THE CLAIMS HANDLING CHECKLIST

IMPROVE YOUR CLAIMS HANDLING TO BUILD A BETTER BUSINESS
Claims handling is central to any insurer’s success. For customers, nothing is more important – except maybe the cost of their premiums – and for insurers, claims are their most significant expense. Insurers therefore need to have high quality claims settlement systems in place to keep customers happy whilst also controlling costs and reducing indemnity leakage.

The Financial Conduct Authority’s thematic review of claims management, published in May 2014, revealed that a significant number of claims took longer than necessary to settle because of poor claims management.

Problems in this area are often caused by systems that inhibit, rather than facilitate, efficient claims handling. This checklist will help you to address these issues by identifying where your claims management systems are hindering the drive for a more profitable business.

**Processes**

Rigid, manual processes prevent efficient and timely responses to both claims and settlement. From notification of loss to settlement, systems must automate tasks, prioritise responses and capture all actions, including those of outside parties, such as lawyers or repair workers, to resolve claims quickly and fairly. They should also allow businesses to alter processes as necessary to maintain efficiency, without having to wait for help from the IT department.

**People**

Too much manual work often wastes valuable human resources, whilst poor systems prevent managers from identifying areas for improvement. Operational silos and multiple, poorly integrated systems also undermine managers’ efforts to plan effectively and can hurt productivity.

**Data**

Insurers must be able to show that they are handling claims promptly and fairly to satisfy FCA requirements. They also need to capture and record data from a variety of internal systems and make it available to claims handlers to process claims effectively. The FCA’s thematic review actually singled out the way in which inbound claims calls are recorded and used as an area that would benefit from additional focus.

**Customer service**

The FCA’s thematic review found a fifth of claimants felt like complaining during the claims process as errors, poor communication and the failure to provide timely updates continue to undermine customer confidence. Furthermore, by separating claims management from customer value management, insurers are failing to make customer centricity a reality and also missing opportunities to develop loyalty and improve net promoter scores. As a result, the FCA found that greater clarity over the ‘ownership’ of a claim – and communication with clients whilst it is being progressed – would help to increase customer satisfaction.

**Strategy**

All too often, insurers’ strategies are determined by their systems. Instead, systems should support the firm’s strategy by providing the information that is needed to identify claims leakage and analyse costs. In addition, modern systems should provide firms with the flexibility to grow with the business by accommodating new lines and demands. Claims settlement solutions should also enable managers to change the system as required in order to support shifting priorities.

In your organisation:

- Are you able to balance the needs of your customer with your own internal business objectives to deliver a fair and timely claims settlement?
- Are manual processes delaying claims settlement?
- Do you suffer from failures to meet service level agreements (SLAs)?
- Are communications with third parties, such as repairers or lawyers, and their actions reliably recorded and followed?
- Can your processes be adapted quickly during busy periods, such as raising thresholds and tolerances for automatic actions reliably recorded and followed?
- Can your processes be adapted quickly during busy periods, such as raising thresholds and tolerances for automatic entry, combined with the need for frequent checks of external and internal disparate systems, result in inefficiency and errors?
- Could more simple claims be fully automated to allow staff to concentrate on more complex cases if the claims systems allowed it?
- Can different staff members work on a claim simultaneously, with each action clearly captured for accurate tracking of the claim’s progress?
- How do you identify your top performing claims handlers and those who are underperforming and need further support and education?
- How long does it take to train insurance claims handlers, and could this be reduced with fewer, more intuitive systems?
- Can you accurately identify peak periods to plan shift patterns and staffing levels more effectively to optimise your workforce?
- Is an inability to meet customers’ expectations resulting in employee dissatisfaction and stress?

In your organisation:

- Do you have an audit trail recording all communications? Do call handlers perform frequent queries from customers looking for status updates?
- Can you easily alter systems and make it available to claims handlers to process claims effectively?
- Can multiple claims systems for different business lines add to IT overheads and complexity?
- Are you able to alter claims handling processes as necessary to maintain efficiency, without waiting for help from the IT department?
- Is all relevant data captured and accessible to users through a single system?
- How effectively is data from third-party systems, such as external credit checks and fraud prevention services, integrated?
- Is all of this data reliable? Or do manual entries leave potential for errors?
- Can your strategies be determined by your systems, rather than the other way around?
- Are you able to understand and analyse where costs and claims leakage are occurring and act upon it?
- Do you have access to appropriate, timely management information to ensure complete regulatory compliance?
- Are customer service standards and central policies consistently applied for every communication?
- Are claims management systems flexible and scalable enough to accommodate new products and affinity partnerships quickly?
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Evidence suggests there is room for improvement in all of these areas for most firms. The Financial Conduct Authority’s (FCA’s) thematic review of claims management published in May 2014 identified a significant number of claims where settlement took longer than necessary due to poor claims management. In the personal motor and home insurance market alone, claims leakage has been calculated to average 13%.

However, by taking a closer look at their processes, people, data, customer service and strategy, firms can overcome all of these challenges and begin to build a better business.

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