and innovative approach to understanding our clients’ business and their insurance, risk, and claims management needs. We provide clients with bespoke professional solutions to help them identify cost leakage and work with them to drive down the total cost of claims and risk.

Using our significant highways loss data library collated over many years alongside a range of external data points we will enhance your internal information to gain valuable insights to support the successful revision of your HAMP.

We have a market leading and experienced analytics team who can will bring together three data sources 1) your internal data (e.g. claims, risk, customer service, relevant highways department data), 2) Marsh’s highways loss data library

collated over many years 3) publicly available external data points (e.g. police, weather). Subject to the quality of the data, our analytics team can produce a report highlighting the key areas of operational risk and claims management that need most urgent attention and help you gain valuable insights to support the successful revision of your HAMP.

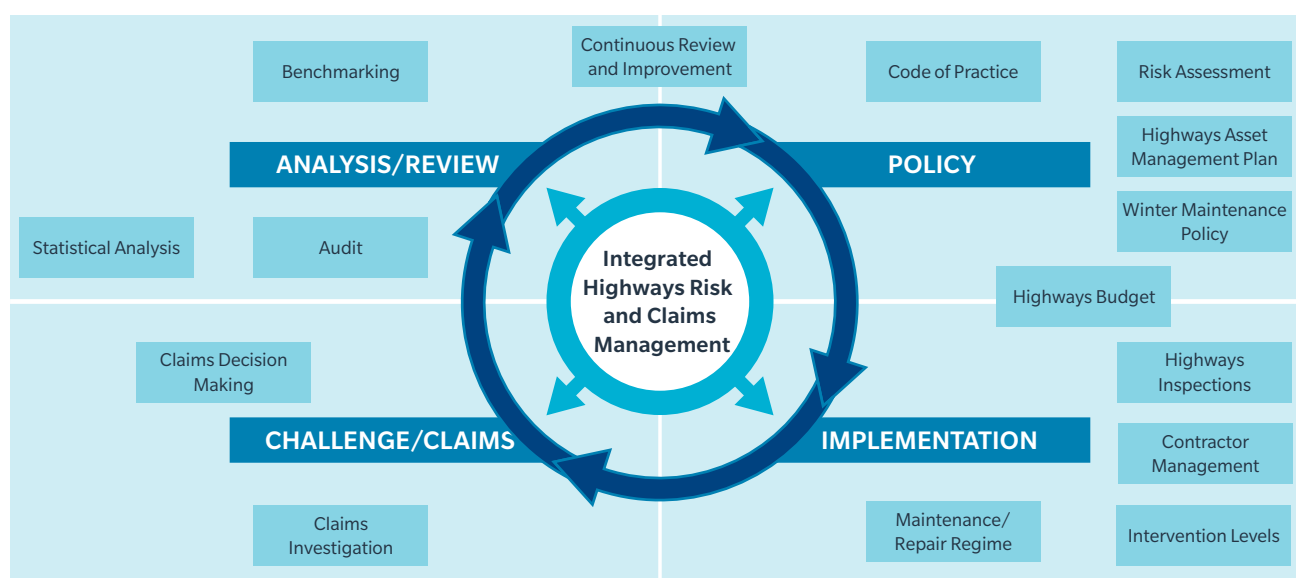
Such a report can be invaluable and it is also good to demonstrate what is working well and areas that require improvement.

Recommendation 5 of the code states that the approach of other local and strategic highway and transport authorities, especially those with integrated or adjoining networks, should be considered when developing highway infrastructure maintenance policies. Being the risk and insurance adviser to so many highway authorities, Marsh is uniquely placed to assist you in the analysis and development of your journey to a risk-based HAMP.

¹Taken from an analysis of Marsh client data in 2015.

PROCESS

Marsh identifies four inter-related areas that must be addressed to manage the change to a risk-based approach and maintain claims defensibility.



POLICY

- HAMP defensibility review.
- Winter maintenance policy review.
- Risk assessment review.
- Claims defensibility review.
- Risk management training.

