THE RESPONSIVENESS OF INSURERS TO THE 2011 FLOODS IN THAILAND

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Abstract

The main purpose for purchasing insurance is to relieve financial distress when the insured suffers an accidental loss. The insurer will consider the claim based on the evidence provided, relating it to the coverage specified in the policy. The claimant always thinks that his loss is surely covered, and expects reimbursement, though sometimes the claim is not admissable. This can create an argument between the insurance company and claimant and may also affect renewal of the insurance contract.

This article describes how the Thai flood developed, causing increasing devastation, and raises the issue of insurers' and reinsurers' responsiveness to the disastrous floods of 2011 in Thailand. The principle of responsiveness is to comply with good governance and the service quality concept, and affects the customer relationship. Additionally, insurer responsiveness should be integrated with State involvement in disasters. The establishment of the Thai national disaster fund is an important development.

บทคัดย่อ

วัตถุประสงค์หลักของการซื้อประกันภัยคือ เพื่อให้การประกันภัยช่วยลดความเดือดร้อนทางด้านการเงินในยามที่ผู้เอาประกันภัยต้องประสบอุบัติเหตุและเกิดความสูญเสีย หรือเสียหายใด ๆ ขึ้น ซึ่งเมื่อเกิดความเสียหาย บริษัทประกันภัยจะพิจารณาจ่ายค่าสินไหมทดแทนตามหลักฐานที่เกี่ยวข้องที่ทางผู้เอาประกันภัยแสดงต่อบริษัท อีกทั้งความสูญเสีย หรือความเสียหายนั้นต้องเป็นไปตามข้อตกลงของความคุ้มครองตามที่ระบุไว้ตามชนิดของกรมธรรม์ที่ทำประกันภัยไว้กับบริษัท และโดยทั่วไป ผู้ร้องขอค่าสินไหมทดแทนมักจะเข้าใจว่าเมื่อตนทำประกันภัยใด ๆ ไว้ ตนต้องได้รับการคุ้มครองสำหรับความเสียหายนั้น หรือคาดหวังว่าจะได้รับการชดเชยสำหรับความเสียหายดังกล่าว แม้ว่าในบางครั้งความเสียหายนั้นอาจมิได้เกี่ยวข้อง หรือไม่สามารถจัดการให้เป็นไปตามข้อตกลงได้ง่าย ด้วยเหตุนี้เองความขัดแย้งในด้านประกันภัยระหว่างบริษัทประกันภัย กับผู้เอาประกันภัยจึงเกิดขึ้น และสามารถสร้างผลกระทบต่อการต่ออายุสัญญาประกันภัย กับบริษัท

บทความฉบับนี้จึงต้องการอธิบายถึงข้อขัดแย้งที่เกิดขึ้นในเรื่องการจัดการความเสียหาย โดยเฉพาะความเสียหายที่เกิดจากเหตุการณ์มหาอุทกภัยปี พ.ศ. 2554 รวมถึงการวิเคราะห์ถึงความรับผิดชอบของ

ผู้รับประกันที่พึงปฏิบัติทั้งต่อผู้เอาประกันภัยและต่อสังคม ภายใต้หลักธรรมาภิบาล คุณภาพการให้บริการ และผลกระทบต่อความสัมพันธ์ของลูกค้า นอกจากนี้ ความรับผิดชอบของบริษัทประกันภัยนั้นควรบูรณาการร่วมกับทางภาครัฐทั้งในเรื่องการจัดตั้งกองทุนภัยพิบัติแห่งชาติ การตั้งเงินสำรองเพื่อการจ่ายค่าความเสียหายต่อภัยพิบัติ รวมไปถึงการพิจารณาความเชื่อมโยงการบริหารจัดการน้ำที่ดีสำหรับน้ำท่วมที่มีผลต่อการประกันภัย

Introduction

In 2011, Thailand was faced with severe flooding, the worst for more than fifty years. The floodwaters created a lot of damage for householders, business owners, and manufacturers, beginning in July, 2011 and gradually increasing during the next three months. In November, the situation stabilized, and then improved. The major reason for this flooding was primarily the accumulation of heavy rainfall, storms, and five months' monsoons. The normal water drainage system could not cope. As a result, thousands of Thai people had to struggle for about six months, encountering many difficulties in their lives, including transportation problems, price increases and scarcity of some food and bottled water, and water-borne disease.

