



**SPECIFIC  
RECOVERY  
MODEL**

RELATIONSHIP MODEL WITH OTHER AREAS

**CORPORATE OPERATIONS AREA (ACSN)**

## RELATIONSHIP MODEL WITH OTHER AREAS

The remit of the **Corporate Operations Area** extends to all processes needed to manage and handle claims and the associated case files and benefits. As such, it is responsible for establishing general policy and procedures governing the actions of the **Claims and Benefits Areas** when handling claims. It is also tasked with updating the policy so as to bring it in line with the prevailing social, legal and economic landscape and the reality of the insurance industry.

The Claims and Benefits Areas must work together with other areas (**HR, Technical, Accounting/Treasury/Financial, etc.**) in managing claims (capture and opening, handling, collections and payments, close, etc.) so that the appropriate counterparts in each of them can be identified and a relationship model be defined that enables the achievement of the objectives of the departments involved; this applies for all types of case files, but it is of even greater relevance for the type we are concerned with here, **Recoveries**, as poor management of this type of case file can have a significant impact on different areas of the company.

Below we describe those Areas that the Claims Area most frequently has to deal with. This list is not definitive and may be expanded or reduced in different countries. Likewise, some of the competences assigned to certain Areas may be performed by others. Each country will have to adapt the relationship model to its own local conditions. Below, we consider at a minimum those that we consider essential in the case of recovery case files.

### RELATIONSHIP WITH HR

There are various times at which contact must be maintained between the **HR Area** and the handling or management centers.

Benefits Areas must comply strictly with the models and structures defined and approved by the **HR Area**, and will ensure compliance with the structures and profiles needed to manage benefits. This will help on two fronts: firstly, by validating and recognizing the job positions of the people assigned to the claims team; and secondly, because by detailing the profile of the people who should form the claims team, it will be easier and

more efficient to select employees for this department and to place them in the most suitable job positions. In this sense, and in view of the specific recovery model, we support the need to have a handler profile specific for recoveries.

Another important point to consider for the relationship model with the human resources areas is that related to training. There must be absolute coordination in matters of training. For this reason, all courses that are proposed or conducted must have the approval of the **HR Area**, among others. The Benefits Area must coordinate all training activities for any type of case file, but in this situation it must do so for recovery case files, proposing content, target profiles and the timing of this training.

### **RELATIONSHIP WITH THE TECHNICAL CLAIMS AREA**

The Technical Area and the Operations Area must work together to monitor loss experience, each working from its own field of expertise in relation to claims management. This will require a permanent flow of information between both Areas, and all shared functions or matters must be governed by a specific procedure.

Similarly, there should be a clear protocol on how to respond to certain aspects or incidents that can arise when managing a claim and that require more immediate solutions. By way of example:

#### **Interpretation of terms and conditions**

Different interpretations can sometimes be reached as to the sequence of events, the underlying cause, or the question of whether the parties are insured. This situation can also arise when drafting certain terms and conditions, which can later cause misunderstandings perhaps because some time has passed and things have been forgotten, or because of subsequent amendments or updates.

In this case, we will need to work jointly with the Technical Area to discern the drafter's intention when drafting the provision and decide on how best it should be interpreted and applied.

#### **Differences between what is included in the policy and the real situation**

If, when handling a claim, we detect discrepancies between the terms of the policy and the insured risk and/or the policyholder and their circumstances, we will need to contact the Technical Area so that it can determine the rule of equity to be applied to the case. This is because the Technical Area knows the difference between the rate that would have been applied to obtain the premium had all circumstances been known and the rate that was actually applied.

#### Initial analysis of the case file

It is within the competence of the Automotive Technical Area to determine the initial analysis of the case file, based on the calculations prepared by the Actuarial Area. This estimate will be adjusted by the handler periodically, until the vehicle or its parts are actually sold.

**As set out in the MOS, the Technical-Claims Area**, as the area responsible for agreements with large and/or strategic providers, will coordinate with the Operations Area to integrate at the operational level the management of these providers and the allocation of services in accordance with the strategy and agreements established, as well as the handling of incidents that arise on a case-by-case basis.

#### Other aspects

Other situations can also require the joint involvement of both areas. These include the waiving of previous claims when renewing, canceling policies when the risk has disappeared, communicating under/overinsurance and reporting information on fraud, etc.

