

CASE STUDY

Landmark outsourcing arrangement

Introduction

Aviva and its reinsurer Swiss Re entered into an agreement to transfer the financial liability attaching to Aviva's legacy Employers' Liability (EL) book to Swiss Re under a reinsurance arrangement. As part of this transaction, they needed a robust claims handling partner capable of processing the thousands of complex EL and Public Liability (PL) claims received every year.

This landmark outsourcing arrangement is thought to be one of the largest of its type, with Pro supplying technology, processes and market leading expertise. The uniqueness of the outsource arrangement was a tripartite arrangement between Pro, the Insurer with conduct and legal exposure and the Reinsurer with financial exposure.

Background

When Aviva reinsured its EL/PL book with global reinsurer Swiss Re, they both decided to drive efficiencies and improve processes by outsourcing the entire management of the portfolio to an expert trusted legacy claims provider. They needed a partner that not only had the long-tail disease expertise but were also capable of digitising and cleansing data from a variety of outdated systems.

Aviva's EL/PL book was a complex portfolio managed on seven different mainframe systems, with data stored on ancient technology such as microfiche and unsupported mainframe databases. The operations had many disconnected processes and platforms that had been developed over several decades – all of which created slow manual claims handling.

Project Goals

A modern, centralised system was required, one that could accept and process data from the disparate sources and provide complete data integrity and confidence. Alongside the new platform, a simplified and unified claims handling process was also needed.

Together, changes in both technology and processing would ultimately transform Aviva's EL/PL book into a rapid and efficient claims handling operation.

Pro was tasked with three main goals:

- Develop an EL/PL technology platform that can drive automation in claims handling and digitise a multitude of existing files
- Construct a specialist claims handling team who have market leading expertise in long-tail diseases such as asbestosis, abuse and noise induced hearing loss
- Employ a programme of continuous improvement that will drive out cost efficiencies, reduce litigation and improve claims handling times

Data Migration

The sheer scale and complexity of the data migration was vast, there were over ten million policies sitting across an array of different systems that needed to be centrally consolidated, together with over four million documents and a staggering three billion print lines of historical policy data. Many of these policies were from defunct companies that Aviva had acquired, and as a result, needed reconciling and standardising into a consistent format.

Pro used a method of complex scripts to extract, transform and load every paper-based record, every microfiche film and every analogue file into digital formats. While simultaneously validating and reconciling every record to ensure the data was accurate and maintained its integrity.

Unique Technology

To handle the millions of historical policies, Pro developed a unique exposure-based software solution for Employer's and Public Liability claims management. Built specifically for long-tail industrial disease and illness-based claims, the system was designed to process complex claims from historical exposures that occurred over extended periods of time, such as multi-year, multi-carrier asbestos-related claims.

The system automatically and intelligently links every policy that becomes liable for the duration of a claimant's illness. Allowing the claims handler to consolidate processing to a single activity - rather than duplicating effort for each policy year.

The system also automatically calculates appropriate contribution levels from individual insurers, avoiding manual calculations which are both error-prone and can introduce delays to settlement.

The platform helped drive efficiencies by structurally changing the weekly ELTO process (Employer's Liability Tracing Office), a search task that helps claimants identify insurers for old EL covers. What was previously a manual operation, spread across several systems, was transformed into an instantaneous and automatic search - rapidly reducing processing time and effort.

“Pro’s ability to consolidate and streamline what had been a highly complex process across multiple systems into one hub has drastically improved the speed, efficiency and accuracy with which claims are handled. Throughout our working relationship, they have proven to be a valuable partner, both knowledgeable and well experienced in the legacy sector.”

Alongside these unique benefits, the technology also introduced online ledgers, automated payments and bespoke actuarial and management reporting.

Expert Claims Handling

After uniting the data and introducing new technology, the project needed a team well equipped to handle the long-tail disease claims.

Pro assembled a group of experts, comprised of existing Aviva employees who transferred over and new Pro staff recruited to work on the project. These specialists were skilled in claims handling across all forms of asbestos related disease, hearing loss, vibration, pollution, medical malpractice and physical abuse. The new team had held many senior positions on industry bodies and had been appointed advisors in high profile in abuse inquiries and medical negligence cases.

In total, the newly formed division was made up of 55 professionals – a number that represented half the amount previously needed to perform the old manual process.

Continuous Improvement

Part of the success criteria for the project was continual improvement. Pro needed to provide demonstrable enhancements each year across claims handling times, financial results and legal process.

The technology platform was a tool that could clearly demonstrate and analyse these improvements. Its automated reports and audit trails have supported analysis, highlighted trends and provided clear metrics for both Aviva and Swiss Re.

The team developed a variety of strategies that have helped to reduce legal spend, improve solvency management and reduce outstanding redundant reserves.

Conclusion

The whole project took just 18 months from being named preferred bidder to go-live, including system development / implementation, data migration / cleansing and the recruitment and integration of a new claims handling team.

Please get in touch

Tel: +44 (0)207 068 8000

pro-claims@pro-global.com