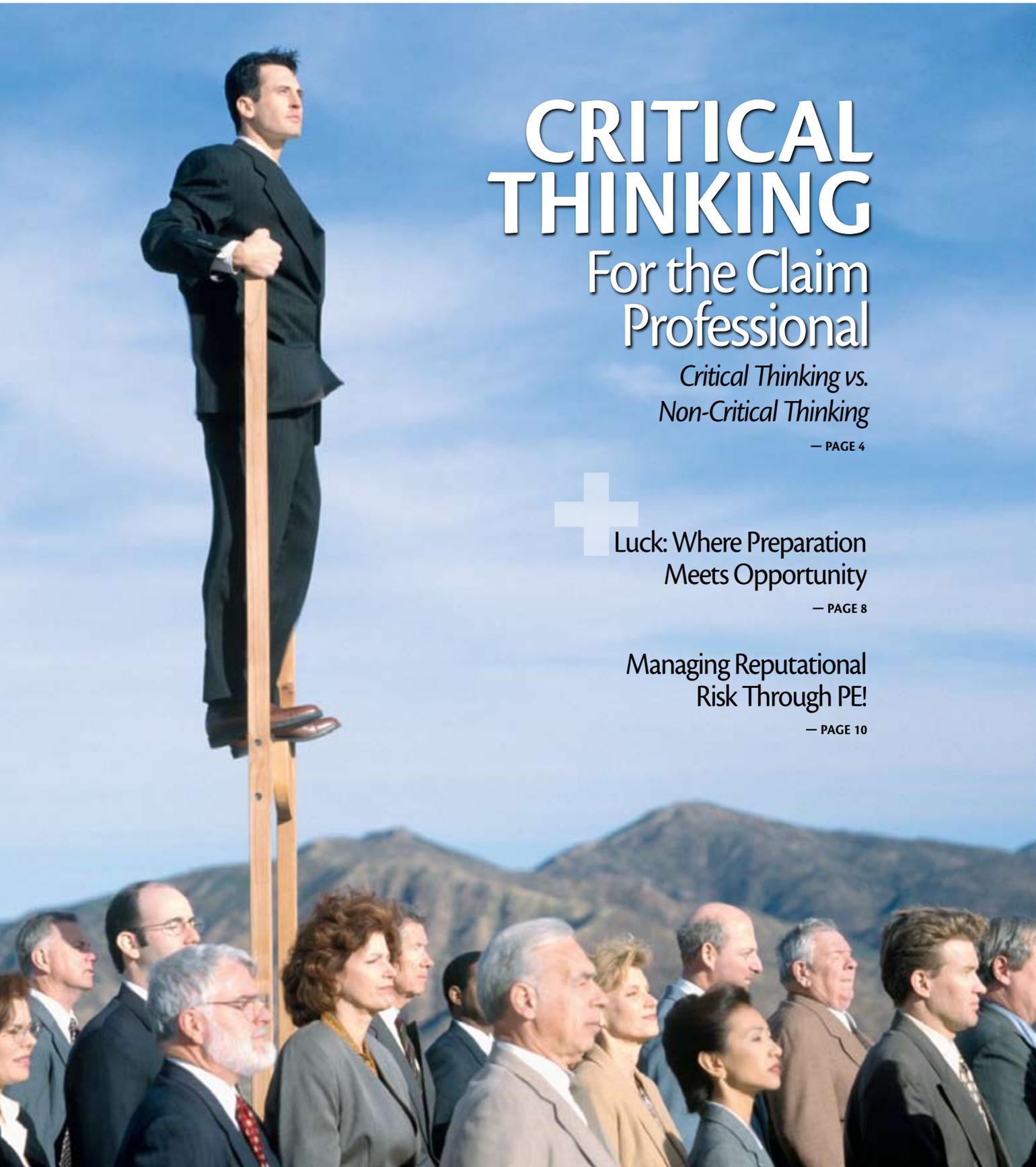


Claims Education

INTERNATIONAL INSURANCE INSTITUTE *magazine*



INTERNATIONAL INSURANCE INSTITUTE



CRITICAL THINKING

For the Claim Professional

*Critical Thinking vs.
Non-Critical Thinking*

— PAGE 4



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Meets Opportunity

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Managing Reputational
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FWCI

Plan for a one-two-three Punch in San Diego!

Our third education conference is already gearing up for success

The time has come again and we are happy to bring to you another issue of *Claims Education Magazine*. First, as usual, I'd like to thank all of our readers and our sponsors because without you we would not be able to do this. It is important to know that you value the information we provide, and we want you to know that we enjoy providing it to you.

It is truly a pleasure to be able to bring you the latest on what is going on in the claim industry. For starters, we hope that you have all signed up for our third annual *Claims Education Conference* to take place in San Diego, CA, May 13th – 16th. The first two were a big hit and we promise to only improve it as we go further along in our quest to make it the best conference the claims industry has ever seen.

Please read the article on page 4, *Critical Thinking for the Claim Professional, Part One*. I hope that it will give you insight and cause you to seriously think about these issues. If you find that you are in these situations or find yourself thinking, as highlighted in the article, you should try to pinpoint the environmental factors that cause these thoughts to arise. Everything begins with our thinking.

Be sure to read the articles on our feature nominees. Each nominee possesses the quality standards for our industry. Their approach to claims and our customers is irrefutable. Jack Stewart, highlighted in our Manager Spotlight section, with all of his years of experience and wisdom in claims is a great example to claim managers and claim adjusters everywhere. He exemplifies what a manager's approach to claims should be. Jane Ische, our feature nominee in our Trainer of the Season spotlight, shows us the importance of being responsible. She sets the example of being responsible to the customer, the employee, and most importantly, to self. They both excel in their respective positions. Let's let them be reflections of the standards for our industry.

