



airmic

**Moving to pole
position**

The future of claims

Pulse survey report:
Insurance market conditions

June 2024



Liberty
Specialty Markets

Airmic regularly conducts a series of pulse surveys among its members, to gauge insurance market conditions. Results from the latest survey conducted in May 2024, focused on claims, the results demonstrated how important claims service level are for Airmic members in choosing their insurer, and that they want the claims team of their insurers to be involved in the tender, quotation and renewal process.

Claims handling has traditionally been considered a back-office function – with material claims a worst-case scenario that insurers and policyholders alike hope they would rarely or never have to contemplate. Artificial intelligence (AI) and other emerging technologies are challenging the business model of insurance. The claims experience is increasingly a key criteria used by Airmic members when deciding which insurer to place their cover with.

1. Claims service level scores are important for more than half of our respondents – insurers need to present and communicate them more clearly to buyers.
2. Third party administrators (TPAs) are valued for their specialist knowledge that could result in the best outcomes for claimants and their organisations.
3. Cutting edge technology can further automate the traditionally time-consuming claims process for all parties – but nearly three quarters of respondents are not prepared to challenge claims decisions made by artificial intelligence (AI).
4. The end of the current hard market cycle is in sight – but some lines of insurance such as property, casualty and motor are still seeing premium increases.

Brokers play an important role in the claims process too. In guiding buyers through various insurance options, they ensure the policyholder gets the cover that matches their needs – which has consequences when it comes to making a claim. Brokers also help with claims by gathering data and information for insurers to assess the damage and validate the claim. By ensuring timely data is submitted, brokers play a key role in ensuring the claims process is smooth and efficient.

Cutting edge technology has a role to play in further automating manual transactions, which insurance buyers have used to associate with a time-consuming, gruelling process. Early use of AI has proven to be advantageous in predicting claims fraud, for instance. However, the technology solutions of today do not come without pitfalls. There have been legal challenges in US courts to the use of AI in the rejection of claims, on the question as to whether faulty or unethical algorithms have been applied, or simply on whether the use of AI constitutes proper consideration of claims submitted.

AI and other emerging technologies will reshape claims management, and ultimately reshape the skills and talent needs for the industry.

About our respondents

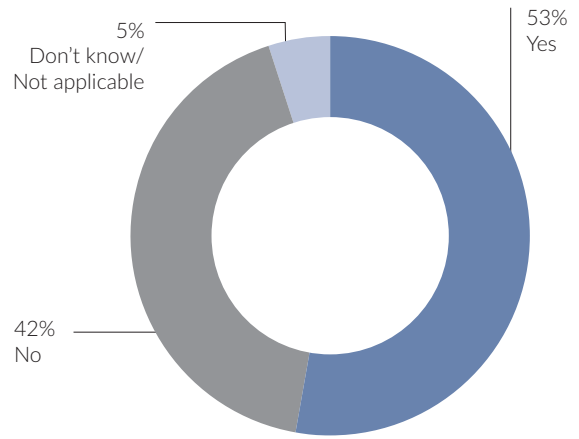
The survey was conducted in May 2024 and received 91 responses from Airmic members from a variety of sectors. Almost all respondents held responsibilities for placing insurance for their organisation, and 60% were heads of insurance at their organisation, with 66% of respondent organisations having an international programme in place.

The use of third-party administrators (TPAs) for claims processing was greatest among organisations whose total annual worldwide general insurance premium spend was between £20 million and £50 million.

