

The Impact of COVID-19 on Life & Disability Claims Departments – Results of a Gen Re Survey in the UK Market

by Grace Cairns, Gen Re, London

During the COVID-19 pandemic, experts in the insurance domain have continuously analysed the impact it has had on our industry, as well as tried to predict the future risk that COVID-19 holds. As the acute phase of the pandemic disruption fades and we settle into new routines at home and at the office, we reflect on what the impact of the past two and a half years has been, specifically on claims teams.

COVID-19 has had a significant impact on all claims departments. This is due not only to the increased volume of claims and changes in claims processes, but also to the cumulative effect of dealing with COVID-19-related claims daily amid medical and governmental uncertainty at that time. This was in addition to the challenges of working from home – while dealing with the stressors unique to personal circumstances.

While we enter what appears to be a more stable phase of the pandemic, Gen Re was interested in understanding the impact of recent experience on claim processes and teams. We invited the claims managers of seven large UK Life/Disability insurers to participate in a survey.

The aim was to gain a better understanding of the necessary process improvements and changes that have been implemented in response to COVID-19. We also wanted to explore the coping strategies, support or processes claims teams employed while delivering services in an industry that was under significant strain.

When analysing the survey results, four main themes emerged:

1. The COVID-19 pandemic accelerated changes to claims processes
2. New claims processes impacted the customer experience

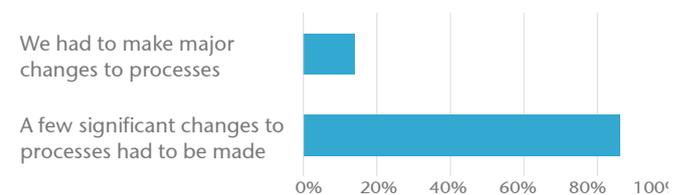
3. New claims processes impacted claims professionals
4. The impact of the COVID-19 pandemic on the future of claims management

The COVID-19 pandemic accelerated changes to claims processes

It is perhaps unsurprising that significant changes had to be implemented given that the pandemic required companies and teams to act fast and without much forewarning. The nationwide lockdowns and restrictions meant it was difficult for customers to submit claims via traditional channels and consequently new solutions were required.

This was confirmed in our survey, with all participants stating that they made changes to their claims processes (Figure 1).

Figure 1 – The significance of changes to claims processes over the last 18 months due to the COVID-19 pandemic



Source: Gen Re

When asked what these changes were, the most common and significant appears to have been methods of communication with claimants and evidentiary requirements.

Prior to the pandemic, wet signatures, original claim forms, and evidence sent via the postal service were standard practice for insurers. During the pandemic, claims teams had

to change their philosophies to be more flexible and pragmatic with evidence requirements: how evidence was gathered, what was needed and how it was assessed.

Given the burden on the National Health Service and the associated delays, claims teams could no longer rely so heavily on this pathway and an increase in the use of customer-supplied evidence was seen. Our clients also reported using secure emails and moving to a paperless process in addition to adopting telephonic interviews and placing greater focus on email correspondence.

Additional temporary changes to philosophies included:

- Not disadvantaging claimants for late notification of claims
- Reduced, and in some instances total, inability to send claimants for independent medical assessments
- Changing the requirements for how short-term (COVID-19) claims were managed by admitting for a pre-defined limited period based on the average disease duration and government guidance at the time
- Advanced partial payments for certain Critical Illness claims

To accommodate the above customer-focused changes, changes to internal processes needed to be introduced. As in many industries, insurance claims teams were required to work from home and needed to adapt to this very rapidly. Prior to the pandemic, most of the participating companies were already offering a variation of hybrid working options to their teams, but only one participating company allowed fully (100%) remote work.

In terms of frequency of official meetings or catch-ups, only one participating company changed how often they met during the pandemic when compared to before COVID-19 (instead of meeting weekly, this changed to a few times a week). The other participants remained consistent with their pre- and intra-pandemic meeting frequencies which ranged from either once a day to no fixed structure (as and when necessary).