The path of the flood from northern Thailand to the lower central provinces had a disastrous effect on agriculture and industry. Farmers could not harvest their products so had no money to spend in the current year or to reinvest next year. There was not enough food for people in Thailand or for export. Seven industrial estates in Ayutthaya Province and Pathumthani Province suffered also from flash floods. A dozen major factories manufacturing electronics, vehicles, and vehicle spare parts were damaged. This created major supply chain interruptions and affected the import-export market.

Naturally, in such dreadful circumstances, insurance claim payment is relied on by those who bought policies. Farmers asked for compensation from crop insurance, manufacturers asked for compensation from property insurers and business interruption insurers, and householders asked for payment from their home insurers. Therefore the insurance community was the main sector (in addition to the government) expected to take responsibility for the financial consequences of flood damage. The response of insurers and government was closely watched and evaluated as naturally the media made it the main news for months. Catastrophes on a near-national scale are a severe test for insurers and governments, and lessons can be learned to improve the responsiveness to the even greater catastrophes ahead caused by climate change. This research article is not empirical but conceptual.

The Flood as it Developed

The catalyst for the severe flooding which began in July 2011 was the tropical storm Nock-ten. Northern, Northeastern and Central Thailand were affected. Flooding spread south along the Chao Phraya and Mekong river basins. By October the water had inundated parts of

Bangkok, although inner Bangkok, the capital's commercial and financial heart, was deliberately spared by diverting the floodwater elsewhere. The flooding lingered until mid-January 2012, caused 815 deaths and affected over three million people. 65 of 77 provinces were declared flood disaster zones. More than 20,000 square kilometres of farmland was affected (http://blogs.cdc.gov/). Barriers protecting industrial estates failed, dozens of major factories were inundated, resulting in the disruption of national and international supply chains (Lanard and Sandman, 2011).

Government monitoring and relief operations began in August 2011, and support was given to local administrations. An Emergency Operations Center for Flood Storm and Landslide (EOC) was established in August within the Ministry of Interior's Disaster Prevention and Mitigation Department. A Flood Relief Operations Centre (FROC) was set up in the Don Muang airport in north Bangkok but had to move when the airport was itself flooded. The campus of Rangsit University, in the north of Bangkok, was used as an evacuation centre for displaced people. Several countries, including China, Japan, Philippines and USA offered support and assistance for relief operations (http://wikipedia.org./wiki/2011 Thailand_floods).

Effect of the 2011 Flood on Insurers

There was a very high number of insurance claims for home insurance, property, all-risks, business interruption, and motor insurance. The Bank of Thailand (BOT) estimated the amount of flood loss to seven industrial estates, as follows:

Industrial estate	Province	Amount of Loss (Billion Baht)
Navanakorn	Pathum Thani	86.5
Rojana	Ayutthaya	74.6
Hi-Tech	Ayutthaya	32.0
Bangpa-in	Ayutthaya	27.5
Saharattana Nakorn	Ayutthaya	8.0
Bangkadee	Pathum Thani	6.7
Factory Land	Ayutthaya	1.9
TOTAL		**240.0**

Source: Bank of Thailand, 2012

The flooding affected 3,151,224 people from 1,154,576 families, as reported by the Emergency Operation Center for Flood, Storm and Landslide (EOC). Damage estimates of at least 185 billion Baht were provided by the Federation of Thai Industry (Central region section) which includes 95 billion Baht damage to Thai industry, 25 billion Baht damage to Thai Agriculture and 65 billion Baht damage to housing. A large part of the damage stems from the effect on the manufacturing industry, with 930 factories in 28 provinces affected, including multiple industrial estates in Ayutthaya and Pathum Thani Provinces. Employees have suffered, because when factories were flooded workers were laid off or fired. Not all factories are expected to reopen causing significant long term job loss in Central Thailand (Wikipedia, accessed March 10, 2011). The numbers above reveal the overall picture of the awful flooding disaster in Thailand. It includes insured and non-insured damage.