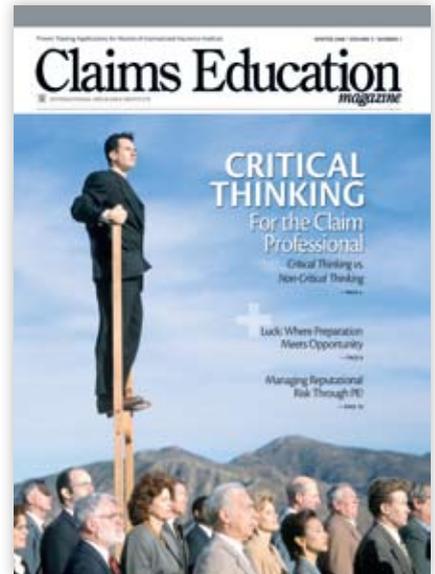
Once again, we would like to thank all of our readers and sponsors who continually help to make this publication a success.

We always welcome your contributions to *Claims Education Magazine* and encourage you to contact Krystle Grogan for any input at kgrogan@insuranceinstitute.com. Please feel free to direct any questions, feedback, articles, claims success stories, and even topics that you would like to be discussed. We need your continued input to keep giving you news relevant to claims.

Until next time,



Carl Van
President and CEO
International Insurance Institute



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PART ONE

CRITICAL THINKING

For the Claim Professional

Critical Thinking vs. Non-Critical Thinking

By Carl Van and Amanda Van

As anyone who has been successful in claim-handling can tell you, the process requires a special ability to make decisions. However, far too many claims people rely a little too much on their intuition to make those decisions and can often go astray due to the lack of critical thinking.

In fact, when polled, 50 percent of adjuster respondents said they use very little formal critical thinking steps in order to analyze coverage, liability, or even the truthfulness of customer statements. In a follow-up question, 90 percent of adjusters could not even name a single formal critical-thinking step.

In the *Critical Thinking for Claims* class offered by International Insurance Institute, focus is placed on teaching claim professionals how to:

- Make good decisions based on cautious reviews.
- Work through problems to find the best answers.
- Stay focused on the real issues.
- Apply critical thinking to writing.
- Apply learned skills to claims situations (coverage analysis, reporting, etc.).
- Utilize critical thinking when developing plans of action for claims handling.

In this three-part series, we will attempt to assist the claim professional by outlining some basic concepts when it comes to critical thinking.

Part 1 – Critical Thinking vs. Non-Critical Thinking

Decision-Making - Let's start with a typical example of decision-making that may have a negative result.

Your coworker, Randy, says to you: *"If you decide to extend coverage because of the nuisance value, you can forget any promotion. The Claim Executive hates giving in like that. Look what happened to Mark. He's been turned down five times in a row."*

What questions come to mind about this statement? Here are some questions that should come to mind when presented with this comment:

- How much weight should I give this comment before deciding coverage?

Should I accept Randy's statement and forget about considering nuisance value? Is there a connection between Mark not getting promoted and his past practice of extending coverage for nuisance value? What is Randy's interest in this?

Danger! Unreliable Reasoning Ahead

- Whether intended or not, we all use strategies of communication that can be deceptive. A good critical thinker is one who can recognize those deceptive strategies in order

to avoid errors in reasoning. Here are some examples which we will go over briefly:

- Making things too simple
- Using facts that are irrelevant
- Making a case based on no facts to the contrary
- Making a case for the masses
- Begging the question
- Attacking the messenger
- The slippery slope
- Ignoring painful information
- Falsely championing a cause and effort
- Creating a straw man.

Making things too simple. This means making something so simple that it actually becomes inaccurate. For example, Susan says to you, *"We have to put all of these things into claims captioned reports because the Regional Managers want to know everything."*

The best way to respond is to point out any error in the logic and provide other evidence for a more complicated reason. You might respond with, *"I doubt that they want the information just to be nosy. I've seen where they use it to analyze the complete situation to help determine the correct path we should take on the claim."*

Using facts that are irrelevant. This means using facts that really have no bearing on the issue at hand. For example, Brad says to Angelina, *"The new Claims VP is going to change all of our contact standards anyway, so we might as well not bother trying to beat the old standards."*

The best way to respond is to point out that the facts have nothing to do with each other. Angelina replies to Brad by saying, *"Yes, the new Claims VP might change things, but that doesn't mean we should abandon what we are doing now. The current standards are still important."*

Making a case based on no facts to the contrary. This means to take a position based on the fact that it has never been disproved. Sonny says to Cher, *"I've never seen a better way to prepare a coverage analysis, so as far as I'm concerned, this is the best process there is."*

The best way to respond is to explain that al-

though part of the statement is true, it does not actually prove the point. Cher might respond, *“I understand that you have never seen a better way, but there could still be better that ways we just haven’t seen yet. I think we need to do a little more research.”*

Making a case for the masses. This means trying to get an agreement simply because it is the most popular. Phil says to Harry, *“We should use that estimating system because most companies use it.”*

The best way to respond is to show a lack of support for the conclusion. Harry could reply, *“That estimating system may be the most popular because it’s the cheapest, or has been around the longest. There may still be other systems that better suit our needs.”*

Begging the question. This means making a claim that is only supported by itself. George, a claim adjuster, says to Dick, *“Scooter should get the casualty supervisor job because he is better and has been here the longest.”* Dick asks, *“How do you know he is better?”* George replies, *“Because he has been here the longest.”*

The best way to respond is to bring into question the reasoning and ask for a more convincing piece of evidence. Dick might say to George, *“I agree, Scooter has been here the longest, but why does that make him the best?”*

Attacking the messenger. This means to inaccurately criticize an argument because of who mentioned it. Regis, a senior coverage analyst, says to Kelly, *“I don’t buy Carl’s argument about coverage. If he knows so much about coverage, why did he get into training?”* The best way to respond is to point out that one is not dependent on the other. Kelly could say, *“I don’t know why he got into training, but whatever the reason, it doesn’t mean that his analysis of coverage is wrong.”*

The slippery slope. This means to argue against a course of action because it will influence something else even though they may not be closely related. Cartman, a claim supervisor, says to Kyle, *“If we let the adjusters have company cars, they will expect more and more, and pretty soon we’ll be buying*

them company condos.”

