

Basics of Insurance Claims

Why Claim Management is Important?

When policyholders face a loss or damage, they rely on the insurer to fulfill their promise promptly and fairly

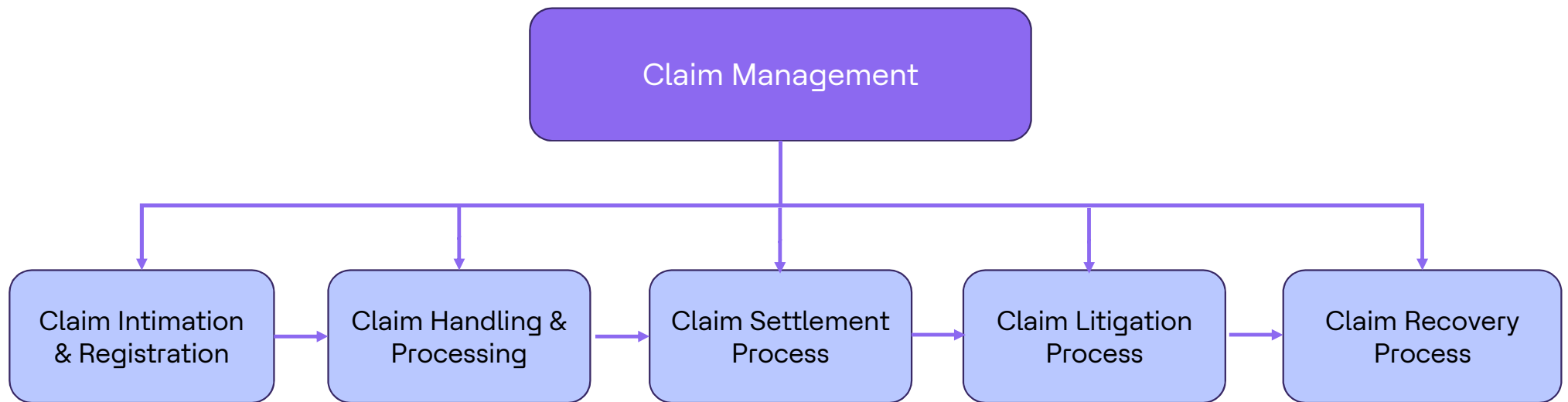
- Pivotal role in establishing the Trust and Creditability of the Insurance Company.
- Effective claims management ensures that policyholders receive the compensation they are entitled to, fostering customer satisfaction and loyalty.
- It serves as the bridge between policyholders' needs and insurers' responsibilities

What is Property & Casualty (P&C) Claims

Property & Casualty Claims is a process that involves

- Receiving, Processing and Approving/Denying property and casualty insurance claims.
- Includes damage review (losses recorded, loss verification, etc.), assessment of coverage, field inspection (if necessary),
- Adjustments, payment request (if approved) and client notification.
- All field inspections must be scheduled with the insured and involves travel to investigation site, inspection,
- The estimation of the cost of repairs and issuance of check for the estimated cost of repairs (if possible).

Important Stages of Claims Management



Claim Process

Notification/ Registration (FNOL)

- First Notice of Loss (FNOL)
- Receipt of claim notification from insured/ claimant
- Capturing claim details
- Registration and claim number generation
- Creation of Reserves

Investigation

- Assignment of claim handler
- Appointment of surveyor
- Investigation of claim handled by internal staff or external surveyors
- Determining the cause of loss and assessing the damage
- Verifying coverage/ Endorsements/ insurable interest/ deductible etc..

Valuation

- Determining extent the of damage
- Determining valuation methods
 - Actual cash value
 - Replacement cost
 - Agreed Value basis

Claim Process (cont...)

Negotiation & Settlement

- Settlement approved by competent authority
- Claimant intimated on the quantum of claim finalized
- If claimant agrees, proceed for payment
- If claimant does not agree arranged for negotiation, arbitration etc.
- Claim can be settled on (full and final payment, interim payment, Ex – gratia Payments)

Recovery Management

- Subrogation:- Subrogation is the insurers' right to recover payment from a negligent third party. (Reservation of rights letter)
- Contribution:- Recovery from other insurance companies
- Reinsurance:- Recovery from Reinsurer based on the method of type of reinsurance arrangements.
- Salvage:- The insurer has salvage rights to the property once it pays for a total loss. (example: Constructive total loss)

Litigation Management

- Initiate receipt/ send of litigation
- Assign defense counsel
- Communicate to Interested parties
- Monitor case studies (hearings)
- Obtain signed claim release
- Close claim

Claims Business Process - Stages

- Loss Notice & Assignment
 - Loss Report Capture and Validation
- Coverage Verification & Initial Assessment
 - Coverage Verification and Profiling
- General Investigation
 - Fraud Management
 - Physical Damage Processing
 - Property Damage and Liability Evaluation
 - Injury Tracking
 - Accident Information Processing
 - Catastrophe

Claims Business Process – Stages (contd...)