Therefore some insurers found their financial capacity under strain, while others knew that their reserves were more than adequate. One insurance CEO stated that several Thai Insurers would be obliged to pay relatively hefty flood claims, which could force them to raise capital (Bangkok Post, November 28, 2011). Bangkok Insurance (BKI) was an insurer whose financial position was regarded as not badly affected, even though its net losses totaled 800 million baht, and BKI insisted that its financial status remained strong and it had more than enough to pay flood claims (Kittikanya, 2011). It is not only primary insurers who are involved but also international reinsurers, especially Munich Re, Hannover Re, and CCR of France.

In addition to insurers' involvement, the 2011 flood crisis stimulated a review of national disaster prevention. There was pressure from industry, commerce, and insurers for national policymakers to establish a natural catastrophe pool as floods in particular were now more frequent. The result is a state-initiated Natural Catastrophe Insurance Fund, with policies available from April 2012.

Issues of Concern

All this reveals the challenges that confront insurers and government when faced with the impact of flood compensation and the possibility of repeat occurrences due to climate change. Suffering people wait patiently for claim payments, for the correct amount as soon as possible. Therefore, the issue is: how effective is claims management, and assessed by what criteria?

A reasonable question relates to a concern about insurers' behaviour in response to this disaster and its huge widespread effects. As insurers had such an important obligation, how well did they construct a strategy to cope, efficiently and effectively and humanely, with this situation? People, having paid premiums, are entitled to have great trust in their insurers. An insured person or organisation expects the compensation promised by the policy. However, even the non-insured observe and monitor how insurance performs in a crisis, wondering whether it is reliable to trust insurers and their claims system. An insurer has to demonstrate that its performance is in line with good governance, provides quality service and is socially responsible. Because insurers' response is so visible and publicized in a widespread crisis, insurers have a splendid opportunity to prove their sincerity and trustworthiness. The best advertisement which insurance can ever have is to be seen to deal fairly and honestly and quickly with insured people who are passing through misfortune. 'In an environment of financial convergence, who gains trust from the public is one of the keys to success' (Lee et al., 2005, p28).

Insurance is based on trust and honesty. Its basic principle is that there must be 'utmost good faith' (total honesty) between insured and insurer. Fraudulent claims are an obvious example of the breach of this principle by some claimants. Worldwide, some insurers also breach the principle by deception and delay. In some insurers it is standard practice to deny all new claims. There can be deliberately protracted arguments over cover, exclusions and amounts. The purpose (apart from inefficiency) is to delay paying claims so as to maintain cash-flow, increase investment-earning time, and push claims reserves calculations into the next accounting year (Lawrence, 2011). It is not being alleged that local insurers did any of that in dealing with flood claims, but insurers have to be seen, demonstratively, to be acting responsibly, honestly, and humanely. Their responsiveness is under public scrutiny.

This is where wider concepts have to be introduced, along with insurance principles. Good governance is the major concept applicable to this situation, along with and incorporating ethics, quality service, customer relationship management, and corporate social responsibility. These will now be explored.

Good Governance and Claims Management

The nature and significance of Good Governance became an important issue in 1989 after the World Bank first recognized the crisis of governance in Sub-Saharan Africa, and identified good public management as a precondition of the development assistance strategies for developing countries (Azmat and Coghill, 2005). The approach became a significant concern for management both in public and private sectors. Many organizations try to apply the eight characteristic of good governance.