The best way to respond is to take the issues one at a time. Kyle might retort, *“Giving the adjusters company cars may or may not make them want more. Let’s discuss the merits of company cars now and worry about the ‘company condo’ bridge when we get to it.”*

Ignoring painful information. This means to ignore facts because they do not support your conclusion. Bert, a claim manager, says to Ernie, *“The drop in the claim customer service survey results means our agents and extensive marketing campaign have set their expectations much higher.”*

The best way to respond is to point out the missing fact. Ernie could respond, *“You know, maybe the expectations are a little higher, but perhaps we are not doing as good of a job as we used to.”*

“EVER SINCE WE STARTED USING THAT NEW RESTORATION COMPANY THAT EVERYONE KNOWS REQUIRES A LOT OF PAPERWORK, OUR TURNAROUND TIME HAS GONE WAY UP. THEY’RE RESPONSIBLE.”

Falsely championing a cause and effect.

This means to relate one issue to another simply because they occurred at the same time. Bart, a claim appraiser, says to Homer, *“Ever since we started using that new restoration company that everyone knows requires a lot of paperwork, our turnaround time has gone way up. They’re responsible.”*

The best way to respond is to consider that it may be true, but to look for evidence that one has nothing to do with the other, because they may not be connected at all. Homer, calmly and patiently replies, *“Yes, they require a lot of paperwork, but how do we know that is the reason the turnaround time has gone up? Maybe we should see how the paperwork affects turnaround time.”*

Creating a straw man. This means to distort what someone else says and then attack it. Donny, a claim examiner, says, *“I think we should try to eliminate working too much past eight hours. Errors increase after a full workday.”* Marie replies by saying, *“Donny is suggesting that we are not dedicated employees, and that we don’t have the stamina to put in the hours needed to do a good job. I resent that. I believe we are all hard workers and don’t need to be babied.”*

The best way to respond is to return to the real issue. Donny could clarify by responding with, *“I agree we are all hard workers. That doesn’t change the fact that anyone’s ability to catch errors decreases after a full workday.”*

Danger! Watch out for emotional manipulation ahead. Just because something contains emotion does not automatically mean it is incorrect, but we should be careful to recognize emotional manipulation. Being able to recognize them is the best defense to avoid being dragged into them. Although there are many, the two most common are:

Condescending Statements Threatening Results

Condescending statements. This means using statements that reduce a person or situation to a lower status. Examples include:

- “She’s just clerical.”
- “He’s a bomb waiting to go off.”
- “She’s a nine-to-fiver.”

The best way to respond is to force the person saying this to consider if the statement is true or even meaningful. Questioning the comment by rephrasing the comment is a good way to do that.

She’s just clerical. – *“Do you mean that because she is clerical her point is not valid?”*

He’s a bomb waiting to go off. – *“Do you mean he is getting frustrated and about to express it?”*

She’s a nine-to-fiver. – *“Are you saying she puts in the minimum amount of effort?”*

Threatening results. This means intimidating others with what might happen.

Examples include:

“You’ll make the Claims Regional mad.”

“All the other adjusters will hate you.”

The best way to respond to these is to simply ignore them. If you don’t like that idea, ask a question to move them into a more neutral position:

- You’ll make the Claims Regional mad –
“How will I make him mad?”
- All the other adjusters will resent you
– “What do you mean by ‘all,’ and why would they resent me?”

Just for practice, read the memo below and count how many emotional tactics you find. Al, the memo’s author, is an auditor working on a project for his manager to determine the effectiveness of field adjusters determining coverage. He has written this memo to Peg, a senior claim adjuster:

Peg,

I am writing this memo because I am concerned about the explosive decision you made last week to extend coverage on this file and hope you will immediately reverse your decision. Based on what you wrote, I believe you misinterpreted the current case law, and I am afraid that if I go to the Claim Executive about this, she will agree with me. This would seriously impair the ability of your unit to make decisions such as these in the field.

The fact that you sent the coverage write-up to everyone reviewing this file supports the impression that you have only a rudimentary ability to interpret coverage.

Love,
Al, Senior AH

So, did you find any? Good job! For the next issue, we will address some styles of non-critical thinking and discuss the difference between statements, arguments, and conclusions. ■

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ACE

Luck: Where Preparation Meets Opportunity

By Deborah K Moroy, AIC, IIA

The New Year is only weeks behind us: A time of reflection on our lives and the choices we have made which lie behind us and the future at our doorstep with many new forks in the road and new decisions to make regarding our future careers.

So what is your chosen preference when making those life altering decisions in your claims career? Will you leave your fate to a game of chance, of lucky breaks and opportunities? Do you prefer a more effective planned approach to advancing your career with your present employer or gaining new positions through effective planning?

It is truly amazing that the more you plan, prepare, and proactively participate in both formal and informal career enhancing opportunities the luckier you get! A favorite quote of mine via an unknown author is "Luck: where preparation meets opportunity." This has stuck with me throughout my career in claims as I watched this come true time and time again in the lives of fellow adjusters and managers. Today, through my online volunteer project with ClaimSmentor (www.claimsmentor.com), I have constant interaction with both experienced and inexperienced adjusters and claim managers and the findings haven't changed. Those putting their best preparation foot forward are the same individuals with all the luck! Sure there may be those rare occasions where the "who you know is more important than what you know," but those gems are few and far between.