- Negotiation & Settlement
 - Negotiation
 - Litigation
 - Settlement
- Claim Conclusion
 - Salvage Recovery
 - Subrogation Recovery
- Underlying & Support Processes
 - Workflow and Notification
 - Documentation & Correspondence
 - Financial Administration
 - Vendor Tracking
 - Reporting

Loss Report Capture & Validation

- Receive loss intimation - First Notice of Loss (Any Channel)
- Verify policy information
- Gather reporting person details
- Duplicate Loss Check
- Gather Triage Information (When, Where and How)
- Transfer to appropriate representative
- Assign claim number and adjuster
- Gather involved items (Vehicle, Property item, etc..) details
- Basic Fraud Check (Date of loss, Vehicle check)
- Gather involved people details
 - Gather injury information (if any)
- Gather loss details (including recorded statement)
- Express Claims* (Glass Damage and Towing and Labor damages) – normally done by External vendors

Coverage Verification & Profiling

- Identify coverage structure
- Verify coverage validity
- Estimate reserves based on loss details gathered
- Open coverage with appropriate reserve
- Classify the claim
- Identify set of activities and skill sets required to process the claim

Fraud Management

- Check for fraud indicators at every step and route to the Fraud Unit as required
- Obtain fraud scores and indicators
- Identify fraudulent claims
- Intimate Special Investigative Unit, if required
- Pursue investigation of fraud claims
- Follow-up for recovery of payments from fraudulent claims

Physical Damage Processing

- Set up rental assignment if required (based on damage specs given in)
- Locate nearest appraisal and rental location
- Setup inspection on the vehicle/ property item and track it
- Review and audit estimates and send information to financials
- Evaluate ACV and identify if it is a total loss
- Setup salvage appointment, if required and track the proceedings

PD & Liability Evaluation

- Interface with third party appraisers
- Setup appointments for field appraisers
- Appraisal
- Review and audit appraisal results and observations
- Discuss with loss parties and witnesses about fault evaluation
- Arrive at ' At-Fault ' percentages
- Track Subrogation claims

Injury Tracking

- Contact injured person within the state mandated contact time
- Send forms to respective people (Lost wage verification form etc..)
- Receive medical bills and treatment information
- Route them to appropriate adjuster and data entry team
- Medical bill auditing
- Perform injury consultation, if required
- Arrive at the settlement amount

Accident Information Processing

- Gather accident related information
- Determine surcharge / risk review issues interfacing with liability systems
- Send information to policy system

Catastrophe

- Catastrophe loss report documentation
- Setup emergency appraisal locations
- Issue checks (by the field reps on the remote login mode)
- Work assignments done accordingly

Negotiation

- Initiate Negotiation
- Negotiate and track the proceedings
- Record the conversation (optional)
- Escalate to the supervisor in case of negotiation failure

Litigation

- Identify claims for litigation
- Litigation issues tracking and follow-up

Salvage Recovery

- Assess the value of the salvage
- Intimate recovery unit
- Pursue recovery proceedings
- Recover the value of the salvage
- Update financials

Subrogation Recovery

- Identify the person responsible for the loss
- Intimate recovery unit
- Pursue recovery proceedings
- Recover the amount owed
- Update financials

Payment

- Issue payment to the claimant
- Bank Reconciliation
- Value Replacement (Pay the settlement value with an object of equal worth)
- Identify coverage and reserve limits
- Identify lien holder/ mortgage associations and issue cheques accordingly
- Identify the cause of loss and record it
- Cheque issuance (in the office and at the field)

Financial Administration

- Get Limits/ coverage / policy information and validate them
- Print cheques issued in office
- Record cheques issued by the field representatives
- Update payment history information
- Track the recoveries and receivables and arrive at a figure
- Income reporting for payments made to service providers (IRS 1099)
- Track uncashed checks and initiate negotiation / follow up
- Interface with Banking vendor and reconciliation
- Stop, Reverse or Cancel cheques

Workflow & Notifications

- Workflow management
- Workflow reports
- Pending activities reminder and tracking
- Activities assignment reminder
- Adjuster profile information

Vendor Tracking

- Validation of vendor information
- Vendor information maintenance
- Vendor activity tracking

Documentation & Correspondence

- Loss report Imaging and Documentation
- Scanned documents
- Digital Photography
- Recorded communication
- Interface with Customer Communication system
- Letter format maintenance

Reporting

- Loss and Financial information reporting
- Statistical reporting
- Regulatory reporting
- Customer surveys
- Claims performance management system for claims administration

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