The most relevant characteristic in relation to the Thai floods is 'responsiveness'. How responsive were insurers in the handling of flood damage? Correct and speedy help and financial compensation assist the country to recover, and affect people's livelihoods and homes and their feeling of trust and confidence. Each characteristic of good governance is explained in the following paragraphs, adjusted to fit with the claim process (UNESCAP, accessed March 10, 2012).

Participation is the way to involve the client in the claim process. Participation needs to be informed and organized. This also means client has a freedom to express his ideas and negotiate the claim if necessary.

Rule of Law. Good governance requires fair legal frameworks that are enforced impartially. It means that the claim should be considered fairly and is within a clear framework of action.

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness. Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Consensus Oriented. Good governance requires mediation of the different interests in society to reach a broad consensus on what is in the best interest of the whole community and how this can be achieved. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and Inclusiveness. A society's well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society.

Effectiveness and Efficiency. Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal.

Accountability is a key requirement of good governance. Not only governmental institutions but also private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies, depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

To summarize, the application of good governance in claim management means that the payment to a claimant should be made within a notified time frame, for the correct amount, with fairness and impartiality, and with transparency. The effectiveness of the claims system should be allied to the concept of service quality.

Corporate governance is the mechanism through which corporations and their management are governed, involving a set of relationships between the board, management, shareholders and other stakeholders, and provides the structure through which the objectives and monitoring of performance are determined (Thanavaranit, 2004). A previous Insurance Commissioner for Thailand, explained that as there is now such close concentration and internationalization of insurers, and increased convergence between them and other financial sectors such as Banks, that the insurance and financial supervisory authorities of many nations have designed risk management and corporate governance for insurance groups (and financial conglomerates). The key issue for insurers is obviously risk, but there are also the usual risks inherent in any company such as incompetent management. The special nature of insurance accounting is obviously a supervisory concern for good governance. The true competence of insurers is their understanding and control of all sources of risk, including operational and market risks, with good systems and good personnel (Thanavaranit, 2004).

Malaysia produced a set of good governance standards after the Asian financial crisis of 1997, and compliance as one of the factors assessed by the regulatory authority. The Singapore regulatory authority, in 2009, introduced 'Guidelines on Fair Dealing' for life insurers, their Board of Directors and senior managers being held responsible for implementation. In Taiwan, the regulator introduced in 2010 'Risk Management Best Practices', a holistic approach for good governance (Kitseree and Lawrence, 2011).

Good governance overlaps with ethics. There are two generic ethics strategies for incorporating ethics into an organization (Nakabayashi, 2002). One regards ethics merely as part of legal compliance, avoiding legal misconduct, relying on rules and controls: it is known as the compliance-oriented strategy. The other has a broader vision, taking self-governance as its principle, which is a stronger interpretation of ethics and is of greater value to the firm, its stakeholders and the wider community: it is known as the integrity-oriented strategy (Paine, 1997). This latter strategy type is more in line with good governance than the legal compliance version and highly applicable to insurers because they could easily take refuge in the strict legalities of insurance and regulations in interpreting the inevitable legalisms in the insurance contract. Good governance, and corporate social responsibility, as well as an insurance code of ethics, and customer relationship management, should ensure that the integrity version is applied: integrity is at the heart of the basic insurance principle of utmost good faith.

A survey of insurance actuaries in Korea (Lee et al., 2005), found that the environment was not yet conducive to high ethical standards. The biggest hindrance to ethics was competitive pressure. More than 50% of complaints by policyholders to the Korean Financial Supervisory Service related to claims.

Good governance also overlaps with the standard of professionalism and skill of insurance operatives (as mentioned in the last statement of the previous Insurance Commissioner above). It has to be acknowledged that insurers have not always risen to the challenge of handling disaster claims.

