

Driving Better Customer Outcomes in Travel Claims

Client Challenge:

A global insurer sought independent assurance around customer outcomes delivered by a third-party administrator (TPA) for a large-scale travel insurance scheme. With policies primarily sold through non-insurance skilled retailers, and a 24/7 distributed claims model operating both remotely and across multiple continents, concerns had emerged around consistency of claims decisions, the fair treatment of vulnerable customers, and adherence to regulatory expectations including the FCA's Consumer Duty.

The client commissioned SX3 to conduct a detailed audit across paid, declined and abandoned travel claims, alongside complaints and appeals, to evaluate whether policyholders were receiving fair, timely, and accurate claims outcomes.

Our Approach:

SX3 conducted a structured and comprehensive review designed to assess both technical accuracy and customer experience:

Targeted Sampling Across Claim Types

- ▶ We reviewed 195 closed claims, including a balanced mix of paid and declined claims.

Outcome-Focused Audit Trail

- ▶ Our audit tested performance across six core areas:
 - Indemnity
 - Customer Handling
 - Complaints
 - Walkaways
 - Appeals
 - Quantum

Each was measured against documented processes and FCA principles on fair outcomes.

Remote Audit Execution

- ▶ Working with remote system access, secure file downloads and time zone differences, we conducted the audit remotely with daily contact with the TPA's client management team across Europe for queries and clarifications.

Case-Level Insight

- ▶ Detailed feedback and examples were provided for each area of concern, alongside a thematic analysis.

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Findings:

The audit revealed a mixed performance, with key strengths in certain areas and notable gaps in others:

Overall Handling Performance Score:

- ▶ 88.9% across all areas audited, but with significant variation by category.

Technical Decision-Making (Indemnity):

- ▶ 87.9% pass rate. Errors in applying policy terms led to inconsistent decisions – some claims paid when not covered and others declined incorrectly.

Customer Experience:

- ▶ 91.5% score, driven by good communication on most files. However, failures in recognising vulnerability and inconsistent messaging impacted some outcomes.

Complaints Handling:

- ▶ Scored just 47.2%, with missed expressions of dissatisfaction and delays in escalation. Some Final Decision Letters lacked appropriate tone or explanation.

Walkaways:

- ▶ 66.7% score, reflecting inconsistent reminder activity when customers failed to provide key documents.

Claim Repudiation Appeals:

- ▶ 91.7% performance, but some appeals avoidable with better initial assessments.

Quantum:

- ▶ 93.8% accuracy in assessing value, though isolated errors in benefit application and excess calculation were identified.

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Solution Delivered

SX3 delivered a full written audit report including:

- ▶ Audit scores and pass/fail data across six key areas
- ▶ Specific examples of customer detriment and potential leakage
- ▶ Case studies to highlight learning opportunities
- ▶ Recommendations to improve complaints handling, system flexibility, handler training, and vulnerability identification

The report was used by the insurer and TPA to identify root causes and initiate targeted operational improvements.

Results:

- ▶ **Customer Duty Assurance:** The audit helped evidence whether the TPA's operating model aligned with the FCA's expectations on fair value and fair treatment.
- ▶ **Process Improvements Initiated:** Steps were taken to improve handler training, complaints escalation, and recognition of vulnerability, with further system changes under consideration.
- ▶ **Insight-Driven Collaboration:** The findings created a shared understanding between insurer and TPA, enabling a more aligned approach to delivering consistent customer outcomes

Conclusion

This audit underscores the importance of aligning remote & overseas claims models with regulatory expectations and customer needs. By providing impartial, detailed analysis across a representative claims sample, SX3 helped drive improvements in both technical quality and the overall customer experience – reinforcing the insurer's commitment to transparency, fairness, and compliance.

**Contact SX3 today to
discover how we can help
your business deliver fair,
consistent and compliant
claims handling**

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