AUDIT • CONSULTING • RESOURCES

Claims Insight

Complaint handling audit – digging beneath reporting data.

For insurers, complaint handling is a vital element of the customer experience, but it can be notoriously difficult to get a clear understanding of the precise causes that would enable tangible improvements. This even more so when a Third Party Administrator (TPA) is in place to manage the day to day processing.

A London Market Insurer client of SX3 experienced just this situation. On the surface, the data being returned by their TPA on their complaints handling showed no major issues. The TPA had some limited scope within their delegated authority for dealing with Expressions of Dissatisfaction (EoDs).

Whilst there was reasonable oversight of the TPA's complaints management process, the insurer wanted independent analysis on whether the TPA was maintaining the high standards expected of them when dealing with EoDs so they called us in.

SX3 met with the insurer to discuss the requirements in more detail and better understand the situation in general. We created a series of bespoke audit questions and agreed those with the insurer ahead of the audit.

The review was conducted on site at the TPA with full access to their systems. During the review, 60 EoDs were reviewed in detail and an open dialogue was maintained with the complaints coordinator at the TPA, to ensure correct interpretation of all relevant case facts and rationale for the actions taken to resolve the complaint.

Within 1 week of completing the review, a draft report had been issued to the insurer, providing an overview of the review results, including tables with objective scoring on each of the bespoke audit questions, along with the full raw audit data on the 60 cases.

The review highlighted that whilst most complaints were attended to quickly and fairly, there were some areas for concern including:

- Of cases that should have been capable of resolution by the TPA within their limited delegated authority, almost 50% required the Insurer to become actively involved
- The monthly complaint log data supplied by the TP included inaccuracies and vague descriptions that added little to no insight into key issues
- The complaint log data was also not being updated fully, crucially including whether the complaint was justified or not.

Therefore, whilst in every case reviewed a fair resolution had been achieved, the activity required to achieve this was far more labour intensive than it should have been. Furthermore, the insurer was not in a position to improve the customer experience as the inaccurate data being supplied by the TPA was hampering accurate root case analysis.