



Complaint Data Analysis/Trending **Best Practices Recommendations**

The Project

Recognizing its unique position to gather input across many sectors of the insurance industry, the Insurance Consumer Affairs Exchange (ICAE) continued its work in generating “best practice” recommendations at the April 2008 Roundtable event. ICAE exists to gather regulators and industry professionals together in an open and informal environment for information exchange. The importance of capturing complaint data for both insurers and regulators cannot be overstated. Complaint data allows stakeholders to identify trends with products, services, producers and training early enough to either capture an opportunity or mitigate a negative. The ultimate goal for the analysis of feedback is to benefit the insurance-buying public.

The Process

At the request of members, and with the endorsement of regulators, the topic for the April 2008 ICAE Roundtable was to review the processes by which complaint data are captured and analyzed. ICAE members scrutinized the question of how complaint data was reviewed and proposed best practice recommendations for further review. This proved to be an exciting, multi-faceted topic to bring before members and participating regulators. The topic generated such interest that the Roundtable was a sell-out!

Rationale

ICAE has had considerable success in proposing, socializing, communicating and having best practice recommendations implemented around complaint handling. ICAE will work to network this recommendation to be embraced by all stakeholders. The result? Providing a consistent process for review and reconciliation of complaint data between companies and regulators. Streamlining this process will make the information less costly to capture and review without diluting the overall purpose—to provide information for industry regulation and ongoing consumerism. Most importantly, consumers will benefit if industry stakeholders work together to establish and implement ICAE recommendations as precious resources will be more effectively engaged for the common pursuit of speedy resolution of consumer issues.

Strengths and Weaknesses of the Current Environment

As an overview, regulators articulated differences in complaint data processes. Generally, the regulators reported that complaint data is processed internally by:

- Using codes,
- Is typically reviewed by multiple levels within the DOI, and
- Of those who reported to the NAIC, reporting is on varying time frames.

Significantly, the regulators offering input noted that a tremendous amount of information is scrutinized and processed so that trends or problem areas can be spotted early—not for punitive reasons but to assist consumers. Regulators agreed that they frequently rely on staff to discover or determine trends with ad hoc queries.

Similarly, insurers have myriad uses and processes for consumer complaint data. Virtually all send reports to business units and some send complaint data all the way to the board of directors. Most companies performed some root-cause analysis to make corrections in products, services or producer processes and/or to spot trends that might be corrected. In addition, different companies track vastly different data. Most insurers agree consistency can be an issue even within the company and work on processes to ensure internal data consistency. All companies have the data available for review; some are extremely proactive in distributing data to stakeholders.

Just like regulators, companies want to use complaint data for thorough analysis to identify trends and generate consumer-oriented solutions.

Impact of the current environment

Regulators and insurers agreed that the current environment has certain inherent weaknesses, including:

- Incomplete or inaccurate trending and analysis due to inconsistency
- Without a consistent reconciliation method, there is a potential for propagating unfair, inaccurate and, in some cases, unsubstantiated information from DOIs and the NAIC to consumers.

Recommended Best Practice for Data Analysis and Reconciliation

Both insurers and regulators use data to spot trends for the benefit of the consumer. Proper, consistent use of data would help all insurance industry entities spot issues and problems and provide for corrections so that the insurance-buying consumers have a more positive experience. The main recommendation is:

- ***Request all DOIs provide an opportunity for data reconciliation***
 - In the current environment, only 10 states were identified as providing this opportunity. Ideally, this reconciliation process would be:
 - Staggered as a year-end review would be difficult due to numbers

- Consistent across states in terms of
 - Use of NAIC number to expedite across all entities,
 - Who initiates reconciliation process (company or DOI),
 - Expected response (i.e. response necessary only if discrepancy is identified), and
 - Process for responses (when made, how, to whom)
- The preferred process would be online, knowing that an electronic-only process is not viable for all states at this time.
- Standard guidelines for posting information (i.e. confirmed only vs. ALL complaints or complaint data posted only when specific thresholds are reached).

Additional best practices were noted for further discussion:

- Request for a consistent standard across states on the practice of follow-up hard copies of correspondence, documents or information sent electronically.
- Request to standardize the practice to eliminate need for acknowledgement of complaint.

Next steps

The recommendations here are a point of departure to be narrowly focused upon, discussed, revised and, hopefully, endorsed at the upcoming ICAE Exchange, slated for September 28-October 1, 2008 at historic Williamsburg, Virginia.

However, endorsement is not action. A proposal must be propagated to gain acceptance. Therefore the work of endorsement by ICAE is only part of the project. With endorsement, an action plan must be generated for the recommendation to be adequately socialized and ultimately endorsed by all stakeholders. Stakeholders will be defined at the Exchange and may include the departments of insurance for all states and carriers, as well as other key groups.

After endorsement, a discussion must ensue for socializing the information. As a group, ICAE must work to determine how its position papers—specifically this most current one on standardizing reconciliation methods for complaint data—can be best disseminated for broader awareness and ultimate acceptance.

Conclusion:

As always, the recommendations proposed here are important first steps in an ongoing, dynamic process that includes discussions with and input from all industry stakeholders: companies, departments of insurance, associations and consumers. Because the document is fluid, changes can be accommodated when necessary and individual elements can be adopted separately, or implemented incrementally.