

YOU'RE ONLY AS EFFECTIVE AS YOUR SERVICE PROVIDERS

Nella La Grange Claims Manager Renasa Insurance Company Limited

and

Kevin Muggeridge Training Officer Renasa Insurance Company Limited

Feedback from experienced Claims Technicians and Claims Managers

An important aspect of insurance is the swift and efficient replacement or repair of a valued asset. Settling claims involves many different service providers including assessors/investigators, glass suppliers, panel beaters and others. Poor management and utilization of these service providers can cause a number of errors. Clients detest bad news, so in order for a claims settlement system to operate efficiently, everyone involved in the chain must cooperate and lend a hand. Claims handling follows set procedures from the beginning to the end of the process. It involves an array of service providers during the different phases of the process.

Critical to the efficient settlement of claims is the utilization by the insured of the service providers nominated by the insurer to perform the necessary replacement or repair. For example, the major auto glass suppliers in South Africa are both recognized and accredited glass repairers/replacers. These suppliers are generally members of the panels that insurers require their insured clients to use when a claim calls for auto glass repairs. However, even though the composition of such panels may be well publicized by insurance companies to their brokers, there are still claims where the service providers appointed to the panel are not utilized. Until the adherence to service provider panels improves, there will always be a risk of comebacks associated with the use of non-accredited glass suppliers. The effect of this will manifest in additional costs, time wastage and frustration.

Efficient assessors are a second critical element to the satisfactory settlement of claims. Assessors play a vital role in the claim settlement process. It is their responsibility to arrange the date, time and place for the assessment to take place. It is also their responsibility to accurately determine the quantum of settlement. Their failure to perform effectively in this role can bring about dissatisfaction on the part of the insured, the insurer or the contracted repairer/replacer. In any of these cases, the result will be delayed authorizations, poor turnaround times and a dissatisfied customer / insured. The appointment of assessors by insurance companies is therefore of fundamental importance. The relationship which assessors have with others in the claims settlement process is complicated by their role as the insurers' interact with several service providers. In that capacity, they are often employed by insurers as an instrument to maximize cost saving. It is in this regard particularly that service level agreements between insurers and assessors are important.

In motor insurance, panel beaters are perhaps the most important service providers. The auto repair market offers possibly the best demonstration of the importance of insurer appointed

panels. Achieving efficiencies in the settlement of auto repairs is the critical objective. Greater settlement efficiency will speed up the claims settlement process to the satisfaction of the insured and will lead to a reduction in the average repair costs which in turn results in a lower claims ratio. Of course, the lower the claims ratio, the lower the premium required to cover the relevant claims and the more cost efficient the insurance. Ultimately therefore, as auto repair represents the single largest cost component in motor insurance, control over what an insurer is willing to pay for different repair types, hourly labour rates and parts markups is particularly relevant.

Towing is a further important aspect of motor claims settlement. It is especially important to get a damaged vehicle to repairers on the insurer's panel as soon as possible, failing which excessive storage rates, release fees and delays result.

In conclusion, the numerous service providers available to insurers are intrinsic to their operations. If they fail to perform well, increased costs and delays will result with potential damage to the insurer. However, if service providers deliver the required levels of service, claims costs can be contained, premiums are ultimately more competitively computed and the insurer will improve its reputation with both its brokers and its clients.