



Hammersbach Consulting Ltd.
Claims Management Consultants

Consumer Duty and the impact on claims handling.

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The Insurance
Institute of Preston
and Blackpool
Chartered Insurance Institute



nick thomas
+ associates

Introduction and housekeeping

Interactive - Q&A, Chat

Slides and Recording via the Council

James Tye

- Principal of Hammersbach Consulting Limited – specialist claims consultants

Nick Thomas

- Nick Thomas & Associates - up to the minute training and coaching solutions addressing the challenges of the modern insurance professional
- Technical insurance; sales, communication and soft skills; management and leadership; customer service; performance, resilience and health



Objectives

Objectives:

- To provide knowledge and understanding of basic principles of Consumer Duty in the claims arena.
- Know how Consumer Duty influences the entire distribution channel and how claims handling plays its part.

Method:

- To take a high-level look at Consumer Duty and how it can impact on claims handling.
- To example how claims handling issues an impact on a firm's Consumer Duty obligations

Basic Principles of the new Consumer Duty

New Consumer Principle

- "a firm must act to deliver good outcomes for retail clients" or
- "a firm must act in the best interests of retail clients"

Overarching cross-cutting rules

- Take all reasonable steps to avoid causing foreseeable harm to customers
- Take all reasonable steps to enable customers to pursue their financial objectives.
- Act in good faith.

Four outcomes

- Communications to equip consumers to make effective, timely and properly informed decisions about financial products and services.
- Products and services are specifically designed to meet the needs of consumers, and sold to those whose needs they meet.
- Customer service meets the needs of consumers, enabling them to realise the benefits of products and services and acts in their interests without undue hindrance.
- The price of products and services represents fair value for consumers.

How and why, this could affect claims handling

Four Outcomes rules requiring firms to ensure consumers receive communications they can understand, products and services meet their needs and offer fair value, and the support they need.

Points to consider



Reality is that it covers every aspect of the customer journey, and everyone who forms part of the journey.



Responsibility that everyone in the process, including suppliers, is aware of Consumer Duty.



Conflict between what customer thinks is the right outcome and policy or contractual conditions, as well as liability.



Who is the customer – in first party claims, the claimant can be the customer. In liability claims – defendant and claimant can be the customer.

Illustrations of potential issues

Challenges and potential remedies

- Calls not answered
- Poor supplier performance: loss adjusters, repairers, FNOL providers
- Vulnerable claimants
- Expectations versus reality
- Supply chain issues
- Customer perspective
- Clarity and management of expectations
- Clear contracts and SLAs
- Helping partners understand the part they play in meeting the duty
- Straightforward explanations
- Put yourself in the customer's shoes

The importance of getting it right

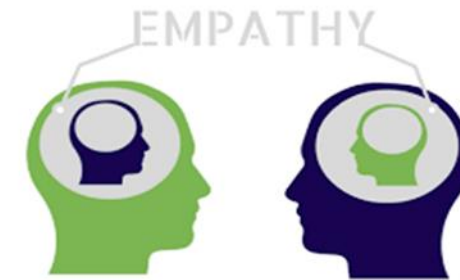
- Firms **review** their current approaches to bring them in line with the Consumer Duty requirements.
- Firms ensure they can **evidence** outcomes.
- Outcomes are **reviewed and monitored** on an ongoing basis.
- Any **issues** identified are **remedied or mitigated**.



Soft skills that will help fulfil your obligations and improve the customer experience

Disagreement and conflict – ‘right customer outcome’

- Empathy - acknowledge the customer's feeling
‘I do understand this outcome is disappointing for you and I would like to take this opportunity to fully explain the reason for our decision’
- Explain position/decision in customer friendly terms (avoid insurance technical jargon)
- Invite the customer to share why they disagree
- Active listening – make them feel ‘heard’
- Fuller information – may now agree. Or establish new info allowing reassessment
- Customer is still unhappy - advise how they can proceed with a complaint



Pick up on
the emotion

*Q1. Techniques for
active listening on the
telephone?*

Soft skills that will help fulfil your obligations and improve the customer experience

Distressed/vulnerable customer

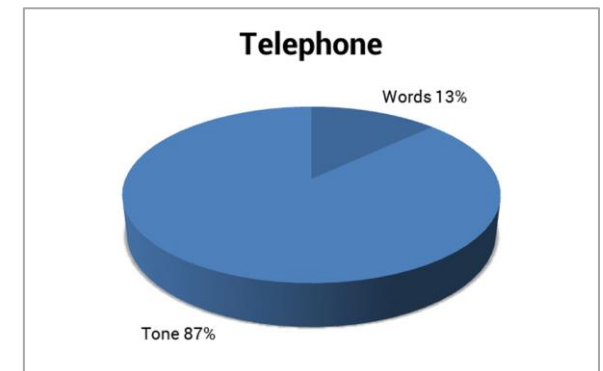
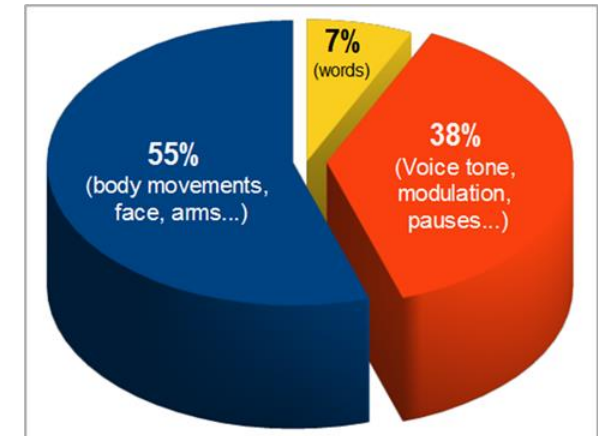
- Empathise

'Your frustration/concern/ disappointment is understandable'

'I can hear how upsetting/distressing this situation has been for you'

'The worry that you have described is understandable, I would feel the same if this situation happened to me'

- Ask questions to fully understand
- Active listening – be present
- Summarise back - confirm understanding
- Voice tonality – how do you want to come across?



Q2: What about empathy in chat and email?

Soft skills that will help fulfil your obligations and improve the customer experience

Supplier – building understanding/’bringing them with you’

- Ongoing relationship – chance to **build rapport** and trust.
 - Understand personality/communication preferences
 - Build common ground
- Regular dialogue - keep updated
- Mode of communication – Mehrabian’s Law
 - Telephone or video call [where possible]
 - Email – miscommunication and conflict
- Communicate praise and thanks

Keys to Rapport

- Empathise
- Be genuine and authentic
- Build common ground
- Shared experience/collaboration

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Thank you! Questions?

Contact:

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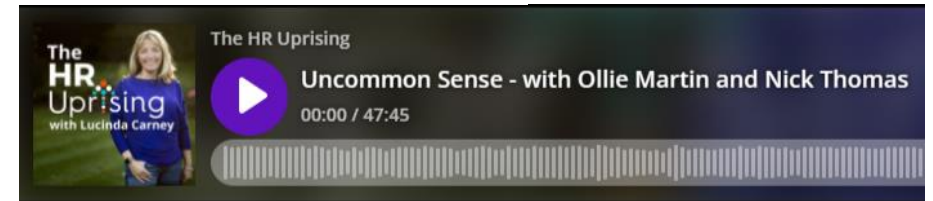
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'Up to the minute training solutions addressing the challenges of the modern insurance professional'

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[Click here](#) to listen to Nick's latest podcast appearance on 'HR Uprising' talking about workplace performance, resilience and health

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