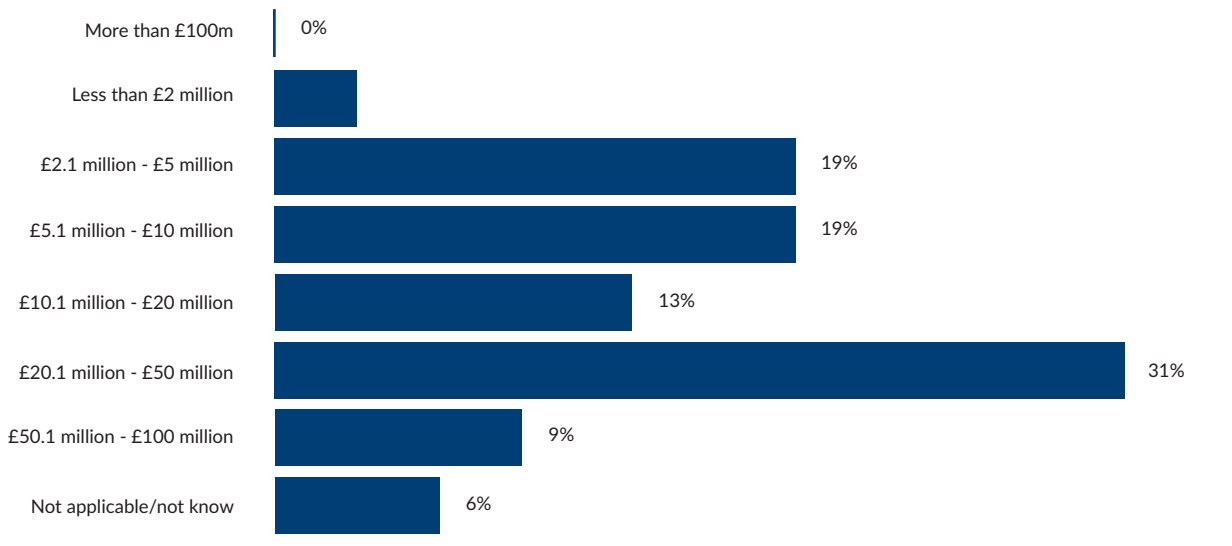
While the choice of using a TPA largely rested on the organisation’s claims volume, TPAs were also valued for their specialist knowledge that could result in the best outcomes for claimants and their organisations.

Organisations with the largest total annual worldwide general insurance premium spend though – of more than £50 million – tend to use in-house claims teams.

Does your organisation use third-party administrator (TPA) for claims processing?



Who uses TPAs? By the total annual worldwide general insurance premium spend (excluding self-retained and captive insurance) for our respondents' organisations in 2023

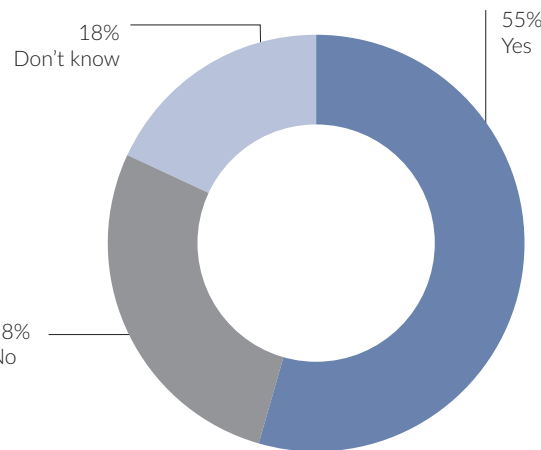


A majority of respondents say the claims teams of their insurers had been involved in the quotation or renewal processes and found it useful.

Ongoing dialogue between underwriters, claims teams and the buyer can prevent surprises later, and help all parties understand the client's risk profile better.

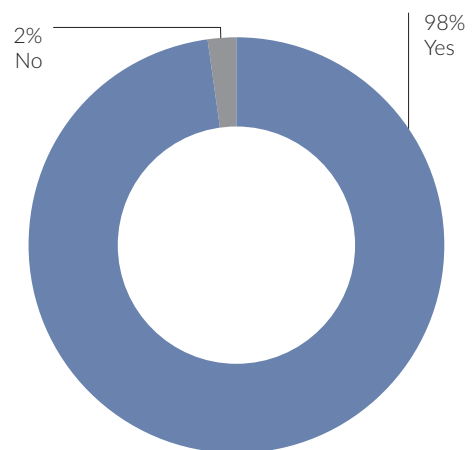
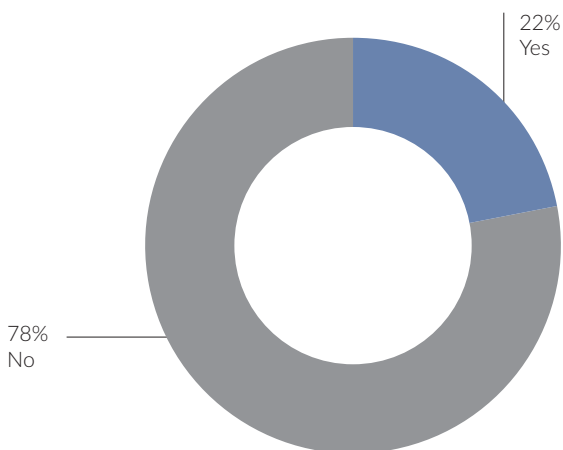
Claims can also play key role in policy wording and cover design.