With regard to when and in what way amounts in reserves or expectations should be revised, these should be assessed jointly, along with the profiles that may be involved in these modifications. All of this will be included in the relationship model that is established between the two areas.

#### **RELATIONSHIP WITH THE ACCOUNTING/CASH/FINANCIAL AREA**

Since the work of the **Claims and Benefits Area** generates economic movements (collections and payments), it needs to work in coordination with the **Accounting/Cash/Financial Area**.

There must be a model to maintain regular contact between the two areas for the monitoring of these assets and their complete quantification, in terms of both numbers and values.

This action can be perfectly configured so that it can be executed automatically upon receipt of the expected amount, which should match the expectations included in the recovery case file.

Meanwhile, a flow of information must be generated so that all the relevant departments know the different statuses through which payments and collections can pass (such as received transfers, returned transfers, duplicates, etc.).

### **RELATIONSHIP WITH LEGAL DEPARTMENT**

In some MAPFRE companies, when certain circumstances occur that require the intervention of an attorney and/or involvement in judicial proceedings, it has been established that these case files should be managed by the **Legal Department**. In other companies, it has been decided to outsource the management of these types of legal case files.

In order to know which cases are to be managed outside the benefits area, the relationship model between the two areas must be established so that it is sufficiently clear under which situations the case file must be transferred. This transfer will involve the handling of the case file by the **Legal Department**, which means that it must be assigned to an employee of that Area, who must assume the legal management of the case file, monitor the reserves, generate the necessary payments, communicate and inform the policyholders, and perform other activities until it is closed, in the same way as it occurs when the management is carried out by a claims handler from Operations.

As a general rule, the transfer of the case file should not take place except in special cases that are included in the relationship model between the two areas. In particular, for **recovery case files**, the Benefits Area must request support from the **Legal Department** in cases requiring a **review of legal feasibility**, the filing of claims, solvency studies, etc.

It should also be agreed with the **Advisory Legal Department** on the best way to proceed when, during the handling of a case file, we are faced with situations that require a knowledge of the case law applicable to those facts.

### **RELATIONSHIP WITH THE CONTACT CENTER**

Claims Areas must have direct contact with the **Contact Centers** at both the operational and functional levels.

Operational: when the claim is captured and opened (FNOL) by the **Contact Centers**.

Functional: when the information on the claims in progress is transferred by the **Contact Centers** following a call received from the policyholders or any other party involved, or when certain actions with providers can be managed from the **Contact Centers**.

For each of the activities in which the **Contact Center** is involved, there must be a close and periodic relationship that will be linked to all aspects of handling that are delegated by benefits to that Area.

If the **Contact Center** is tasked with opening claims (FNOL), the relationship model must provide for more frequent contact between both areas. We will need to define both the relevant contact people and the most suitable channels for this contact, as well as possible action plans to resolve any recurring incidents that may arise when opening claims.

In general, it will be necessary to order and standardize potential information flows between the two areas such as:

- Errors in applying coverage when opening claims, or problems relating to the quality of the information added to the claim.
- Incidents relating to the information sent to the policyholder or to any other party involved in the claim.

In particular, in the case of recovery case files, the role of the **Contact Center** is very important, because of the need to obtain full and correct information from the beginning. This will help the handler's management and allow these case files to be opened from capture. For this reason, technical and training measures will be made available to assist **Contact Center** managers in this activity.

As with all other claims, it is considered essential to generate a **single** flow of information that allows the rapid sharing of any issue to be improved as well as its prompt resolution; with the ability to distinguish between specific issues, or those that may be recurring or need a specific action plan for resolution and, for this reason, may require different

treatment. In this normal flow of information, consideration will be given to both the response times, if any, and the persons responsible for providing the response.

It is necessary to include considerations on how to act when the proposed actions or agreed deadlines are not met, such as escalation to a higher role to intervene with the definitive solution.

The transfer of information should be as uniform as possible, including minimal information on the incident or situation, and should always be carried out in the same way and in the same format so that it can be quickly identified and thus resolved as quickly as possible. We must be able to transfer the information in both directions, i.e. from the **Contact Center** to the **Claims Area** and vice-versa.

Regular follow-up meetings should be held between both areas to monitor all incidents detected, to categorize them accordingly and decide on the best way to resolve them, either until they disappear completely or otherwise to establish specific action plans (possibly training for managers, handlers or supervisors). These meetings will also be used for the monitoring of service levels and commitments agreed between the two areas (SLAs).