What can you be doing to turn your luck around? *Prepare*. It's that simple. *Apply yourself* to the many opportunities available for gathering educational achievements, for obtaining a mentor, for completing continuing education that is important to adjusting firm owners and, more importantly, to the insurance carriers they serve.

Other steps necessary if you are truly going to

make a difference in your career success this year include removing *excuses*, planning a path to remove *obstacles* in your way that have stopped you from achieving your dreams in the past, *assessing* what courses and job opportunities are out there and what requirements they include, and being *determined* to make 2008 your lucky year. We all have issues, both minor and major, which stand in our way if we let them. It's those folks who overcome these issues who succeed.

I am one of the fortunate folks who had a father with a strong commitment to education and overcoming all odds, who supported me and my career goals. Every time life got in the way and I wanted to quit college where I attended night school as a single parent while holding down a full-time claim adjuster position, he encouraged me to go one more quarter. He walked the talk himself by beginning a military career in the Navy at the lowest entry level seaman position, retiring 35 years later as a commander. Was it luck that got him that far? Hardly! With a growing family of eight children, the death of one of our siblings during those years, and many military deployments, including Vietnam, he struggled through the hard times, not only achieving his Bachelor's but also a Master degree, all of which sure made him one lucky man as he progressed up the ranks. Following his lead, I had the same results during my 28-year career with a major carrier, progressing from a mail and file clerk up 16 positions to my last position as a National Catastrophe Claim Team Leader, all due to making continuing education an ongoing priority in my life. I watched this same "luck" as my daughter, at age 24, marched across the stage, graduating number one in her law school class of 500. She had major obstacles and three children less than five years of age to boot! Yes, her friends also told her she was "lucky" to be earning such a great salary.

You will run in to other adjusters who tell you obtaining your college degree is not necessary. While this may be partially true for those



pursuing careers as independent adjusters, it is not so true should you be interested in a more stable position as a staff adjuster or claim manager. The majority of carriers in the property and casualty industry still require a degree to even get your foot in the door. This is only the beginning. Carriers also expect adjusters and claim managers to be very proactive in continuing education, not only to meet minimum state insurance department continuing education requirements, but also to take what they consider substantial courses, especially through the American Insurance Institute, such as obtaining your Associates in Claims Designation (AIC) or your Chartered Property and Casualty Underwriter (CPCU) designations. These are the most highly coveted designations and requirements to progress up the corporate ladder in the claim-handling industry. So don't let others who are not making the decisions about your career persuade you not to take educational steps that are required to progress in this industry.

Look for opportunities to kill two birds with one stone. For example, the Associates in



Claims program through the Insurance Institute at www.aicpcu.org not only provides you with the AIC designation, but also the opportunity to obtain college credits at the same time. To learn all about this important program that provides you with a good overall background about claims, you can view the program specifics at <http://www.aicpcu.org/flyers/aic.htm>. The institute has programs for national college credit through the Academic Credit Recommendations through the American Council on Education (ACE) program. Here is a chart of the semester hour credit recommendations for your undergraduate and graduate degree programs found at: <http://www.aicpcu.org/doc/ace.pdf>. They also have a good list of accredited universities they have formed partnerships with for applying your credits towards your degree found at <http://www.aicpcu.org/Students/ace.htm>.

Better yet, do you realize that the majority of carriers and most employers provide funds to overcome the obstacle of affordability by either paying for these courses in advance or reim-

bursing you upon successful completion of a course or designation? Another great advantage is the fact you can self study for these programs, which allows you substantial more time with your friends and family while at the same time achieving these important claim designations so you too can become one of the lucky ones!

What other formal opportunities should you be taking part in so you can meet opportunities? In addition to obtaining your degree and your AIC or CPCU designations, many experienced claim professionals are members of SCLA, The Society of Claim Law Associates, obtaining their SCLA designation. You can learn more about this valuable program at <http://www.sclaso-ciety.org/>. My personal experience is that more carriers request the CPCU designation versus the SCLA, but the SCLA is most definitely an impressive qualification to obtain to increase your odds of successful employment and advancement opportunities.

Be sure you are investing your time and your budget into designations such as these that will

get you the recognition you deserve. You'll hear of many others in the industry but those listed above are the most coveted by human resource personnel looking for strong candidates for current opportunities. We've watched hundreds of adjusters using their entire budget attending independent adjusting firm yearly conferences. These are valuable for networking opportunities and enhancing your technical skills for estimating programs and carrier required certifications, but they do not substitute when applying for a job that requires first your adjuster's license and your college degree.

I had the opportunity to recently review the deposition of an adjusting firm owner given in a Katrina lawsuit. It was interesting to note their criteria for determining those independents deployable, which included in the following order their preference. First and foremost was those independents meeting the qualifications (time, certifications for the carrier, experience level, skills) *then* came seniority and last, availability. Qualifications was first on the list, as it is in all cases. I didn't see luck on the list anywhere although they did mention that those meeting the qualifications *and* referred by others they deploy were also considered. The "who you know" didn't matter if you first did not meet the qualifications.

There are outstanding informal opportunities to also improve your odds. An interesting article I read recently even mentions taking up golf due to the excellent friendships and networking opportunities provided. Any adjuster reviewing claim conference agendas, whether at a large conference or a vendor seminar, will see they always include a golf outing.

We strongly recommend memberships in your local claim association. You will find invaluable opportunities to meet claim managers and other adjusters in your local community who have the inside track on current opportunities in your area. These associations also are an excellent source for obtaining your continuing education credits required by your state licensing bureau. For a complete list of claim associations, you can find one near you on this link at <http://www.claimspages.com/data/associations.asp>.

