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► SPEAKING OF: OUTSOURCING

With Ashok Syal, managing director, Sumpraxis

Outsourcing is a hot topic in the industry, so *Claims* recently discussed the issue with Sumpraxis, a firm that helps companies identify business processes that can be outsourced to their benefit.

What are some insurance industry processes — specifically related to the property/casualty sector — that you see as benefiting from being outsourced and why?

Essentially, any repetitive offline activity that can be tied to a rules engine can benefit from outsourcing. Two areas come to mind. The first is claim quality assurance and validation. Once a claim has been brought in, an offshore team can check it against the carrier's database to determine authenticity, customer status, and compliance with the customer's policy. The external team also can create summary documents pointing out discrepancies or analyzing the facts of the case, check the claim against the surveillance report, and so on.

The second area is customer file maintenance. An offshore team can review changes in insurance customer policies and then update the carrier's database to ensure that current data will be available when the next premium comes due.

Again, the processes that can be performed to a rules engine are performed offshore, whereas all decision making for lodging the claim and recovery itself are performed onshore. The client data resides on servers owned and managed by the carrier, and the offshore team is given access to the data and the processing side of the application.

How does outsourcing help a claim adjuster?

First, he gets a flexible and scalable workforce to assist him, particularly after natural disasters and other times of unforeseen heavy claims periods. Like standby pilots, these teams must be trained ahead of time, but they can be used to supplement U.S.-based teams. This provides an extra set of hands to increase the productivity and accuracy of the on-site claims manager/adjuster.

Outsourcing also removes the burden of administrative tasks such as file and data cleanup. It enables faster turnaround times that exploit the differences in time zones, which permits better responsiveness to customers. Offshore-performed tasks also are performed at much lower costs. This in turn allows adjusters to handle lower claim amounts that previously were not cost-effective to pursue.

Will claim adjusting ever be outsourced?

Never. ▲