During the renewal or quoting process, are the claims teams of your insurers involved?



Do you want your insurers' claims teams involved?

Do you find it useful?



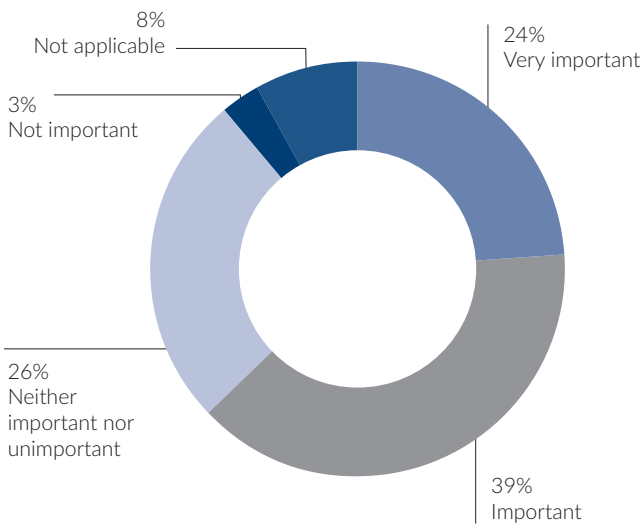
Claims service level scores are important for more than half of our respondents – insurers need to present and communicate them more clearly to buyers.

A Net Promoter Score (NPS) rating gauges the loyalty of the buyer, in terms of how likely they are to recommend their insurer.

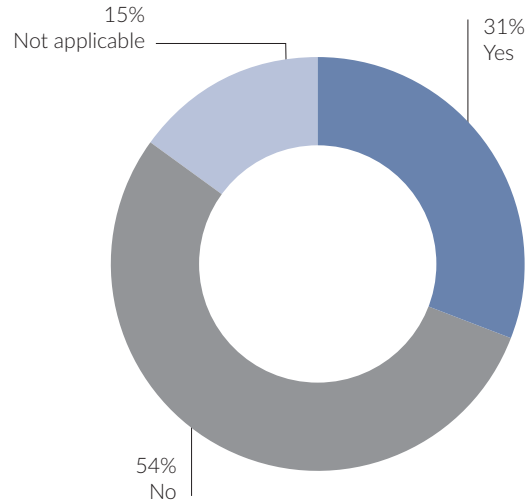
Airmic's insurance members are sophisticated buyers of insurance, well-versed in the nuances of the corporate market. They value having innovative cover that is relevant for emerging risks and for the dynamic risk profiles of their organisations.

Central to this is their claims service experience with their insurer, which is fast becoming a criteria in how they choose the insurer with whom to place their risks.

How important are claims service level scores (e.g. Net Promoter Scores (NPS)) when choosing your insurers?



When placing your risk, have the insurer's claims service scores been presented to you or clear communicated to you?

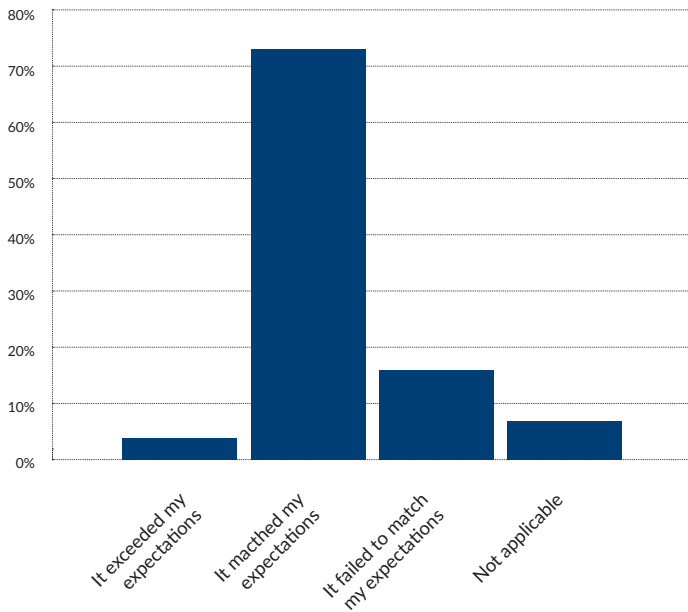


Claims relationships are vital in making decisions relating to the purchasing of insurance coverage and to the buyer experience. Engagement with claims provides access to much more than loss payments, and is a critical part of the overall client and insurer relationship. We're working together to enhance that value for clients."

