

INSIGHTS

A PROFESSIONAL JOURNAL BY

THE INSTITUTES CPCU SOCIETY

Fall 2018

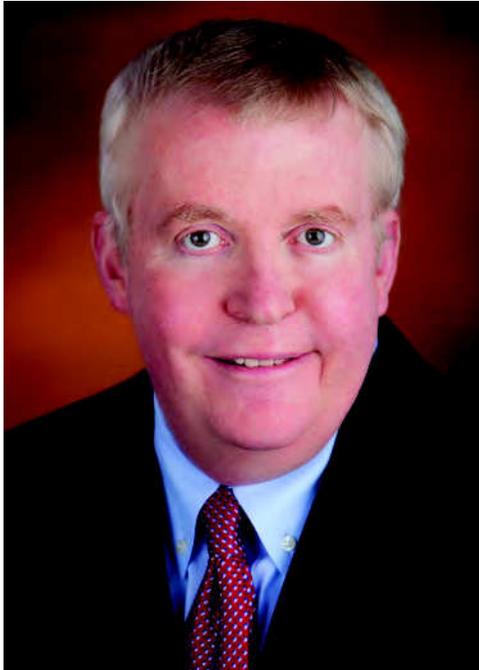
Six Claims Lessons
From

GAME OF THRONES[®]

by Kevin Quinley, CPCU, AIC, ARM



Contributors



Kevin Quinley

Kevin Quinley, CPCU, AIC, ARM, serves as an expert witness and a consultant on claims issues for clients nationwide. During his four decades of experience in claims and litigation management, he has written 700 published articles and 10 books on various aspects of claims, litigation, and risk management.



Martha Ducharme

Martha Ducharme, MBA, CPCU, ARM, AIM, AIC, AIS, AIT, AIDA, is an analytics account manager for Symbility Solutions—Symbility Property, where she maintains client-facing interaction providing business improvement processes, data quality management, and financial impact analysis. She has served on the Western Michigan CPCU Society Chapter Board and is a member of the Information Technology Interest Group Committee.



Joseph S. Harrington

Joseph S. Harrington, CPCU, ARP, is an independent insurance writer who has published articles in numerous industry publications and given presentations to industry organizations. He previously served on the national curriculum advisory committee for The Institutes and continues to serve on The Institutes CPCU Society Publications Committee.



M.C. Ernst

M.C. Ernst, CPCU, AINS, is vice president and airline underwriting manager for United States Aircraft Insurance Group (USAIG), New York, where she is responsible for underwriting major domestic and international airline risks as well as general aviation fractional ownership and management accounts. Ernst is a member of the International Aviation Women's Association and chairs the Connects Committee.



Six Claims Lessons
From

GAME OF THRONES®

by Kevin Quinley, CPCU, AIC, ARM



ABSTRACT

HBO's popular fantasy show *Game of Thrones* has captured the attention and imagination of millions of viewers. In addition to its popular appeal, however, the series contains kernels of insights for insurance professionals, lessons that reinforce principles of sound claims handling and navigating career success. This article explores storylines and themes of *Game of Thrones* that illustrate useful lessons for claims professionals at any career stage.

When author **George R. R. Martin** began his best-selling series, *A Song of Ice and Fire*, insurance claims were probably far from his mind. Nevertheless, *Game of Thrones*, the HBO fantasy drama adapted from his novels, yields lessons and insights applicable to claims professionals ranging from newbie adjusters to vice presidents.

In Martin's epic tale, powerful families vie with each other for control, nobles and commoners fight to maintain or seize seats of power by any means necessary, different cultures struggle for dominance, individuals seek revenge for past wrongs—all while the supernatural White Walkers seek to wipe out humanity and dominate the world itself.

So what lessons can claims professionals draw from this multi-faceted fantasy? Six are described below. (*Note: Spoilers through season seven ahead!*)

1 THE DRAGONS ARE VULNERABLE

In season seven, the Night King kills one of Daenerys Targaryen's seemingly invincible dragons. He then reanimates the beast and uses it against the forces of light. Cersei speaks this line, "The dragons are vulnerable," to her brother after she sees Daenerys with one less dragon in the season seven finale and realizes that one of the dragons must have been harmed.

