

Claims Education

INTERNATIONAL INSURANCE INSTITUTE AND **Claims** MAGAZINE**e**magazine

TRAINING || TALK

Where Do You Stand?

In this issue, we feature ZC Sterling in part two of our series, “While Others Wait, Some Bold Companies Invest in their Future with Training.” The series examines how some companies — while given the same “save-money” directive as most insurance companies — are investing in training to meet that end.

This issue’s “Manager Spotlight” features Teresa Headrick, one of the featured guest presenters at the 5th Annual Claims Education Conference (www.ClaimsEducationConference.com), which will take place in New Orleans, La. in May 2010.

As always, we here at International Insurance Institute welcome your contributions to CEM and encourage you to contact Karla Alcerro at karla@insuranceinstitute.com for any input. Please feel free to direct any questions, feedback, articles, claims success stories, and/or topics that you would like to see discussed in the magazine. ■



Carl Van
President and CEO
International Insurance Institute

FEATURE || STORY

While Others Wait, Bold Companies Invest in Training, Part Two

Through Training, ZC Sterling Sees a Silver Lining

By Carl Van

Times are definitely tough for most insurance companies these days. When times get tough, training and education usually are the first casualties of cost cutting directives. This is nothing new. It has been standard operating procedure ever since the first company declared the development of their employees a “top priority.”

Nevertheless, there are some companies that, despite the downturn, realize that in the long run, they must keep their employees trained and educated. Why? Because they believe it’s more profitable.

This series will focus on those companies that decided to buck the trend, and found tremendous returns on their investments in the talent and skill of their people.

ZC Sterling Corporation is a leading provider of specialty insurance and technology-enabled solutions for lenders, mortgage servicing organizations, and homebuilders nationwide. The company and its subsidiaries provide hazard insurance and real estate tax tracking and outsourcing services, voluntary homeowners insurance, call center, and similar support services to the financial services industry. ZC Sterling also serves as a program manager for several highly rated carriers.

Headquartered in Atlanta, Ga., ZC Sterling operates in all 50 states and is part of QBE Insurance Group Limited, one of the top 25 insurers and reinsurers worldwide. The Americas division, headquartered in New York, is a leading North and South American insurer and reinsurer. The division conducts business through various property and casualty insurance subsidiaries in eight countries.

As with many featured companies, customer service is a constant focus for ZC Sterling, which is made obvious by the company’s motto of “Keeping You First.” ZC Sterling prides itself on constantly looking for ways to improve customer service. This is especially true of the company’s claim group. Like everyone else, it is also focused on ways to save money, being very aware of the financial responsibilities of any claim organization.

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The Task

Dave Williams, Claims Vice President for ZC Sterling, had been analyzing the needs of his claim organization for quite some time. Mr. Williams had been looking for ways to not only motivate his employees to strive for improvement in customer service (beyond their already superior level), but also to streamline claim handling while controlling and reducing loss costs and expenses. That is a tall order.



▲ Dave Williams

Mr. Williams remembered a session he had been to about claims customer service, and how results suggested a direct relationship between improving customer service and employee satisfaction and motivation. He also remembered that there was significant information that underscored how improving customer service actually reduced expenses. In fact, he remembered something called the “Training Investment Analysis” spreadsheet, which demonstrated the ROI for money spent on training to improve customer service could be shown to exceed 1,500 percent.

Mr. Williams moved forward with a proposal to have his claim group go through the “Awesome Claims Customer Service” course offered by International Insurance Institute. When asked why, during a time when reducing expenses was a priority, he proposed spending more money, Mr. Williams replied, “It is only an expense if we don’t get back more than we get. By improving the ability of our claims group to raise the level of customer service even higher, we will save money through more efficient claim handling, improved settlement resolutions, and increased customer and employee retention.”

Although this may go against the wisdom of many, it is right in line with Mr. Williams’ beliefs, experience, and attitude. Understanding his outlook requires understanding him.