- Zara Ismail, Head of Business Development – Claims, Liberty Specialty Markets

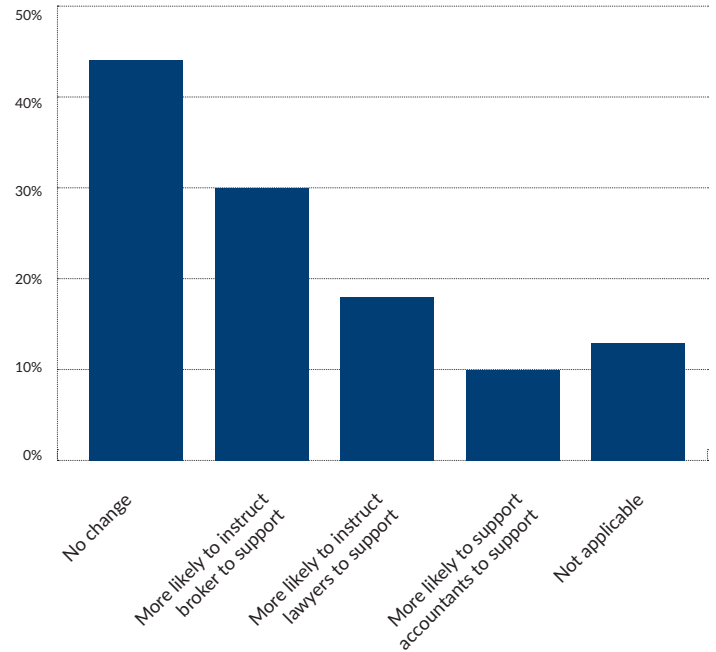
The good news for insurers is that Airmic members are satisfied with their claims service experience on the whole.

Where claims were paid out by your insurers, did the claims service experience meet your expectations?



Nevertheless, a segment of our respondents say they are more likely to instruct their brokers and lawyers to support their claims in future.

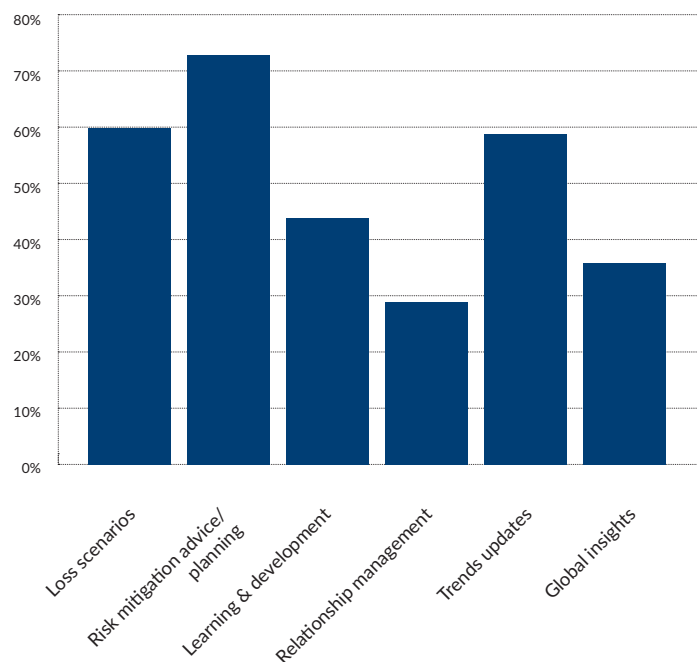
How will your approach to expert claims support change in future?



Airmic members value risk mitigation advice and planning, among other specific services from their insurer, far more than generic relationship management.

However, respondents whose organisations fell in the upper band of annual insurance premium spend (£100 million and above), indicated that they were not looking for any of these additional services from their insurer.

