

**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.

	<i>Knowledge rating</i>		
<b>APPROACHES TO CLAIMS</b>			
Differences in claims philosophy and the interrelationship between the approach to claims handling and overall objectives.	3	Considerations relating to outsourcing with particular reference to:	
Significance of claim settlement profile to an organisation's marketing strategy.	3	—available skill levels;	2
Management of customer expectations.	3	—selection criteria;	2
Customer retention.	3	—costs.	2
Claims management issues in relation to:		<b>LITIGATION</b>	
—the negotiation of third party claims;	3	The role of legal experts in claims negotiation.	3
—use of structured settlements.	2	Procedural aspects.	3
Financial impact of claims management strategy.	3	Resource implications of volume and complexity of business being transacted to the claims system.	2
Catastrophe planning.	3	Role of information technology in claims handling.	2
Estimating and reserving policies and their implications.	3	<b>MANAGEMENT OF THE CLAIMS HANDLING OPERATION</b>	
Implications of the ABI Statement of General Insurance Practice 1986 for claims and the claims management issues arising from this and related legislation.	2	Role of the claims manager.	3
Ethical aspects of settling legitimate claims and of challenging dubious claims.	2	Managing the cost of the claims operation.	3
Approaches to complaint handling and dispute resolution.	3	Catastrophe management and resourcing.	3
Alternative dispute resolution, including the Insurance Ombudsman, the Personal Insurance Arbitration Service and the PIA Ombudsman.	2	Establishment of protocols in relation to:	
Trends in arbitration awards and their impact on approaches to claims.	2	—service delivery standards;	2
Trends in court awards and their impact on approaches to claims.	2	—claims estimating;	2
Quality management issues, including the ISO 9000 series, and their impact on claims philosophy.	2	—internal 'benchmarking'.	2
<b>IMPLEMENTATION OF CLAIMS HANDLING SYSTEMS</b>		Identification of sources of 'leakage' including tracing of insurers and effecting recoveries in run-off.	2
Features, structure and objectives of different claims systems.	2	Methods of minimising leakage.	2
Integration of the claims function and overall organisational structure.	2	Actuarial reviews for monitoring financial performance.	2
Key issues relating to claims arising under contracts for:		Basis and significance of reserving practice, including IBNR and long-tail claim considerations.	2
—personal insurances;	2	Impact of claims on underwriting and pricing.	3
—commercial insurances;	2	Value of audits of:	
—marine insurance;	2	—own staff;	2
—aviation insurance;	2	—suppliers of services.	2
—long-term business;	2	Monitoring and updating of agreements with suppliers.	2
—reinsurance.	2	Influence of customer expectations on the design of systems.	2
Variations in the requirements of 'personal' and 'commercial' policyholders and their representatives.	2	Use of management information generated by information technology.	2
Variations in the requirements of own clients and third party claimants and their representatives.	3	Operation, cost and benefit of 'help lines' and associated services.	3
Role of intermediaries in the claims handling system.	2	Identification and treatment of fraudulent claims.	2
Use of delegated claims settling authority.	1	Significance and use of CUE and other databases.	2
		<b>INTERNATIONAL CLAIMS CONSIDERATIONS</b>	
		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

## **Knowledge ratings**

*Each sub-topic has been designated a numerical rating as follows:*

- 1 *General background awareness necessary.*
- 2 *Requires a knowledge of the major elements of procedures or concepts and their uses.*
- 3 *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.

Most of these additional study materials can be borrowed or purchased from the CII library.

### **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.