

Claims Education

INTERNATIONAL INSURANCE INSTITUTE AND **Claims** MAGAZINE**e**magazine

TRAINING || TALK

A New Season Awaits

As spring comes upon us, we are thrilled to be discussing our new product, the Online Claims Training Program. During the months ahead, we look forward to launching more of our programs and putting them online so as to be more available to the individual.

Spring is also the time for new opportunities. We are very pleased with our new agreement with *Claims Magazine* to offer a free, one-year subscription to all of our students. As most people know, *Claims Magazine* has been around since 1953 and is the leader in providing critical information to claim employees in the U.S. Read more about this in our News Briefs section.

Because many of our customers are experiencing difficult economic times, the board at International Insurance Institute and Claims Education Conference have responded by offering a special discount to anyone who brings a co-worker along with them to the upcoming annual conference in Coeur D'Alene, Idaho. Please visit www.claimseducationconference.com for more information about this great program.

As always, we here at International Insurance Institute welcome your contributions to CEM and encourage you to contact Karla Alcerro at karla@insuranceinstitute.com for any input. Please feel free to direct any questions, feedback, articles, claim success stories, or even topics that you would like to see discussed in the magazine. ■



Carl Van
President and CEO
International Insurance Institute

FEATURE || STORY

Placing the Bets

Making Good Training Decisions During Slow Times

By Carl Van

You give me \$100 right now, and in a week from now, I'll give you back \$100. Then, in another week from now, I'll give you another \$100. In another week, I'll give you another \$100. In fact, I'll keep giving you \$100 every week forever.

If I were to come to you and make this offer, what would you say? Would you do it?

You might say, "Sure, I'll do it." However, what if you didn't have the money? Would you say to me, "I'd like to do that because it sounds like a really great deal, but I just don't have the money right now."? You wouldn't, would you?

More than likely, you wouldn't let the fact that, right now, you didn't have the money get in the way of such a fantastic return. After all 5,200 percent is a pretty darn good return on your money. My guess is that you would say, "I will do whatever I have to in order to get it. I would borrow it or I wouldn't spend money on something else. But clearly, I would not give up that opportunity."

This is the scenario that I would like to propose to insurance companies right now. In both our *Awesome Claims Customer Service and Real Life Time Management for Claims* courses, we guarantee that if the claim professional utilizes the skills we teach in class, they will save themselves four-to-six hours of work per week. And that's without even really trying!

So let's take a look at the math. A very conservative figure of what it costs to have a claim professional working in an office is about \$35/hour, including benefits. Let's say you can save that claim professional a minimum of four hours per week just by improving their processes. What have you saved? You just saved \$140 a week. As a matter of fact, you will save that \$140 every single week for the next year, at the very minimum. That's \$7,280 in just the first year!

Now, let's say the cost of that training was only \$120 per person. Would you do it? You might say, "Yes, clearly that's a deal and I would take it." But let me ask you another question: What if you didn't have it in your budget? What would you say then? This is a real dilemma facing companies that want training. It's not in the budget. Because of that, they will pass on an opportunity.

Most claim operations want to do training in good times.

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However, when things are very busy, their major complaint is that they don't have the time. They simply can't spare people off their desks.

When things slow down a little bit, it becomes about money. They say they don't have the money in the budget for training. What I usually propose is that this particular type of training is not an expense at all; it is actually an investment. For every \$120 you invest, your return is \$7,280. As I mentioned before, that is a pretty good return on your investment. Many of you said that you would never turn down the opportunity to make \$100 per week for a \$100 investment. Yet, it is very common for companies to turn down \$7,200 on a \$120 investment.

Doing the Wrong Thing

When times get tough in soft markets, and policy counts and claim volumes drop, it is extremely common for most companies to do the exact wrong thing. They begin tightening up their budgets and downsizing immediately in order to keep their employees as busy as they were in growth periods. What they don't see is the opportunity to now use this slower time to invest in training.

What better time to invest in employees' development than when budgets are tight? That is the time for the greatest amount of potential return. If your car was getting two miles to the gallon, and you were desperate to save money, would you run around figuring out how to cut your driving from 200 miles per week to 150? Or would you invest \$10 to increase the miles per gallon to 50? That's a pretty close description of what claim operations do to save money. Instead of investing in their employees' development and making them more efficient when they have the time, they cut training expenses and drive up productivity costs.

