



- PARTNER FOR THE UNEXPECTED -



LACK OF UNIFORMITY ADVICE  
DRIVES COMPANIES TO DESPAIR

**FROM RECOMMENDATION  
TO ACCEPTANCE**

# CONTENTS

FROM RECOMMENDATION TO ACCEPTANCE	3
AN OPEN DISCUSSION ABOUT KEY TOPICS	8
PRECONDITIONS FOR A GOOD RECOMMENDATION	9
COULD YOU USE PROFESSIONAL SUPPORT?	10



# FROM RECOMMENDATION TO ACCEPTANCE

**Organising adequate insurance for business premises and installations is a matter for the professionals, for insurers, brokers and clients. Engineers and inspectors play key roles in this process. They act as the eyes and ears of insurers, particularly when assessing the situation personally on site. Nowadays, more than ever before, their assessment of the risks, the measures that will need to be taken, and especially their advice and recommendations, are key aspects of the acceptance process.**

During the past few years there has been a lot of debate about the advice and recommendations that are given, and there has been a certain degree of legal uncertainty and confusion surrounding them in the business world. Truth be told, there is, unfortunately, little consistency in the way that engineers and inspectors formulate their advice and recommendations. Moreover the status of recommendations is also often unclear, as is the extent to which their follow-up influences acceptance by insurers. This situation is as undesirable as it is ineffective and one that often drives up costs for companies.

In this white paper, Riskonet is flagging up this problem from the perspective of our own observations, as well as feedback from the field from insurers, engineers, inspectors, brokers and companies themselves. In it, we will explain what the practice is, how it affects the acceptance process and the effects that it can all have on the relationships between insurers and their client companies. Furthermore, acting on our own constructive criticism, we also include suggestions as to how things can be done better, more professionally and with more care. Riskonet will be only too happy to enter into dialogue on this with all stakeholders in the insurance world, about developments, problems and their possible solutions.

## ADVICE AND RECOMMENDATIONS IN PRACTICE

The insurance market has certainly changed these past few years. The market has “hardened”. Insurers have become vigilant to potential risks and have therefore significantly tightened the reins of their acceptance policy. The advice and recommendations of engineers and inspectors working for insurers have always played an active role. But in the current market that role seems to have become increasingly

important. Their recommendations were never really what you might call “completely optional”, but in 2023 – as the real world is showing us – they do have to be taken very seriously. For some companies, they have, to a great extent, even become decisive or a prerequisite for acceptance.

The documents produced by these engineers and inspectors often play a key role in this process. They are instrumental in determining the nature of the coverage and the premium; in fact, the very definition of the whole insurance policy.



**Uusje Asser**  
Risk Manager PPG Europe:

**“Differences in advice drive down the quality of the recommended measures and solutions”**

**At PPG, a global producer of coatings, risk managers have extensive experience with insurers who try to form a picture of risks and define measures that will mitigate or even eliminate them. Recommendations and advice given by inspectors play an important role in this process, explains Uusje Asser, a Risk Manager with PPG Europe.**

“I sometimes have problems with the lack of consistency. One person might put the emphasis on one aspect while another will find a different element more important. There can be big differences and it can depend on just who visits you. One inspector might be much stricter than another, which can suddenly put a completely different complexion on how our risks are assessed. I can appreciate that there can be a difference between how two insurers see the same risks. They are, after all, only human. But their judgment can sometimes seem a bit arbitrary. And occasionally there are even different schools of thought internally within the same insurer; there doesn't seem to be a clear line.”

## FROM RECOMMENDATION TO ACCEPTANCE



### LACK OF CONSISTENCY

So exactly how good are the recommendations on which insurers rely so strongly? Riskonet has noted that the opinions presented by experts in the Netherlands tend to be rather subjective. Inspectors often have an individual approach, which certainly doesn't make interpretation any easier. They will often have contrasting focus areas, which means that their advice can be personally biased. Some companies have even expressed their dissatisfaction about inspectors who apparently are given, or take, insufficient time to properly explore complex situations. And it's not unheard of either for further investigation to reveal that a report has been based on important, but unfortunately, erroneous assumptions.

"I can imagine the frustration this can cause companies," says Riskonet's Ron de Bruijn. "Particularly if those assumptions lead to advice that is ineffective, very expensive or just not practical. Entrepreneurs rightly experience this as arbitrary and unjust. I know of examples in which two insurers had an inspector look at the same situation, only to come up with two completely different reports and recommendations. That shouldn't be possible. It severely erodes companies' confidence in insurers."

