



ANZIIF





Empathy on Claims

Katrina Shanks, CEO

June 2024



Natural Disasters in Australia, New Zealand and South East Asia

A Parliamentary Inquiry began, looking into insurers' responses to the 2022 Floods



The Australian Parliamentary Inquiry into insurers' responses to the 2022 Floods was the catalyst for focus to be placed on the importance of empathetic claims management.

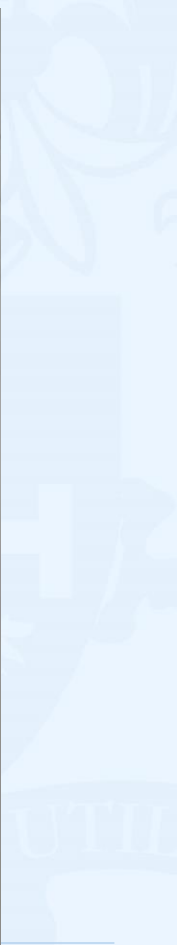
“Some (insurance) staff need more training, need more capacity building when it comes to empathy and sensitivity.” Dr Daniel Mulino

(Chair), House of Representative Economics Committee Australian Parliament, 1

February 2024

“The understanding and compassion, that has arisen in these proceedings about insurers, not showing enough understanding of the trauma these folks go through”

Mr Andrew Gee (Committee Member), House of Representative Economics Committee Australian Parliament, 5 February 2024



What was the outcome of the inquiry?

'Unnecessary stress for customers': Insurers struggling with claims handling

Life insurers need to improve their procedures following an uptick in breaches related to claims handling, according to a new report.

RISK | April 11, 2024 | By Shy-ann Arkininstall | 1 comment



The Life Code Compliance Committee's (Life CCC) *Life Insurance Code of Practice: Annual Industry Data and Compliance Report 2022–23* found that insurers are struggling when it comes to complaints handling.

The report analysed data collected from 16 insurers over the 2022–23 financial year, finding 12,314 reported breaches of obligations of the Life Insurance Code of Practice, representing a 9 per cent increase on the previous reporting period (11,278).

According to the report, Chapter 8 of the code, which relates to making a claim, had the most breaches with 9,149, up 18 per cent from 7,742 in the previous period. "Chapter 6: Policy changes and cancellation rights" had 1,308 breaches, down 24 per cent from 1,717, and "Chapter 5: When you buy insurance" had 1,152, down 14 per cent from 1,339.

'Watching closely': ASIC fires warning on claims handling

06 March 2024



The corporate regulator has put insurers on notice over claims handling after another summer of damaging weather events, as the Insurance Council of Australia admits systems are "operating at near capacity".

The Australian Securities and Investments Commission (ASIC) has written to general insurance company chairs and CEOs, warning it expects "a significantly better response" after failings emerged in 2022.

Insurers say they have improved systems and processes after issues with delays and poor communication following the record-breaking 2022 floods, which have been examined as part of a recent federal inquiry.

The Insurance Council says this summer's [catastrophe losses have hit \\$1.2 billion](#), and in a recent newsletter CEO Andrew Hall said claims data is being monitored.

"With the ongoing extreme weather that continues to impact large parts of the country, customer needs remain insurers' top priority," he wrote. "[The Insurance Council] is carefully monitoring the claims data, as it is clear systems are operating at near capacity."

What were the themes from the inquiry?

