



## *What makes a good TPA and TPA Claims Handler? A holistic overview of both*

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The findings of the Financial Conduct Authority (FCA) thematic review have given even greater gravitas to the changes that were already being made across the insurance industry to improve the claims service a customer receives. I have lost count of the number of articles, conference speeches and marketing literature that I have encountered over the last year or two that involves "putting the customer at the heart of all we do" and, of course, it is quite right that we all practise this if the perception of insurance is to improve.

I have seen clear signs that attitudes are changing within the third party administration (TPA) sector too. Competent and experienced staff, formerly something to shout about, is now a given - the focus is very much on the customer. Don't get me wrong, technical competency, in terms of correct policy application, is still essential, but the emergence of conduct risk and the increasing demand for management information requires a far more holistic approach.

In this paper I will share some examples of what I mean, both in terms of a TPA company and an individual handler's perspective.

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## Informed triage with empathy and guidance for the customer

New claims can be intimated in various forms, from a direct notification from the customer or broker to an XML notification via the broker, coverholder or direct from the policyholder (if perhaps a corporate entity). The challenge for the TPA is to triage the claim quickly but also intelligently.

This starts with the necessary Data Protection Act (DPA) checks, verifying details on the schedule and Statement of Fact and establishing the circumstances and extent of loss. This will give the TPA handler an understanding of the policy cover, the level of quantum and any concerns to enable them to select the next steps, whether this is involving a loss adjuster, buildings validation expert or supplier. The initial call to the customer, which should be followed up in writing, requires empathy and an ability to explain the role of the handler and next steps.

System population following triage is essential, in particular, any data field that is used as part of a bordereau or service performance management information tool.

## Moving claims forward with energy and initiative

It is critical that the TPA handler is proactive and communicates well and regularly with all stakeholders during the currency of the claim. Whether this is chasing the customer or broker, liaising with loss adjusters or suppliers, it is the handler's responsibility to drive the claim forward and robust diary management and outbound calling is essential.

Elapsed time management and settling claims as quickly as possible is fundamental, as is ensuring that the possibility of making interim payments is explored at all opportunities not only to assist with cash flow but also to give peace of mind to the customer. This was a key part of the recent thematic review. As the claim develops, the handler should ensure that the file is updated, to not only provide the correct audit trail but also to ensure that all data fields and reserve schedules are current and up to date.

## Making payments without delay

Speed of payment is a key measure in today's market and now forms part of the TPA's monthly reporting requirement to the underwriter. Once a payment has been agreed it is essential that it is processed promptly. Part of this is to ensure float levels are always sufficient and fund management and the governance around this, which may involve various stakeholders, is key. This will come under





even greater focus when the Enterprise Act comes into force later this year. Payments should not be processed without the appropriate sanctions check, which should be in accordance with the underwriter's requirements and evidenced on file.

### Best use of technology for efficient claims handling, data capture and reporting

System flexibility and functionality is very important, both in terms of data capture and reporting capabilities but also usability for the handler and the way it can interact with customers and clients via portal applications and transfer data between systems, via say XML. It should also assist the loss adjusters in terms of efficiencies by removing the need for duplication of tasks. Digital edge is key to the market and will have a big role to play in how claims are processed in 2017 and beyond.

### Ability to provide the necessary bordereaux and management information (MI)

For any TPA operating in the London Market, this will have been one of the biggest changes in the last 12-18 months. On 1.1.16 Lloyd's introduced their minimum standards bordereau. This requires more detailed system interrogation and reporting than ever before and will be further enhanced when Version 5 comes into play later this year. It is for this reason that the TPA's system and data capture needs to be such that it can cope with multiple data fields and incorporate a flexible reporting tool.

To supplement the bordereau there is a TPA Performance MI Suite to complete and various underwriters have now introduced regular self-assessment requirements. To ensure fund levels are maintained it is important that the bordereau is issued as soon as possible in the new reporting period and data accuracy on the part of the handler is pivotal.

### Regular and comprehensive audit programme

TPAs will be audited at least annually, possibly more frequently. This may be remotely, via the TPA's portal or audit functionality on their own claims management system, providing restricted access to the auditor to ensure DPA rules and sensitive data are not compromised, whilst giving them sufficient information to undertake a meaningful audit. In addition, the TPA will have their own in house audit procedures which may include peer review, telephony, data entry checks as well as traditional full file audits to ensure that the audit embraces all aspects of the role and most importantly there is a mechanism for feedback and training to address any skills gap etc.





## Openness to due diligence

Most TPAs will be required to complete a robust due diligence process prior to any contract commencing and this will be subject to review annually usually as part of the audit process.

In addition there is the London Market Experts (LME) Database – operated by Charles Taylor Insurance Service (CTIS) - that is used to try and streamline the due diligence and audit process.

## Continued training of staff and learning from customer complaints

It will be mandatory that TPA handlers undergo annual training on key subjects such as DPA, financial crime, sanctions, Treating the Customer Fairly (TCF), gifts and hospitality etc. An e-learning training tool is a good way of ensuring training is always up to date and staff are compliant. This is in addition to the usual portfolio of technical training which ensures the handler has the correct technical knowledge and soft skills to provide the required level of service. Soft skills are now far more prominent than they have been before with regular, good and clear communication a prerequisite. Professional qualifications, such as the Cert and Dip CILA, go a long way to evidencing competency and employers are far more focused on supporting staff to achieve this goal.

Complaint identification and root cause analysis falls within this space. Demands have changed dramatically over the last 12-18 months with the development of conduct risk and the TPA will now need to evidence robust procedures to show that complaints are identified, actioned and escalated as appropriate and within their level of their authority. This can include the issuing of a Summary Resolution Communication (SRC) and detailed returns to the underwriter, as well as a reliable audit policy around complaints and 360 degree root cause analysis. Where recurring issues are identified systems should be put in place to ensure that these do not re-occur, whether this is via training plans or other means.

## Development of TPA skills and capabilities

As we can now see the role of the TPA handler and the requirements on TPA companies has developed over recent years, along with the skill sets required to do the job competently, both technically and from a conduct perspective. Correct policy application, identification of fraud and subrogation prospects remain as important as ever however the job today is now much more than this. Systems, controls and company culture are key and having the right resource is essential to fulfil the various dimensions the role now encompasses. Underwriters are delegating their brand and





reputation to the TPA and their staff, hence it is critical that philosophies are understood and service delivered, leading to good outcomes for all stakeholders.

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