Managing Reputational Risk Through PE

By James R. Jones,
CPCU, AIC, ARM, AIS

One key business imperative for insurers today is managing enterprise risk. Rating agencies consider it in their ratings, board members consider it as part of their corporate governance, regulators consider it when evaluating the financial risks of insurers, and public accounting firms look at it when issuing their opinions. Consequently managing enterprise risk has entered the radar screen for senior management at insurance companies. Many of them now mention how they are managing their various risks in their annual reports. Managers today must have processes to identify risks that affect the company, and make sure that these risks are adequately

monitored and controlled. One of the more significant risks is the risk to a company's reputation. In April of 2007, Aon completed a study which determined that reputational risk (damage to a company's reputation) was the top concern cited of all the companies surveyed. This was rated as a higher concern than business interruption, changes in the market environment, regulatory changes, and financial risks. To understand this, consider the value of a good reputation. In her book on *Managing Reputational Risk*, Jenny Rayner identifies several reasons for the importance of having a positive reputation.

An insurer's reputation can influence:

- Investor's decision to hold its shares,
- The cost of capital,
- Consumers' willingness to buy insur-

ance or pay higher premiums,

- Prospective employees eager to join it, and existing employees motivation to stay,
- Regulators' attitude toward it,
- Vendors' willingness to partner with it,
- Media coverage and pressure group activities,
- Stakeholders' willingness to give it the benefit of a doubt when a problem or crisis occurs.

Given the importance of reputation, it is understandable why it was ranked so highly. However, it is particularly worrisome that more than half of the survey's respondents in the Aon study said they were *not* prepared to manage this risk. Risk management, in general, means employing techniques which can reduce the frequency



of the occurrence of the risk, reduce the severity, or transfer the risk. Because there isn't an effective way to transfer risk of reputational damage, companies have to manage this risk by finding ways to reduce the frequency of the risk occurring or by reducing the severity of the consequences of the risk once it occurs. Half the study respondents indicated that they did not yet have in place good techniques to help reduce the frequency or severity of this risk.

Arguably, the modern world places a company's reputation at greater risk than in the past. Research in the 1970's found that that every dissatisfied customer told, on average, 10 people about their complaint. In the world of the Internet and blogospheres this seems almost laughable. Consider the recent case of Cigna Corporation. On December 23rd, the Associated Press ran a story about the family of a 17-year-old leukemia patient who blamed Cigna Corporation for her death, alleging that "the health insurance giant's" initial refusal to pay for a liver transplant contributed to her death. On that day a Google search of this story of a teenager, denied a liver transplant would have yielded 9800 hits. Four days later there were 46,000 hits using the same search and one week later there were over 98,000 hits. This example is not intended to suggest anything about the merits of the case, but it does point out how broad and how fast a story can spread, and these stories can quickly damage the reputation of the company. To quote Warren Buffet, the CEO of Berkshire Hathaway, "It takes 20 years to build a reputation and five minutes to destroy it."

What is the role of the claims function in managing this risk? The claim function, because it is responsible for delivering the promise that insurance consumers' purchase, has a primary role in managing reputational risk. This is not to suggest that other insurance professionals have no role. Certainly, insurance producers play a role in providing consumers with the appropriate insurance coverages, and properly communicating with policyholders. The marketing function has a role in establishing and protecting the brand. The legal function has a role in ensuring that the brand is

HAAG

protected and that frivolous lawsuits are properly defended, and the communication function has a role in quickly responding to a crisis and presenting the company's message effectively. However, when it comes to reducing the frequency of legitimate complaints and lawsuits filed against insurers, the claims function has a primary role. The critical nexus for reputational risk is the point at which the product or service promise is delivered (or not). With respect to insurance the claim function is chiefly responsible for delivering the promise for insurance consumers. Complaints and lawsuits about an insurer's claims practices can be especially damaging.

The following are ways in which the claims function can help manage reputational risk:

- Hire competent, qualified people to handle claims,
- Establish policies and procedures that are fair to all stakeholders,
- Document and monitor claim processes

to ensure that they are fair to all stakeholders,

- Give claim practitioners an appropriate workload to handle,
- Conduct audits to make sure that claims are handled fairly,
- Communicate with policyholders and others in a timely fashion.
- Make decisions in a timely manner,
- Create a culture of accountability but not fear,
- Create a culture of learning and acceptance to change,
- Provide needed professional education and timely training on both technical and "soft skills."

How does professional claim education and training play a role in helping to manage this risk? To answer this first consider the following kinds of actions that lead to legitimate complaints and lawsuits:

- Improper denials because the adjuster did not understand the coverage provi-

sions of the policy,

- Delays in communicating coverage or liability decisions because the adjuster was not capable of making the proper determination independently,
- Making an offer that is too low because the adjuster did not understand how to properly assess damages or liability,
- Unnecessarily angering a policyholder or claimant because of poor communication or negotiation skills,
- Failing to recognize a conflict of interest that could affect the fair treatment of stakeholders,
- Failing to properly document or explain a coverage or liability decision,
- Adversely affecting policyholders by failing to recognize subrogation potential, retain key evidence that would help recovery efforts from other responsible parties,
- Not knowing when to request an expert to assist with the claim.

In nearly every one of the actions listed above, professional training and education



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- The Journal – An annual compendium of articles related to insurance training and education.
- Insurance Designations Handbook – A compilation of more than 100 designations along with sponsoring organizations and necessary qualifications/requirements.
- Train the Trainer – A certification program for insurance training professionals. The program is offered in various locations throughout the year.
- Insurance Training Professional – A designation program designed to recognize the professionalism of insurance trainers.
- Annual Conference – The premiere educational event for insurance trainers and educators provides members the chance to exchange ideas with top trainers in the field and access to an exhibit hall of training content, programs and solutions.
- Regional Meetings – Regional chapters offer local and virtual meetings providing a forum for presentations and discussions on insurance training and education.