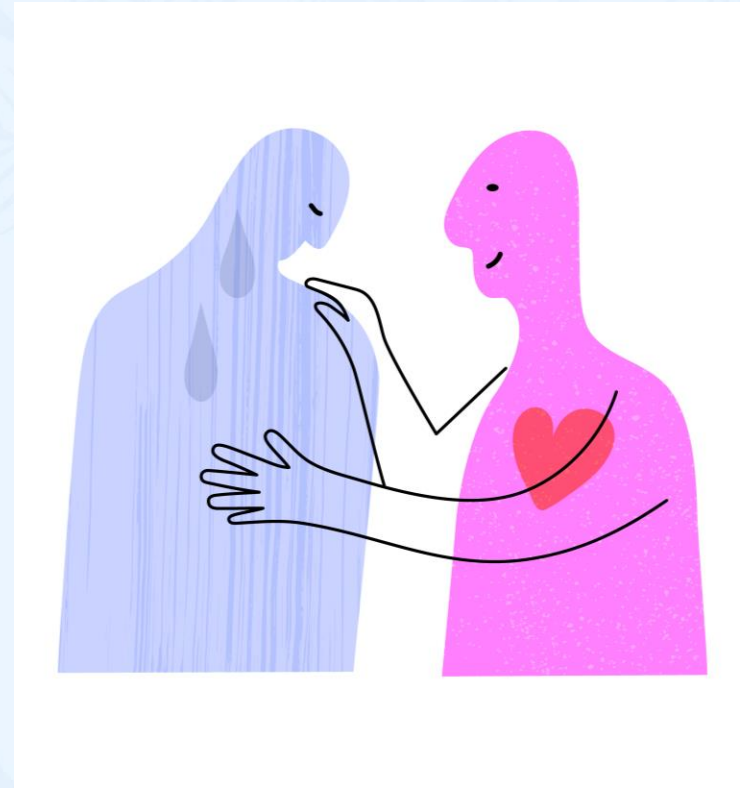
- Timely communication
- Not being able to resource up
- 3rd Party performance
- Policy wording and definitions. i.e flood waters, water damage, debris damage (suitability of product)
- Empathetic Claims Management

What is empathy?

Empathy is the ability to understand the **feelings, thoughts** and **perspectives** of others.

Being empathetic improves communication and helps customers feel heard.

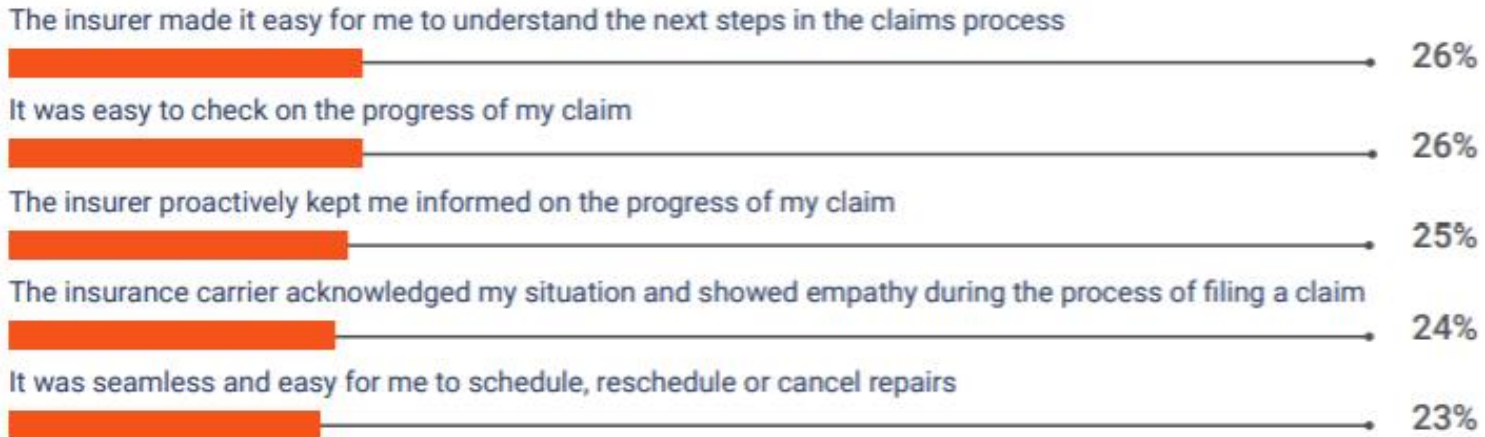
Empathy in claims handling is essential for creating **trust** and fostering **strong customer relationships**.



