



Case Study – Claims Consultancy

Claims Consultancy Insight: External expertise will deliver immediate results to the Claims Manager from a three year internal audit programme, while pre-empting and avoiding adverse findings in external audits.

The best Claims Managers know that Internal Audit functions are their tool to identify and act upon problems and opportunities within their functions at the earliest time. This is good business, of course, but it also leaves the function in good shape for when an external Audit comes.

The most effective Internal Audits are delivered by those who understand the Audit process but also bring understanding and experience of Claims functions. After all, it takes real operational experience to know the early warning signs of problems and where they are most likely to lie. Commonly, Internal Audit teams have the former but not the latter.

Introducing external expertise into Internal Audit gives the Claims Manager the maximum chance of deriving value from the process, starting on day one.

Results Today, Results Tomorrow

Profound Claims business understanding is vital when a client needs quick, tactical results as part of a plan to create the long term solution.

This was the case for a broker client who asked SX3 to help them to establish a Claims Internal Audit Programme. However, our client was subject to immediate pressure from an external audit company who had been appointed by their key Underwriter to undertake a companywide review.

The work incorporated:

- An early risk assessment to establish how the Internal Audit Programme should be prioritised but specifically to highlight any areas which might require pre-emptive remediation before the Underwriter's external audit team came on site.
- Creation of a three year Audit programme to encompass all claims functions in the following areas: The Company, Compliance, Claims Accounting, Claims IT, Business Continuity & DR, Claims Management Reporting
- Establish flexibility around the prioritisation of the audits, ensuring key risk areas could be quickly identified, audited, remediated and reassessed.

The quick response from the SX3 lead internal auditor identified a number of areas requiring immediate remediation that enabled the Coverholder to take steps to avoid potential adverse results from the external auditors.

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For other findings, requiring more complex remediation, the Coverholder was able to initiate mitigating actions and demonstrate these to the external auditor, thereby lowering the risk rating of the subsequent findings.

The same process also delivered a heat map of the business that clearly showed which claims areas needed deeper assessment. Through discussion with the Coverholder an immediate series of audits was established, linking back to the Internal Audit Scope and targeting business functions with the highest perceived risk.

These encompassed:

- The Company: A review of a remote site
- Compliance: A deep dive review of Sanctions checking
- Claims Management: A review of claims in excess of £10k
- Compliance: A review of Quality Control activities

These reviews quickly gave the Coverholder insight into critical areas, allowing them to take immediate steps to improve business performance or gain reassurance that business areas were operating within tolerance.

The establishment of a 3 year audit plan, and monthly engagement with key stakeholders will ensure continued adaptation according to the business risks, while still retaining the original scope of the programme.

For example, Covid-19 has changed the business risk and the Internal Audit Programme has been able to rapidly reprioritise the schedule to continue to provide the most benefit to our client.

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