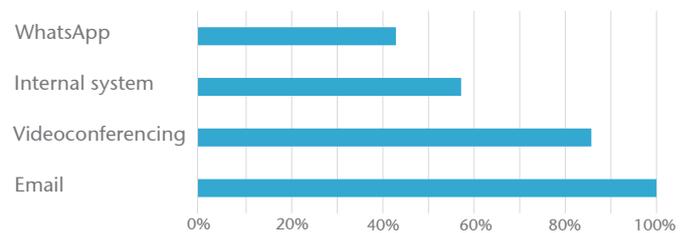
An article by *Forbes*¹ published in March 2020 at the start of the pandemic highlighted that with the shift to working remotely entirely, now was the time to *overcommunicate*. This was not only to keep a team productive but also to reduce the negative emotional toll that reduced social contact had on teams. We can see this to be true when looking at the various channels used by the claims teams during the pandemic.

One of the communication tools that underwent extensive take-up in 2020 was videoconferencing, with tools such as Microsoft Teams and Zoom being mentioned most frequently. According to an article on TechDigest², Microsoft Teams' daily active users (DAUs) shot up from 44 million on 19 March 2020 to 75 million in the first month of the pandemic.

By April 2021 this metric had increased by an additional 93.33% to 145 million DAUs. Zoom experienced similar growth, with sales soaring 326% to USD 2.6 billion in 2020.³

This was consistent with what we found in our survey, with videoconferencing becoming the second most-used platform (besides email) to communicate within the claims teams (Figure 2).

Figure 2 – Internal communication channels used by Life/Disability claims teams during the COVID-19 pandemic



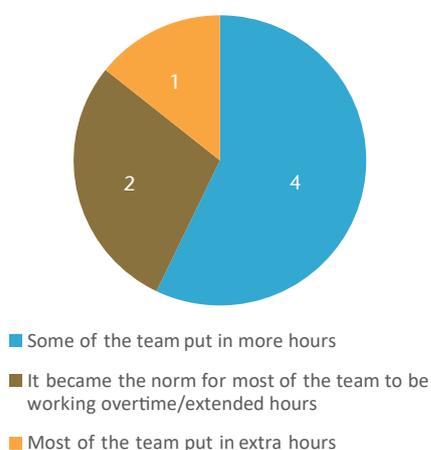
Source: Gen Re

Claims managers reported that videoconferencing platforms offered quick messaging functionality, video capability, and overall platform offerings, which made regular contact possible and effective. Those who used WhatsApp felt this application brought their teams closer and improved engagement.

Some challenges to communication while working remotely were variable internet service provider/Wi-Fi capabilities that caused intermittent interference, and an increase in email volumes, which challenged response time. Overall however, all respondents indicated that their communication strategies during the pandemic were effective.

Considering the changes to both external and internal processes, the increased claims volumes, and the need to communicate effectively, it is no surprise that working hours were impacted. Survey participants noted an increase in working hours of varying degrees (Figure 3).

Figure 3 – Changes in Life/Disability claims teams’ working hours during the COVID-19 pandemic



Source: Gen Re

Most of the surveyed insurers required additional human resources during the pandemic, either because of the increase in claims volumes, or due to staff illness (Figure 4). Although managers were given approval, in some instances it was difficult to recruit during the pandemic – and continues to be.

Figure 4 – Impact on staffing of Life/Disability claims teams during the COVID-19 pandemic



Source: Gen Re

New claims processes impacted the customer experience

While some of the process changes described above were born of necessity, the goal of claims assessment remained unchanged: to balance an adequate risk assessment of the claim while providing a supportive client experience. Our survey asked about the impact of the COVID-19 pandemic and the associated process changes on the customer.

All participating companies felt that digitising claims processes and allowing customer-supplied evidence made the claims journey more efficient and improved customer support. For example, obtaining payment details telephonically significantly reduced the time between a claim decision and payment delivery. Some respondents felt that due to the volumes of claims during the peak of the pandemic, the net efficiency had not necessarily been evidenced yet, but believed this would be felt as volumes returned to pre-pandemic levels.

In terms of communicating with customers, a few participants in this survey made specific mention of how admirably their teams coped and the importance their role had in supporting claimants.

There were also challenges with the new processes. The loss of some key options, such as face-to-face independent opinions or examinations slowed down a percentage of claims. The new processes introduced more trust which some participants feared would expose them to greater fraud risk. However, it was clear from the responses that participants felt this approach remains the right thing to do when looking at the customer experience.