Society of Insurance Trainers and Educators
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www.insurancetrainers.org

could have helped in either reducing the likelihood of the complaint or lawsuit, or at the least, in reducing the severity of the consequences to the company.

Technical claim education on insurance coverages and policies is required to help adjusters to better understand how to interpret policy language, how to apply previous court rulings to assist in interpreting the policy, and ensuring that exceptions to exclusions, additional coverages, and policy updates are considered. This can reduce the likelihood of an improper claim denial. Education on the theories of liability and training on investigative techniques for determining liability can help adjusters make more accurate and timely liability decisions. It can also help in the recovery of money owed from other legally responsible parties. Training on how to properly gather evidence and document decisions can help protect the company's defenses and reduce the severity of the complaints and lawsuits lodged against the company. Education that

would help adjusters develop awareness of ethical issues and provide them with a framework for making ethical decisions could also reduce the frequency and severity of complaints and lawsuits related to things such as conflicts of interest, covering up mistakes, using unfair settlement tactics, or shortcutting ethical decisions. Training on tactful communication and negotiation can help reduce the number of complaints and lawsuits that stem from adjusters being curt, or failing to recognize the emotional complexities associated with handling claims.

It would be naïve to think that all complaints and lawsuits could be eliminated by having better educated claim personnel. In fact, there are circumstances in which better educated, and more ethical claim professionals could generate additional complaints and lawsuits but those would be the exception to the rule. Common sense, and experience, would suggest that a better trained and educated claim professional is going to generate fewer legitimate complaints and lawsuits, and

will be better able to protect the company's reputation should a complaint or lawsuit be filed. Overall, the reduction in the number of legitimate complaints and lawsuits related to the handling of insurance claims can help manage the risk of reputational damage to insurance companies.

A final conclusion of the Aon study was that corporate boards now recognize the criticality of risk management and are engaged in the review of risk issues. The board members stated that identifying and understanding their risks is a top priority for the next two years. Given the significance of reputational risk and the lack of management of this risk, it is safe to assume that senior management will be focused on employing ways to manage it. Now is a good time to make the business case for investing in proper claim training and education as a way of addressing this key risk. ■

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Paragon

MANAGER SPOTLIGHT

A Promise Is a Promise

Jack Stewart
Vice President, Claims
Assurant Specialty Property

Jack Stewart, vice president, claims for Assurant Specialty Property's Property Solutions business has a distinct characteristic that sets him a part from other claims managers: he believes in continuing education, not only for his subordinates, but for himself as well.



Jack began his insurance industry career in 1984 and joined a forerunner of Assurant – American Bankers Insurance Company of Florida -- in 1987, where he remains today. Just as everyone else in the industry, he had to climb the ladder, starting at an entry-level position as a field staff adjuster. From there he moved up to senior field staff adjuster, manager and ultimately director. Having

started at the bottom, working his way up has been a learning experience for him and has peaked his interest in learning what his field adjusters are being taught today in training courses.

Anyone can see how much Jack loves what he does. "In my claims organization, I'm known as the 'Claims Guy' rather than the vice president," says Jack. "I am viewed as being a part of the group. I am never above learning. If my team has an opportunity to attend a class, then I try to schedule and attend that class with them. Managing a staff of over 225 in 30 states that serves all 50 states and Puerto Rico, who handle automobile, renters, mobile home, lease and homeowner claims gives plenty of opportunities for education."

When asked what he likes best about his current position, Jack responds, "Assurant Specialty Property's board members all contribute toward fulfilling the promise we make to our clients and their custom-

ers when they purchase a policy. That promise is just that — a promise — until the customer files a claim. Property Solutions Claims is responsible for keeping that promise once the claim is filed, and we are committed to delivering on that promise. I am in a unique position where my daily charge is to positively impact people's lives while also having an impact on the Property Solutions business. Between the people of my organization and the policyholders, there is an opportunity every day to provide extraordinary customer service. At Assurant, PSC has the vision to become the industry leader in claims service by making our customer a partner to the claim and continuously exceeding their expectations."

What has influenced Jack to take this approach and have this attitude toward the claims industry? "I have been fortunate to have had many valuable mentors in my personal and professional lives," Jack explains. "I have yet to meet a person that I

TRAINER OF THE SEASON

Whose Responsibility Is it Anyway?

Jane Ische
Manager of Claims Training/Quality
United Heartland

An important characteristic for any claims professional is responsibility. As claims professionals, it is our responsibility to provide excellent claims customer service to those we've been entrusted to help, right? If Jane Ische were asked that question, the response would be a whopping YES!



Jane began her claims career in 1995 after obtaining a Bachelors of Science degree in Finance with a concentration in Risk and Insurance from the University of Wisconsin – LaCrosse. In 1996, she joined United Heartland and remains there today as the manager of claims training/quality. Jane has held many positions at United Heartland. To name a few, claim technician, claim representative I, II, & III, and sr. claim representative. As of January 1, 2008, Jane was promoted to the position of claims operation manager. This role is to oversee the training department and other key divisions in the

claims department.

When asked what she liked best about her current position, manager of claims training/quality, Jane stated that she enjoys educating new claim representatives as well as nurse case managers and that her biggest accomplishment is to see her trainees become successful claim professionals. "When a promotion has been received for someone I have trained, I certainly have a feeling of accomplishment," Jane stated.

Not only does she like to see her trainees

cannot learn something from. But if I were to single out one person who influenced me most in the business world, it would be a former CEO. He encouraged me to continuously learn and coached me in matters of communication and business organization as well as advertising my unit and their successes. He also guided me in matters of personnel issues and developing an effective team.”

Jack’s favorite quote, “There is a very natural and human inclination to seek evidence, which will support one’s first impress, rather than to look for evidence which will eventually lead to a rational conclusion,” (author unknown,) speaks to his philosophy of adjusting. “Let the evidence lead you to a proper conclusion and document the file so that it will speak for itself.”