Insurers must establish a good reputation and maintain a high standard of service. It seems to lack a published code of ethics. Ethics refer to principles of conduct governing an individual or group. At present, there is no particular code except for sales agents. A model example is the professional ethical code of conduct imposed on all members of the Chartered Insurance Institute, which is based in London but is international in its membership (CII, 2009). This code establishes the principles which all members must follow in the course of their professional duties. Members must: Comply with this Code and all relevant laws and regulations; Act with the highest ethical standards and integrity; Act in the best interests of each client; Provide a high standard of service; Treat people fairly regardless of race, religion, gender or sexual orientation; and age. The CII has a special committee which considers complaints of breaches of this code, with power to expel members. Included in Thailand's National Insurance Master Plan 2010-2014 is continuous professional development (Kitseree and Lawrence, 2011).

Responsiveness of Flood Insurers

Since householders, agriculturists, and manufacturers suffered from the flood, they notified claims to their insurance company. The claim officer checks the type of policy and its coverage. If there is no conflict with the policy wording, the claim would be investigated, a claim reserve calculated, and lastly payment made. This process of claim management seems to be simple, with not much time taken from claim notification to the payment. In reality each step takes much time especially the investigation process. This is because in flood loss estimation, insurers, reinsurers and third-party administrators in Thailand are dealing with a limited ability of survey companies in appraising such losses and a shortage of surveyors and claim adjusters.

Many claimants made business interruption claims, which are notoriously difficult to calculate. The Executive Vice President of a local insurer explained: "Policyholders and insurers are having a difficult time accurately estimating lost income, due to the many factors involved. Aside from lost revenue due to production shutdowns, there are factors such as cost associated with supply chain disruptions; and the time lag when either fixing or producing new machinery; as well as time spent rejigging, retooling and rehiring staff" (Asia Insurance Review, Vol. III Issue 3, 5 January 2012).

This complicated situation, although unavoidable in the case of business interruption insurance, frustrates insured. Insurers could consider other techniques to improve the claims system. The government could exert influence, through the Office of the Insurance Commission. Regarding the responsiveness of insurers, the standard timeframe of each insurance company was overwhelmed by the multitude of flood claims. Another characteristic in governance, participation, should be applied. Insurance companies could establish criteria for updating information about the progress of the claim process and ask for cooperation from the insured to establish amounts.

It should not be overlooked that the immensity of this disaster, and the huge number of insured claimants, would have tested the ability and competence of any insurer. An example is that the Bangkok Insurance Company, Thailand's third biggest general insurer, had 7,500 policyholders who sought compensation for Bt22 billion flood damage. Of this, Bt20 billion was for industrial all-risks policyholders. Obviously the company has reliable reinsurance facilities to cover some of these amounts (and has renegotiated post-flood terms). The company anticipates that reinsurers will be able to put things in a better perspective and reduce their harsh terms (Pinijparakarn, 2011).

The 9/11 terrorist attack in USA in 2001 produced 40,000 insurance claims. Hurricane Katrina in 2005 produced 1.75 million property and business interruption claims. When added to other hurricanes in USA that year, the total number was 3.3 million claims (Newall, 2006). Is Thailand prepared for the inevitable disasters caused by global warming? Lessons learned from the 2011 flood claims will be valuable. Insurance is now frequently up against its limits, of solvency, insurability, and claims handling ability (Kitseree and Lawrence, 2006).

Responsiveness of Reinsurers and the State

Reinsurers play a vital but low-profile role, in insuring direct insurers thus allowing those insurers to increase their risk exposure capacity. Reinsurers are also the true experts across all fields of insurance and all countries. Their research teams constantly update predictions of future risk, and especially catastrophic weather risks caused by global warming. The enormity of the 2011 floods claims, for which reinsurers had to reimburse direct insurers according to the details in their reinsurance contracts, has made reinsurers impose higher premium rates and lower limit of coverage. Direct insurers have no option but to follow the conditions set by reinsurers. Some insurers may also have financial constraints as their capacity is no longer sufficient for the obviously higher financial risk of flooding, and will have to increase their capital or find new partners.