RECOMMENDATION 7 – RISK BASED APPROACH

A risk based approach should be adopted for all aspects of highway infrastructure maintenance, including setting levels of service, inspections, responses, resilience, priorities, and programmes.*

HAMP CLAIMS DEFENSIBILITY EVALUATION AND IMPROVEMENT PLAN

Robust evidence and risk documentation is crucial to any HAMP claims defence and incident prevention strategy.

MARSH'S HAMP CLAIMS DEFENSIBILITY CAPABILITY

Our team will undertake a claims defensibility project with the objective to identify where and how your HAMP and associated claims defensibility process could be improved to better prevent associated liability claims.

HAMP FOCUS

The project will focus on challenges specific to the new HAMP risk based approach including but not limited to:

- Failure to adapt related policies, procedures, and documentation to close claim loopholes, for example, related to winter maintenance policies and risk assessments.
- Disconnected HAMP management functions and activities, for example, as between operations, risk, insurance, claims, and health and safety functions.
- Optimising incident reporting and investigation procedures and assisting in learning the lessons from highway related liability claims.

*Highways Code of Practice "Well-Managed Highway Infrastructure".

APPROACH

- A risk management consultant will extensively review key risk documentation and undertake interviews with the organisation's key corporate and operational stakeholders.
- Stakeholders will include operational managers and teams, risk management, health and safety and service partners.
- A concise report and solutions focussed improvement plan will be produced to close any claims defensibility gaps identified.

IMPLEMENTATION

- Contractor claims Service Level Agreement (SLA) development.
- Highway inspector training.
- Claims defensibility review.

RECOMMENDATION 16 – INSPECTIONS

A risk-based inspection regime, including regular safety inspections, should be developed and implemented for all highway assets.*

RECOMMENDATION 19 – DEFECT REPAIR

A risk-based defect repair regime should be developed and implemented for all highway assets.*

Highway inspector training is essential to ensure those implementing the policy understand the claims process and how claims can be defended. Marsh has a history of providing bespoke training to highway authorities.

- With increased levels of outsourcing to contractors, having robust claims handling service level agreements is critical, particularly where contractors are undertaking highways inspections. Marsh has assisted numerous clients in managing this risk.

CHALLENGE/CLAIMS

- Claims investigation training.
- Business process re-engineering.
- Liability claims health-checks.
- Claims management review meetings.

RECOMMENDATION 18 – MANAGEMENT SYSTEMS AND CLAIMS

Records should be kept of all activities, particularly safety and other inspections, including the time and nature of any response, and procedures established to ensure efficient management of claims whilst protecting the authority from unjustified or fraudulent claims.*

Liability claims health-checks are a complete review of claims procedures that can identify improvements to practice and lead to business process re-engineering.

- It is essential that those administering claims are fully trained and Marsh can provide claims investigation training.
- Claims management review meetings facilitated by Marsh bring key stakeholders together to manage the claims process.

ANALYSIS/REVIEW

- Liability claims training.
- Statistical information gathering and common vocabulary advice.
- Claims analysis and analytics.
- Benchmarking.
- Claims handler audits.

RECOMMENDATION 8 – INFORMATION MANAGEMENT

Information to support a risk based approach to highway maintenance should be collected, managed and made available in ways that are sustainable, secure, meet any statutory obligations, and, where appropriate, facilitate transparency for network users.*

RECOMMENDATION 27 – PERFORMANCE MONITORING

The performance of the Asset Management Framework should be monitored and reported. It should be reviewed regularly by senior decision makers and when appropriate, improvement actions should be taken.*

*Highways Code of Practice "Well-Managed Highway Infrastructure".

Claims data and accident history is essential in determining inspection frequency and maintenance regimes. Marsh is able to advise on how to gather statistical information and analyse this to inform policy making.

- Benchmarking, both internally and against other authorities is a useful tool.
- Liability claims training is essential to ensuring claims are handled effectively and that costs are controlled. Marsh can tailor training to suit your audience.
- It is good practice to undertake third party administrator audits to ensure your claims handlers are appropriately handling your claims.

For more information about our integrated approach to highways risk and claims management and other solutions from Marsh, visit marsh.com, contact Mark Hudman or Jenna Smith as below or your local Marsh representative.

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