



Driving down the cost of claims by handling the insurance function in-house

Sheffield City Council

JC Applications Development Ltd:

- 18 years experience in providing claims and risk management solutions
- Over 160 clients in the UK, Europe and the US
- Claims handling application can include; Premium Apportionment, Triangulation, Asset Register, Electronic Data Exchange GIS Gazetteer On line claim submission Health & Safety module.

Background

With a population of 534,500, the City of Sheffield is England's third largest metropolitan authority. As such, it has responsibility for the full range of local authority services.

The Insurance and Risk Team is made up of 10 posts. The team place insurance on behalf of the authority and deal with claims made against the Council (eg motor vehicles, the public tripping on the highway and physical damage to our properties). The team is very proactive and spends a lot of time working with portfolios to help them manage their risks to help bring down the cost of claims and premiums which means more money for front line services.

As with most large authorities, Sheffield City Council carries large deductibles on its insurance policies, £250,000 on property and liability. The vast majority of claims are handled in house which means about 1,500 cases per year.

Before the introduction of LACHS the Council used a system provided by an insurance company. The data on the system had been inconsistently recorded and the system didn't offer the enhanced flexible reporting required to help monitor performance and drive down the cost of claims.

In 2005 a new manager was appointed for the Insurance and Risk Team. Part of her brief was to lead the team's transformation, to bring in a new structure and new working practices that would make the team amongst the best in the country delivering a modern and efficient service. One of the other key targets was to bring down the cost of insurance.

Solution

It was recognised that the Council needed not just a database of claims but an integrated claims management system that would allow for proactive efficient claims handling. This would enable the cost of claims to be driven down and facilitate having systems in place that allow claims to be handled robustly but efficiently. Only a specialist claims handling system would allow this to be achieved. The system in place also had to allow for very flexible reports to be produced. Again this could not be achieved by using Excel or other generic software that was available within the Council.

A full tender exercise was carried out to select a new claims management system. After evaluation JCAD came out as the best option.

'The main distinguishing feature of JCAD LACHS was its flexibility in reporting which was a key requirement for Sheffield.

During implementation JCAD actively worked alongside the Council's team to help us achieve what was a very successful outcome.

Subsequently, JCAD have continued in the same fashion; they are always approachable and friendly. As they are a relatively small organisation we benefit from consistency in personnel.'

Diane Tomlinson
Strategic Insurance Manager



Sheffield City Council

Results

Using LACHS has allowed Sheffield City Council to:

- Implement an efficient claims handling process
- Monitor performance
- Drive down the cost of insurance claims
- Gain the confidence of the insurance market and make premium savings

In previous years the data quality both on claims and assets had been a real problem, deterring some insurers from quoting.

Sheffield now has excellent claims data and up to date records on properties and vehicles. The property module has been used to great effect to maintain current sums insured for all properties and capture additional information such as construction type and usage that insurers require.

The improvements in data quality and procedures have meant that Sheffield has been able to “market” itself confidently to insurers and non traditional insurers who are impressed with the way that the insurance function is managed and have expressed an interest in winning its business. Since 2005 premium savings of over £1Million has been realised, which can all be indirectly linked to the implementation of LACHS. As of 2011, the authority also expects to generate a further £1Million of premium savings through the use of LACHS.

The Future

The fact that LACHS is used by so many other large local authorities has made sharing of ideas and best practice easier. We continue to have regular contact with other users such as Newcastle, Liverpool, Nottingham and Rotherham all of whom are very helpful in terms of sharing their experiences. This has enabled us to restructure and redesign processes to make the best use of the LACHS functionality.

The next step for Sheffield City Council is to move to paperless claims handling, with all incoming post being scanned and saved in LACHS.

This is a massive change in culture and way of working for the team. There is still a lot of groundwork to be done to make it happen but we are confident that we will be able to make it work and generate further efficiencies and savings in the claims handling processes.

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