Another way to maintain this degree of relationship may be the appointment of representatives in both areas at different levels or roles of activity for the most urgent contacts or resolution of incidents reported through the ordinary channel.

Another key aspect to bear in mind is that claims must be sympathetic to the needs of the **Contact Center** when going about its work. Claims handlers must be aware that the observations they note in the case file must remain up to date and be clearly understandable so that the **Contact Center** is able to provide a fast and effective response. Any failing here can negatively impact the image of quality we want to convey to the client and incorrect information can certainly affect the number of phone calls that reach the **Contact Center**.

The **Contact Centers** will analyze or assess what actions to request from Claims so as to ensure that both areas perform their functions in the best way possible. Meanwhile, the questionnaires that clients are asked to complete after their claim has been handled or the benefits have been provided will also garner useful input.

Another important consideration to bear in mind when it comes to the relationship model with the **Contact Center** is the matter of training and communication among employees of regulations, manuals, procedures and, in some cases, information on changes in the law that may affect the way a claim is handled or affect either the general

or special terms and conditions. Members of the **Contact Center** must therefore be made aware of all such matters so as to ensure the proper performance of the functions delegated to them.

The **Claims Area** will instruct the **Contact Center** on how to carry out its work, explaining the most relevant aspects of the process, helping to prepare scripts and defining the information to be given when receiving a call. This way, the Claims Area can ensure that the **Contact Center** gives out the right information best suited to the client's needs and those of the company, if we consider recovery case files.

Meanwhile, the **Contact Center** will be responsible for transferring the information received from the **Claims Area** among all its members in accordance with the guidelines and instructions established by Claims.

As far as training needs are concerned, the Claims Areas, **Contact Center** and **Human Resources** will assess and establish this training by consensus and draw up a schedule that does not interfere with the areas' normal activity.

#### **RELATIONSHIP WITH THE ACTUARIAL AREA:**

The main purpose of the relationship model between the Claims Areas and the Actuarial Area is to ensure that the case file is accurately assessed and categorized at the outset (initial calculation of reserves). This assessment is calculated by the Actuarial Area and must be validated with the Technical Area.

In the case of recoveries, the initial assessment of the case file shall be calculated on the basis of the reserve assigned to the associated payment case file, and the amount shall be automatically included as the collection expectation.

Furthermore, there must be a well-defined level of relationship that lets us coordinate the process of calculating technical provisions and making adjustments to reserves or recovery expectations. We must clearly identify the competencies of each area, evaluate the sufficiency and quality of the data used for these calculations and jointly analyze the best estimates to be used for these purposes.

The **Actuarial Area** will share the results of its studies to help provide an accurate initial assessment of the case file, especially in relation to high-frequency claims, on the basis of the models considered the most appropriate in each case. The calculation will be carried out as often as needed so as to make the calculation of reserves as accurate as possible on a case-by-case basis, and minimize deviations wherever possible. Especially



in the case of recoveries, it is important that the associated payment case file is properly reserved in order to be aware at all times of the amount to be recovered, and if there is any change in the reserves of this case file, the collection expectation of the recovery case file should be automatically modified.

Claims will provide any information that the **Actuarial Area** may need in order to carry out these tasks.

Each Area will inform the other of any circumstances that might affect the work of the other (e.g. changes in handling rules or in the reserve calculation model, changes in the expectation of recovery in claims with a relevant amount, etc.).

Finally, for the analysis and study of the indicators that affect both areas, they will be coordinated and the conclusions will be shared, seeking to align the measures to be implemented in the event that action plans are necessary in order to improve results.

#### **RELATIONSHIP WITH THE PROVIDERS AREA**

Because of MAPFRE's commitment to providing a comprehensive service to its clients, it attempts wherever possible to resolve claims through its networks of providers, as opposed to paying out an indemnification. In particular, for recovery case files, since the repair of the damage is going to be based on the actual coverage case file associated with the recovery, the participation of providers will be relevant in order to carry out feasibility studies with an attorney before filing a lawsuit, ordering damage assessments from an appraiser (damage caused by a garage door), etc.

We will need to establish multiple interactions between Benefits and Providers so as to ensure that:

- providers are made perfectly aware of the scope of the work they are to perform;
- handlers have full details of each intervention performed and of the status of the work;
- all incidents, grievances, complaints and praise received in relation to the provider's work are recorded in the case file.