The Decision Maker

Mr. Williams joined ZC Sterling in 2003 and has never looked back. Currently he

is responsible for all of the company’s claim operations throughout the country. He graduated from Concordia College, Bronxville, NY with degrees in behavioral science and business administration. He began his career in 1984, and he has held the positions of multi-line field adjuster, claims supervisor, claims branch manager, director of claims technology.

For the last seven years, he has worked tirelessly on modernizing claim department processes to improve the customer experience and to reduce claims severity, steering the claims operation through unprecedented major CAT property losses in 2004, 2005, and 2008. He developed and implemented a system for modeling and projecting losses using Geographical Information Systems (GIS). Mr. Williams is currently working with his team to implement a new automated workflow claim system.

He is responsible for much more than complex litigation, technology, and compliance. “In essence, I am accountable for making sure our claims team has everything they need to do their jobs well while balancing fiscal responsibility to our customers and business partners,” Mr. Williams explained.

When asked about his attitude toward improvement, Mr. Williams said that “every day is an opportunity to learn something new and apply that knowledge.”

“As anyone who has worked in claims for long will tell you, we work in a very dynamic and challenging field,” he added. “Claims work is not for everyone. To be successful, you have to possess a lot of energy, can’t be someone who easily quits when challenges arise, and you have to possess knowledge from many business fields, i.e. customer service, sales, insurance, legal, medical, automobile, building construction, banking, and finance to name a few.”

And successful he has been. He attributes that success to an ongoing and never-ending search for new learning experiences. He boasts “a passion for applying technology solutions, a strong sense of customer empathy, a willingness to do whatever it takes for the customer and the company.” This is evident in his investment of time in insurance education, including AIC, CPCU, and other traditional and accessible claim courses.

The Short Term

“Spending money is never easy,” said Mr. Williams, “but when the payback far exceeds the price, then it is no longer a cost; it is an investment.” So, invest he did. “After hearing so many testimonials from other claim leaders around the country on how the “Awesome Claims Customer Service” training program had dramatic effects on their bottom line, while not only improving customer service, but making the claims job easier, I couldn’t resist,” he added.

What Mr. Williams found surprised him a little. “Based on what I had heard and seen, I was expecting an improvement in the delivery of claims service,” he said. “What I wasn’t expecting was a total shift in how the claims staff began to see their jobs. A complete focus on customer service was now brimming from everyone who went through the program. We were good before, but now I saw the potential to be truly extraordinary.

“Not only that, but the skills and techniques the claims people picked up have

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made their jobs much easier and has been saving them hours of time each week,” Mr. Williams continued. “I see a lot more smiles around the office.

The Long Term

“An ongoing commitment to training and education is a requirement for anyone who is serious about the claims field. You have to look beyond the standard skill set training. You have to look for every opportunity to maintain and build your level of education and experience. Much of this comes from everyday experiences interacting with customers and business

partners. Most importantly, in claims, you also have to be willing to admit you don't know something. But know it's your responsibility to know where to go and get the answers."

This philosophy has apparently served ZC Sterling well. According to Mr. Williams, in the months following the Awesome Adjuster training overall claims call volume fell almost 30 percent, even though new claim volume stayed the same. Also, overall claim cycle time has improved, while customer complaints have decreased.

"All of the customer service training we're providing is part of our goal to lay a strong foundation for the future as we look to improve our people, processes, and technology to adapt and evolve to a new 'norm' for claims," Mr. Williams said.

In these tough economic times, most companies are even more careful to pay what is owed and not a dollar more or less. In order to do this, claim teams are going to have to be ready to be even more professional, especially where customers may not necessarily agree with what insurers decide should be paid or not paid.

"Our people need to be better prepared to deal with the variety of people and behaviors we work with on a daily basis in one of the toughest economic and claims environments ever," Mr. Williams commented. "The training we have used, and the ones we are considering, will help us keep our customers first while we strive to implement process and technology changes to be even more efficient."

