



## Gallagher Bassett consultation response to SIRA Customer Service Conduct Principles

Proposed licence conditions for insurers in SIRA-regulated schemes

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## EXECUTIVE SUMMARY

As a leading service provider to icare, Gallagher Bassett (GB) is placed in a unique position to respond to the consultation paper offered by SIRA on proposed licence conditions for insurers, specific to the customer service conduct principles. We clarify that GB is not an insurer and as such, we do not carry risk. We have responded to the consultation given our service provider relationship with SIRA through icare, and trust this response assists SIRA's consideration and ultimate endeavours.

GB supports SIRA's intent for the delivery of good customer service to the people of NSW by aiming to ensure policy holders and people who experience injury and loss are provided with fair, timely, respectful, inclusive and appropriate services, with the opportunity to provide feedback on the service they receive. GB believes that the proposed customer service conduct principles will help achieve SIRA's aspirations and we have offered further opportunities and shared examples in this paper for the consideration of SIRA in refining the proposed principles.

Primarily, GB has provided a risk-based focus and identified key enablers of good customer service, such as, protection assured by business continuity, appropriate use of metrics to drive desired behaviour, management of supply chain and determining a set of unified criteria, measures and assessment to ensure consistent performance and comparable attestation. GB welcome the opportunity to provide this input and believe the consultative approach with the industry stakeholders, will assist in both design and delivery of appropriate and effective principles that support customer service and conduct.

## ABOUT GALLAGHER BASSETT

GB is a dedicated third-party claims administrator (TPA), managing insurance claims on behalf of insurers, brokers, government bodies and self-insured corporations globally. Our service offering covers self-insurance, workers' compensation, general insurance, catastrophe (including natural disasters and cyber disasters), and specialty products.

Our company has since grown into a well-established and award-winning service provider, with offices Australia-wide and staff in each state and territory. We have a team of more than 1,000 claims management experts, providing a unique suite of claims management and related consulting and technical services.

GB is wholly owned by Gallagher Bassett Services Inc. (GBSI), a US-based TPA founded more than 55 years ago and currently managing more than 23 million claims in 87 countries. Being part of a global organisation gives GB an advantage in technology, processes, personnel and consulting services. Approximately 70% of our global claims services are workers compensation and self-insurance related. Our highly-regarded international training and education programs allow us to use the knowledge gained in one country or industry to benefit clients anywhere around the world.

Unique among Australia third party claims specialists, GB offers partners a truly multidisciplinary approach to claims management. While some TPAs specialise in workers' compensation, general insurance, life or accident and health, GB offers expertise across all classes of insurance, enabling us to provide a genuine one-stop-shop service for our clients across all classes of claims.

GB supports SIRA via our work with icare across the schemes since icare's inception in September 2015. Over this period, GB has developed a sound understanding of icare and the importance of delivering best in class insurance and care services to the business, communities and people of NSW. GB is proud to provide services for, and on behalf of, icare across three of the schemes managed by icare:

#### *Home Building Compensation Fund (HBCF)*

Claims management was transitioned to GB commencing in October 2017. GB provides the claims management services for icare, on behalf of homeowners in NSW.

#### *General Lines Insurance – Insurance for NSW*

Commencing May 2018, GB provides claim management services for NSW Government agencies for motor, property, general liability and miscellaneous claims. Working closely with icare's transition and transformation team, GB has been able to successfully transition-in 27 years of claims history and experience across 193 NSW government agencies. Throughout this process, GB has worked closely with the icare Change Management team to support the transformation of icare's brand in the marketplace.

#### *Workers Insurance*

GB's specialised consultancy team, based in NSW, has provided support to icare on a range of projects and claim management solutions related to legislative reforms arising from the 2012 and 2015 amendments, including:

- Pre-injury Average Weekly Earnings Project and Training
- Data Analytics and Claim Cohorts for Section 39 (Workers Compensation Act, 1987)
- Operational model and management process for Section 39 (Workers Compensation Act, 1987)
- Advisory and Assistance Services – Co-design and delivery on behalf of icare to injured workers and claim management providers
- Community Support Services – Co-design and delivery on behalf of icare to injured workers and claim management providers

GB's engagement with icare since September 2015 has enabled us to develop our understanding of the transformation goals of icare. We have worked with icare across services to ensure value is placed on improved customer experiences, based upon the delivery of fair, respectful and sensitive services making the person, and not the process, the core.