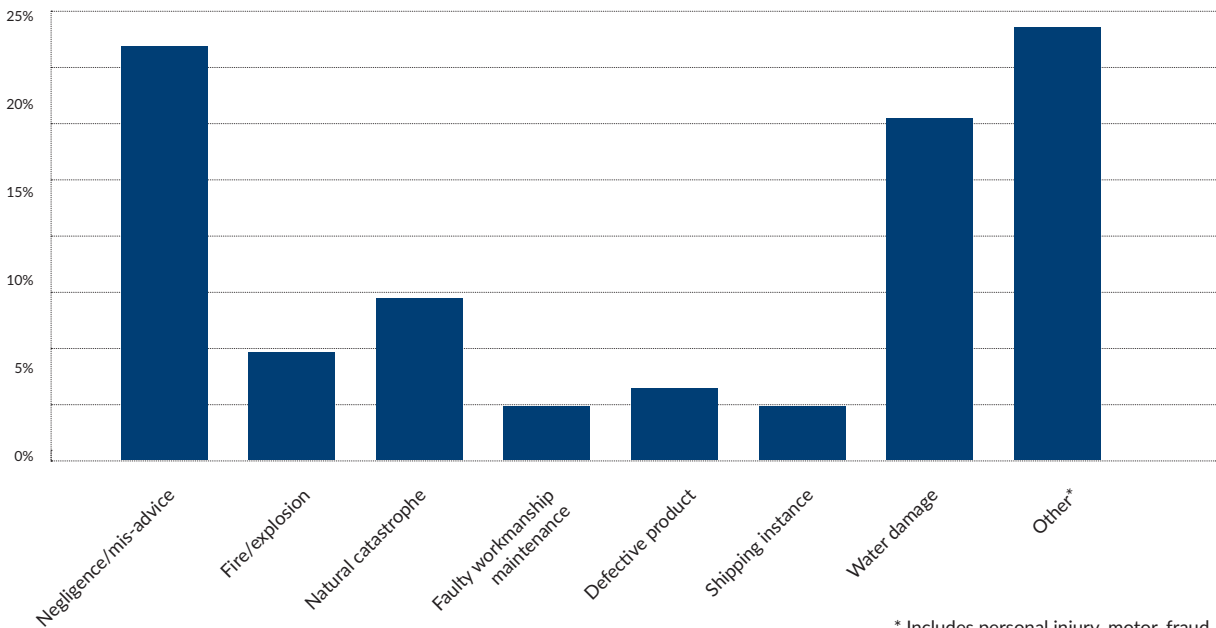
What additional services would you like to receive from your insurer? (Select all that apply)



Negligence and mis-advice is the top cause of loss by value of claims for Airmic members.

Water damage and natural catastrophe feature high on the list, with climate change and changes to exposures.

What was the top cause of loss by value of claims for your organisation in the last 12 months?



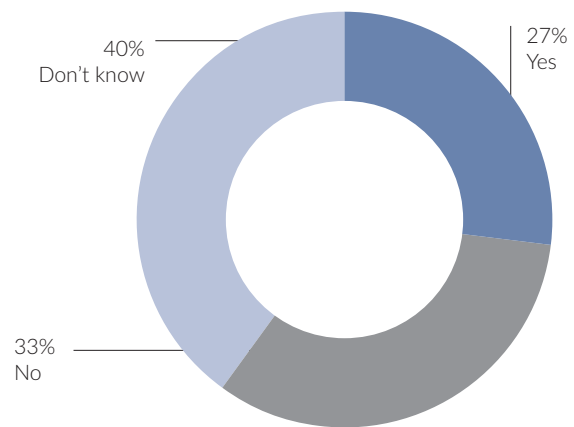
Nearly three quarters of respondents are not prepared to challenge claims decisions made by artificial intelligence (AI).

Early in 2024, a Voluntary Code of Conduct for the Use of Artificial Intelligence in Claims was launched. Airmic is a signatory to the code, as are over 100 corporate and individual signatories

Eddie Longworth, director of JEL Consulting who led the development of the code, said the code would “serve to guide both the actions of the insurer and any suppliers involved, and also to reassure the claimants that due consideration had been given to the proper use of AI in all its glory.”