The role actually played by experts is certainly not being questioned here; they are a much-needed cog in the insurer's acceptance machine. If a professional who knows what he is talking about forms a balanced judgment about risks and the

Asser also reckons that in addition to having what appear to be contrasting visions, inspectors can also differ a lot in terms of quality. "They are probably free spirits who value their freedom and have opted for a life on the road. What it seems like, however, is that insurers are struggling to get their inspectors to follow consistent rules. What's more, the continuing scarcity on the labour market means that inspectors are also in short supply."

When asked how he thinks this affects PPG's position, Asser concedes that it sometimes makes it unclear. "We don't really know where we stand. Investing in measures may be part of the requirements, but it might then also turn out that the bar has to be set higher or even lower over time. For example, we might have been obliged to invest in a measure that, in retrospect, turned out to be unnecessary. Or even worse, a recommendation that is just not feasible, made by an inspector who came up short in the area of expertise. We were once advised to improve a sprinkler point in a way that was totally incompatible with our system. It was technically impossible. That's when you ask yourself: if someone has little understanding of certain installations, what will his advice be worth?"

Asser also wants to draw attention to internal follow-up and communication at insurers. "Recommendations, decisions, actions and feedback: it is important that all stakeholders are kept well informed."

The current situation regarding recommendations is not one that serves companies like PPG well, he adds. "It's not good for the credibility of insurers either. And, above all, it's not conducive to the dialogue between the two parties, let alone the quality of the recommended measures and solutions."

# FROM RECOMMENDATION TO ACCEPTANCE

necessary mitigating measures, the importance of listening to him carefully and respectfully is, of course, beyond reproach. However, given that in today's market the opinion of experts has become central in the acceptance process, entrepreneurs are only too aware that ignoring them or cutting corners is out of the question. Whereas in the past advice or recommendations sometimes ended up in a tray labelled "optional", nowadays the situation is a lot clearer: what the inspector says, cannot be ignored.

## ELEVATING ADVICE TO SHOWSTOPPER LEVEL

What has become important is that recommendations now play a key role in the acceptance process of the insurers. A recommendation can also take on a life of its own and become a requirement, one that can actually stand in the way of the acceptance.

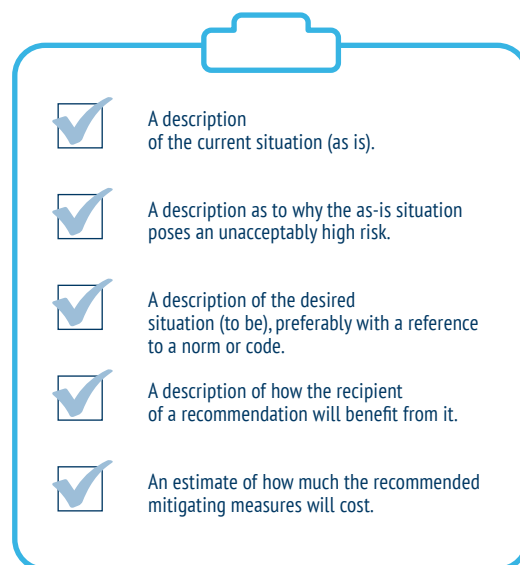
Sometimes a recommendation will be packaged as advice or a suggestion (which have somewhat more of an optional character about them). But advice of this nature – with the best will in the world – can, without it being noticed, play an increasingly important role during an insurer's acceptance process. What can often happen then, is that an insurer will inflate the advice out of proportion to that of a showstopper, by demanding that it be complied with in the longer term – while simultaneously insisting that coverage is contingent on all the requirements being met.

A market in which suggestions take on a formal character and become hard requirements, is a market in which confusion and uncertainty will reign. Insurers who more or less dictate wish lists to the client via a broker will win few friends. At Riskonet we have noticed a degree of unease about the sheer volume of documents that inspectors now tend to append to the dossier of an impending insurance policy. It fuels uncertainty, mainly because of a lack of clarity about the advice, recommendations and requirements. Clients/entrepreneurs no longer know where they stand. Worse, they face increased costs because they have to take measures that have scant effect on the risks that they are exposed to, or their insurance.

All-too-often an insurer will present the client with a foregone conclusion: certain measures will be seen as non-negotiable for the simple reason that "the guidelines" require them.