The Insurance Industry's Empathy Gap

Customers are frustrated with transactional and unclear claims processes

(% of respondents selecting "strongly agree")



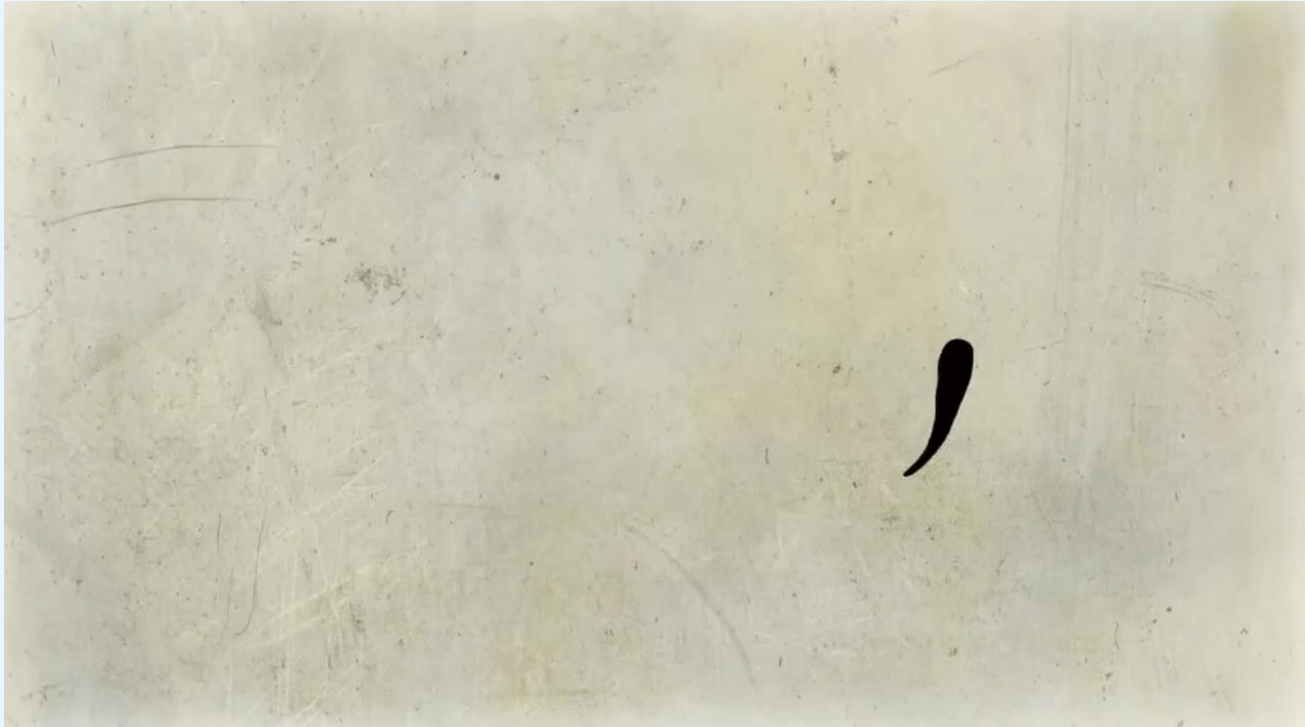
Vulnerable Customers and Empathy

	Description
Understanding Vulnerable Customers	<ul style="list-style-type: none">• Includes customers facing financial difficulties, health issues, or other challenges• These customers may require additional support and understanding during interactions
Empathic Customer Service for Vulnerable Customers	<ul style="list-style-type: none">• Involves understanding and responding to customers' emotions and needs with sensitivity and compassion
Building Trust and Loyalty	<ul style="list-style-type: none">• Empathic customer service can help build trust and loyalty among vulnerable customers• Leads to increased satisfaction, loyalty, and positive word-of-mouth recommendations
Ensuring Fair Treatment	<ul style="list-style-type: none">• Empathic customer service ensures that vulnerable customers are treated fairly and with respect throughout the claims process• Tailors the approach to provide appropriate support and assistance based on the unique circumstances and needs of vulnerable customers

Empathy is not sympathy

	Empathy	Sympathy
Definition	Understanding and sharing others' feelings	Acknowledging and feeling concern for others' feelings
Emotional Connection	Experiencing similar emotions as others	Feeling compassion or concern for others without sharing their emotions
Understanding	Fully grasping and connecting with others' emotions	Recognizing others' emotions without necessarily fully understanding them
Response	Responding with understanding and validation	Offering care, support, or condolences

Empathy is not sympathy



What Does Empathy Look Like For A Claims Customer?