In the insurance industry, dragons may include technological changes that seem like game-changers from productivity or operational standpoints. But even with such advantages, companies must prepare for the risks that technology presents.

The classic example is automated call systems. These systems may boost adjuster productivity, but they frustrate callers who want to speak with a living, breathing person. High tech does not always equal high touch.

Claims-evaluation software may also be a double-edged sword. Its purpose is to improve consistency in reserve setting, but plaintiff's attorneys eventually weaponized this tool against some insurers, asserting institutional bad faith and alleging that the software's true aim was to game claims evaluations to save money and maximize profits.

In some cases, the downside risk of bad-faith claims—including the expense of defending them—has led companies to abandon or curtail the use of evaluation software.

2 WINTER IS COMING

The motto of House Stark, "Winter is coming," is a cautionary message to claims professionals, who should hope for the best but prepare for the worst.

Winter is always coming, whether it be an influx of unexpected claims, the sudden departure of a key co-worker, a cost-cutting edict from on high to do more with less that makes it tough to meet quality standards, out-of-the-blue bad-faith claims, an unexpected workforce reduction that leaves adjusters jobless, or a corporate merger or acquisition (or insurtech advancement)¹ rendering some claims jobs redundant.

Adjusters face adversity daily, weekly, monthly, and annually. Spring is welcome, but winter is always around the corner.

The moral for prudent claims professionals is to prepare for winter long before temperatures drop. There are many ways to do that: Do your job well. Delight customers. Maintain good relations with bosses, colleagues, and reports. Keep current on industry developments. Network long before you need to call in favors. Elevate your professional profile. Keep your ear to the ground.

No claims job lasts forever. The era of working for one company for thirty years and then collecting a gold watch and pension is over. Keep your resume current. Befriend one or more seasoned headhunters. Add value. Go the extra mile on assignments. Be a team player in the claims unit. Live within your means and build a reserve fund. Boost professional credentials.



A LANNISTER ALWAYS PAYS HIS DEBTS

The Lannisters, one of the wealthiest and most powerful families in *Game of Thrones*, keep their promises. That is a sound maxim for claims handling as well.

Remember the purpose of insurance: to provide coverage and pay legitimate claims. It is not to turn claims departments into profit centers. (However, one legitimate way of improving profits is to deliver positive customer service so that a reputation for superb claims handling attracts new customers and retains current ones.)

A Claims Department should not cut costs by denying legitimate claims. And the adjuster's role is to find coverage benefits for insureds, not seek ways to contest them. A passage in *The Claims Environment* states: "The claims representative's chief task is to seek and find coverage, not to seek and find coverage controversies or to deny or dispute claims."²

This does not mean that adjusters should ignore fraudulent or exaggerated claims. It is to say, however, that adjusters should seek reasons to provide coverage, not enter the adjustment process predisposed to contest or deny it.³

Filing an insurance claim is a moment of truth for consumers. Until their car's quarter panel is dented or a tree falls and crashes into their kitchen, all they have bought is a piece of paper, a promise. But when they file a claim, some insureds feel like they are punished through premium hikes for having committed the sin of tapping into the very benefit they paid for.

Only after a loss occurs can an insured decide whether the insurance purchase—and the insurance company—was worth it.

A Lannister always pays his debts. Insurers would do well to do the same; consumers expect them to promptly and forthrightly fulfill their promise to pay covered claims.



WHAT WE DON'T KNOW IS WHAT USUALLY GETS US KILLED

The scheming Lord Petyr Baelish spoke a truism when uttering this phrase in episode seven of season one. The same goes for claims professionals.

As an expert witness in bad-faith cases, I am astonished to read deposition transcripts in which adjusters testify that they were unaware of their state's Unfair Claims Settlement Practices Act and received no training on appropriate claims practices or bad faith.

These cringe-worthy moments are disturbing, especially if an insurer retains you to vouch for the reasonableness of its claims handling. Such deposition excerpts become trial exhibits, with snippets replayed on a screen for the jury's viewing pleasure by plaintiff's counsel to portray an insurer more interested in saving money than supporting claims training.