What companies should be doing when they experience a lull is to start providing the training that they avoided because they didn't have the time. Yes, budget money is tight, but who in their right mind would turn down 5,200 percent return on investment? Most claim operations, that's who.

I once asked a claim executive what he



would say to one of his managers if he knew that a manager of his had turned down the opportunity to improve efficiency and that the return on the investment was more than 5,000 percent. The executive said, "I'd probably fire his a**!" I pointed out that, in fact, he was doing the very same thing by pulling back the reins on training during slow times in order to tighten up the budget.

A Case Scenario

We had a customer that had 4,000 claim employees. The cost to do the in-person training would be \$300 per person, for an overall cost of about \$120,000. This seemed quite high, and when the project went through the budgetary process, it was eliminated due to an effort by the procurement department to cut expenses.

Let's take a look at that decision. Let's say that either of those courses I mentioned, the *Awesome Claims Customer Service* or the *Real Life Time Management for Claims Professionals* could indeed save the claim department four hours

per week in needless work. By needless work, I mean things like complaint calls that were only generated by inefficiency; redundant work caused by the lack of a prompt and equitable settlement; multiple people involved in the same problem due to the failure to manage expectations and communicate; and double work caused by lack of priorities.

As before, at \$35 per hour, that's \$140/week. At 52 weeks, that's \$7,280. Multiply that by 4,000 employees and you get \$29.1 million. That figure is the realistic cost of not providing the training now. This is real money, not just paper money. This is money that is actually being spent by that company right now while their claim people are not utilizing the skills that they could be using in order to make them more efficient and improve customer service.

This does not even address the amount of money that is being lost because of the customer service deficiency. That's a whole other ballgame. We are simply talking about work processes here.

This figure, \$29.1 million, is a realistic representation of the amount of money that is being spent that doesn't have to be spent at all if the claim people could save themselves as little as four hours per week. The cost of doing that training doesn't seem so high anymore, does it?

This is a real-life scenario that those in the claim environment are facing every single day. Most of the time, the wrong decision is being made. In order to reduce expenses, claim operations stop investing in the development of their people, which quickly results in extra expenses for the company to continue its operations. Slow times should be met head-on with increased training to improve those skills. Start with the ones you wanted to do before but didn't due to lack of time.

The best training we provide is the in-person, on-site training that is delivered by qualified instructors in classroom setting. There is no better way to get the very best learning opportunity for the students. A good substitute for those companies that don't have the financial resources is the online training that International Insurance Institute is now in the process of developing. Indeed, their flagship course, the *Awesome Claims Customer Service* program is now online and available at one-third of the price of the full classroom setting. At one-third of the price, it is an extremely reasonable substitute for in-person training. All of the skills that are taught in the normal, full-day workshop are in this program.

What is the cost? Well, let me ask you a question. What would you say the "cost" was of that deal I offered you before? You give me a \$100 and I give you \$100 every single week. Would you say that "cost" you anything? Well, it didn't really. You invested \$100, and you got back \$5,200. The same thing holds true for this type of training.

People always talk about the cost of training when what they should be doing is looking at it as an investment. What is the investment amount for either the *Awesome Claims Customer Service* or the *Real Life Time Management for Claims Professionals*? That's easy to answer; it's about \$300 for in-person training and about \$120 for on-line training. What is the return? That's easy to answer, too — it's \$7,280 per person. When you think

about it, the cost is really zero. There is no cost; there is only return on investments. That's the best way to look at training, especially when the point of the training is to increase efficiency.

The goal is to increase efficiency and improve customer service at the same time. In fact, if you take a good look at it, it is actually almost irresponsible not to invest in training in slow times. It's irresponsible to waste money paying people to work in a process that can be done much more efficiently. This is a waste of money, and if we want to improve our industry, we need to see the situation for what it is: An opportunity to improve ourselves while we have the time. ■

Quick Tips for Claim Professionals

Setting customer expectations

It is important to set customer expectations throughout the claim process and at the close of any customer interaction.

- ▶ Perception is reality. It is all about whether we can exceed customer expectations or not.
- ▶ If we set customer expectations, we are in control to exceed their expectations.
- ▶ Look for opportunities to set expectations rather than letting the customer set his own expectations.