## **UNDERSTANDING OF CONSULTATION**

GB understands that SIRA is seeking suppliers that partner in delivering good customer service to the people of NSW. SIRA is proposing that insurers are required as a condition of their licences to submit an attestation annually to SIRA (or as otherwise required) on their compliance with the principles.

The proposed 'customer service conduct principles' in the discussion paper are intended to apply to all schemes and all customer interactions. Once a determined mechanism of imposition and enforcement of 'customer service conduct principles' is finalised, insurers will be expected to manage their non-financial risks and as a minimum comply with the principles.

## CONSULTATION QUESTIONS

### 1. Are the customer service conduct principles sufficient and appropriate to protect customers and ensure confidence within the state's insurance schemes?

GB believes the customer service conduct principles proposed are sufficient and appropriate to providing positive experiences by supporting strong customer engagement, which will build consumer confidence toward the state's insurance schemes.

The aspect to 'protect customers' is aligned to the stewardship of the schemes, ensuring fairness, affordability and sustainability for the people of NSW. However, it is acknowledged that having internal systems and continual improvement processes, where customer feedback is sought, leads to stronger schemes, on the basis that 'analysis and knowledge' is used to enhance the overarching product design across all stakeholders.

In the following questions, we have detailed further opportunities, considerations and provided examples of existing practices that may be considered by SIRA to supplement the principles.

### 2. Are there other principles of customer service conduct that should be considered?

As previously confirmed, GB believe the proposed principles are extensive and we are not proposing any 'other' principles, however, the following are opportunities for consideration and may be more explicit in the 'meaning' of the principles as proposed. These suggestions are:

#### *Business Continuity Management*

Business Continuity Management is a key element which supports and drives the delivery of strong customer service models and provides a layer of protection to the Schemes. It may also provide frameworks for Disaster Recovery, Fraud Prevention, Privacy and Information Technology Security.

Consideration may be given to the inclusion within, or reference to, Business Continuity Management within the customer service conduct principles.

#### *Customer Service across the Supply Chain*

Customer service in insurance-based products is often supported by the 'supply chain' especially in the event of a claim e.g. third-party claims administrators, assessors, repairers, allied-health and legal. It is important that all stakeholders in the delivery of the recovery and resolution services are subject to the customer service conduct principles.

The principles could encourage how insurers develop quality partnerships with suppliers and how they will monitor and manage customer service across the supply chain.

### *Alignment of Metrics*

Key Performance Indicators (KPIs), if task specific and volume based, don't help understand actual performance or productivity. A focus on task volumes may result in undesired behaviours simply to meet KPI targets aligned to contracts or service level agreements, with a tendency to complete simple tasks over more complex ones.

The principles should consider not to establish customer service metrics that are misaligned in delivering what is important to the customer i.e. customer-centric.

### **3. How regularly should insurers attest to compliance with the customer service conduct principles? Is an annual attestation sufficient?**

GB supports an annual attestation, with quarterly reporting which aligns to the existing performance, customer experience reporting including complaints reporting to icare. This allows early identification, faster response and timely investment into remedial action e.g. process improvement.

Further, quarterly reporting allows for greater visibility of portfolio related challenges that may warrant regulatory or legislative intervention.

### **4. What kind of matters should be included in the attestations made to SIRA?**

#### ***a. Action they have taken to ensure compliance with the principles (for example, governance and staff training)***

### *Quality Assurance Framework (Governance)*

For the delivery of superior service to stakeholders at all levels, GB recommends the demonstration by insurers of established robust, formal and strictly adhered to quality assurance programs which provide guidance around the identification and improvement of internal operating, compliance and risk management procedures, systems and policies.

We consider that a client's specific requirements should be integral to the development of procedures that form part of quality assurance activities and suggest they demonstrate, as a minimum:

- Provision and maintenance of a system of minimum standards;
- A continuous and measurable improvement system for the business; and
- Compliance and risk management tool/s, to record process and compliance activities inclusive of licensing and other legal obligations.