## Key characteristics of a recommendation

**Consistency is a key requisite for a good business discussion about risks, measures, recommendations and requirements for acceptance. A good recommendation leaves no room for misunderstandings or personal leanings and opens doors to constructive dialogue.**



Exchanging views on a proffered solution is often not possible, let alone agreeing on an equivalent, effective, workable and often cheaper alternative. Inspectors are often bound by rigid guidelines, observes De Bruijn. "Black has to be black. If it's grey, even though it might be demonstrably equivalent, it just won't hit the spot, because the guidelines say so. No discussion possible. Now this might not be the intention, but it does happen."

## AN UNHEALTHY SITUATION?

Insurers have every right to be critical about the risks they insure and the way they set their conditions. Yet at the same time, it is clear that there is room for improvement when it comes to communication about sensible and essential measures. We need more clarity about measures that might fall under the heading "possibly useful" and the issues that really stand in the way of acceptance and coverage. All-too-often hard conditions, as well as ifs and buts, are determined unilaterally. Unfortunately, there is not enough dialogue between insurer, broker and client about the background, or about possible alternatives.

# FROM RECOMMENDATION TO ACCEPTANCE

## INCONSISTENCY BREEDS CONFUSION

Ron de Bruijn fears that circumstances like these will start to negatively affect confidence in insurers. “It’s fine for every insurer to have its own strategy and policy. And clients also understand that acceptance criteria can differ. But the fact that insurers also have internal differences, preferences and interpretations is more difficult to explain. The way I see it, there should not be any inconsistency in recommendations and requirements. It makes clients feel as if they are not being taken seriously.”

It also leads to a lack of understanding about policy, risks, measures, coverage and the eventual premium. And Riskonet has noticed that this situation is rubbing clients up the wrong way.



**Jeroen Helders**  
Group Treasurer & Insurance Risk  
Manager at Cosun

## How Cosun became the “owner” of the recommendations

Recommendations have undergone a veritable metamorphosis at Cosun during the past five years. Jeroen Helders, Group Treasurer & Insurance Risk Manager with this food group, explains that it is mainly Cosun itself that now makes recommendations, which it regularly discusses and checks with its insurers. With the support of Riskonet, it’s an approach that has led to more clarity, better insurability and lower premiums.

“We decided to start making our own recommendations, defining our own classifications as well as the criteria that our sites must meet. In addition to serving as an expert sounding board, the insurer has actually become the controller, ensuring that our actions and measures correspond with their wishes and interests.”

### Source of irritation

In Helders’ own words, insurers’ recommendations were: “a source of irritation at our various sites”. When he joined the company, some eight years ago, they had 196 open recommendations, which they did little to nothing about, he concedes. “They were unclear, they provided little certainty about what the insurer actually wanted and they were a poor fit with our activities.” This was mainly a problem for Cosun, he adds, because it failed to improve safety at their sites. And at the end of the day more safety is what both the insurer and Cosun want.

In the new situation, Cosun has turned the tables. “It has now freed us from endless discussions about classifications, for example, and sprinkler systems prescribed by the insurer that just don’t work for us in all situations. We’ve taken ownership and made ourselves responsible. And that suits us just fine.”



## IMPROVEMENT: THROUGH MORE DIALOGUE AND UNDERSTANDING

De Bruijn is convinced that when it comes to the role played by recommendations in the acceptance process, there is certainly room for improvement. Once an inspector has left the client’s premises, having documented his findings, hardly any further meaningful contact takes place. However, Riskonet is firmly of the opinion that both parties would actually benefit from such contact. “Clients grudgingly acquiesce to requirements and conditions, feeling that if they want the insurer’s acceptance they have no choice but to accept all the hard ifs and buts. Yet – and studies have proved this – alternative measures are often possible, measures that can be more effective and even cheaper too. And these alternatives would be on the table if parties were able to enter into dialogue.”

# FROM RECOMMENDATION TO ACCEPTANCE

## Up to standard

Cosun itself now makes the recommendations for its sites, as well as the measures that need to be taken. “We make it clear to those responsible at the various sites what they will need to do during the coming years to get ‘up to standard’ with the requirements that are considered important by Cosun. These requirements are aligned with the insurer’s standards beforehand. It’s a completely different way of thinking and working than how it’s now normally done in the insurance world. It enables us to ensure that there is more consistency when it comes to improvements in our sites. And it no longer makes a difference which insurer visits the respective Cosun sites, because the basis is the same for all of them. Furthermore, on a substantive level our discussions with insurers have now improved significantly. We are better placed, for example, to explain why a certain sprinkler won’t work in a particular site and situation. Rather than endless discussion, there is now effective dialogue – and a solution.”