Managing customer expectations means consistently and accurately communicating with them. When claim issues are involved, that includes not only having a claim resolution plan, but also conveying that plan to your customers. It means that when someone solves an issue, they make sure that the customer was notified about the solution.

Many customer issues boil down to mismanaged expectations or poor follow-up. Customers expected some level of claim service and it was not delivered when they expected or it was not what they expected. This explains why two

similar customers can feel so differently about our claim service.

Setting up a claim protocol that assures customer expectations are managed can make all the difference. Make sure you document any expectation you have given the customer in the claim notes.

Think about how many of your frustrations are caused because you expected something to be different than it was? If you had known what to expect, you would not have been as upset.

Needing more time to resolve an issue

In order to set adequate customer expectations, you need to tell the customer in clear and simple words. "Based on the amount of research we will need to do, we will have your coverage issue resolved in two days. We will be working as diligently as possible. However, if you don't receive resolution within that time, please contact me."

The customer may reply with, "But I really need this solved now." It's important to control the situation with something like, "I understand and we will work as quickly as we can to resolve this issue." The point to make here is that you are working hard and that you are on their side.

Getting more information

In claims, it is often necessary to continue to ask questions so that we can gather all of the information to make the right decisions and help the customer. However, customers can sometimes feel they are being made to "jump through hoops." Even worse, they can feel as though they are being tricked into saying something that could have negative consequences. Most often, they can feel that we are being meddlesome and looking for a way to deny them the services they deserve.

We must strike an acceptable balance between doing a thorough and accurate investigation, and providing outstanding customer service that lets the customer know we are here to help.

This also comes into play when trying to further understand an issue that has caused a customer to become upset.

The preceding text is an excerpt from Telephone Handling for Claims, a full-day workshop offered through the International Insurance Institute, Inc. More information is available by calling 504-393-4570, www.InsuranceInstitute.com. ■

Claims Magazine Provides Free Subscriptions

The International Insurance Institute and *Claims Magazine*, the claim industry's number one magazine since 1953, have teamed up to give new International Insurance Institute students a free one-year subscription to *Claims Magazine*. This \$72 value will be given to all students of International Insurance Institute training during 2009.

Claims Magazine covers the business of loss and helps educate its readership by providing breaking news, analysis, and educational content through its print, web site, and weekly e-Newsletter outlets. It is published by the National Underwriter, a division of Summit Business Media. ■



Royal SunAlliance Reports Training Results

Royal SunAlliance, a leader in claims customer service throughout Canada, completed its analysis of the results of the Awesome Claims Customer Service course delivered to its staff. They were very pleased to report the following key findings:

- ▶ The training met or exceeded all of the attendees' expectations.
- ▶ Attendees enjoyed the training for the following reasons: It was tailored to claims; it was delivered by someone with claim experience; it was relevant; it was interactive; the trainer was great; and that the training was engaging, informative, and fun.
- ▶ A strong majority of the attendees felt that all of the skills learned can be applied.
- ▶ Of the statements below, 95 percent of the total responses were at least a four out of five.

Responses:

Attendees were asked to rate their level of agreement with the following statements. (1=strongly disagree, 5=strongly agree)

"I believe I can apply the techniques and skills I learned today in my job."

Eighty percent responded that they strongly agreed.

"Clear and realistic examples were given in class to enhance understanding."

Eighty-nine percent responded that they strongly agreed.

"Questions were encouraged and answered appropriately."

Eighty-nine percent responded that they strongly agreed.

"The training was effective in building my ability and confi-

dence in the areas instructed."

Eighty-six percent responded that they strongly agree.

"Overall the training met expectations."

Ninety-three percent responded they strongly agree

Online Training Seeks CE Approval

The online training programs offered through International Insurance Institute are seeking continuing education credits in all states that require CE for claim professionals. Keep an eye out for more information at www.claimseducationonline.com. ■

Helping in Hard Times

Because many are experiencing difficult economic times, the board at International Insurance Institute and Claims Education Conference have responded by offering a special discount to anyone who brings a co-worker along with them to the upcoming annual conference in Coeur D'Alene, Idaho. Please visit www.claimseducationconference.com for information about this great program. ■

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