His current ambition is to “continuously strive to provide those in my charge a safe, healthy, challenging and rewarding environment within which to work, which will recognize those who choose to grow with opportunities for growth.”

Jack’s great wisdom is truly invaluable to others in the insurance industry. “I believe a person should always give 100 percent. I do not believe that a person can give 110 percent, but if you will consistently give that 100 percent in whatever you do, you will find that you will rise above the majority of those around you. Remember your God, take good care of your body, and tax your nervous system as little as possible. Obey the laws of the land, and be strictly honest. Associate ONLY with the best people morally and intellectually, and think three times before you act once. And if you are in doubt, don’t act at all. Do not forget that ‘skill and integrity’ are the keys to success.”

Assurant Specialty Property businesses are leading providers of creditor-placed homeowners’ insurance, collateral protection programs and related outsourcing services. They develop, underwrite, market and administer specialty property and personal lines of insurance through collaborative relationships with leading home mortgage companies, manufactured home builders and dealers, auto finance companies, property management companies and managing general agents. ■

Consider attendance at the some or all of the following important claim conventions for outstanding informal opportunities to meet others in the industry while at the same time achieving educational objectives for state CE credits:

- Florida Windstorm conference: www.windnetwork.com
- ACE annual convention: cms.nationalunderwriter.com/cms/ace/website/About+the+Event/
- National Catastrophe Adjusters: www.nacatadj.org/Convention08/Conv-08TopPage.aspx
- PLRB Conferences: www.claimsconf.org/
- NAIIA National Assn. of Independent Adjusters: www.naiia.com/evitem.cfm?ID=788
- III Institute Claims Education Conference: claimseducationconference.com/2008/

Most importantly, be sure to tie your accomplishments adequately into the information provided in your resume. During the course of interviews with many candidates, we are able to secure many valuable facts regarding their background we had no idea about based on their resume document. It is significant that you include *all* information outlining your accomplishments and the types of claims you have experience handling. Don’t assume anything. It is important that you spell out the assignments you have had, the carriers you have worked for, the carriers you have obtained claim certifications for, the estimating programs you are capable of using, the specifics on the types of claims you have handled, such as residential, commercial, inland marine, steep/two story, manufactured homes, small retail and business, condominium, and automobile losses. If you don’t tell them, you may be quickly overlooked for a “luckier” adjuster who was more thorough providing information regarding their background and what they could bring to the table.

So what will you do with 2008? Sit back and let luck and fate have it’s way with your claim-handling career, or will you too make a commitment to yourself to be more proactive in making your preparation make you the “lucky” one selected for the next opportunity you are interested in being considered for? ■

Deborah Moroy, AIC, IIA, is president of Dimechimes Corp., a nationwide claim staffing and recruiting company for independent adjusting firms and insurance carriers. She can be reached at 850-502-4261, Dkmoroy@dimechimes.com.

succeed, but she has set some goals and ambitions of her own that she intends to accomplish. Jane is scheduled to take the 520 exam to complete her CPCU certification in January 2008. By the time this publication is released, she will have in all likelihood, achieved her goal because nothing can stop one who is as determined as Jane.

“The most important thing I have learned is that I am responsible for my success. Working hard, volunteering for extra projects and assignments, as well as continuing to educate myself has proven to be successful,” Jane exclaimed.

Jane spoke of a project which she has had the privilege of working on that is near and dear to her heart. “One of the largest projects I have ever been professionally

involved with is the development of an “Accelerated Training Program”. Together with the training specialist, Edie Schwabe, a 24 week curriculum of training for inexperienced claims representatives was designed. Our goal is to build in a quick and consistent manner competent claim professionals in order to handle the needs of the rapidly growing claims department. The program currently has eight students which balance training as well as claims handling.

Outside of work, Jane enjoys spending time with her family. She credits her husband, Dan, as the person who has had the most influence on her life. She also admits that with three small children she hardly has time for hobbies, but she enjoys playing softball in the summer. ■

Claims Training for the Goal-Oriented Insurance Professional

International Insurance Institute, Inc. (III) provides a variety of superior educational opportunities dedicated to enhancing the insurance industry. The current list of classes provides education on virtually every aspect of the claims environment. For more information on individual classes or schedules, contact III by phone at (888) 414-8811 or online at www.Insurancelnstitute.com.

► COURSES FOR ADJUSTERS

Featured Courses: Critical Thinking

A full-day workshop is designed to teach not only the benefits of critical thinking, but also how to put critical thinking to work when making decisions. Claim people are taught how to: make good decisions based on cautious review; work through problems to find the best answers; stay focused on the real issues; and apply critical thinking to writing.

Further discussion is focused upon applying the learned skills to claim situations (coverage analysis, reporting, etc.) and how to use critical thinking when developing plans of action for claim handling.

Prepare for Promotion – Adjuster Leadership Training

A full-day workshop designed specifically for the claim adjuster who wishes to prepare himself/herself for promotion. Adjusters often focus solely on the technical aspect of the job responsibilities and lose sight of the many factors that come into play when selections for management need to be made.

Students learn how to improve the skills that will be recognized when promotional opportunities arise and avoid the many mistakes some adjusters make when looking for promotional opportunities. The goal of this class is to develop an action plan for increasing the opportunities for promotion.

