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Feature

A global mindset

FRANCISCO GARCIA AND KIRSTEN EARLY EXPLAIN WHY SOME SHORT-TERM PAIN IS WORTH THE LONGER-TERM GAIN WHEN IT COMES TO PUTTING TOGETHER A GLOBAL TPA PROGRAM

Four years ago, when HSBC decided it wanted to break down the silos and go global on its third party administrator (TPA) program, it turned to Broadspire for a solution. With an existing relationship in the U.S., and Broadspire and Crawford's global reach, it made sense to partner with a TPA that could fulfill the global needs of a major multinational financial institution.

The decision to centralize its approach to claims handling was driven by the desire to gain efficiencies and a global perspective on where claims were coming from. "We wanted to be able to view certain claim activity around the world, because before this point we really didn't have a full understanding of claims developments across our organization," says Francisco Garcia, head of claims operations, HSBC Technology & Services U.S. "So once we broadened that TPA, it helped us bring everything to the center."

However, for both HSBC and Broadspire, setting up a global program on this scale was not simply a case of flipping a switch. "There was a feeling that Broadspire would just step in and everything would run perfectly from day one," says Garcia. "However, because we're such a large organization and we cover so many countries it took a lot of time to fit

the pieces together and to get to the point where we feel like we have a better handle on global claims management."

A shift in approach

In the beginning, a key challenge was communicating the new approach and bringing about a change in mindset – an acceptance that claims were being handled globally, with a consistent approach across the board. "At least initially, there were some claims that were being treated as if they were local assignments," explains Garcia. "Those involved at HSBC were not aware of the global relationship that we had with Broadspire and were also not aware that there are special handling instructions and recording requirements, and that the fee arrangement is also set."

In certain regions where a TPA had not been a feature for HSBC, a cultural shift was also required. "A lot of countries were used to handing everything over to the insurance companies and not dealing with the TPA," he adds, "so some of them had a hard time understanding the relationship and what Broadspire was doing for us."

From a Broadspire perspective, it was also necessary to emphasize the global program and ensure a consistent approach from representa-

tives around the globe, explains Kirsten Early, vice president of Broadspire global accounts. “As an organization you need to be well-structured globally in order to put together a program like HSBC. You’ve got to have the right mindset across all your business units, adjusters and a global management team that can assist.”

“Part of my job is to get through to countries globally that only see a claim a year and get them to understand the global TPA model and way of thinking,” she continues. “Yes, they may only receive a claim a year or every other year, but if they don’t deliver good service on that one claim they need to understand that could cost us the much larger global relationship. It’s getting them to shift their thinking from ‘me’ to ‘we.’”

“Global programs, across every line of business, need to be serviced in the way the client has asked, and as a global TPA you have to follow claims handling instructions,” she adds. “One of the hardest aspects of managing a global TPA program is getting people into that right mindset. It’s getting every adjuster, every office, every global function across the globe to work as a cohesive unit, which requires a much broader perspective.”

“Here at Broadspire we have spent a great deal of time explaining the global TPA endeavor, so that everybody responds in the way that is expected, because that’s what we promised our client,” she adds. “It’s about having one set of protocols, one system, one service level agreement, one contract, shared pricing around the globe and one point of contact for all global issues.”

However, achieving consistent claims payment and accounting protocols is far from straightforward, explains Garcia. “In the U.S., we have a loss fund which we put money into, and Broadspire pays claims directly from that fund and bills us to replenish it. We are able to do that in the U.K. too, but we’re not able to do that in every country. So, it does become a challenge from a financing and accounting standpoint, because once we have a claim, Broadspire gets involved and we end up settling; we may then have a lengthy process of working out how we are going to pay the claim with accounting procedures that can be hard to navigate.”

Striking the right balance

Garcia believes a close partnership approach is essential to overcoming these hurdles. At the heart of the promise inherent in a global TPA program is that the TPA provider will protect the brand and values of its client, and do so in a reliable fashion regardless of where the claim is made.

“What we’re asking Broadspire to do is handle claims on our behalf,” states Garcia. “And so there has to be a strong partnership because in many ways they are an extension of us and they will be associated with our business and brand. They therefore need to understand our claim philosophies, who our claimants are and ensure they are handling claims in line with our best practices.”

From a reputational perspective, Broadspire is expected to balance HSBC’s strong approach to customer satisfaction with the ever-present requirement to contest spurious claims. “It’s essential that Broadspire fol-



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lows our claims philosophy,” says Garcia. “It’s important because we’re a bank, so we have to be very careful how we handle claims.”

“Most of the losses occur at a retail banking business level and we have to be very careful how we handle those, because the claimants are typically our customers and the relationship with the customer is very important,” he continues. “The philosophy is to make sure we listen to the customer and understand what the claim is and try to be flexible when it comes to resolving their issues.”

Contesting or over-questioning every claim that comes its way is not part of HSBC’s philosophy. This does not mean the company has an open checkbook policy, and in fact putting the customer first can help to prevent losses from escalating.

“The way to look at it is, if you handle your customer appropriately, you keep the relationship and you avoid the situation getting out of control, such as getting into litigation with the customer,” says Garcia. “That’s something we want to avoid. Unless we have a situation which is quite clearly spurious then we might look at it differently. But that rarely happens, so we’re just trying our best to balance handling a claim the way we would typically handle a claim, and at the same time trying to take care of the customer.”

As the global TPA program becomes fully embedded, Garcia hopes the company will reap the benefits of having access to centralized data. “We’re already able to see which countries have certain issues with claims and we can take it from there if we need to partner with, for example, our corporate real estate or health & safety departments to identify and improve those claims activity trends.”

“Before, we just didn’t have a clear picture of what was happening around the world, whereas now we can really see where the claim activity is and if we need to drill down into it,” he continues. “If there is a spike in claim activity we can investigate what is causing that. In the U.S. for instance, we do a lot of analytical work around workers compensation losses, because it is high volume business and the costs can be significant. We are at a point where we can dig deeper into the numbers and come up with information to help us with claims leakage.”