

Lloyd's mulls volume claims platform

Lloyd's is drawing towards the close of a feasibility study on the idea of a volume claims service that could centrally adjust low value, low complexity claims.

Lloyd's head of claims David Lang told *The Insurance Insider* that the market had been looking at the idea since June last year.

Consultancy BearingPoint was commissioned to look into the creation of such a service as part of the Claims Transformation Programme. Lloyd's asked it to determine what such a service would look like and whether or not there were service providers that could do the work.

A volume claims service along these lines envisaged would adjust low complexity, low value claims with a value of less than around £100,000.

Under this model it is likely that managing agents, even leaders, would outsource

adjusting of volume claims while setting service standards and maintaining oversight.

The claims that would potentially be processed by the service constitute 54 percent of claims by number, but less than 10 percent by value.

Lang cautioned, however, that there were still questions connected to the way the mechanism would work that have not been answered.

He also raised the possibility that the idea was sound in theory, but that cost could render it impracticable. "The concept might be great, but the cost might be prohibitive," Lang said, reserving judgement.

As with the overall Claims Transformation Programme, one of the primary goals would be to minimise the amount of time that in-house claims staff at managing

agents have to spend on lower value claims, freeing them up to work on higher value claims.

In November, with the project already underway, Hiscox CEO Bronek Masojada passionately made the case for a volume claims service at the Xchanging London market conference.

"Nobody in Lloyd's has the scale to handle the small ticket claims - you all think you do, but you don't," he said.

The project is, however, potentially sensitive because it goes to the heart of what central services Lloyd's should provide for the market. While some (re)insurers - such as Hiscox - are supportive of centrally provided core services, some other large Lloyd's (re)insurers are more independently minded.