

## Kernaghan building on 56 years of thinking small

WHEN Patti Kernaghan joined her father's adjusting firm two decades ago there were no cell phones or fax machines.

Adjusters in the field either took Polaroids or waited until film was developed. And paperwork was still done on typewriters.

"I remember my dad had (a mobile phone) in his car in the '60s that was this huge model," Ms. Kernaghan said with a laugh.

"I sound like a dinosaur, but I'm not."

Still, the ceo of Kernaghan Adjusters has seen a lot of changes in the industry since 1988, when she joined the firm her father, Stanley Kernaghan, founded in Winnipeg in 1953. The firm moved its head office to Vancouver in 1970 and Ms. Kernaghan took the helm in '93.

"We're doing everything much more quickly," she said. "Adjusters in the field are

calling their examiners, they're sometimes sending photographs (by phone).

"We've gone from having huge volumes of very small claims — when I started the deductible was only \$200 — to huge shifts and the insurance companies keeping a lot of claims."

The firm turned 56 this month, and among those marking the occasion were staffers added to branches in Halifax, Toronto, Winnipeg, Calgary, Edmonton, Victoria and Vancouver during the past year. Kernaghan prides itself on being the first nationwide independent adjusting firm in Canada but at the same time it thinks small.

"We have about 60 staff across Canada but we think of ourselves as being a national boutique," Ms. Kernaghan said.

"As a smaller firm we're able to customize our service to the clients. We can't do commodity-type claims. We're not there for huge volumes. We're there to bring a specialized expertise to the table and to work hand in glove with the clients on developing special programs."

The firm still handles some homeowner claims but generally concentrates on commercial work. A specialty is claims-handling systems for self-insurers, such as Federal Express, for whom Kernaghan handles all auto liability claims.

Insurance companies and corporate clients are "looking at our work much closer" these days, although the demands on the adjuster vary with the type of claim.

"Usually an examiner on a multi-million-dollar claim is much more attuned to larger losses," she said. "Then we could be doing telephone claims, and that's just processing."

Another change in the past 20 years is the growth of restoration firms, which relieve adjusters of the trouble of lining up individual contractors — most of the time. The adjusting end of the industry didn't feel the skilled labour squeeze of the last two years as sharply as some brokers and insurers, but weather affects everyone.

## Dickson issues warning over governance

CORPORATE governance weaknesses in the country's financial sector need to be addressed swiftly — especially in the current economic climate — the superintendent of financial institutions says.

Julie Dickson of the Office of the Superintendent of Financial Institutions said the Canadian financial system has dealt with the first wave, global market turmoil, reasonably well.

"But the second wave, a major slowdown in economic growth worldwide, is upon us and this will clearly affect profitability."

She told the 2009 Financial Services Invitational Forum in Cambridge, Ont., it is extremely important that institutions focus on being well-prepared now, regardless of what may happen in the future.

"Events suggest many boards need to increase their involvement in setting risk appetite, overseeing management and compensation."

Financial institution boards should give consideration to adding directors with banking/insurance/risk management expertise, she said.

But it is not mandatory for those who sit on boards to have experience in financial services.

"Directors do not need to be experts in banking or insurance to ask basic, intelligent questions and probe.

"You do not need to be a subject matter expert to detect when answers seem muddled or are incomprehensible.

"You do not need to be an expert in risk management to get concerned when certain personality traits on the part of management become evident."

Ms. Dickson said the world has become acutely aware that many people who managed risk, and should have identified the risks early, did not do a good job of it.

"So adding more financial services expertise to the board is not the solution to the global financial turmoil," Ms. Dickson said.

"But is something that all boards should consider, because continuing the status quo may not be wise."

## CSIO honours Light for work to help find SEMCI solution

BROKERS should get their single-entry multi-company interface someday, but one of the driving forces behind such an initiative stresses more work needs to be done to achieve it.

The Centre for Study of Insurance Operations awarded Marjatta Light, former AON personal lines director — a volunteer with the organization since its inception — with its Lifetime Award at its annual meeting last week. In her acceptance speech, she said that one of her hopes was that the industry would have a SEMCI solution before she retired. "I'm a little bit disappointed that we are almost there but not quite yet."

She said that's the reason that she is staying on with some of the CSIO committees even in her retirement. "There are three or four initiatives out there that may well work individually and at some point come together and really see this through."

If the industry was able to realize SEMCI, the efficiencies for clients would be enormous, Ms. Light said.

"They want their policies on time, they want an appropriate premium, and they want to be looked after when they have a claim. They really don't want to care about the computer part of it.

"Hopefully we can get together and get this done."

President Steve Kaukinen said without volunteers like Ms. Light there would be no CSIO.

"CSIO volunteers are what really drives business forward.

Centre chair and Aviva Canada coo Bob Fitzgerald said it's definitely not all been smooth for volunteers at the organization. "It's not always been easy time. A lot of us have the scars to prove it. Nevertheless, the work CSIO does is really important. Without standards this industry would not be in the shape it is in today in terms of electronic commerce."

CSIO also presented its Annual Achievement Award 2008 for XML Innovations to Applied Systems Canada.

Several retiring directors were recognized for their dedication over the years: Mark Zemp of Ridgeview Insurance, Steven Wagler of Josslin Insurance Brokers, Janet Babcock of The Dominion and Mathieu Lamy of AXA Insurance finished out their terms in 2008.

The board also welcomed incoming directors Jerry Dalla Corte of The Dominion, Gerry Yantha of AXA Insurance, Keith Jordan of Horizon Insurance/Nunavut Insurance and Rick Orr of Orr Insurance Brokers). The rest of the current CSIO board include: Robert Fitzgerald, chairman (Aviva Canada), Pete Weightman (Intact Insurance), Steve White (Henry White Insurance), Steve Knoch (RSA Canada), Bruno Fortin (J. Gerard Fortin et associates), Bill Stinson (The Economical Insurance Group), Sheldon Wasylenko (Rayner Agencies) and Mr. Kaukinen.