

Effective and Efficient Short-Term Claims

Management

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The claims sector is often referred to the 'shop window' of the insurance industry. For many clients, I believe it is not the case.

Service levels generally in South Africa, not only in our industry, are not at the standard that they should be and the attitude of the individual contributes enormously to this.

An insurance policy is a legal contract between an insurer and client, this contract must be honored by insurers and claims must be settled in terms of this contract. Claims, in general, are approximately 65% to 70% of insurers costs and if a saving of 5% is made on claims, this will result in vastly improved underwriting results. These savings must not, however, be made at the expense of the client.

With the high standard of today's technology, the pressure is on an insurer to reduce administration costs, but how does one manage to reduce costs?

This might simply be as easy as managing and controlling a claim from day one. To do this the correct staff need to be employed and empowered to handle claims from start to finish. The longer it takes to settle a claim, the higher the costs. Control must be implemented from day one – registration must be attended to immediately and the correct estimate entered into the books of the company. A decision to appoint a loss adjuster must be taken and a suitable adjuster appointed i.e. choose the correct level of adjuster for the claim. The "Horses for courses option" must be used. When appointing adjusters enquire if they are able to attend to a claim immediately as they are representing the insurer and the insurer's image is in their hands. Don't be afraid to appoint another adjuster if the matter cannot be attended to in a period with which you are happy.

Control and management of claims is impossible without the use of a diary system. No claims department or any other area can be managed without this vital tool – be it electronic or manual. This tool is the key to being pro-active rather than reactive. It allows you to control the claim and be one step ahead of all interested parties at all times and transmits the message that you are in control. It cuts out enquiries, be they verbal or written, and the time saved allows you to attend to claims more effectively.

Staff does not always take sufficient time to study the claim received and to identify all outstanding information. All the outstanding items should be requested at the same time. Much more use must be made of the telephone. Information required may be obtained via a quick call and cost effectively dealt with in this manner.

Recoveries play an important role in the industry. This is fundamentally bottom line profit or it can be if recoveries are effectively controlled and managed. Various factors influence recovery proceedings and the cost thereof.

Top of the list are the merits surrounding the accident. Staff must be in a position to assess who is at fault calling for witness statements at a very early stage whilst the incident is still fresh in the mind of witness or witnesses, obtaining more detailed statements and sketches from the insured driver. The norm appears to be that sometimes scant information is obtained from the driver: a letter of demand is sent to the guilty party, a follow up and final notice before handing over to attorneys. The recovery now becomes the attorney's problem and some of these matters tend to run for ages without success and costs increase. Why?

We have lost control of the claim. It is imperative that the claim be controlled at all stages as the insurer is paying the cost. The insurer must decide whether to abandon recovery, proceed to trial, etc. Much can be saved by doing thorough investigations in the initial stages into the merits of the claim.

The claims handlers / negotiators need to be a unique type of person. They need to be knowledgeable, have communication skills, be able to work without supervision, be decision makers, and know when to call for assistance and to be aware of what is happening in areas that affect them.

Why do customers leave organisations? Some believe that the competition is better, others are dissatisfied with the product, but the majority leave because behavior and/or the attitude of the owner, manager or employees of the business. The loss of business is always a concern and steps must be taken to provide customer service. Claims staff needs to be able to quickly assess whether a claim is covered, and deal with the claim in an effective and efficient manner.

Dealing with customer service and maintaining a satisfied client base is of utmost importance and we need to identify who our customer is. The view is that this is the person who pays the premium and whom we satisfy in the event of a claim – the insured.

Why does a client insure with a particular insurer or broker? There are various reasons - price, cover, stability, brand and so on. The fact that the client has put faith in an insurer or broker by purchasing cover must not be lost. He has purchased peace of mind which will only be put to the test in the event of a claim. This faith and trust must work in both ways. The perception of the industry is not good and when the time comes for insurers to deliver, there are often stumbling blocks, average, limited cover, attitude of staff etc. This perception must be changed and only the industry can do so.

The attitude of staff plays an important role and it must be stressed to the staff that their role is to satisfy the client. Where there is no cover or the insured's claim is adjusted downwards it is our duty to explain to the insured why this has occurred, to be honest in this regard and whilst this approach may not be initially easily accepted by the client I believe that in the long run the respect of the client will be achieved.

Don't just tell the client the bad things; provide a service by suggesting how the problem may be avoided in the future.

Clients, and we are all clients, are difficult to deal with. Put yourself in your client's shoes and be honest with yourself and ask the question – would I like to be treated the same as some of our clients?

We must strive to achieve client satisfaction and by this I mean that the client thinks once a claim has been settled "I am pleased I was insured with XYZ insurance company / ABC brokers"

There are many ways to improve customer service and it begins with the switchboard and flows through to claims staff, adjusters, managers etc. I do believe that with correct controls we will correct the perception of the insurance industry and broaden the base of satisfied customers.

A satisfied customer is a walking advertisement that money cannot buy. They are income generators of word of mouth from personal experience cannot be matched by any other form of advertising.