Because the providers and claims handlers will need to remain in direct contact with one another, we must set up appropriate two-way communication channels and tools between the claims and providers areas, thus allowing for the effective management of situations such as:

- Incidents, grievances, complaints and compliments arising during the handling process in relation to providers.
- Possible fraud committed by providers and detected by handlers.
- Possible fraud committed by clients and detected by providers.
- Incidents when managing the services generated by the handlers, where such incidents cause inconvenience to providers and/or delays in completing the engagement.
- The availability of information for the handlers to know the interim status of the service to be rendered by the provider.
- Need for an exchange of information not related to the case file, but to the client that the provider must transfer to the Company.
- Exchange of information related to a specific engagement (case file), for clarification of doubts, extensions of the service to be performed, modifications, requests for change of provider, etc.
- Communicating the removal of a provider with assigned services and reassignment of those services.
- Communicating any required modifications to the information contained on a provider's data sheet, when the request is received by the Area that is not responsible for keeping and maintaining it.
- Managing service limits by provider and resolving any situations that make it impossible to assign the service.
- Incidents when applying tariffs.
- Incidents when managing payments or collections.

There are also numerous aspects that need to be coordinated or agreed between both areas:

- Possible need to set up new associations, offices or profiles to incorporate into the network of providers.
- Defining the activities and services.
- Information and documentation to be provided in the engagements.
- Information and documentation to be delivered by the providers when returning the services.
- Method for dispatching services (integration of tools).
- Establishing commitments with the client.
- Agreeing upon the provider's commitments with MAPFRE (deadlines for completing the service and for sending documentation, information, invoices, etc.)

- Maintaining provider databases where no specific application exists.
- Sharing criteria for the assignment of providers.
- Manual assignment/removal of services, determining who can perform the service, reasons, etc.
- Sharing of contingency plans to cover situations involving the work overload of one or both areas, which would naturally affect the work of the other area.
- Changes in provider tariffs or in the financial agreements between the parties, where those changes affect the cost of the case file/claim.

Although it is considered that a periodic committee involving both Areas would be the best way to keep all the above points up to date, and to monitor the common objectives, or those in which the other Area may have an influence (IQRF rate, average costs, speed of settlement, Digital Dispatch, etc.), the circumstances of each Country/Unit will determine the most effective way to deal with these aspects and, where appropriate, the most suitable people to do so.

Disagreement on any of the aspects to be agreed upon will be escalated to the corresponding figure for supervision and intervention, so that the necessary agreement can then be reached.

#### **RELATIONSHIP WITH THE RISK MANAGEMENT AREA**

The **Risk Management Area** uses the **Riskm@p** tool to compile the risks associated with the Company's different management processes, including those related to claims processes. This tool is also used to enter and store our risk manuals, which are drawn up by those responsible for the risks (the **Claims Area** in this case), and are there to document the measures, action plans and other aspects implemented in each case.

The risks are assessed by the **Risk Area** according to their criticality, in accordance with the results of the risk questionnaires that the areas involved fill out biannually. Joint efforts should be made to identify risks whose criticality exceeds the permissible values for the Company.

The **Claims Areas** and the country's **Risks Area** must also work together on managing and overseeing all the manuals and action plans that are set in motion. The Country Risk Supervisor will lead the analysis of the detected risks and the establishment of an action plan, where the situation so advises, and the Risk Supervisor drafts it and oversees its execution, or assumes the risk if they do not consider the establishment of improvement measures necessary or possible.

### RELATIONSHIP WITH THE SECURITY SYSTEMS AREA

The **Security Systems Area** is responsible for safety management at the Company. It must collaborate closely with the Claims Areas at all times, mainly in relation to the following aspects:

- Relationship with the authorities (judiciary, law enforcement and security services, etc.). The Security Systems Area will be made aware of any request that the Claims and Benefits Areas may receive from the authorities, and it will be provided with all the information it may need to contact the competent authorities.
- Drawing up of business continuity plans. Since there is a **Business Continuity Area** within the **Security Systems Area**, the plans established for this objective in the **Claims and Benefits Areas** must be suitably aligned with those of the **Security Systems Area**.

### RELATIONSHIP WITH OTHER AREAS

If a country or company has other relationship models with other areas, they may include a description of what this relationship should be in a local document.