Further, quality assurance models may encompass the following key elements supporting an internal management system for quality assurance and in turn, helping to deliver excellent customer service and conduct outcomes, which may include:

- Customer's needs and requirements

- The work performed by internal compliance team overseeing internal and external audit programs
- Effective partnership and performance management framework
- Workflow management system
- Employee engagement, training and development.

Quality assurance frameworks may be supported with established Charters and governance structures such as:

- Corporate Governance Charter
- Compliance Charter
- Risk Management Committee Charter
- Compliance and Audit Committee Charter

It is recommended that quality management practices are closely aligned to ISO Standard 9000 and the eight quality principles it enshrines. Additional methodologies for consideration to enhance quality assurance models may be designed in accordance with the following Australian standards:

- AS 3806-2006 Compliance Programs
- ISO31000: 2018 Risk Management
- AS ISO 10002-2006 Complaints Handling

This combination makes for a superior quality assurance regime which has been market proven to service GB and our stakeholders, being subject to on-going audit and refinement for over 22 years.

### *Staff Training*

GB understands the importance of employing an experienced and knowledgeable team that support SIRA's objectives. Human resource management practices and strategies should ensure that they continue to develop existing staff and identify external expertise to continue to enhance service delivery to customers and ensuring we are operating within regulator expectations, including appropriate succession planning to ensure ongoing service throughout the duration of contracts.

Attestation to staff training should have reference to development frameworks that encompass:

- Learning & Development resources
- Comprehensive orientation and corporate induction program
- Staff awareness of business unit goals and strategy
- Training on product, customer service standards, feedback mechanisms and measures

- Career development planning and pathways
- Integrated values and cultural aspirations
- Retention strategies/programs

***b. Self-assessment of compliance with each of the principles (for example, an analysis of complaints)***

*Quality Control and Monitoring Framework*

Quality Control and Monitoring frameworks are suggested, to support self-assessment of compliance with each of the principles, managed by a dedicated compliance and quality team. Their accountability and responsibility is to provide independent and objective assurance to senior management on systems of internal control.

Compliance and quality will assist insurers to accomplish their objectives in meeting the customer service conduct principles, by bringing a systematic and disciplined approach to the continuous evaluation and improvement of internal controls. This includes a structured audit program, for example, GB has a three tier approach to our audit program:

- **Tier 1 audits (Operational)** are conducted by our operational staff. Operational managers are required to perform a minimum number of claim audits in respect of their team every month. The audits are designed to ensure operational, KPI and contractual adherence. GB's Technical Manager is responsible for the monthly Quality Assurance Framework review which consists of random claim file reviews each month.
- **Tier 2 audits (Compliance & Quality)** are conducted by our independent compliance and quality team. Tier 2 audits provide assurance of compliance with key controls and appropriateness of risk rating, implementation and monitoring of any required corrective actions to modify or add key controls. Analysis of the Tier 2 results are reported quarterly to GB's Risk Management and Compliance and Audit Committees and are similarly transparently made available to icare executives as required.
- **Tier 3 audits (External)** are conducted by external providers and include an annual icare audit. These are coordinated by the compliance and quality team. Findings from these audits are directed back into our risk register and any corrective action required is allocated to the appropriate person.

All audits are entered into our risk register and any corrective action required is set as a Management Action Plan (MAP). These are monitored by the compliance and quality team and the Performance & Partnership Manager to ensure timely and accurate completion. If required, retesting is set as appropriate, typically within three months.

*Performance Monitoring*

As an example, GB's currently abides by performance monitoring against icare claims management performance fees & service standards. GB performance is measured against three key metrics:

- NPS scores
- Average claim costs



- Service Standards

GB has in place a robust performance monitoring framework, which ensures icare's service level standards are met or exceeded.

GB has developed icare specific Service Level Agreements (SLA's), which include performance measures, reporting standards and communication protocols. GB's Technical Manager conducts monthly reviews (Quality Assurance Framework), which in turn, are issued to icare with 10 business days following the closure of each month, to ensure that SLA's are maintained and Claims Consultants performance is monitored through a variety of automated and manual checks.

