

# The Evolution of Claims

2007 | Research Report

Claims Faculty



CII

# Executive Summary

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Claims is evolving. Over recent years there have been many changes to the way in which claims are handled, viewed and managed. These changes are incremental and accumulative, rather than sudden and dramatic, and this has created an ever-changing and evolving claims environment.

To understand the changes which have occurred, it is important to first recognise the old claims environment. Considered as a back-room function only five or ten years ago with little importance to the industry, claims has experienced a transformation from an administrative function to a key business driver. It is agreed that claims is much closer to the heart of the industry than ever before and in many cases claims is believed to be the biggest trigger to an organisation's profit and loss. So it is not surprising that in this ever-competitive industry, claims has a greater presence.

Although it was not explicitly explored in this project, it would be unfair to say that claims has changed whilst the rest of the insurance industry has stood still. Claims has evolved to reflect the dynamic nature of today's industry but claims has experienced some of the greatest changes within insurance in recent years.

According to industry leaders, reducing the cost of claims and treating customers fairly are the two main issues on their agendas and there is agreement that both goals can be achieved simultaneously by reducing the claims life cycle. Better claims management and new business process have been the primary tools in recent years in reducing the length of claims but in the future many look towards the people in claims to help improve customer satisfaction and reduce claims costs.

The utilisation of new and better technology, better business processes and offshoring have all been contributing factors in the evolution of claims. However, there is agreement in the industry that having the right claims professionals is vital in today's climate. This is a major concern when coupled with the fact that attracting, recruiting and retaining the right claims staff is one of today's most pressing issues and reinforces the need for the continuous development of professional standards in claims practice.

The majority of changes have been positive: better technology, better understanding of claimant satisfaction/loyalty, understanding of financial influence and the reduction in costs. However, the evolution of claims has not yet peaked. Most claims professionals agree that claims is in a perpetual state of change and it is inevitable that more is on the horizon.

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