

Actuarial Support For Claims Assessment
'Should Actuaries Talk To Claims Managers ?'

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1. Overview

The main purpose of our workshop is to demonstrate that actuaries in General Insurance have a much wider role to play than the traditional ones of Rating, Reserving and Reporting. We believe that the actuary should work closely with the claims manager both in terms of understanding how the claims manager's role affects the 'patterns' the actuary uses and equally important, demonstrating how we can bring our skills to bear in the arena of claims assessment.

The ultimate approach to claims assessing would be to consider the customer's total relationship with the organisation. This would result in segmenting the customer base into a number of 'manageable' segments, each of which merits a different treatment. We could for example, at one end of the spectrum, have a segment of our most profitable customers where the treatment is to offer superior customer service and to please at every opportunity. At the other end of the spectrum we would have the least profitable segment where the treatment would be to manage the relationship and possibly to ultimately terminate it. The workshop will focus on the two extremes of this spectrum and will begin by focusing on the insurance relationship most companies have.

2. Terms of Reference

Given that the resource to assess claims in the claims department is limited (especially in the current 'service at minimum cost' culture), how is it best utilised ?. Can the actuary bring any skills to bear in directing the claims manager as to where to focus his / her assessing efforts ?. Is it possible to 'fast track' claims meeting certain criteria in order to free up resource to deal with the more complex cases ?.

The workshop will consider the above in the context of **domestic property insurance**.

3. The Workshop

We hope to have a lively discussion on the following:-

- the claim frequency profile over the duration of the insurance contract split by size of claim, peril and by number of previous claims.
- the average claims cost profile over the duration of the insurance contract.
- the distribution of the number of months to second claim.
- the relationship between both the claim frequency & average claims cost and the number of years in force.
- the relationship between both the claim frequency & average claims cost and the number of years claim free.
- the settlement patterns by number of years in force, size of claim and number of past claims.

Having discussed the above we should be in a position to form a view as to which cases merit 'more detailed assessment' and which cases could be 'fast track'.

In closing the workshop we will consider what additional information on the customer's entire relationship could be used to further refine the above.