The use of customer-supplied evidence will therefore likely be implemented more routinely with additional evidence being required only where there is high risk with certain claims and claim types. With the right checks in place, it should be possible to detect fraud and identify claims where further evidence or investigation is required, while allowing the most efficient process for claimants.

New claims processes impacted claims professionals

No change is easy. We were aware that claim professionals were having to adapt very quickly to the changes in their professional lives, while also coping with the challenges we were all experiencing in our personal lives.

Our survey included questions focused specifically on the impact of the COVID-19 pandemic and the associated process changes on claims professionals, what challenges they had faced, or were still facing, because of these changes.



CLAIMS

- Implementing new COVID-19-specific philosophies, requiring additional work
 - Confronting severe COVID-19 cases, particularly if the claims professional had a personal contact directly affected by COVID-19
 - The unknown level of work loads
 - Forecasting the impact of COVID-19

TECHNOLOGY

- Improving staff set-up by supplying the necessary hardware and software to cope with working remotely to assess claims and take claims calls (when there was a high demand for technology from the wider company as well)

CAPACITY

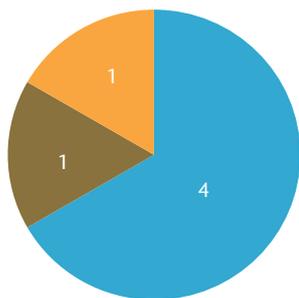
- Additional illness and presenteeism⁴
- Difficulty recruiting/resource issues
- Increase in claim volumes and complexity placing demands on claims and administrative resources
 - One company mentioned increased resignations due to competitors offering ongoing work from home

SOFT SKILLS

- Managing people remotely
- Not being able to read non-verbal cues
- Making sure that less vocal assessors were supported/spoke up when necessary
- Not knowing how staff were really doing
- Coping with how work life became home life

A multitude of factors would have been, and may still be, challenging all the teams. Consequently, participants were asked whether they had noticed an increase in stress among their claim assessors, but most responded that only a minority of their team were noticeably impacted by stress (Figure 5).

Figure 5 – Impact of COVID-19 pandemic and associated changes on stress within Life/Disability claims teams



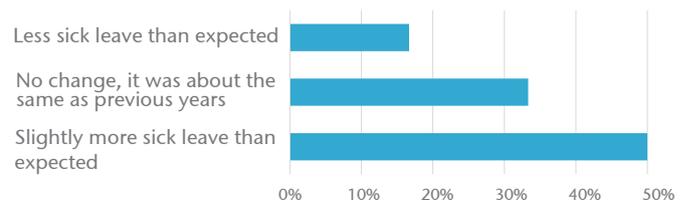
- A minority of my team showed an increase in stress
- The majority of my team showed an increase in stress
- My whole team was under additional pressure

Source: Gen Re

The main concern of managers was that their assessors were, like the rest of the population, limited in terms of what they could do to unwind or use to escape due to lockdown restrictions and limited freedom. This contrasted with usual routines.

We asked about the impact of these concerns on the health of claims professionals. Absenteeism within claims teams varied across the companies and while sick leave increased slightly there did not appear to be any significant or concerning trends (Figure 6).

Figure 6 – Change in sick leave of Life/Disability claim professionals during the COVID-19 pandemic



Source: Gen Re

However, despite the significant demand still being placed on claims teams, the claims managers felt that their teams demonstrated the necessary skills to meet the daily challenges.

The most encouraging finding was that all claims managers who participated in the survey responded that they were supported by their companies both practically and emotionally to attend to the emerging needs of their teams and customers. Supportive practices and tools were put in place and only one company felt that signposting was not sufficient.

Examples of supportive offerings included:

- Forums were offered where assessors could share their experiences and concerns and receive guidance and support.
- Flexible hours to allow teams to balance various needs including, but not limited to, adjusted exercise regimes, self-care, home schooling, and childcare responsibilities due to the national lockdowns. Similarly, changes to sick pay and emergency leave policies were implemented.
- Clear guidance and signposting to support wellness initiatives, such as mindfulness, breathing and relaxation exercises, dedicated internal support resources, and links to external support.
- One claims team initiated their own wellbeing practices to encourage their team. This included 15 minutes every day for wellbeing, and once per month assessors were encouraged to take two hours off.
- Regular communication: this included regular updates from management and constant reassurance. Communication was not only limited to work-related discussions. Video calls, virtual drinks, weekly personal catchups, and “Friday huddles” formed part of claims teams’ new schedules. One team was fortunate enough to be able to meet for walks and casual chats in person.

