CLAIMS MANAGEMENT

ASSOCIATESHIP SPECIALIST 820

OBJECTIVES: To provide an understanding of the development of claims philosophies, the implementation of claims systems, the management of claims functions, the management of the claims service and the application of claims practice to transacting insurance business on an industry wide basis.

Knowledge rating **APPROACHES TO CLAIMS** Differences in claims philosophy and the inter-relationship between the approach to claims handling and overall objectives. 3 Significance of claim settlement profile to an organisation's 3 marketing strategy. Management of customer expectations. 3 3 Customer retention. Claims management issues in relation to: -the negotiation of third party claims; 3 -use of structured settlements. 2 3 Financial impact of claims management strategy. Catastrophe planning. 3 Estimating and reserving policies and their implications. 3 Implications of the ABI Statement of General Insurance Practice 1986 for claims and the claims management issues arising from this and related legislation. 2 Ethical aspects of settling legitimate claims and of challenging dubious claims. 2 Approaches to complaint handling and dispute resolution. 3 Alternative dispute resolution, including the Insurance Ombudsman, the Personal Insurance Arbitration Service and the PIA Ombudsman. 2 Trends in arbitration awards and their impact on 2 approaches to claims. Trends in court awards and their impact on approaches 2 to claims. Quality management issues, including the ISO 9000 series, and their impact on claims philosophy. 2

IMPLEMENTATION OF CLAIMS HANDLING SYSTEMS

Features, structure and objectives of different claims systems.	2
Integration of the claims function and overall organisational structure.	2
Key issues relating to claims arising under contracts for:	
—personal insurances;	2
-commercial insurances;	2
-marine insurance;	2
-aviation insurance;	2
—long-term business;	2
—reinsurance.	2
Variations in the requirements of 'personal' and 'commercial' policyholders and their representatives.	2
Variations in the requirements of own clients and third party claimants and their representatives.	3
Role of intermediaries in the claims handling system.	2
Use of delegated claims settling authority.	1

Considerations relating to outsourcing with particular reference to:

—available skill levels;	2
—selection criteria;	2
—costs.	2
Litigation:	
-the role of legal experts in claims negotiation;	3
—procedural aspects.	3
Resource implications of volume and complexity of	
business being transacted to the claims system.	2
Role of information technology in claims handling.	2

MANAGEMENT OF THE CLAIMS HANDLING OPERATION

Role of the claims manager.	3
Managing the cost of the claims operation.	3
Catastrophe management and resourcing.	3
Establishment of protocols in relation to:	
service delivery standards.	2
-claims estimating;	2
—internal 'benchmarking'.	2
Identification of sources of 'leakage' including tracing of	
insurers and effecting recoveries in run-off.	2
Methods of minimising leakage.	2
Actuarial reviews for monitoring financial performance.	2
Basis and significance of reserving practice, including	
IBNR and long-tail claim considerations.	2
Impact of claims on underwriting and pricing.	3
Value of audits of:	
—own staff;	2
-suppliers of services.	2
Monitoring and updating of agreements with suppliers.	2
Influence of customer expectations on the design of systems.	2
Use of management information generated by information	
technology.	2
Operation, cost and benefit of 'help lines' and associated services.	3
Identification and treatment of fraudulent claims.	2
Significance and use of CUE and other databases.	2

INTERNATIONAL CLAIMS CONSIDERATIONS

Practical implications of international differences in local market practice, regulations and legislation, currency and	
taxation and economic conditions.	1
Influences of the EC on UK claims procedures.	1

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Knowledge ratings

Each sub-topic has been designated a numerical rating as follows: 1 General background awareness necessary.

- Requires a knowledge of the major elements of procedures or
- concepts and their uses.
 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

Study materials

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. The reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Primary text

Coursebook 820: Claims management. The Chartered Insurance Institute.

Additional reading

Controls over procedures for establishing general insurance business technical provisions: Guidance note for insurance companies. London: Association of British Insurers, 1996.