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'Claims management vital if insurers are to capitalise on post-Covid opportunities'

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In the wake of the business interruption litigation, claims managers are in the unique position of being able to restore trust in insurance by acting as a bridge between carriers and clients



COVID-19 HAS ACTED AS A CATALYST FOR RAPID CHANGE AROUND THE WORLD

Source: STANCA
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Covid-19 has put the pandemic at the top of the risk list, acting as a catalyst for a change that arguably and in some respects would have happened anyway, but over a less condensed timeframe.

It is no longer a question of understanding and measuring the after-effects of the pandemic in business terms, but it is all about acknowledging and embracing a new reality that also brings new opportunities.

One major lesson we did learn was the response to Covid-19 was fragmented, varying in different countries and regions, depending significantly on the initial reaction and then the subsequent vaccination strategy that was adopted. The prospect of economic recovery back to pre-pandemic levels and beyond is also overshadowed by emerging variants of the virus and this will continue to prove a challenge to every country's approach to growth.

As a result of this fragmented approach, regional disparities have emerged based on different mitigation efforts and timelines to achieve widespread immunity with developed markets recovering faster than

emerging markets. The globally connected and increasingly co-dependent world we once knew has been exposed as a much more disparate, unequal and nationalistic one.

We can expect these types of events to happen again and perhaps even more frequently. Covid-19 has reminded us we need to be better prepared to deal with such crises before they happen

Recovery expectations remain fluid and will rely on many factors including the ability of corporates to adapt to the inevitable post-pandemic changes in consumption patterns, their ability to develop new growth strategies and to make their operating model and supply chains more agile and flexible.

The pandemic has caused a major disruption to workplaces. Social distancing, masks, enhanced hygiene and sanitisation measures, together with the seismic shift to working from home, have become commonplace. If anything, the pandemic has proved remote working is feasible and effective. It is expected in the near future, a balance between working from home and in the workplace will become the norm with options for hybrid and flexi-plans to accommodate employees.

More than before, global corporations need to be connected to their workforce and to have adequate workforce absence and return-to-work strategies in place: solutions such as hotlines with access to specially trained nurses who can provide immediate guidance and compassion to employees and evaluate their risk exposure, clinical consultations and even telemedicine are some examples of what is available to a corporate and its employees. It not only helps businesses to take care of their employees – their most important asset – but it also helps them to operate more sustainably and differentiate themselves in the marketplace.

Supply chain risks

Covid-19 has put under stress the supply chain of many global businesses, exposing some of their vulnerabilities along the chain. A high dependence on shipments or specific regions/countries, and limited alternative sources of supply, is just one example of this. While corporates have responded in multiple ways to mitigate some of these risks, Covid-19 has also highlighted the fact that many of them were not fully prepared or even aware of some of the vulnerabilities of their supply chain relationships to global shocks.

The risk of disruption is nothing new, but no one was fully prepared to deal with both supply and demand shocks of such magnitude. Looking ahead, new supply chain technologies and models are emerging, permitting greater visibility along the value chain and greater adaptability and agility to respond to shocks, transforming the traditional linear model into digital supply networks.

The pandemic forced almost all organisations to speed up their digital transformation, which will inevitably increase systemic vulnerabilities to cyber attacks and fraud. The acceleration of that transformation makes these risks more prevalent and at a scale that is more global and where regulations vary for each country or region. Covid-19 has accelerated the shift of the corporate risk landscape towards more intangible risks where a deep technical expertise combined with global reach and a strong familiarity with local regulations will be paramount to mitigate these risks.

Of course, there is an upside to the speed of the digital transformation we have witnessed. In the claims management process, we clearly expect the increased reliance on technology and digital solutions to last. The use of remote technologies such as drones and digital tools that replace field visits has grown substantially and they are here to stay. We have also seen a faster adoption of automation in the claims

management process to simplify and improve the customer experience while reducing costs, particularly in the low-value and high-frequency claims space.

Digital technology is not an answer in itself; it is all about customers, solving their problems and improving their experience of the claims management process. This involves better use of data and behavioural science combined with the application of specific skills and technical knowledge to manage those claims effectively.

Collaboration

The uncertainty surrounding the settlement of business interruption claims has damaged the reputation of the industry as a whole in the eyes of the public. Therefore, we are all at a pivotal moment. We have a valuable opportunity to change that perception. As claims managers, we are in a unique position to restore that trust between clients and insurance companies.

Like any other major catastrophic event around the world, this experience should remind us that, as an industry, we need to work more collaboratively; for example, by exploring public/private partnerships to build capacity and broader coverage with the ability to service events at a global level.

We can expect these types of events to happen again and perhaps even more frequently. Covid-19 has reminded us we need to be better prepared to deal with such crises before they happen.

More than ever, Covid-19 has shown us, as claims managers, that global businesses need to be able to rely on their partners when they need them the most. More than ever, it is reliable partners who work quickly, have the global reach and the local expertise, the reputation, the scalability, the balance sheet strength, and the connectivity that can help them face uncertainty.

We are facing a once-in-a-lifetime challenge, however being agile, well connected, better prepared and working collaboratively will be essential to succeed both now and in the future.

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