Claims management (non-life)

Objective: To develop in the candidate:

- a knowledge and understanding of claims philosophies;
- a knowledge and understanding of the implementation of claims systems;
- a knowledge and understanding of the management of claims functions, and the management of the claims service;
- a knowledge and understanding of claims practice within the non-life insurance industry;
- the ability to apply knowledge and skills to practical situations;
- the ability to synthesise different aspects of the syllabus and apply them to given scenarios.

Assumed knowledge and application skills:

Assumed knowledge may not appear in the course text but forms part of the syllabus and thus may be examined. It is assumed the student has a thorough understanding of claims practice and processes as they relate to non-life business. Also the subject matter covered in unit IF4 Insurance claims handling process or equivalent qualification.


Notes:
- The syllabus will be based on UK law and practice.
- The April session will test the legal position as of 31st August of the preceding year.
- The October session will test the legal position as of 28th February of the same year.

1. The claims environment

1.1 Claims philosophies
Candidates should be able to
- explain differences in claims philosophy and the interrelationship between the approaches to claims handling and overall company objectives;
- discuss the significance of claims philosophy to an organisation’s marketing strategy.

1.2 Regulation and legislation
Candidates should be able to
- discuss the impact of legislation and Financial Services Authority regulation on the claims environment.

1.3 The supply chain
Candidates should be able to
- explain the role of intermediaries in the claims process including:
  - brokers;
  - loss adjusters;
  - insurance companies;
  - outsource providers.

1.4 European Union influence
Candidates should be able to
- discuss the influence of the European Union on UK claims procedures.

1.5 Scale of claims events
Candidates should be able to
- explain the main types of claims events.

2. Claims service management

2.1 Customer expectations
Candidates should be able to
- discuss the management of customer expectation within the claims function;
- explain the influence of customer expectations on the design of claims systems.

2.2 Customer retention
Candidates should be able to
- explain the importance of the claims function in relation to customer retention.

2.3 Claims service management
Candidates should be able to
- discuss the claims management issues arising from the ABI Statement of General Insurance Practice 1986, the ABI Claims Code and related legislation.

2.4 Complaint handling
Candidates should be able to
- distinguish between the various approaches to complaint handling and dispute resolution;
- outline the use of alternative dispute resolution, including the Financial Ombudsman Service.

2.5 Third party claims and structured settlements
Candidates should be able to
- discuss the claims management issues relating to
  - the negotiation of third party claims;
  - use of structured settlements.
2.6 Court awards
Candidates should be able to
- outline the trends in arbitration and court awards and their impact on claims management.

2.7 Varying requirements
Candidates should be able to
- discuss the variations in the requirements of ‘personal’ and ‘commercial’ policyholders and their representatives;
- discuss the variations in the requirements of own clients and third party claimants and their representatives.

3. Claims technical management

3.1 Design & implementation of claims handling procedures
Candidates should be able to
- explain the integration of the claims function in the overall organisational structure;
- explain the features, structure and objectives of different claims procedures in relation to:
  - personal claims;
  - commercial claims.

3.2 Outsourcing
Candidates should be able to
- discuss the considerations relating to outsourcing with particular reference to:
  - available skill levels;
  - selection criteria;
  - costs.

3.3 Volume complexity
Candidates should be able to
- discuss the resource implications of volume and complexity of business being transacted to the claims system.

3.4 Information technology
Candidates should be able to
- discuss the role of information technology in claims management;
- outline the use of management information generated by information technology.

3.5 Fraudulent claims
Candidates should be able to
- discuss the identification and treatment of fraudulent claims;
- explain the significance and use of CUE and other databases in the claims function.

3.6 Ethical aspects
Candidates should be able to
- discuss the ethical aspects of settling legitimate claims and of challenging dubious claims.

3.7 Delegated authority
Candidates should be able to
- explain the use of delegated claims settling authority.

3.8 Litigation
Candidates should be able to
- explain the role of legal experts in claims negotiation;
- explain the main procedural aspects of litigation with particular reference to claims handling philosophy.

3.9 Reinsurance
Candidates should be able to
- discuss claims considerations relating to reinsurance with particular reference to:
  - notification conditions;
  - accumulations.

4. Claims management in practice

4.1 Claims handling operation
Candidates should be able to
- outline the different strategic roles of the claims manager/director and claims adjusters/claims handlers;
- discuss how a claims manager manages the work of an external holder of delegated authority, including:
  - work processes;
  - information flows;
  - scope of authority;
  - potential for abuse.

4.2 Catastrophe management
Candidates should be able to
- explain the nature of catastrophe management and resourcing.

4.3 Protocols
Candidates should be able to
- discuss the establishment of protocols in relation to:
  - service delivery standards;
  - service provider fees/charges;
  - claims estimating;
  - internal ‘benchmarking’.

4.4 Supplier/relationship management
Candidates should be able to
- outline the need for monitoring and updating of agreements with suppliers.

4.5 Helplines
Candidates should be able to
- discuss the role and benefits of ‘help lines’ as part of the wider claims management process.

4.6 Market practice
Candidates should be able to
- discuss the practical implications of differences in global and local market practice on:
  - regulations and legislation;
  - currency and taxation;
  - economic conditions.

5. Cost management

5.1 Cost control
Candidates should be able to
- describe the issues and methods of managing the cost of the claims operation.

5.2 Strategy
Candidates should be able to
- discuss the financial impact of claims management strategy.
5.3 Estimating and reserving
Candidates should be able to
– discuss estimating and reserving policies and their implications for the claims function.

5.4 Claims and underwriting
Candidates should be able to
– discuss the impact of claims on underwriting and pricing.

5.5 Actuarial reviews
Candidates should be able to
– explain the importance of actuarial reviews in monitoring financial performance.

5.6 Leakage
Candidates should be able to
– describe the identification of sources of ‘leakage’ including tracing of insurers and effecting recoveries in run-off;
– explain the methods of minimising leakage.

6. Quality management
6.1 Service quality
Candidates should be able to
– discuss quality management issues, including the ISO 9000 series and the impact on the claims function.

6.2 Audits
Candidates should be able to
– explain the value of audits of:
  • own staff;
  • suppliers of services.

Reading list
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. Any reference materials cited are authoritative, detailed works, which should be used selectively as and when required.

Note: The examination will test the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination.
Most of these additional study materials can be borrowed or purchased from CII Information Services at www.cii.co.uk/is

Primary text
Claims management (non-life). London: The CII.
Coursebook 820.

Additional reading
Fraudulent claims, Ian Youngman. London. CII Information Services. Online document available to CII members only. Updated. www.cii.co.uk/is/factfiles

Periodicals
The Journal. The CII. Six issues a year. Also available online (CII/SOFA members only) at www.cii.co.uk/is

Websites
Financial Services Authority – www.fsa.gov.uk
The Department for Constitutional Affairs – www.dca.gov.uk

Examination guides
You are strongly advised to study these before the examination. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on 020 8989 8464.

Exam technique/study skills
There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.
An example is:
The exam secret: how to make the grade. Barbara Brown.
For a more interactive approach, you should consider: