

Financial Institution - Claims Administration

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The singularly most important issue involved in Claims Administration for any Insured is proper and timely reporting of incidents that might give rise to a loss. In order to achieve appropriate claims reporting procedures, it's critical that there is a clear understanding of claims reporting requirements that are imposed in all the various insurance policies.

To that end, we recommend the establishment of a formal Claims Administration Procedure that is centered in the Risk Management process.

A formal Claims Reporting Checklist should be developed for all affected management or department supervisors that outline incident reporting procedures. The procedure should direct all such managers and supervisors to a central reporting person (such as the Chief Risk Officer or Enterprise risk Manager) to receive and log all initial notices, and to direct them to the appropriate insurer's claims department.

This process should include sending all such notices to the appropriate insurer's claims department, with copies to General Counsel, to outside legal counsel and to the controlling agent so they can track the claim and report on its status.

Management should require periodic claims status from all insurers' claims departments. In that regard, the agent should assist in this process by contacting the insurance company's claims department to confirm that all claims reported were received, acknowledged and assigned to an adjuster. Future communications would then be directed to the assigned adjuster.

Claims Administration should also include a requirement for semi-annual claims status reports on all outstanding claims for management's consideration (or as required in more urgent situations). An annual review of all significant claims by the Chief Risk Officer or Enterprise Risk Manager will provide an invaluable resource in terms of where focus should be placed and intensified to achieve improved loss control/prevention.

Information from claims files often provide the data to isolate problem areas and focus management's or department supervisor's attention on specific areas of concern. This data also forms the basis of prediction of frequency and severity of future losses and provide greater opportunities to foresee and avoid future losses that would affect the bank's loss experience and related increases premium.