For his people, Mr. Williams has recently ordered the "Conflict Resolution for Claims" course to help with finding solutions for both his employees and customers. When asked if he has ever faced a situation for which there were no answers, he replied, "As they say, 'no solution is not a solution.'" ■

Carl Van is President & CEO of International Insurance Institute and author of the "Awesome Claims Customer Service and Conflict Resolution for Claims" programs used throughout the United States, Canada, and the U.K. He may be reached at 504-393-4570 or www.insuranceinstitute.com. The on-line video version is available at www.claimseducationonline.com.

Tips for Negotiating with Attorneys

In negotiating abstract items or issues, such as injury claims, the value is rarely exact or known. That is why we negotiate in ranges. Both the attorney and even injured claimant are speculating as to the value of the claim. This can either work against us, or we can make it work for us. Through our effort, tenacity, and patience, we can help and guide them to settlement that is fair for all parties. We need to first demonstrate that it is our goal to be fair.

The biggest obstacle may be reshaping their expectations. A claimant will not settle, regardless of the amount, if a person feels you are ripping them off. But again, if their expectations were founded on speculation, then you will find success through effective communication of your knowledge and abilities. Once their expectations are open to considering your position, you can proceed to earn their trust and respect through a collaborative negotiation process.

Research the Attorney

1. You need to first look up your attorney name on your given state's attorney bar website.
 - ▶ What year did the attorney pass the bar?
 - ▶ Is the attorney a sole practitioner or part of a law firm?
 - ▶ What is the attorney's area of specialty?
2. Peruse the attorney's website to gain knowledge.
3. Talk to other adjusters to see if they have any insight to share.
4. Start an informational database on each attorney. Make note of his or her background, negotiation style, and settlement results.

Know with Whom You Are Dealing

It may be advisable to have one or more conversations with the attorney before you even start discussing the value of the case. These conversations should help you to not only develop rapport, but also develop a game plan. While there are certain aspects of your game plan that you may want to

stick with, it should be a fluid document that evolves throughout the course of the negotiation based on knowledge and insight that you gain through the process.

Here are some issues to consider when developing your game plan:

- ▶ Determine what you need to get at a minimum (or the absolute most you would be willing to settle for. Discuss LUC).
- ▶ What you can concede (if anything).
- ▶ What they are willing (or able to) concede.
- ▶ What leverage you have.
- ▶ What leverage they have.
- ▶ The time constraints either or both of you are working under.
- ▶ Who has the greatest risk? Ponder the potential trial outcome.
- ▶ Your strengths and how will you communicate them (without implying).
- ▶ Your weaknesses and how will you counteract them.
- ▶ Reach an agreement on everything you possibly can.
- ▶ Be dedicated and ready to work diligently for the most effective negotiation.
- ▶ Resist temptations to negotiate dollars until you have negotiated agreement and cooperation on all other aspects of the claim.

Negotiate with the Right Person

It is always beneficial to negotiate with the person that makes the decisions or has the authority to settle the claim. Obviously, if the claimant is represented by an attorney, then we must go through this attorney. However, there are still several factors that can help us reach the most effective and efficient settlement along the way. In addition, it is important to convey that you are the right person to negotiate on behalf of the insurance company. If you indicate that you do not have authority — and are only acting under the guidance and direction of a manager — then the attorney will try to deal directly with the manager to negotiate the claim.

Some important considerations in laying the foundation with the person

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you will be negotiating with are as follows:

- ▶ Try to deal with the attorney rather than the paralegal. This may save you time in waiting for the paralegal to consult with the attorney, who must then consult with the client during every step of the process.
- ▶ Confirm whether the attorney has full settlement authority and/or is in a position to settle today. This can take away the attorney's excuses of not being able to reduce his demand without first consulting with his client.
- ▶ If attorney doesn't accept your offer, then request that he take the offer to the client anyway — there is a legal obligation to do so anyway — and follow up on your offer in writing. Be sure to reiterate the latest offer, demand, and your strengths. Putting the offer in writing gives it legitimacy and memorializes the status of the negotiation.

