

6 Factors Impacting the Claims Caseload

Property Casualty 360

From the newest adjuster to the chief claims officer in an insurance organization's home office, every claims professional has likely wondered at one point or another, "What is the ideal claims caseload?" That question still yields no quantitative answer. Those posing the question seek hard numbers. An adjuster's caseload should pose a constructive challenge, causing a claims professional to stretch his or her capabilities without snapping. It is a very rare adjuster who has time to twiddle thumbs. I mean, have you ever known a claims person who resembled the Maytag Repairman? However, caseloads should not induce adjuster despair. If adjusters are drowning in files, then they are reduced to putting out fires. Mistakes happen. Deadlines slip. Policyholders and claimants get upset. Disputes and claims litigation increases. Stress levels and blood pressures rise. Complaints and turnover spikes. You get the idea. Properly managing and monitoring adjuster caseloads are key duties of office claims management. So, on what does the ideal adjuster caseload depend? Here are six factors:

1. Case complexity and "texture." Not all files are created equal. A complex business interruption (BI), time-element loss is not the same as a first-party homeowner's kitchen fire. Claims files are not fungible goods, where there is equivalence in terms of the amount of time and effort they consume. A serious boiler and machinery loss may take more time than, say, thirty "medical only" workers compensation files. We must look beyond the numbers and consider case complexity. A multi-vehicle auto-truck fatality on I-40 may be more complex than a straightforward case of wrong-site surgery or the classic sponge-left-in-the-body case of res ipsa medical malpractice. One must look beyond—or rather beneath—the type of claim in order to assess the complexity. This means the number of moving parts, the issues presented, the number of people to interview and locate, and so on. The number of witnesses the adjuster must locate is another factor that renders it folly to say that one claim is equal to another. Larry Wahnsiedler, a retired adjuster from Owensboro, Kentucky, says a reasonable caseload depends on claims severity. He averaged between 100 and 125 new files each month; performed his own auto and property inspections; and handled his own litigation. As to caseload size, he fears that nowadays, "staffing is the least concern of management." Barry Zalma, an insurance coverage attorney and contributor to PC360, believes the ideal caseload depends on the type of case, the adjuster's experience, and the time needed to resolve the

claim. “The ideal is a caseload sufficient to keep the adjuster busy and able to do a complete and thorough investigation on each claim,” Zalma maintains.² Line of Coverage. While each type of coverage and claim has nuances and quirks, a first-party glass breakage loss to the family mini-van is not on par with the time demands of a product liability claim against a farm combine that overturned, killing its operator. Sherri Handke, a claims manager at Columbia, Missouri-based Columbia Insurance Group says the type of claim determines the handling capabilities. She cites various other factors, including experience level, the technology available, individual skill-sets, and management expectations. Any one (either lacking or superior) of these can also make a huge difference in the “ideal” adjuster caseload, she says. According to Handke, most companies she has worked for have not set approximate caseload ceilings but did nonetheless monitor the number of claims received compared to those open/closed. By now it should be clear that mere stick counts, by themselves, can be misleading in deciding the ideal caseload.³ Adjuster seasoning. Typically, more experienced adjusters can shoulder higher caseloads than newbies. As is the case in nearly all fields of business, experience often makes one more efficient. This brings us to the next point. 4. Adjuster efficiency. Sometimes efficiency does not always correlate with job longevity. Some adjusters “get it” and catch on quicker. All other things being equal, an efficient adjuster with 200 files might be as effective as a plodding adjuster with 150 open claims. Determining the efficiency of a claims person is, admittedly, subjective. However, it is a factor impacting one’s ability to comfortably shoulder a caseload.⁵ The degree of administrative support. Claims adjusters trudging across the office to do their own photocopying, typing, and file retrieval may be constrained in the amount of files that they can reasonably shoulder. By contrast, adjusters who can delegate clerical and administrative tasks can rev at higher RPMs. Put differently, the more ancillary/administrative support, the more claims an adjuster can competently shoulder.⁶ Service standards. Ironically, “best practices” and mandatory service standards can exacerbate quality problems if caseloads do not adjust downward. Steve Breard, a litigation specialist with American Claims Service in Houston, Texas, observes that new assignments in the 100 to 125 files-per-month range are common in multi-line environments. “Things like 24-hour contact on new claims, returning calls same day, and writing estimates over the phone for small claims are great customer service tools,” he says. These components of claims handling, while crucial, can also dilute a rep’s ability to control and work the caseload, an often ignored fact. James Moon of Fort Myers, Florida-based Quintairos, Prieto, Wood & Boyer views case loads through multiple lenses, having worked as an adjuster and now as an attorney. Adjusters want enough files to stay busy and meet deadlines, analyze cases and claims raised, and so on. However, Moon notes, “the difficulty comes from a cost perspective when you maximize workloads with the least staff and still try to maintain the same output.” Unfortunately, poor or penny-conscious management can cause fatigue or adjuster burnout.

Moreover, this management style can potentially cost insurance carriers millions in judgments because of poor decisions resulting from excessive workloads. Three Reasons for Realistic Caseloads Why is an adjuster's caseload important? There are at least three reasons: File quality. The higher the caseload, the greater chance that claims handling quality degrades. To stay atop caseloads, adjusters may cut corners, omitting necessary steps to put out fires to avoid crises. Staff morale. When adjusters feel overburdened by unrealistic caseloads, they often have poorer attitudes. This can impact work performance and increase turnover. It exacts its own costs in the form of lost productivity, the expense of searching for a replacement, the cost of training a successor, and so forth. Cost containment. When caseloads are high, so is the potential for "leakage." The latter is a euphemism for paying more (either in indemnity or expense) than warranted. Adjusters scrambling to stay on top of huge caseloads and put out fires lack the time to thoughtfully run down leads, go the extra mile to locate the key witness or set up surveillance. Research and pursue subrogation opportunities? Who has time for that? Simply put, overtaxed professionals are more apt to take the path of least resistance, gloss over the "basics," and throw money at claims just to whittle down the caseload. Extrapolated over a large caseload times the number of adjusters, this can produce sizable expense, hemorrhaging profits and "opportunity costs" of economizing activities foregone. One mattress company advertises its ability to deliver a good night's sleep by asking, "What's your [sleep] number?" Claims managers are unlikely to invite adjusters to name their number, but calibrating the right size caseload to the right adjuster can yield peace of mind and better file outcomes.