The code can be found here: www.aicodeofconduct.co.uk/view-and-sign-the-code

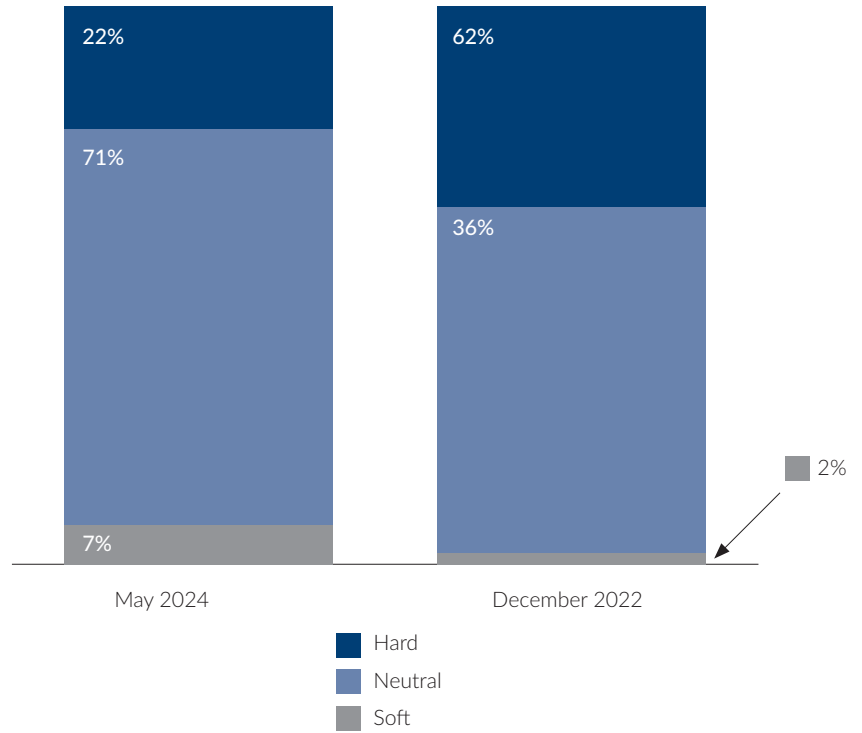
Does your organisation have the means to challenge claims decisions made by artificial intelligence (AI)?



The end of the current hard market cycle is in sight – but some lines of insurance are still seeing premium increases.

