

FSPITS10 - SQA Unit Code H68X 04

Negotiate and settle complex insurance claims



Overview

This unit is about negotiating the claim according to the facts and circumstances involved and agreeing a final settlement figure. It includes obtaining formal discharge of the claim from the claimant where this is required and arranging payment of the final settlement. The unit involves negotiating effectively, making sound decisions based upon the available information, your own experience and a consideration of the possible outcomes. You will also present information clearly, concisely and accurately.

This unit may be suitable for you if you work as an insurer, an intermediary or another organisation with authority to settle complex claims.

Claims are complex when they are not routine and cannot be dealt with mechanistically, for example, when a claim involves negotiation and/or is technically demanding involving complex legal or underwriting issues, or substantial financial implications.

FSPITS10 - SQA Unit Code H68X 04

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Performance criteria

- You must be able to:*
- P1 Gather all information necessary to confirm the cover and extent of liability in the claim
 - P2 Request missing information or documentation promptly
 - P3 Review the outcomes of any investigations regarding liability and quantum of the claim and assess their impact upon settlement of the claim
 - P4 Review the outcomes of any investigation where fraud or potential fraud is suspected and decide how this impacts upon any settlement
 - P5 Consider whether mediation is appropriate and make the consequent recommendations regarding any associated actions where relevant
 - P6 Evaluate issues effectively and make appropriate decisions regarding the settlement of the claim
 - P7 Review the factors that make up the claims reserve, taking action to ensure that accurate reserves are maintained where relevant
 - P8 Evaluate the options to pursue subrogation and recovery rights, and take the appropriate action
 - P9 Provide relevant parties with updated information as required
 - P10 Negotiate the liability and/or quantum of damages, in accordance with your organisation's agreed parameters and your level of authority
 - P11 Process final settlement and inform relevant parties
 - P12 Arrange for the settlement to be completed promptly and in the agreed manner
 - P13 Refer any situations beyond your level of authorisation promptly to the relevant person, setting out clearly the circumstances and reason for the referral, making reasoned recommendations regarding future actions
 - P14 Maintain accurate and complete records

FSPITS10 - SQA Unit Code H68X 04

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Knowledge and understanding

You need to know and understand:

Financial services specific knowledge and understanding

- K1 The structure of the insurance market and the roles and responsibilities of the various parties within it as they impact on your activities
- K2 The different stages in the progression of insurance claims
- K3 The decision making process at different stages in progressing a claim, and their potential impact on the claim
- K4 The importance of gathering all relevant information towards confirming the cover and extent of liability in insurance claims
- K5 The information required towards determining the extent of cover and liability in insurance claims
- K6 The importance of reviewing legal precedents and how they affect the handling of a claim
- K7 The principles of effective negotiation and the factors that might be negotiated in settling insurance claims
- K8 The process and relative advantages and disadvantages associated with using Alternative Dispute Resolution (ADR) or mediation
- K9 The importance of contract certainty and its impact upon the claims process
- K10 The importance of maintaining accurate reserves, and the factors making up claims reserves
- K11 How different policy wording impacts upon claims and upon the claims reserving process
- K12 The importance of identifying where reinsurance is in force and how to do this

Context specific knowledge and understanding

- K13 Your organisation's requirements relating to the application of codes, laws and regulatory requirements, including ethical standards and health and safety, as they impact on negotiating and settling insurance claims
- K14 Your organisation's ethos and practice associated with progressing claims
- K15 Your organisation's claims management process
- K16 Your organisation's policies and procedures for investigating complex insurance claims
- K17 The policy cover, terms and conditions relevant to your work including standard and non-standard extensions and/or limitations
- K18 Your organisation's procedures for recording claims settlements
- K19 Your organisation's estimating practices
- K20 The roles and functions of other parties involved in claims
- K21 The effects of claims leakage on insurers
- K22 Authorised sources of information, supply or repair needed, to settle claims
- K23 The options available for negotiating and settling a claim

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Knowledge and understanding (continued)

You need to know and understand:

Context specific knowledge and understanding (continued)

- K24 Methods of claims assessment and investigation and the resources your organisation has to conduct these activities
- K25 The limits of your authority and the action required when a claim falls outside those limits

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Additional Information

Behaviours

You must demonstrate that:

1. You use information and knowledge effectively, efficiently and ethically
2. You show understanding of others and deal with them in a professional manner
3. You show integrity, fairness and consistency in decision-making

Links to other NOS

‘Signposting’ other relevant NOS

There is a close relationship between these NOS and the NOS for General Insurance, which have been developed separately by the Financial Skills Partnership (formerly Financial Services Skills Council). These can be accessed via www.financialskillpartnership.org.uk

In addition, the Sector Skills Body, Skills CFA, have developed NOS which include the competences required for leadership and management, as well as customer service. The website address for Skills CFA is www.cfa.uk.com

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