What adjusters do not know can hurt them—and their companies—through bad-faith suits. Adjusters who do not know their claims files thoroughly, possess only superficial understanding of policy terms and interpretations, and are unfamiliar with their state's claim settlement regulations are walking liabilities.

The message to the financial folks in claims management: if you think training and continuing education are expensive, compare them with the cost of just one bad-faith suit exposing a lack of training.



THE MAN WHO PASSES THE SENTENCE SHOULD SWING THE SWORD

This Ned Stark quote, uttered in the series premier to his son right after beheading a deserter of the Night's Watch, reflects the importance of accountability.

Adjusters who make tough calls on claims should be the ones to communicate those decisions. Adjusters often must deliver bad news:

- "Your claim isn't covered."
- "The coverage you thought you had is not what you bought."
- "Sorry, conditions apply."
- "Your claim is not worth as much as you believe or what you've been told by friends."
- "Uh, boss, that winnable case we tried resulted in a plaintiff's verdict three times our reserve."

Shooting the messenger is a common phenomenon, and adjusters often bear bad news. Delivering bad news, however, is the adjuster's stock in trade.

Effective adjusters do not shirk this duty. It is a distasteful role, but one that adjusters must fulfill. They cannot simply stick their heads in the sand. They must proactively convey bad news, and when they make agonizing decisions, they must be the ones to communicate those decisions.

This includes making tough personnel choices, such as green lighting workforce reductions or terminating underperforming employees. This should never be done by memo, voicemail, or text, but in person by the claims manager making the decision. Delegation is fine, but some tough chores reside with the person making the call. That is one reason managers get paid more, as such onerous tasks come with the territory.



IF I'M GOING TO RULE, I'LL NEED TO MAKE ALLIANCES

Daenerys made this observation in the season six finale, as she pondered governing Westeros—which comprises seven rival kingdoms, all vying to consolidate power.

To succeed, leaders need alliances and the help of others, whether success means taking the Iron Throne or advancing one's career. Promotions largely hinge on merit, but do not discount the weight of politics, alliances, and perceptions.

"I don't play office politics" sounds noble. However, you can play office politics—or you can lose at office politics. Either way, politics exist and will affect your ability to ascend the professional hierarchy.

The takeaway: cultivate alliances! Who are your allies? Your chief ally is your boss. Beyond that, peers within your company are also important allies. Clients represent a powerful constituency, so nurture strong relationships rooted in good claims service. Other allies may include the people reporting to you, your claims staff. Develop good relations with them.

Build bridges. Invest in relationships. Deepen your subject matter and technical skills. No one is an island, and no individual is likely to win the Iron Throne—or advance to the role of supervisor, manager, or vice president of claims—without the help and support of others.

You may never have to consider the liability implications of owning a direwolf or deal with a boss who will not accept a claim reserve you arrived at using your powers as a warg. Nevertheless, even if they never command the Iron Throne, claims professionals can mine useful lessons from George R. R. Martin's tales to boost their skills and careers.

Who knows? If you deepen your subject matter expertise, demonstrate enhanced value to your company, and add continuing education credentials, your business card may someday bear the title "claims maester." ■

Many thanks to the Coverage, Litigators, Educators & Witnesses Interest Group for its contributions to this article.

1. For example, Lemonade has a case study of a property loss claim that was reported, adjusted, and paid within seconds. Adjusters rightly worry whether their jobs will soon be replaced by chat-bots or DIY claim-handling apps. ("A New York Startup Shakes Up the Insurance Business," *The Economist*, March 9, 2017, <https://www.economist.com/news/finance-and-economics/21718502-future-insurance-named-after-soft-drink-new-york-startup-shakes-up>.)
2. James Markham, Layne Thompson, and Kevin Quinley, *The Claims Environment* (Malvern, Pa.: American Institute for CPCU, 1993), p. 13.
3. The author served as a (plaintiff) expert in one case in which an insurer had promoted an adjuster and centralized coverage reviews with him because of the prolific number of coverage denials he issued.