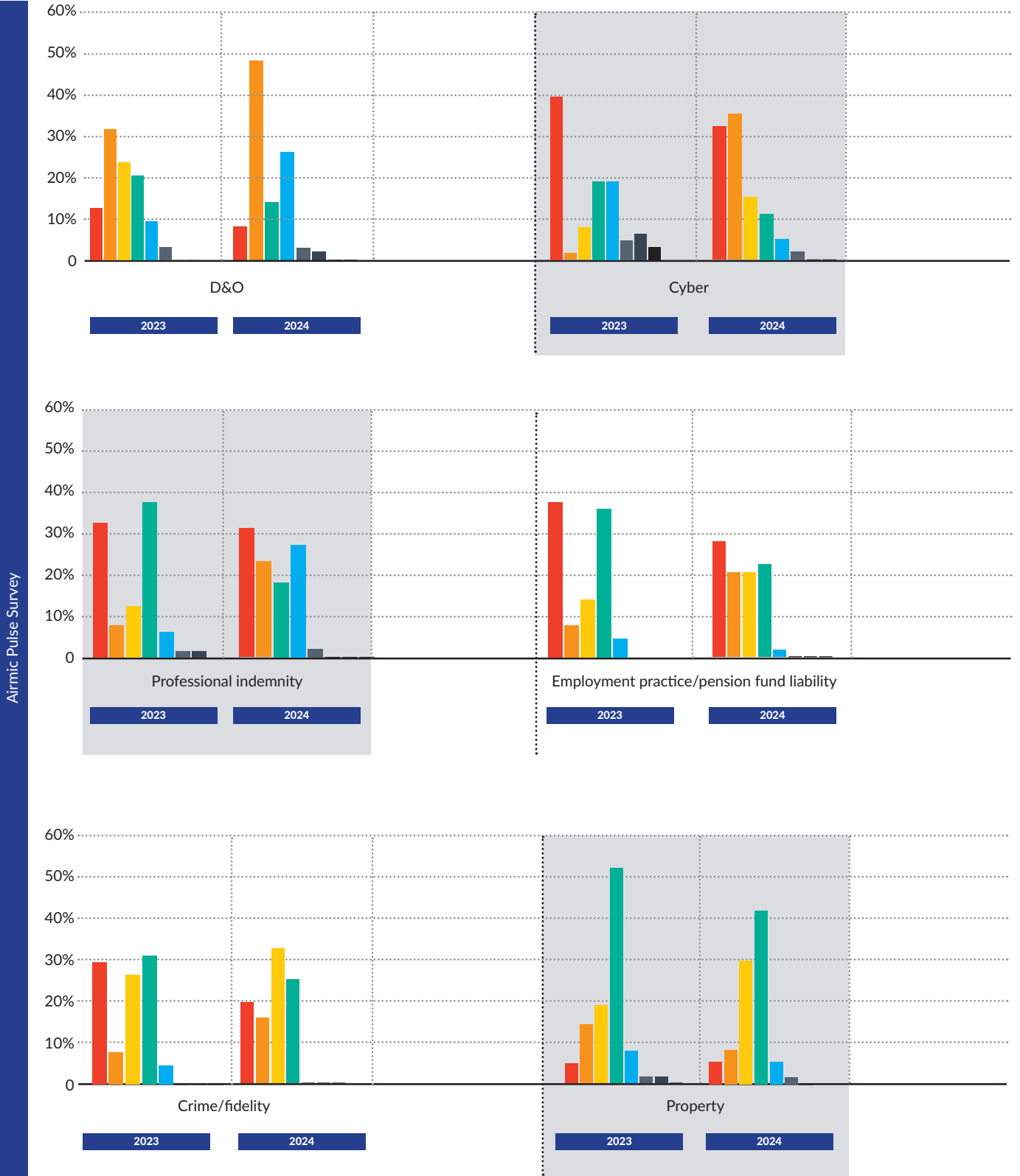
Just 22% of respondents said they perceive the insurance market to be hard as of May 2024, a significant and consistent drop from the 62% who said so in December 2022.

How do you perceive the insurance market currently to be?



