



## Background

The General Insurer handled 50,000 home insurance claims each year, with a claims spend in excess of £200m. The organization was very profitable and saw no immediate need for improvement, however commissioned an exploratory piece of work to understand how Lean Thinking could influence their claims process and in particular claims costs.

The peril chosen as focus was freezer contents claims. This had a low annual claims cost of £2m, dictated primarily by the low single claim limit of £1000.

Although freezer contents claims were guided by clear policy terms and conditions, a large amount of variation existed in terms of what was deemed acceptable.

Despite being simple claims, the average settlement time was 3 weeks.

## Approach

A **Reinvigoration** consultant used process management techniques to quickly identify significant opportunities to tackle both claims leakage and process inefficiency.

- Staff handled claims by asking customers to send in an itemised list of the items being claimed. A through data gathering exercise identified that this led to claims were being grossly overinflated
- A claims cost calculator was created using historic claims data. This allowed staff to immediately calculate the likely cost of each claim, at the point of registration

- They then used a structured set of questioning techniques which when combined with the claims cost calculator allowed staff to immediately identify those claims that were likely to be exaggerated. Photographic evidence was then requested to further disincentive fraudulent claims

## Results

The approach used drove significant improvement in the area including:

- Annual (repeatable) claims cost savings of £500k
- 90% of claims settled at first point of contact
- Repudiation rates increased, linked to a reduction in fraudulent claims
- Capacity created in the claims handling teams due to a significant reduction in the number of touches per claim, down from 9 to 2

### Reinvigoration

Dalton House  
60 Windsor Ave  
London  
SW19 2RR

tel: 0800 0286703  
fax: 0844 6648165

[www.reinvigoration.com](http://www.reinvigoration.com)

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18-22 Hyde Park Corner  
Leeds  
LS6 1AF