Auto Casualty

The 5 Essentials Every Third Party Claim Workflow Needs

August 10, 2021
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Recent third party claim costs have risen significantly— from the start of 2018 through the end of 2020, average charge per claimant in Mitchell's aggregated industry data has increased 53% for third party claims. As costs rise, claims organizations need to make sure their organizations are set up to make consistent, accurate claim evaluations efficiently. Keeping up with the latest technologies or trends is an important way to stay relevant, remain competitive and enhance efficiencies, but if carriers lose focus on establishing good third party fundamentals as a priority, they may create inconsistencies across their organizations. This makes it challenging for adjusters to succeed and for carriers to ensure accurate claim evaluations, which is especially problematic in an environment where claim costs are on the rise. Carriers should try to avoid focusing too much on the latest trends or only managing to their bottom line, and instead, first check their third party claims processing foundations to ensure they have a comprehensive, end-to-end liability and injury program that supports settling claims accurately, efficiently and consistently.

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Auto insurance carriers can make significant improvements, like boosting consistency or improving evaluation accuracy, just by putting an extra emphasis on getting the essentials of third party claim handling right. Mitchell has worked with more than half of the top 20 auto insurance carriers to help build out their third party claim workflows. We've analyzed why programs succeed and the common challenges that sometimes cause inconsistent or inaccurate evaluations. As a result, we've compiled a list of the top five third party claim processing fundamentals we think every carrier should have in place.

1. Build and Standardize Best Practices in the Third Party Claim Handling Workflow

Depending on the carrier's size, there could be hundreds, or thousands, of third party claims adjusters throughout the organization. A large adjuster workforce often translates to monumental expertise and industry skillsets, which are truly some of the carrier's best assets and competitive differentiators. While adjusters carry expertise and practical experience, without some guardrails or guidelines, they will may develop individual best practices for claim evaluation, and in the process, even the best adjusters may develop bad habits and blind spots or become overly aggressive. When adjuster teams are not working from a common set of best practices, it can lead to missed opportunities for a carrier to settle claims efficiently, accurately and effectively. To avoid inconsistency, carriers should establish and maintain their own third party claim handling best practices for various claim scenarios. By doing so, carriers set the baseline for what type of information adjusters should collect and how that information should be used to evaluate the claim. By just taking this one foundational step, a carrier might notice a dramatic increase in consistency across the organization.

2. Establish a Clear Process to Connect Senior Management's Goals and Adjusters' Day-To-Day Claim Processing Practices

As mentioned, Mitchell has worked with many claims organizations over the years and has witnessed first-hand why certain carriers succeed. Overwhelmingly in our experience, organizations that maintain a keen focus on consistency and take the time to create processes within their workflows that help them achieve it, versus processes that purely manage their bottom line expenses, tend to succeed time and time again. It's not enough to solely determine best practices—carriers also need to establish a way to connect those best practices with adjusters' everyday claim handling processes. One of the most effective ways to do this consistently is to use a liability and injury evaluation technology system. This type of technology collects information about the claim and provides liability and general damages recommendations that companies can then use to reach a settlement for the claim.

What liability and evaluation recommendation model is right for you? Find out with Mitchell's easy-to-use guide. Go to Guide >

3. Provide Automation, Technology and Partnerships that Allow Adjusters to Focus on Their Core Tasks

Third party adjusters are often tasked with a wide variety of assignments, from dealing with complex bodily injury claims to studying police reports and demand documents. In addition to their core claim resolution duties, adjusters in many claim organizations also are required to manage many administrative tasks. With competing priorities in their workload, some best practices in claim handling may suffer or go unaddressed, hurting settlement accuracy. Each carrier's goal should be to let their third party adjusters focus on what they do best—evaluating and resolving claims. In order to do that, carriers should consider incorporating some of the following foundational elements into place in their workflows:

- Outsource demand-sorting to a trusted partner to eliminate the need for adjusters to endlessly sort through documents and find the claim information they need.
- Automation and technology that surface the most important claim insights, for example, flagging when a medical bill was submitted for a treatment that went outside of the expected treatment timeline, so adjusters can make informed decisions at the right time.
- A medical bill review platform to automate parts of the medical specials evaluation process by applying custom business rules and pricing adjustments to consider during negotiation.
- Technology that facilitates automated triaging to assign specific types of claims to certain adjusters, ensuring claims are routed right from the start and helping promote specialization for adjusters (i.e. high

dollar claims).

4. Create an Efficient, Integrated Claim Workflow for Adjusters

As mentioned above, adjusters are busy and third party claim processing can be especially complex. Carriers can set their adjusters up for success by providing an integrated, end-to-end third party evaluation solution that makes it easier for adjusters to accomplish their jobs. Here are a few of the most important essential elements every carrier should establish to build an efficient workflow for their adjusters:

- Technology systems that surface the right information for adjusters exactly when they need it.
- Standardized data exports, making sure adjusters not only receive the facts they need, but also ensure it is automatically delivered in the right format every time, reducing any administrative work needed.
- Systems that synthesize and store data in a way that can be leveraged by a carrier to evaluate adjuster performance.
- A workflow and interface that encourages adjuster critical thinking by presenting key findings and guidance throughout the claim process.
- Platforms that provide a responsive, modern and easy-to-use user experience for adjusters.

5. Use Reporting and Management Tools for Clear Insights

Without proper reporting tools, pinpointing outliers or identifying problematic types of claims can be like finding a needle in the haystack. Establishing foundational reporting and management practices is essential to successful third party claim processing. One of the benefits of applying some of the technology systems suggested above is that those types of platforms will also generate data needed for reporting that gives managers and other decision-makers clear insights into their third party performance at multiple levels. For example, carriers can use operational reports to help ensure compliance with regulations or easily identify gaps in performance and coaching opportunities at an adjuster or team level. Other types of reports can show carriers' medical specials and generals trends, allowing them to focus on specific areas like a certain county or injury group. Using reporting tools as a regular part of an organization’s bodily injury processes can help claims managers spot potential problem areas before they become worse, make shifts and improvements in real-time and easily identify ways to help employees reach their potential.

Establishing the Foundations

Securing the right foundations first is crucial to long-term third party claim success. At Mitchell, we’d like to encourage every third party claim organization to take a step back and ask themselves, which of the five most foundational elements do they have in place today, and where are their opportunity areas? Initiating each of these five elements in their programs can help carriers establish consistent, accurate and efficient claim handling practices, setting themselves up for success now and into the future.

Mitchell can help you establish a solid foundation for your third party claim program. Find Out How Now >

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