For reinsurers to withdraw from some countries is a major blow. CCR group, a leading French reinsurer, announced in November 2011 that it would no longer provide cover for its direct insurer clients in Thailand, Australia and New Zealand because of the high frequency of natural disaster losses. This means that Thai insurers must now take more responsibility for their own financial risk capacity (by reducing it), or try to find other reinsurers, who are naturally reluctant to increase their accumulation exposure. Some insurers will have to substantially increase their capital, which is likely to force some mergers (Kittikanya, 2012).

Insurers and reinsurers should not have to face the financial consequences of floods alone. Government has become a partner to insurers. The limits of insurers and insurability have been severely tested since the twin towers atrocity in 2001 and subsequent natural catastrophes (Newall, 2006). Insurers cannot cope alone. As natural disasters become more prevalent and deadly, it is inevitable that insurers and governments seek closer collaboration in the management of risk and the funding of losses (Eilers, 2009). The details of such collaboration differ in Europe (for example), between countries, between regions, and even within a country's regions. Responsibility is shared, but not necessarily on an equal basis. The fundamental principle is that government (local or national) acts as the insurer of last resort, as, in theory, its funds are limitless and it is the overall responsible 'manager' of its people and their troubles.

Insurers and reinsurers have to increase the insurance premium rates for flood risks in Thailand, because that is basic insurance financial management, to charge a premium which matches the risk exposure. They may also limit coverage, to align their risk exposure to their financial capacity to fund losses. They might not provide flood insurance in certain high-risk areas where the risk is no longer non-fortuitous. These actions will threaten the financial ability of businesses and householders. Therefore, the government has to step in to support flood insurance, coverage and price, as in several countries. The Secretary-General of the Office of Insurance Commission has announced that the government will contribute to a catastrophe fund with general insurance companies, to be capable of covering losses of up to THB500 billion. Insurance companies would first cover any excess. The remaining losses would be categorised in different reinsurance layers, the government being the financer of last resort (Asia Insurance Review, Vol.III, Issue 2, January 4, 2012).

The cover is for flooding, earthquake and storm. It is estimated that the total sum insured will be US$32.7 billion. A set of premium rates has been formulated for different groups. Cover for households has a relatively low limit. For SMEs the cover is up to 30% of the sum insured (possibly increased to 50% for a higher premium), which is the same for large businesses but with a higher sum insured limit. 66 local insurers will underwrite the risk. In effect, the Fund acts as the reinsurer for the direct insurers, while the Fund itself will be reinsured abroad (Asia Insurance Review, Vol III, Issue 45, 5 March 2012). Thai insurers have also been urged to set up natural catastrophe reserves.

The Asian Development Bank (ADB), in an Asia-Pacific Climate Change Adaptation Forum, in Bangkok in 2012, has urged Asian countries to do more to cope with climate induced disasters. Such countries would need to spend US$40 billion each year over the next forty years. What was spent by the whole world in 2009-10 was a mere US$4.4 million. Furthermore, massive infrastructure projects must factor in warmer sea temperatures, rising sea levels, and more violent storms. The ADB states that countries in Southeast Asia should strengthen capital markets to provide greater funds and insurance. The ADB report says that extreme weather has already displaced 42 million people in this region over the past two years (ADB, 2012).

The World Bank (2012) said that because of ever expanding building development, Jakarta was sinking ten times faster than the Java Sea is rising because of climate change, and megacities across Asia face similar problems. In Southeast Asia, cities most at risk include Bangkok, Manila, and Ho Chi Minh City, yet all have taken too long to react to the threat of increased flooding. Some are intending to improve flood defences, physically, such as dykes and walls, but these will only have limited effects as the fundamental problems is that building development on a large scale was permitted on well-known flood plains. The World Bank estimates that Thailand's economic damage due to the 2011 floods cost US$46 billion.

The Thai government has almost completed its master plan for climate change. It will include adaptation and mitigation measures covering the next forty years. The government is also promoting a voluntary greenhouse gas emission reduction scheme (Yuthamanop and Wipatayotin, 2012).