- Understanding the situation
- Acknowledgement of Emotions
- Clear Communication
- Prompt and Efficient Handling
- Regular updates
- Flexible Solutions
- Supportive Assistance
- Follow-up Feedback



The difference empathy can make

- Enhances Communication
- Builds Trust
- Improves Customer Experience
- Reduces Conflict
- Enhances Reputation
- Improves Decision Making



What's the Solution?

How can we improve
empathy in claims
management?

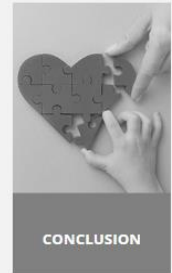


ANZIIF's Empathetic Claims Management Course

ANZIIF created a short course that highlights the importance of empathy in the claims process.

The course is designed to equip claims agents and claims managers with the skills to provide empathetic and trauma-informed customer service to all claimants.

EMPATHETIC CLAIMS MANAGEMENT



Select each topic to learn more.

Once you successfully complete each topic, it will be marked 'Completed'.

ANZIIF's Empathetic Claims Management Course

When employed as an insurance professional, employees are usually provided with the training necessary to perform their roles in claim management. This training may cover processes, systems, compliance, laws and regulations, and policies. All of this enables employees to do their jobs. But there are other skills integral to doing these jobs well.



Active listening



Understanding claimants' perspectives



Empathetic language



Patience and compassion



Validation



Offering support



Transparent communication



Personalisation



Follow-up and follow-through



Trauma-informed approach

By incorporating these practical applications of empathy into the claims handling processes, claims agents can enhance the overall customer experience, build trust and rapport with claimants, and ensure positive outcomes for all.

Empathy versus Sympathy


Example

Sympathy	Empathy
This is a difficult situation, at least you had insurance.	I appreciate you sharing your experience. It sounds like a difficult situation for you.


Remember empathy goes beyond acknowledgement; it involves you understanding and validating someone's feelings. This allows you to deepen your relationship as you connect with another's thoughts and feelings.

What are the signs of trauma?


Recognising trauma indicators, especially over the phone can be challenging due to the lack of visual cues. However, there are common behavioural, emotional and physical indicators that claims agents can listen for. Here are some signs to be attentive to:



Behavioural indicators



Emotional indicators



Physical indicators

Learning Outcomes

Throughout this course students will learn:

- The distinction between empathy and sympathy
- How to identify signs of trauma in claimants and respond appropriately.
- Practical skills in effective communication, active listening, and rapport building.
- How to apply empathy consistently across all claimants, including vulnerable customers.
- How to contribute to a positive claims experience for all customers.



Taking Responsibility

Everyone in the insurance chain has a part to play when it comes to improving the claims process for clients.

If we want to build trust and ensure more people access insurance, we must take responsibility, and be determined as an industry to improve these issues with agility.



Good customer outcomes

Good customer outcomes after a claim can result in several positive outcomes for both customer and the insurance provider. These include:



- Customer Satisfaction
- Trust and Loyalty
- Positive word of mouth
- Retention and Renewals
- Brand image
- Reduced complaints and disputes
- Regulatory compliance

The most important outcome is the building of **public confidence and trust** – which means more people will access Insurance. Ultimately this will lead to increasing people's financial health, wealth and wellbeing.



Make The Change

Let's take this experience as an opportunity to learn, problem-solve and advance.

Please take this moment to reflect on what your company can do to enhance the claims processing experience and show empathy to claimants.





Thank you

Thank you for your time and attention. We hope you were able to glean some valuable insights regarding the importance of empathy in the claims process.

Are there any comments, questions or concerns?



This QR code will take you to the Empathetic Claims Management short course