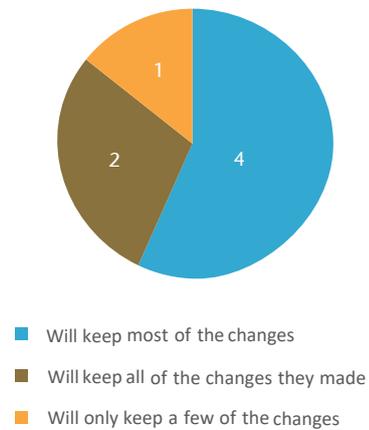
In a press release by Group Risk Development (GRiD) in November 2021, the industry body highlighted that one in five companies were not providing ill-health prevention support to their staff.⁵ Those that do, however, concur with our survey’s findings that flexible working schedules, emotional support, and initiatives to support mental health have been the most helpful.

The impact of the COVID-19 pandemic on the future of claims management

A March 2022 World Economic Forum study showed that agility, strong communication, and speed will be the new basis for competitive differentiation.⁶ As our survey results have shown, the COVID-19 pandemic tested the agility and speed of response of Life/Disability claims teams, as well as their resilience.

When we asked whether the participants would maintain these changes permanently, more than 70% indicated they would keep most or all their changes, while the remaining 30% would keep at least some of the changes implemented (Figure 7).

Figure 7 – Do survey participants plan to keep the changes implemented during the COVID-19 pandemic?



Source: Gen Re

It seems no-one plans to return to pre-COVID-19 processes. Many participants indicated that they believed this was the right thing to do for the customer and that their experience has shown that the new processes work.

Lastly, we asked participants which of the lessons learned from the COVID-19 pandemic they would take with them into the future. Suggestions included:

- Automating the claims process, for example developing a claims rule engine
- Instituting specific markers on internal claims systems to be able to capture/report/forecast on COVID-related claims more easily
- Not being under the illusion that it was going to be over in three weeks and accepting this sooner
- Implementing wellbeing initiatives more quickly
- Insisting that their teams take holidays to get the necessary timeout/downtime

Conclusions

The findings of the survey may not have been unique to claims teams, but they highlight the interventions that helped to foster a supportive environment for both customers and employees despite ongoing uncertainty and rapid changes during the COVID-19 pandemic: compassion, communication, and company support.

The results prove the importance of examining and improving process efficiency. For claims teams to remain resilient to cope with the sustained high work demands, employee wellness was prioritised, which in turn supported business continuity. This is a lesson and habit that we hope will continue as a daily practice even when COVID-19 shifts into endemic⁷ status.

We thank all participating insurers and salute the claims teams and their managers for their continuous hard work.

Endnotes

- 1 Your Team Is Now Working Remotely – 5 Ways To Strengthen Communication And Team Cohesion In The COVID-19 World (forbes.com)., <https://www.forbes.com/sites/nicolebendaly/2020/03/20/your-team-is-now-working-remotely-5-ways-to-strengthen-communication-and-team-cohesion-in-the-covid-19-world/?sh=293b0bcf5b70>.
- 2 Microsoft Teams grew over 90% in 2020 due to pandemic: Tech Digest, <https://www.techdigest.tv/2021/06/microsoft-teams-grew-over-90-in-2020-due-to-pandemic.html>.
- 3 Zoom sees more growth after “unprecedented” 2020: BBC News, <https://www.bbc.co.uk/news/business-56247489>.
- 4 What is presenteeism?, Robertson Cooper, <https://www.robertsoncooper.com/blog/what-is-presenteeism/>.
- 5 One in five employers do not provide ill-health prevention support to staff: GRiD (Group Risk Development), <https://grouprisk.org.uk/2021/11/16/one-in-five-employers-do-not-provide-ill-health-prevention-support-to-staff>.
- 6 <https://www.weforum.org/agenda/2022/03/ten-lessons-from-the-first-two-years-of-covid-19/>.
- 7 What will it be like when COVID-19 becomes endemic?, Harvard T.H. Chan School of Public Health, <https://www.hsph.harvard.edu/news/features/what-will-it-be-like-when-covid-19-becomes-endemic/>.

All endnotes last accessed on 29 August 2022.

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