



# WATCHING THE DETECTIVES

## INVESTIGATING YOUR INVESTIGATORS

By Sue Collings

**H**ow well do you know the private investigation company you are using? How much time did you spend conducting background searches into not only the firm but the actual individuals who will work your file and who may testify on your behalf? If you are like some insurers it was a task punted between departments, landing ultimately with an individual or team who could not manage to deflect the assignment themselves.

It is a process that should not be taken lightly, considering the possible ramifi-

cations. Private investigators are an integral part of the claims process, whose work may result in the ultimate denial of a claim. A firm's work ethic and reputation will become a direct reflection of your company and the selection process should be carefully examined.

Vendor selection of any kind is a daunting task with dozens of unsolicited companies calling repeatedly in the hopes of making the elusive list — and why not? The benefits for any vendor to make an insurer's preferred list could be an economic windfall for them.

Most vendors will tell you that you must know someone within the selection committee to even be considered, regardless of your qualifications. So, how can you be assured that you actually have the best working for you? How many of the 277 licensed private investigation firms in Ontario alone can you even name? If you're like most people in this field, probably only five or six come to mind.

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Illustration: John Fraser

lot of time and effort should be given to selecting the very best. Usually the list only comes into question when a major gaffe occurs at a court proceeding, resulting in bad publicity or a bad faith claim.

## NUMBERS GAME

Some insurers make the mistake of deciding beforehand how many firms they intend to limit their list to. Most insurers will establish a predetermined number (say four or five) before the interviews begin and force the list to meet this strict criteria. It is a good idea to keep an open mind and search for a number of firms that will serve the entire province in an effective manner, based on geography as well as expertise and skill.

The biggest obstacle facing a province the size of Ontario, Alberta or British Columbia is geographic expanse. Servicing an entire province from a single location may not be cost effective as it will require hours of billable travel time depending on the location of the claim file. As a result, many insurers will only hire firms that have multiple locations across the province. This also helps them to achieve their pre-set limited number of firms.

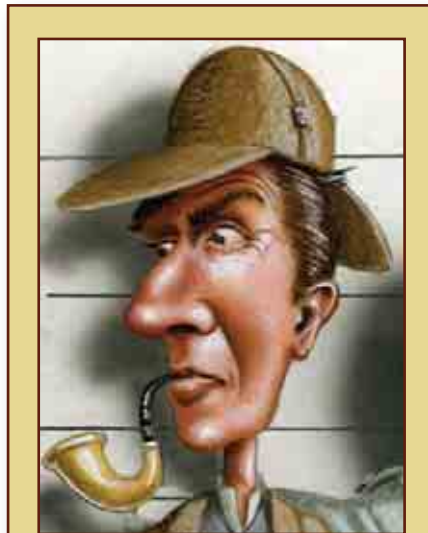
But this strategy is short sighted and can eliminate smaller firms that provide excellent service in smaller, remote areas. Larger is not necessarily better in all circumstances. In order to ensure that the entire province is serviced with the highest quality of investigators, insurers should consider dividing their province into regions. For instance, in Ontario you could create southern (GTA), eastern, western and northern divisions. Selection could then focus on the needs of each region and in selecting the very best PI firm for that particular area. You may ultimately have three to five firms for each region — some overlapping — but you will be confident in knowing that the quality is consistent across the province.

Start the application process with an open mind. It is important to ask claims staff to recommend firms they've used in the past that they think might be suitable. Most claims adjusters have worked for more than one insurer and are only too happy to suggest someone who provided quality assistance for them in the past. Don't forget your smaller regional offices; they have much to offer and will know the quality of the firms in their

area. Law firms can also be a source of information about private investigators, as well as other insurers who can advise on who they are using and why.

## APPLICATION PROCESS

Once a list of possible candidates has been established, take the time to go through a formal evaluation process, inviting each firm to a group meeting during which the selection criteria will be explained. This levels the playing field and reduces duplication. Each firm will have a chance to review the criteria and ask questions.