## Proactive stance

In this way, it is Cosun’s standards that have become leading. “This is something I coordinate with the insurers and after getting their agreement we know exactly where we stand. It means that we take a proactive stance rather than a passive one. And because clear progress is seen to be made, the insurer also gets what it wants. The insurer sees the risks diminishing and gets to work with a company that assumes responsibility – often going even further. And visits made by inspectors add much more value. The bottom line though is that Cosun’s sites are safer and therefore more insurable, and usually with good conditions and lower premiums.”

But such dialogue – like a relevant and substantive discussion about wishes, starting points and real requirements for acceptance – is in rather short supply at the moment, says De Bruijn. “Supposing, for example, that an insurer requires, according to its standards and protocols, that a client installs a particular sprinkler system, but it’s one that proves difficult for that client to install. The client then suggests the installation of an alternative sprinkler system, with some key relevant additions. It’s seen by the insurer as an acceptable approach so the insurer agrees to extend the required insurance cover. At Riskonet we don’t think there is enough of this kind of collective thinking about solutions in the Netherlands.”

But it’s not just the insurance companies at fault here; clients seeking insurance cover must also be more proactive, stresses De Bruijn. “Don’t passively, but frustratedly, agree to a requirement if you are convinced that there are better alternatives. Instead, start up a substantive discussion.”

At Riskonet they have seen that it’s definitely possible. “Some clients are doing this actively, even proactively. By already exploring the possibilities for realising a certain level of security before the inspector even shows up, for example.”

## HOW? MORE CONSISTENCY, DIALOGUE, TRANSPARENCY AND DISCUSSION

There is a lesson to be learned here for both insurers and clients. The former could and should offer more consistency and transparency in their acceptance process, while the latter could and should adopt a more active and collaborative approach. Together, they could then both enter into dialogue more often and with more openness. And all in the interest of quality, due care and risk- and cost-management.

## HOW CAN IT ALL BE PUT INTO PRACTICE?

1. All stakeholders in the market will benefit from consistency in how recommendations are made and how they are formulated and presented. Consistency offers clarity and provides a sound platform from which to conduct good and substantive discussions. You can find a template for injecting consistency in recommendations on page 5 of this white paper.
2. It will be in the interest of all stakeholders if they can make joint agreements on how to ensure that recommendations can only be properly interpreted. A good, open discussion is needed, particularly with regard to the following questions.
  - Is a recommendation optional or is it a mandatory requirement?
  - Is the recommendation to be included as a condition in a policy, and if so, when?
  - How can we ensure that the personal style of an inspector plays a less important role in the definition of a recommendation?

## AN OPEN DISCUSSION ABOUT KEY TOPICS

**It will be in the interest of all stakeholders if they can make joint agreements on how to ensure recommendations can only be properly interpreted.**

A good, open discussion is needed about questions and feedback from the field that include:

1

Recommendations are optional, until they are not.

2

Recommendations are rarely included as conditions in an insurance policy.

3

Recommendations differ per insurer, and inspector.

4

Recommendations are often treated statistically by insurers.

5

Recommendations are often followed-up on by different people than the ones who wrote them.



# PRECONDITIONS FOR A GOOD RECOMMENDATION

**A recommendation can only play a meaningful role if it is of good quality, it is clear what it is all about and if the problem it addresses is properly defined. In other words: the recommendation has to be clear, unambiguous and not susceptible to differences of interpretation.**

A few conditions that will ensure that this is the case are listed below:



## COULD YOU USE PROFESSIONAL SUPPORT?

Do you need help identifying the risks your business faces, or would you like advice on how to ensure the continuity of your business the best way possible? Feel free to contact Ron de Bruijn without any obligation. He is happy to help you.



### RON DE BRUIJN

Managing Partner  
Riskonet

ron.debruijn@riskonet.com  
+31 (0)6 225 212 55

[RISKONET.COM](https://www.riskonet.com)

### COPYRIGHT

This is a Riskonet publication. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying or otherwise, without the prior written permission of Riskonet.

Amsterdam, May 2023



- PARTNER FOR THE UNEXPECTED -