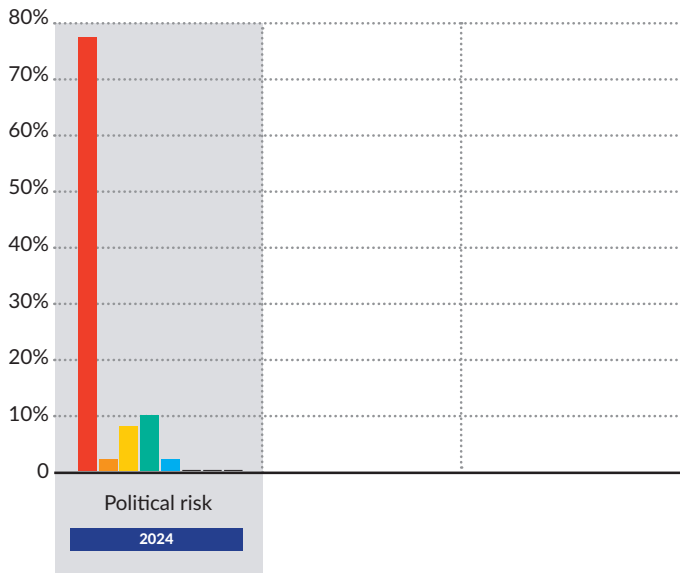
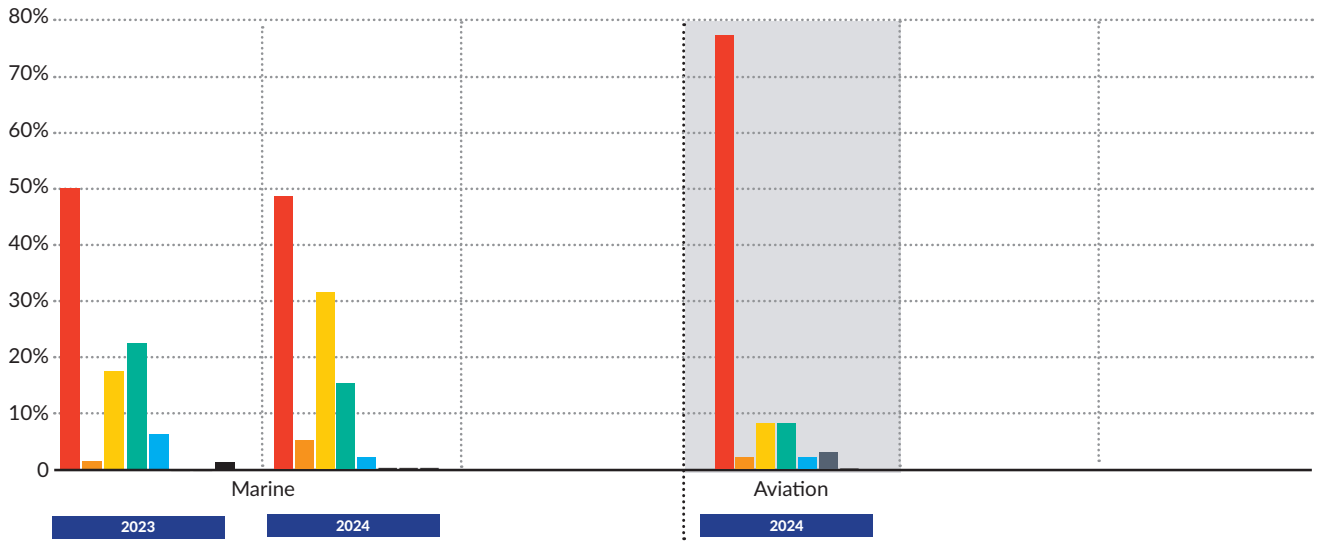
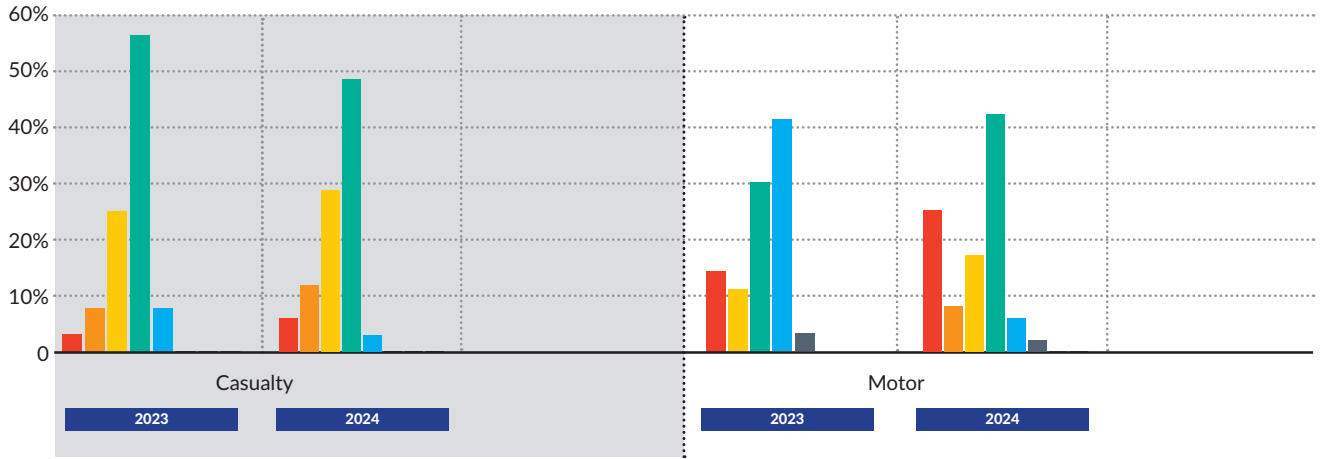
In the following lines, where purchased, what premium rate changes did you experience if any?

● Not applicable ● Decrease ● No increase ● Less than 20% ● 20% to 50% ● 50% to 100% ● More than 100% ● More than 400%



In the following lines, where purchased, what premium rate changes did you experience if any? (Continued)

- Not applicable
- Decrease
- No increase
- Less than 20%
- 20% to 50%
- 50% to 100%
- More than 100%
- More than 400%





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Airmic Limited
Marlow House
1a Lloyd's Avenue
London EC3N 3AA
United Kingdom

www.airmic.com