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Each firm should be given a package that includes two questionnaires. The first will be completed by the owner/manager of the firm relating to the company itself. Insurers will want to know how long the firm has been incorporated, the identity of officers and their experience, head office and regional office locations, coverage areas, number of employees, liability insurance (broker, policy and limit), any statement of claims and judgments against them, expertise, rate fee, equipment, training, industry affiliations and references. Each com-

pany should also be asked to attach a sample report for review.

Each individual investigator on staff should then complete a separate application form giving their credentials, detailing how long they've been a licensed PI, how long with this firm, bonding company and policy number, training, court or arbitration experience, languages and post-secondary education.

This standard application process will allow insurers to examine the qualifications of each applicant without being influenced by marketing materials. Candidates will be evaluated simply on their merits.

One area of expertise rarely utilized by insurers is the plethora of languages available to them through numerous investigative firms. Private investigators fluent in languages such as Cantonese, Tamil, Spanish, German, Russian, Mandarin, Punjab, Hindi and Vietnamese are all available if you know who to call. In certain circumstances it would be advantageous to assign an investigator who speaks the language of the investigated party to not only blend in to their surroundings but to allow interviews with neighbours, co-workers or service providers. Insurers may want to create a list of vendors based on available languages for special consideration.

Investigators' post-secondary education is not relevant to their ability but may prove useful depending on their expertise. For instance, a background in computers, Web design, policing, etc. may be beneficial for the claim file. In short, you won't know the details of their experience unless you ask.

## EVALUATION

The insurer has the arduous task of reviewing the applications as they are returned. Depending on the number of applicants, an insurer may want to assign several employees to the selection process. This not only reduces the workload of assessing each application, but also allows for feedback and consultation. Each application should be reviewed by at least two employees who take notes listing the pros, cons, coverage areas and notable considerations.

A roundtable meeting will help eliminate those firms that failed to meet a level of expectation and highlight those that merit further consideration. Once a list of possible candidates has been created, the decision-making process truly begins. This is where an internal special

investigations unit can be of great assistance with insight and contacts.

Vendors will only provide a positive list of references. The challenge comes from determining an accurate work history of each firm — both positive and negative. A company may appear ideal on paper but may have questionable practices that may place your company at risk if caught. Since most vendors have worked for more than one insurer in the past, their reputation won't be difficult to trace. Don't be afraid to ask another insurer about a firm even though they may not have been listed on the reference sheet. Insurers mustn't be afraid to investigate the investigator.

It is important to return to your claims staff and ask for their input. Too often the very individuals who will be working with these investigators are left out of the process entirely, which can cause resentment. They have a wealth of knowledge relating to vendors and are usually willing to share their experiences. A common complaint from remote regions is that head office makes decisions about the selection and quality of vendors in their area without experience, knowledge or input from those that

work there.

The steps taken to date should help in the elimination process. Another step that may assist in the final decision is a visit to the candidates' offices to witness their day-to-day operations. This will allow you to see first-hand their organizational structure as well as their privacy procedures — particularly where it relates to the storage and handling of files.

### **WEEDING OUT**

You will likely find yourself with a list larger than you originally anticipated with each firm bringing a quality or expertise that may prove to be an asset to your company. Now is the time to go back to the basics. Using your regional divisions, start by selecting the best firms for each area. One firm for all may or may not be the best fit. Each region must be examined independently for the best results.

You may want to consider having two rosters available; an "A-list" and "B-list." The A-list investigators would handle a bulk of the day-to-day claim files. The B-list would be available for specific tasks relating to a specific skill base. The ultimate goal is to have the best investigator on each file in order to maximize

results. B-list investigators would have the ability to move up should an A-list vendor not meet company expectations.

An effective vendor program is an ongoing process that should be reviewed on a regular basis. Too often a list is created and then sits unattended for years — or until a complaint arises. Ask for feedback from claims staff on how vendors are performing, and spot check their reports.

As extensive as this process may seem, the effort will pay off with the knowledge that the very best are representing your company. Private investigators are an extension of an insurance company. It is critical that they respect not only the reputation and integrity of the insurer but the privacy of the subject under the rules of PIPEDA, the Personal Information Protection and Electronic Documents Act. With the tightening privacy laws and a society that has turned more litigious over the years, insurers must take extra consideration in selecting those who will be ultimately representing their company. ∞

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