Assess the Attorney's Knowledge

You should know if the attorney has met the claimant in person. If they have indeed met, then determine how many times and when they last met. You may ask for his or her impression of the claimant. Another question to ask is how this injury has affected the claimant's lifestyle (hint: surveillance information to be gathered here). Can the attorney explain the onset, nature, causation, and restrictions of the injury?

Identify Negotiation Styles

Once you identify the best person with whom to negotiate, it is equally important to identify his or her negotiating style. This will help you to understand how to best negotiate with them. Imagine if you tried to negotiate with Donald Trump by first taking a long time to explore his thoughts and feelings, and then empathizing with him on any prior bad negotiating experiences. Just as this empathetic style would likely get you fired from that negotiation, you need to make sure you are undertaking the best possible approach in all negotiations. Hint: If you are unable to readily assess how a person wants to negotiate, or what their negotiation style is, simply try asking them!

As we read through these different personality characteristics, try to pinpoint which style best describes you. Which

style best describes your spouse or significant other? How about your parents?

A. Sympathetic/Compassionate

Characteristics include:

- Seems to really care for the well being of his or her client.
- Appears to truly negotiate on the client's behalf, rather than for his or her own interests.
- Talks about the client's feelings, pain, and distress.
- Takes lower offers personally.
- Uses "feelings and emotion" rather than "facts and analysis" to justify value.

How to deal with them:

- Show them they can trust you as a person
- Take time to develop rapport
- Show them you want to be fair
- Take time to listen to their issues and concerns
- Show empathy and apologize
- Restate their position
- Go slow

B. Gregarious/Affable

Characteristics include:

- Appears to not take anything seriously or to heart.
- May not stay on topic.
- Rushes through things.
- Is a spontaneous decision maker.
- Is friendly and sociable.

How to deal with them:

- Try to keep their pace in the conversation.
- Be social, outgoing, and relaxed.
- Pin down a specific as soon as it is touched on (before the conversation quickly turns to the next topic).
- Allow them to talk — as this is what they love doing — but listen attentively and take detailed notes.
- Seek collaboration and avoid combativeness.

C. Analytical/Thinker

Characteristics include:

- Makes it a point to research and understand the issues
- Is slow in decision making process
- Not overly social or friendly
- Detail & fact oriented
- Works hard to overcome obstacles

How to deal with them:

- Allow time to go over facts and details in

depth.

- Illustrate your efforts to gain knowledge about their client and the injury.
- Don't rush the process, but make it known that you are ready to settle when they are.
- Keep conversation cordial, but professional and on topic.
- Restate factual points both verbally and in writing to confirm understanding.

D. Assertive/Demanding

Characteristics include:

- May speak in a "short-and-to-the-point" manner.
- May expect preparedness.
- Doesn't like to explain things.
- Is quick/decisive during the decision-making process.
- May care little for rapport, small talk, or socialization.

How to deal with them:

- Mirror their pace of conversation.
- Be prepared.
- Stick to the points.
- Give specifics and stay away from generalities.
- Avoid any ambiguous statements.

E. Angry/Bitter

Be careful not to confuse this with assertive/demanding types. **Characteristics include:**

- Argumentative.
- May be insulting.
- Extremely difficult to please (even when you offer concessions).
- Is intolerant of excuses or reasoning.
- May control the conversation in a combative way.

How to deal with them:

- Acknowledge their statement and perspectives as being reasonable.
- Don't offer excuses.
- Don't accuse them of being angry.
- Provide "general/if" apology, if appropriate.
- Propose a specific remedy or action plan.
- Avoid ambiguities.
- End on a pleasant note. For instance, thank them for their cooperation. ■

"Negotiating with Attorneys" is a full-day workshop offered through the International Insurance Institute. For more information, visit www.insuranceinstitute.com or call 504-393-4570.