These reviews are specifically focused on the adherence of icare's service standards and include:

- Call wait time/average answer speed
- Time to return phone calls
- Time to acknowledge new claim
- Time to appoint assessor
- Time to make a payment
- Time to respond to correspondence
- Time to resolve escalated complaint or policy coverage issue
- The number of claim diaries overdue
- The number of outstanding and aged claims

The Team Manager provides a summary to the Performance & Partnership Manager and in turn discuss remedial action, if and when required. Monthly summary reports of individual team results are also submitted to the National Operations Manager.

Monthly Performance Reports are issued 10 days following the closure of each month. This report is tabled and discussed with executives in the Monthly Account Management Meetings which usually occur mid-month. Performance monitoring items included but are not limited to:

- Progress Report on Level 1 Remediation Plans remaining open at the end of the month
- Report on the Monthly Audit item
- Service Standards
- Quality Assurance Framework Report
- Complaints & Disputes Register
- Issues Register
- Privacy, Complaints & Breaches

In addition to this, the Team Manager and a nominated Senior Claims Consultant respond to Most At Risk Customers (MARC)s within three business days, reviewing data to continually improve our claims management practices.

### *Continuous Improvement*

GB recommends the demonstration of a continuous improvement model to ensure past experience is used to continually improve our service quality. For example, the GB model integrates three key aspects being Monitor, Change and Review, these are detailed below:

#### *Monitor*

Risks and opportunities for improvement of our control framework are monitored at four levels:

1. The company-wide risk management framework requires managers to identify their key risks and controls in place. They are also required to conduct reviews on these controls and risks.
2. Compliance and quality team conducts internal compliance audits, health checks, reviews and root cause analyses.
3. Feedback from external parties e.g. HBCF, homeowners via the Net Promoter Score (NPS) and/or external auditors are also monitored and analysed for issues which need to be addressed.
4. Staff are encouraged to provide feedback and suggestions through our weekly toolbox meetings, team meetings and one on one discussions with their manager.

#### *Change*

Once our monitoring tools identify an issue with our control framework, such as a risk that is not being controlled, or a risk rating that needs updating, a Management Action Plan (MAP) is deployed. The compliance and quality team provide guidance and support in the creation of each MAP. The following checklist is applied:

- Is there a remedial solution? (reactive actions/controls) What is needed for recovery or resolution?
- What is the immediate/future solution? (preventative and detective controls) What do I need to do to ensure the issue/risk can be monitored?
- How do I gain comfort that things are under control?
- Is there a better way? What steps do I need to cover to explore all options? How will the remediation process be managed?

#### *Review*

An important part of the MAP process is not only to remedy or refine, but to consider the implementation of monitoring controls to gauge the level of improved performance and risk reduction. Our operational areas review the newly implemented controls so that improvement can be measured. Examples of these controls are self-audits and monitoring reports.

If issues are identified by compliance and quality as part of the internal audit function, a re-test is agreed as part of the MAP to bring independence to the review. If, upon re-test, issues are continuing, a further MAP is created, continuing the cycle of monitor, change and review, and ultimately, continuous improvement.

**5. Should the attestation sought from insurers be at Board and/or management level?**

GB recommends an annual attestation at management level preferably by one Executive Director accountable for operational delivery.

## **BREACH NOTIFICATION**

GB supports the requirement for the insurer to notify SIRA of any breaches of the standards of customer service. It is anticipated that this would have a maximum time-based limit e.g. 7 working days, to allow for appropriate review and validation of a potential breach. Once aware of a breach, these must be reported within 24hrs.

GB also supports the circumstance where a concern raised by a person is substantiated, apologies will be made by an appropriate person. This acknowledges that under the Civil Liabilities Act 2002, s69, an apology that includes an admission of fault or responsibility does not constitute an admission of liability in most circumstances.

## **CLOSING REMARKS**

As a current supplier to icare portfolios, we support tighter oversight of the customer experience to help deliver consistency and uniformity to the people of NSW. GB believes the principles are sound, however, there is a risk that the practices of participants to address the principles will vary, as will the methods of assessment and performance monitoring.

Assessment and attestation may be referenced against qualitative information or KPI based measures that do drive the desired behaviour warranted by the establishment of the principles. It is important for SIRA to set unified criteria, measures and assessment, making allowances for the varied product portfolio characteristics and respective customer needs, taking into account existing frameworks and insurer mandatory reporting, thus allowing more consistent and soundly based comparative performance and assessment.