

5 Steps to Handling a Claims Screw-Up

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To paraphrase (and sanitize) a popular bumper sticker, “\$#%^& Happens.”

Adjusters and claim professionals of every ilk can relate to this saying. Like death and taxes, mistakes in one’s claims career are inevitable. Adjusters are often eager to offer crisis management tips to others. Looking in the mirror, though, how do adjusters navigate their own screw-ups?

If you screw up, accept responsibility and -- if need be -- the blame. This is so extraordinary in today’s world. The default mode seems to be nobody taking responsibility for their actions. Claims professionals see this daily with individuals whose own carelessness caused or contributed to their own loss. There is a rampant societal attitude that, “If something bad happens to me, somebody else must pay.” No one is responsible – it’s always the other guy’s fault!

Adjusters will screw up. Nobody is perfect. In fact, there is a school of thought that if you’re not making mistakes, you’re doing something wrong by not taking enough chances and not getting out of your comfort zone. (To use a basketball analogy, are you only taking lay-ups and never venturing a shot from the three-point line?) There is no way that adjusters can avoid making mistakes. This is particularly true since much of what the adjuster does falls into the subjective gray area of judgment calls. Those calls will be forever second-guessed, often by folks far from the front lines of claim conflict.

Did you contact the policyholder fast enough?

Were you sufficiently polite to the difficult claimant who pushed your hot buttons?

Did you exercise adequate care and attention to detail in proofreading the claim report?

Did you raise the reserve on that bodily injury claim as quickly as you should have?

Did you make the right choice in assigning the claim to that specific attorney?

Did you exercise good judgment in assigning a serious claim to that adjuster on your staff?

Did you hire the right person for the spot opening you had in damage appraising?

You can torment yourself, drive yourself crazy with these kinds of questions, many of the second-guessing nature.

As a claims professional, the potential for screw-ups magnifies exponentially once you are in a supervisory or managerial track. Then you become responsible not just for your own mistakes and oversights but also for those of your “reports.” Such is the burden of management.

Here are five tips on dealing with screw-ups.

Rx 1: Disclose personally and early. If you make a mistake in handling a claim or file, be proactive in bringing it to the attention of higher-ups. Don’t let them learn about it from someone else. If there is bad news, get it out and get it out early. Best for you to have an opportunity to do “spin control” first.

Rx 2: Take ownership. If you must, give a brief explanation, but emphasize that this is not an excuse. Take accountability and responsibility. This will often disarm any initial instinct to punish.

Rx 3: Move from reporting to fixing. When you report on a mistake or oversight, always prepare to move immediately into what step or steps you’re taking to prevent the mistake from happening again.

Rx 4: Learn from the mistake. Chalk it up to experience. Seek the positives and view it as an opportunity for personal and professional growth.

Rx 5: Avoid recidivism. Make sure that you don't make the same mistake twice. Don't be a "repeater."

Mistakes in a claims career are inevitable. Their consequences, though, need not be career-killers. Use these strategies to navigate the aftermath and move on!