Manager Spotlight: Teresa Headrick

Teresa Headrick, ITP, is Director of Training and Quality Review for Unum, and has held various positions throughout her career, including National Sales Assistant, Underwriting Specialist, Trainer, Manager, and Director. She began her career in insurance in 1977 as an Executive Secretary, and has since moved up the ranks steadily. She earned her ITP designation (Insurance Training Professional) from the Society of Insurance Trainers and Educators in 2005.

Teresa credits her mother and father, Clara and Tom Capps, as the connection for getting into the insurance industry. Her mother worked at Provident Life and Accident Insurance Company in the 50s as a Railroad Claims Rep. Her father's family were all railroad employees and Provident insurance policyholders. When Teresa's father went to downtown Chattanooga to file a Provident claim, Teresa's mother was assigned the claim. When dad came back to pick up his check, he asked mom out to lunch and, as they say, the rest is history.

Teresa is clearly a "people person," which comes out right away when asked what she likes best about her current position. "I like the interaction with all levels of employees from across the company," she is quick to say. "Being a learning professional is my favorite role."

Coworkers will tell you that Teresa's key strength is a keen understanding of Long Term Care Insurance, which is still fairly new and underutilized in the insurance industry. Her boss, Rhonda Lindsay-Muller, Vice President, IDI Business Operations, says, "Teresa is amazing as the head of our training department. She has applied the knowledge she has gained through SITE and always introduces new tools and techniques focused on Adult Learning into our training initiatives. It is not uncommon to have employees praise the training they receive and the capabilities of our trainers. This praise is directly attributable to Teresa's knowledge, experience, and abilities as a manager. Teresa is a primary contributor to our success and the success of our employees"

Teresa says that the person who most influenced her is the Executive Director



Teresa Headrick

of the Chattanooga Ronald McDonald House, Jane Kaylor. "Jane is a shining star who turned a personal tragedy into a community gem," Teresa explains. "Jane's remarkable ability to build something from nothing is a motivation in my professional and personal life."

Being acutely modest, Teresa had a difficult time talking about her success. But she did admit to "having a sense of humor," as a central element. As she put it, "I am able to laugh at myself, so I am always amused."

Teresa shied away from giving advice to anyone who doesn't ask it from her directly. However, she did offer this to new people and those who can sometimes get caught up in the stress of the job: "Remember that your behavior is the only thing you have control over. Period."

That fits into her overall philosophy, as well as the training she develops. Teresa will be a featured speaker at this year's Claims Education Conference in New Orleans in May 2010 (www.ClaimsEducationConference.com), with a session entitled "Motivating Employees: One Size Fits One."

Motivating people is a favorite topic of Teresa's. She looks for ways to inspire people to be their best, and reach for heights they might normally think is unachievable. When needed, she refers to her favorite quote, "He carried a ladder everywhere he went. After a while, people left the high places for him," by Brian Andreas.

Teresa's hobbies are sports (particularly University of Tennessee football and Atlanta Braves baseball); her dachshunds Bullet and Smokey; exercising; reading; and cooking. ■

NEWS || BRIEFS

Streaming Video Making Its Way into Training Programs

The "Exceptional Claims Customer Service" on-line video program has begun to take root in some companies' training rollouts.

Horace Mann Insurance, coordinated by Jill Kilroy, AVP; Selective Insurance, coordinated by Jamie Martin, Trainer; Texas Farm Bureau, coordinated by Wendell Lambert, Claims Admin Manager; and Consolidated Benefits Resources, coordinated by Tanya

Curry, are just a few that have had their entire claims staff experience the value of this high-impact on-line training (www.claimseducationonline.com).

Fifth Annual Conference Registration Brochure Available Folks who did not receive the full conference registration brochure in the mail can access the PDF version at www.claimseducationconference.com. Interested parties can also call 952-928-4642 to request a hard copy. ■

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