



A new take on claims management

Captives and risk managers need to be in control of their claims processes and information flows, according to Gwenny Nales of Van Ameyde

Captives and risk managers dealing with the risks of multi-office and often international companies share a major problem: fragmented data, requiring structural data cleansing and making data analysis virtually impossible. International claims and insurance processes invariably result in multiple flows of information that are difficult to manage in terms of accuracy and consistency. Language and cultural barriers, different reporting formats and the heterogeneous nature of the service providers involved only add to the confusion. The lack of overview hampers compliance and risk management, not to mention cost control.

Willem Van der Hooft, business development director at Van Ameyde, explains: “Captives, fronting companies, brokers and risk managers all face similar problems. They have to spend valuable time reconciling data from different sources, in order to establish a reliable basis for decision-making processes, financial reporting and compliance.”

“And don’t underestimate the risk of fraud and cybercrime posed by the use of multiple sources and platforms. After all, data security is as strong as the weakest link. With so many sources of information it is hard to centrally establish the validity of data, and thoroughly securing different platforms is probably even harder.”

Multi-office companies, and companies with international presence in particular, face a host of insurance-related issues. TPML insurance, for example, requires an international network of claims representatives and correspondents, to deal with claims under the Green Card regulations and EU Directive 2009/103/EG, still referred to by many as the Fourth Directive.

The parties involved include fronting companies, preferred supplier and repair networks, third-party administrators (TPAs), claims adjusters, the police and hospitals. All these parties provide their own flows of information using their own platforms.

Michael Akerboom, business development manager at Van Ameyde, says: “Insurance providers in general struggle with their reporting and reporting departments mushroom as compliance with ever stricter regulations require a level of transparency that the information provided by all those parties does not provide. I see a huge potential for efficiency gains.”

Akerboom distinguishes three main purposes of reporting. The first is the management of suppliers, based on service level agreements and the agreed key performance indicators. Captives need to be able to monitor the performance of their suppliers and fronting companies have similar monitoring needs.

The second purpose is risk management. Management information must provide insight in all aspects of losses, including the cause in order to identify potential for mitigation, and, of course, claims costs. Management information provides the basis for risk management decision-making and is one of the areas in which the captive can clearly establish its added value to its owner.

Regulatory compliance, such as Solvency II, is the third purpose of reporting. Insight in outstanding liabilities requires correct and uniform reporting of claim reserves. In addition, tight deadlines and strict reporting requirements put a strain on reporting departments faced with the task of data cleansing.

Reducing costs

Reducing claims costs is another major issue in the insurance industry. Prevention is one of the pillars, but in order to prevent losses, the cause of losses must be identified. Akerboom explains: “If, for instance, a motor fleet could considerably decrease its losses by installing reverse radar in its cars, the fleet manager needs to know that so many of the fleet’s losses are related to vehicles backing up.”

“Another major cost influencer is loss recovery, or, in fact, the lack thereof. We see the same issue across the board. There is no process in place to ensure that the necessary steps are taken towards all liable third parties. Systems are simply not geared to the registration, identification and processing of such recoverable losses.”

A single platform

The answer is to move to a single, international claims and incident management platform. By using a single platform, not only is the need for data cleansing eliminated, but costs can be reduced demonstrably as well, thanks to efficiency gains, automatically initiated loss recovery and automated fraud prevention.

In Akerboom’s opinion, ideally all losses—irrespective of the type of loss—from multiple territories are notified using an online and mobile portal. The portal is connected to a central claims management system, which triages the losses to the parties involved and identifies recoverable losses. All parties involved use the portal for reporting by means of standardised reporting templates, thus converging all information flows and presenting the information in a customised, uniform format resulting in a unified overview.

Collecting all the data in one system also offers potential for data analytics for a wide variety of purposes. Data analytics can be used for studies into claims cycle times, cost effectiveness and fraud prevention, but also for gaining insight in causes of loss for risk analysis and mitigation purposes. And finally, when it comes to safeguarding data, one central system can be defended to the hilt.

Van der Hooft notes that the problem faced by captives and fronting companies, is the fact that this would require huge investments in

claims management IT, rather than in their core business. Yet most captives and fronting companies do not deal with the vast number of claims that would justify such investments: they do not have the scale for the development and cost effective operation of such a platform.

Conversely, TPAs do have the scale but most only develop functionality to support their own services. A number of systems are available on the market, but systems that cover the whole process are scarce. Akerboom suggests: “Today, claims management fully depends on IT support, which is why Van Ameyde has its in-house IT company that develops all functionality based on service-oriented architecture.”

“This enables the development of agile systems that can be adapted easily to each customer’s needs. The process of loss notification and triage that I described is covered entirely by our Incident Management System (IMS). IMS was initially developed to meet the needs of a global car rental company, but now serves a wide variety of clients.”

Investing versus outsourcing

By outsourcing the development of a customised IT platform and the claims management services to a single TPA, the reporting and cost control issues can be solved, without having to make huge investments in the captive’s or fronting company’s non-core business.

Of course, choosing the right service provider presents its own set of challenges. The service provider needs to be able to prove the reliability of its processes and systems, for instance by means of ISAE 3402 certification. ISAE 3402 is an assurance standard that covers procedures, controls and information security.

The IT platform must be able cover the desired territories and a dedicated network of offices must ensure the quality of claims management and loss recovery.

Service levels need to be defined in terms of key performance indicators on the basis of which the service provider’s performance can be monitored.

Investing or outsourcing remains a strategic choice. One thing is clear though: captives and fronting companies must gain control of their claims processes, and the use of a single platform across the territories to be covered provides the optimum solution. **CIT**



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