Customer Relationship Management

More and more companies are using the strategy of pro-actively managing their relationship with customers. Customer Relationship Management (CRM) is concerned with interactions with customers so as to attract and retain them, on a long-term basis by developing their loyalty, and their advocacy to friends and others of the company's good points. Mainly, a company's efforts are directed to providing customers' satisfaction with products or service, but also to being customer-friendly. The foundation of CRM is information about customers, actual and potential, their attitudes, expectations, perceptions, and buying behaviour (Injazz and Karen, 2003).

A related concept is service quality, with its five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. Tangibles are physical facilities, equipment, and the appearance of personnel. Reliability is the ability to perform the promised service dependably and accurately. Responsiveness is the willingness to help customers and provide prompt service. Assurance is the knowledge and courtesy displayed by employees and their ability to inspire trust and confidence. Empathy is caring, individualized, attention provided to customers. Insurers' service quality is monitored by the public. There is a great chance to convert the crisis into an opportunity, to promote goodwill. Service quality can designed to improve customer satisfaction. The benefit is positive recognition from customers, and trust to continue the insurance contract.

Many surveys have been conducted in many countries to assess the perceptions of insured customers to the claims service. A survey of motor claims in India revealed good news and bad news (Hebbar and Suhan, 2008). For the payment system, 92% of the respondent claimants were satisfied, but time taken to settle the claim received a low score, as did the response to claimants' queries and concerns. Only 14% said they were aware of how the settlement amount was calculated.

In 2010, Singapore general insurers commissioned the Institute of Services Excellence (within the Singapore Management University) to survey policyholders. The high score achieved was even higher than the benchmark score for the whole financial industry, and better than the previous year (the only sub-sector in the financial and insurance sector to have made such an improvement). Most customers were particularly pleased with how general insurers dealt with flash flood claims. There are insurance industry guidelines on the minimum number of days turnaround for claims handling. The General Insurance Association (GIA) also held proactive dialogues with the Consumers Association of Singapore and the Automobile Association to review how claims processing could be improved (Teo, 2011).

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is another relatively new concept for businesses. It is meant to add another dimension to good governance and ethics. It means that not only does responsibility apply to all activities of the business but there should be something extra, something freely given back to the community. Many Thai insurers, especially the large ones, have specific programmes, mainly to benefit needy people.

CSR was evident in the Thai floods from industrial companies. Some of it was truly genuine and generous. Some of it was superficial tokenism to gain media publicity. For example, several schools in affected provinces were reported as receiving corporate finance from named businesses (some of which were not affected by the flooding), but actually did not receive anything or only token items (Pandey, 2012).

Many national charitable organisations were involved in bringing relief and succour to those thousands of people affected. In our present consumerist selfish world it is heartening to know that unselfish concern for others is still active. The Thai army was immensely helpful, thousands of soldiers helping victims to get to safety, delivering food, shoring up flood defences, and by their very presence engendering a feeling of patriotism and national solidarity.

University and school students by the thousands formed groups to make clay balls. These were scientifically determined as reducing water-borne disease when dropped into flood waters The smell from these newly made balls was overpowering, but the students unflinchingly continued their voluntary task. Many companies, universities, and other organizations arranged cash collections to aid the flood victims.

The Office of the Insurance Commission (OIC) for Thailand produced the 2nd National Insurance Master Plan 2010-14. One of its sections deals with CSR. The Plan aims to create public trust in insurers through good and fair service, including a convenient and quick claim process, and establish an Insurance Dispute Resolution Organisation (Kitseree and Lawrence, 2011).

Conclusion

Perceptions of insurers by citizens are very important. If the insurer can establish a good reputation and confidence about its claims service, it will be of great benefit. People will trust insurance as a major tool for alleviating financial distress and as essential for personal, commercial and industrial, and national economies. That is why responsiveness of claim management in insurance should include good governance, service quality and customer relationship, to be applied in normal situations as well as national crises. A successful partnership with government has to be part of all this, and is also subject to citizens' perceptions of its effectiveness.

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