

# Intelligent Claims Outsourcing: 3 Skill Sets Required

October 23, 2016 by Joseph Bracken

In 2013, a cluster of tornadoes struck Moore, Okla., in the most damaging lineup since Joplin, Mo., two years prior. Meanwhile, in Cincinnati, a 1905 Tiffany Studios Daffodil lampshade fetched a retail appraisal of up to \$30,000 by “[Antiques Road Show](#).” The owners had found it nearly 30 years before in their father’s garage and were unaware of its worth.

What do these incidents have in common? Their relevance to claims outsourcing.

When a carrier faces a deluge of claims, such as in the Moore tornadoes, its own team may be overwhelmed by the high claims volume. And when damages involve rare items with unique valuation protocols—for example, a Tiffany lampshade hiding in the garage—a carrier’s in-house team may not be equipped with the expertise to appropriately evaluate and appraise it.

When it comes to special needs, overloaded departments and unique claims-handling requirements, outsourcing to a third party can be one of the more powerful options in the insurer’s toolkit. But, when you decide to outsource, you don’t just need extra boots—you need three very specific skill sets.

## 1: Emotional Intelligence

Clayton, Blue, Cedar, Soberanes, Chimney and Rey—these California fires have swept 185,000 acres this summer combined, according to the [LA Times](#). Calling it a “brutal” season, The Weather Channel counted 14 fires, seven of which have burned more than 200,500 acres. Homes and businesses have been destroyed. People have been evacuated. Losses continue to rack up. And as firefighters work to drown the blazes in California, across the nation first responders in Baton Rouge work to evacuate a flooded region where thousands of homes, collectively valued at [\\$20.7 billion](#), have been affected.

Catastrophe events like the ones we saw this summer in California and Louisiana impose a great deal of pressure on insurance organizations. These are intense, time-sensitive situations, and without adequate numbers on staff, insurers simply can’t respond effectively, potentially harming customer trust that’s taken years to build.

It’s important to note that the work of managing a loss isn’t just financial. With every new disaster, countless policyholders are subjected to extreme stress, sadness and uncertainty. Claims adjusters must be empathetic, responsive and willing to share in the experience. The adjuster’s emotional response is one of the most important determinants in the policyholder’s satisfaction and retention.

For insurers that are short-staffed, to provide a decent level of emotional hand-holding is difficult. Catastrophe events compel insurers to get more boots on the ground. However, to maintain high-quality valuation, you need more than boots. You need a partner you can trust to handle claims with compassion—one that understands the value of emotional intelligence.

## 2: Valuation Intelligence

Going beyond the emotional quotient, your outsourced providers must also have very specialized knowledge about damaged or lost items. If fine art, antiques or unique items are claimed, you

need a claims specialist with a discerning eye—one who knows the difference between a \$20,000 antique and a \$2 million antique. Clearly, it can make a huge difference in your loss ratios.

“These days just about every household has some sort of porcelain, whether it’s as a collectible, dinnerware or holiday ornament,” said George Colpitts in *Claims Journal*. “And it is one of the most intriguing and often confusing categories in the insurance appraisal business.”

Case in point, a porcelain vase may be worth anywhere from 50 cents to \$50 million. But it’s not just porcelain. Rare books. Fine Artwork. Firearms. Oriental rugs. For items that are rarely found in everyday property claims, a routine evaluation is not sufficient; it takes a specialist to recognize a treasure—or to see through a fraud.

To meet this need, some service providers have specialists on staff whose job it is to evaluate items of potentially great worth. The list of such items is long, and their variety is wide-ranging. Indeed, they share only two things in common: The value they may represent and the need for a specialized eye to appraise them. When handling items such as these, outsourcing can empower an insurer to:

- Deliver expert valuation services without having to hire specialized staff.
- Lift the burden of in-house research on rare items, speeding cycle times.
- Offer concierge-level service, differentiating your offerings and elevating the customer experience.
- Improve communication and transparency by providing detailed settlement reports.
- Help insureds recover from loss.
- Pay the correct settlement amount.

### **3: Process Intelligence**

If a catastrophe event strikes your area, or a policyholder files a claim that includes high-value items, outsourcing may be the most effective way to respond. The question is how to select the right partner.

Perhaps the most important factor is the company’s willingness to work with you, hands-on. When outsourcing claims, it’s important to take an active posture in your risk management program. A good partner will embrace your involvement.

Part of taking an active part in your risk management program involves plugging into your systems and workflows in ways that add to productivity. Look for:

- Online, real-time access to claim files.
- Proactive and ongoing measurement of policyholder satisfaction.
- Modern, electronic claim payment tools to pay settlements faster.
- Cutting-edge valuation software.
- Certified claim specialists who are skilled and experienced in categories such as fine art, jewelry, tapestries and antiques.
- An understanding of (and share responsibility for) improving loss ratios.

### **Outsourcing Results**

Outsourcing claims is a smart choice if done wisely. If you select partners who thoughtfully serve policyholders, judiciously value losses and actively contribute to your team's productivity, you just may find that outsourcing yields better business results than managing all your claims in-house.

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