

# Chapter 2

## The Claim Function

The previous chapter described insurance, the parties to an insurance policy, the parties who provide insurance products and services, the operation of insurance, the parties whom claim representatives interact with, and the provisions of insurance policies. This chapter expands on that information by providing an overview of the claim-handling process, the roles of claim department personnel, and the skills and qualities required for a claim representative to handle claims successfully.

When an insurer processes claims, it delivers on the promise in the insurance policy. Insureds buy insurance so that their covered claims will be paid and so that they will be returned to their financial position before the loss. The insurer is obligated to properly handle all claims submitted and to pay for covered losses. The following general overview of the claim process lays a foundation for more-detailed descriptions of the multi-faceted claim-handling process that are presented in subsequent chapters.

### OVERVIEW OF THE CLAIM-HANDLING PROCESS

Different types of claims, such as first-party auto physical damage, first-party property, liability, and workers' compensation claims, require different treatment from the claim representative to be properly investigated and paid. Despite these differences, claim representatives can perform the same basic activities to handle any type of claim. These claim-handling activities appear in the box below and are briefly introduced in the sections that follow.

#### Claim-Handling Activities

- Acknowledging and assigning the claim
- Identifying the policy
- Contacting the insured or the insured's representative
- Investigating and documenting the claim
- Determining the cause of loss and the loss amount
- Concluding the claim