Primary Goals of Claims Dept

1. Keeping the Insurer’s Promise
2. Satisfy insurer’s obligations
3. Provide fair, prompt, and equitable service
4. Provide peace of mind
5. Supporting the Insurer’s Profit Goal
6. Control claims expense
7. Treat customers fairly (in turn avoiding litigation)
8. Improves reputation

Claims Dept Structure

CEO – Senior Claims Officer – Staff

Claims Personnel

1. Staff Claim Reps
2. Independent Adjusters
3. TPAs
4. Producers
5. Public Adjusters

Claims Performance Measures

-qualitative vs quantitative: What’s the difference?

1. Profitability measures
2. loss adjustment expense (LAE)
3. loss ratio
4. Quality measures
5. Best practices
6. Claims audit
7. Customer satisfaction

Ethical and Professional Concerns

-ethical dilemma vs moral dilemma: What’s the difference?

1. Ethics-the better course of action, given the choice of two legal courses of action
2. Legality-choice between what is lawful and unlawful
3. Professionalism

How to establish good faith through ethics and professionalism:

1. Satisfy contractual duties and promises
2. Maintaining credibility
3. Complying with legal duty

Benefits of Insurance:

1. Peace of mind
2. Support for credit
3. Efficient use of resources
4. Reduction of social burdens

Ethical and Professional Concerns for Claim Reps:

1. Conflicts of Interest
2. Salvage
3. Vendor incentives
4. Overlapping coverages or insureds
5. Claims Handling Competency and Continuing Ed
6. Licensing-varies by state; can raise ethical issues
7. Customer Service-should try to treat all equally
8. Communication with represented claimants-certain laws on how to handle
9. Billing practices-should not be inappropriate or excessive
10. Privacy-info protected by privacy laws
11. Fraud detection

Five Factors That Can Affect Claims Handling Competency (pg 1.16)

1. Changes in the claim’s environment
2. Changes in job responsibilities
3. Attrition of knowledge over time
4. Limited insurer resources
5. Rewards and promotions

Codes of Ethics and Quality Claims Practices

-three pillars can establish a framework to achieve consistent good-faith claims handling:

1. Codes of ethics
2. Quality claims practices
3. Compliance with laws and regulations