



Emerging Liability – Re: active or proactive?

Liability insurers have a fiduciary duty to act on an informed view of emerging risk. Waiting until another “toothpaste causes cancer” story comes along is one approach, in what is a highly competitive market, but there is a more sustainable approach based on knowledge.

At *Re: Liability (Oxford) Ltd* we specialise in identifying and assessing UK liability issues. The latest science insights help identify new risks, such as causes of diabetes, and to reassess known risks, such as pleural plaques. The service has been available to UK liability insurers for seven years now under the product name “*Radar Plus*”.

Our background is in science and liability-related consultancy. What sets us apart is our ability to accurately place science information and insights into a legal and insurance context.

We have now developed a quantitative modelling tool; known as the emerging liability risks scoring tool (*ELRST*). *ELRST* shows where new knowledge and trends will have the biggest effect in a given scenario and approximately what cost this might trigger. The technique also deals with scenarios that are correlated by cause or outcome.

ELRST provides answers to “what if” and “so what” questions. The combination of *Radar Plus* and *ELRST* supports marketing, underwriting and claims policy. Every insurer is unique, but by making this information available to all subscribers, the effects of extremes of awareness can be reduced.

Radar Plus regularly reports to insurers on:

- Changes to known exposure mechanisms:
 - These influence reserving and claims strategy.
- New exposures:
 - These influence risk selection, pricing and risk improvement.

We employ systematic evaluation of scientific, technical and legal sources often only accessible to specialists. Recent reports include commentary on: risk factors for diabetes; mental ill health at work; and virtual reality as a trading environment.

ELRST has been developed for the systematic, quantitative assessment of emerging liability risks. It uses data reported in *Radar Plus*. The complete data set for each analysis provides a clear record of what is currently a known and, likely trend.

Once processed, an emerging risk score and those factors with the greatest potential impact on liability exposure are reported. The effect of new information and ideas of what the future might hold are then readily assessed.

History has repeatedly shown that waiting until all the evidence is certain is not the right approach. In practice, retrospective, cumulative and new losses are included in coverage, right now.

Latest News from: *Re Liability (Oxford) Ltd*
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Further details:

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Re: Liability (Oxford) Ltd was established in 2002 following the sale of the Loss Prevention Council.

Radar Plus was developed out of a project initiated by the Association of British Insurers