Other Soft Skill Courses for Adjusters:

- Negotiating with Attorneys for Claim Adjusters
- Attitude and Initiative Training for Claim Adjusters
- Awesome Claims Customer Service, Part 1
- Awesome Claims Customer Service, Part 2
- Managing the Telephone
- Beating Anxiety and Dealing with Anger
- Adjuster Organization-Managing the Desk
- Empathy and Listening Skills
- Real-Life Time Management for the Claim Adjuster
- Conflict Resolution for the Claim Adjuster
- Teamwork Basics-No Adjuster Is an Island
- Interpersonal Skills-Improving Team Member Relations
- Effective Recorded Statements
- Business Writing Skills
- 8 Characteristics of the Awesome Adjuster

Technical Courses for Adjusters

- Reservation of Rights Letters
- Coverage Denial Letters
- Excess/Essential Letters
- Policy Coverage Interpretation
- Policy Interpretation
- Negligence
- Liability Basics
- Advanced Bodily Injury
- Medical Terminology
- Adjusting Property Losses
- The Legal System
- Liability Claim Handling

► COURSES FOR NON-CLAIM PROFESSIONALS

Featured Course: Insurance Contracts – General Overview

A half-day seminar focusing on the elements of a legal contract, insurance policies as contract of adhesion, and interpreting coverage under those contracts. The goal of this seminar is to enhance the student's basic understanding of legal contracts and how insurance policies fit within that structure.

► WORKERS' COMP SPECIFIC COURSES

Featured Course: WC Fraud

A full-day workshop focusing on the terms and definitions of Workers' Compensation fraud files, as well as the tools that an adjuster can use to mitigate and/or prosecute fraud. This workshop will provide the student with investigative strategies, utilizing the most optimum timeframes to insure file closure and/or prosecution by the various state agencies.

Students will also be provided with input on various state regulations relative to insurance fraud. The goal of this seminar is to improve students' abilities to recognize a suspect claim and develop practical strategies for mitigating or denying these types of claims.

Other Workers' Comp-Specific Courses

- Time Management for the Workers' Comp Adjuster
- Customer Service for Workers' Comp
- Business Writing Skills for Workers' Comp
- Conflict Resolution for Workers' Comp
- Stress Management for the Workers' Comp Employee
- Negotiation Training for Workers' Comp ■

Interviewing Tips to Hire Great Adjusters

In this class we discuss many insights into what characteristics make great adjusters and how to identify those in an interview. Some common traits usually listed by claim managers that they want in claim professionals are “Reliable,” “Dependable,” “Adaptable,” “Willing to change,” etc.

What is often missed is that some of the traits are in conflict with each other and will only serve to making a good selection more difficult.

For instance, if you looking at someone who is reliable, dependable, and deals well with change, be careful. Usually, very reliable and dependable people find change upsetting. The steady, habitual, process-oriented people usually dislike change. Different people have different strengths and weaknesses. The most common misstep of claim managers is to look for characteristics and traits that tend to be opposites in the same person.

People who welcome change are generally not the best at being able to work reliably or follow processes.

Reliability/dependability traits are directly opposite to mobility/adaptability traits.

If, in the hiring process, you seek employees who are dependable, follow directions, and don't challenge authority, don't be surprised to find you have a group of people who find change difficult.



If in the hiring process you seek employees who are creative, fast paced, and like change, don't be too surprised when you experience high turnover.

The key is to find the right balance of traits and characteristics that match the claims environment. In order to do that, this class focuses on:

- Casting the right net – advertise for what you want to find.
- Recognizing the Conflicts – making sure you can get what you want.
- Facing the Situation – make sure you are looking for the right people given

your situation.

- Bringing it all together – making sure your wants and needs match your recruiting efforts.
- Finding the “Givers,, avoiding the “Takers.”
- The 8 characteristics of the awesome adjuster – two to look for.
 - Ruling out the mediocre performer.
 - Repeating questions – how to use them and why you need them.
- Understanding why you are hiring people who quit (oh, and by the way, how to stop doing it).
- Questions to give H.R. to help you screen.

NEWS || BRIEFS

► NEW MEMBERS

We are delighted to welcome our newest members who have joined International Insurance Institute's member list, either through on-site training programs or training materials.

United States

- Assurant Specialty Property, Linda Steenhoff, Manager, Jack Stewart, Vice President of Property Solutions Claims
- Berkshire-Hathaway, Deborah Desuyo, Client Services Director

- Kemper Insurance, Tom Speer, Training Manager
- Property Damage Appraisers, Katherine Slate, Assistant Vice President Franchise Relations & Corporate Development

Canada

- Alberta Motor Association, Robert Katzell, Director, Claims

United Kingdom

- MYI Global Staff Directory, Kerry Gupwell, Chief Operating Officer, Australia/New Zealand

Keys to Effective Presentations

Most claim professionals at some point in their careers, will need to make presentations. In this class, we outline many helpful hints of effective presentations:

Presentations where the goal is to pass on knowledge or understanding

Most People want information that:

- ▶ Is important to them.
- ▶ Can be used now (practical).
- ▶ Is relevant to their needs.
- ▶ Relates to real life experiences.

Therefore, you must:

- ▶ Introduce the subject.
- ▶ Discuss (do not dictate) the importance.
- ▶ Explain the presentation process.
- ▶ Explain how you will test for understanding.
- ▶ Discuss how attendee will use knowledge.
- ▶ Discuss steps taken to develop information.
- ▶ Discuss management's buy-in.
- ▶ Discuss what you will expect them to know and do. ■



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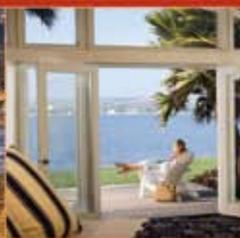
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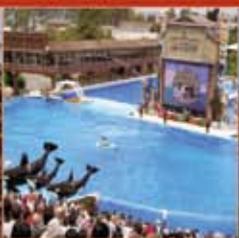
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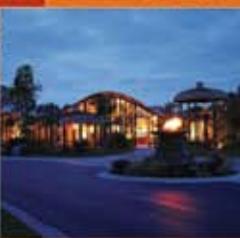
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