

Customer Service—Where Are We Today?

by Jonathan G. Stein, J.D., CPCU



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Stein brings with him more than seven years of claims handling experience. He has handled all types of claims, including first- and third-party claims. He has handled claims under numerous policies of insurance.

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In kindergarten, we are all taught the "Golden Rule": Do unto others as you would have done unto you. This is applied, usually by punishment, throughout early school years. However, as we get older and start thinking about a job or a career (Yes, there is a difference), we seem to forget the Golden Rule. Most people cannot even tell you what it is when asked. But, in claims, as in all careers, the Golden Rule is important.

I recently took a trip with my family to see relatives in Phoenix. We arrived at the airport in Sacramento, checked two suitcases, boarded the plane, and enjoyed the flight. When we arrived in Phoenix, we went to baggage claim. As our bags came off, it was very apparent that one of our bags was damaged. A well-known airline, forgetting the Golden Rule, promptly and rudely told me that it was not its fault that the bag was damaged, but rather it was the bag's fault. Apparently, the bag put a hole in itself! While I will be able to replace the bag quite easily, the airline will have to do a lot of work to replace me—the customer—simply because I was not treated as a valuable customer.

Insurance adjusters are notorious, unfortunately, for their poor customer service. When I first started law school, a survey came out and indicated that attorneys had a better reputation than adjusters. When asked why I went to law school that was my new reason! Web sites abound with stories of bad adjusters, bad service, and bad experiences. While some insureds/claimants have unrealistic expectations, the adjuster's job still comes down to a very basic concept: provide excellent customer service in the same manner you would like to receive it! This pays off not only with an easier time handling claims, but also for the long-term success of your employer. Remember, every claimant is a potential customer.

What Is Customer Service?

It used to be that customer service was not so much a selling point for

advertising, but an expected part of doing business. However, today bad customer service has become so commonplace that most of us do not even notice it anymore. Need an example? Call any large company and deal with the inhumane telephone mazes. Some of these telephone systems do not even provide an option for speaking to a real person. Yet, time after time, we call back. So, what exactly is customer service?

At base, good customer service is being nice, helpful, and honest—and most people can be that way when they choose to be that way. Customer service is constantly and consistently giving your customers what they want and need: a customer friendly process, having constant dialogue with the customer, providing what the customer needs and wants. Customers do expect good customer service.

You can use several criteria for your customer service scorecard—decrease in written customer complaints, decrease in oral complaints, more referrals generated from your current customers, and an increase in the repeat business of your current customers. Obviously, claims management is aware, or should be aware, of the number of written and oral complaints made. This information should be tracked and monitored. Thus, this is a fairly easy way to monitor and evaluate your customer service. Many carriers also have a customer satisfaction survey program that obtains direct feedback from the policyholder after resolution of a claim. Referrals and repeat business are harder for claims people to identify, but agents and brokers know where the business is coming from. By developing a good relationship with these individuals, management will be able to learn if it is getting new business due to its claims handling.

Let's face it, good customer service is no longer enough—it has to be superior, unexpected, *wow* service. This means doing what you say you will, when you say you will, how you say you will, at the price you promised—plus a little extra

TLC tossed in to say "I appreciate your business." Providing service at the superior level is now part of every adjuster's job.

Why Is Good Customer Service Important?

At its most important level, your business would not exist without customers. Customers have more options than ever before—and feel less loyalty. Thus, if customers do not like the service that they receive, they leave. Many customers have said "I was not a repeat buyer for no other reason than customer service." However, choice of the ability to take business elsewhere is usually a consumer's last option in the fight against poor service. Remember, your business is not the only game in town and your customers have the choice of giving you their repeat business, or give it to your competition.

Further, there is a connection between exceptional service and business profitability. In the insured's eyes, the Claims Department is the most important department. Remember, the claims person is most likely the only person from the company that the insured will ever meet. Adjusting the loss is only a part of the adjuster's job. Improved customer



satisfaction results contribute toward improving loyalty and retention, profitability, and new policyholder referrals. Therefore, by providing superior service in claims, the business will be more profitable and everyone in the company will benefit.

The public perception is affected by good customer service. Good claims work does not sell insurance like it once did. However, delivering outstanding customer service is the cornerstone of any truly great insurance company.

The public's perception of an adjuster's job is to reduce the claim to save money for the insurance company. People perceive, and are told, the adverse insurer is not their "insurer," and the adjuster often is not on their side. Many people believe that they will be lulled into assuming that adjuster will treat them fairly. Rude and insensitive adjusters who ignore the needs of the people are one of the most common reasons that people contact lawyers. Some in the public believe it's the sweet, empathetic adjusters who are the most dangerous because they make you forget they are the enemy. Thus, by providing good, professional, customer service, these perceptions can change.

Why Is Customer Service So Poor?

There are six obstacles to good customer service in every industry.

- First, the employee's attitude that customers are replaceable.
- Second obstacle, work that is inconsistent.
- Third, a lack of good listening skills by the customer service providers.
- Fourth, an organization-wide lack of strong commitment to customer service.
- Fifth, insensitivity to customers.
- Sixth, hiring of employees with no sincerity.

While these obstacles are inherent in every industry, most managers and adjusters have other job-specific

problems, therefore, customer service continues to suffer in the Claims Department. The problem is not just the business itself but is impacted by the lack of respect adjusters have been shown by the rest of the insurance industry. First, and most important, those of us with more than a few years of experience know that the Claims Department is seen as a necessary evil. Other departments treat adjusters as if they are of a lower class. Underwriters, agents, and others with a personal financial interest never call to congratulate you on a settlement or to recognize you for protecting the insured's interests in a potential excess claim, but, they will be the first to complain about what you pay out. The adjuster's job is to pay what is owed according to the facts, coverage, and the law, but the agent's interest is to keep payments low to maximize his profit. Likewise, the underwriter wants to show a good loss ratio for performance bonuses. We claims people all know that this does not affect what is owed under the policy and whether the settlement was a good settlement. However, we are only human and after a while, this treatment as a necessary evil effects, whether it should or not, and creates disgruntled and disappointed adjusters. Improving the professional standing of the adjuster with internal customers is as important as with external customers.

Other significant factors that impact the quality of the claim service are claims training and claim workloads. There is a decline in claims training and there are growing stacks of claims files per adjuster. The pool of knowledge becomes slightly more diluted as new, inadequately trained adjusters join the ranks. Adjusters do not receive the intense, in-house training that once was pervasive in the industry. Add to that the fact that other adjusters are busy with their own claims files, and managers have more adjusters with more claims to supervise, and it is easy to see why there is a lack of training.

In addition to not being able to assist co-workers, heavy volume creates a situation where adjusters do not have the

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time they would like to spend on each claim. Everyone acknowledges that adjusters adjudicate thousands of claims based on the terms of the policy, but with the heavy workloads, customer service continues to suffer and the public continues to fear their insurance company.

The carriers have difficulty retaining good talent and attracting new talent. Pay scales for adjusters historically do not match the scales in other segments of the industry. In addition, many people who graduate from college do not know what an insurance adjuster is or does. There are not many degree programs in this country for insurance. Thus, recruiting and retaining the best employees in a Claim Department is challenging.

All of these factors come together to create a very poor public perception of adjusters. The perception is that most adjusters function like Henry Hard-Nose—thick skinned and difficult to deal with. The public thinks that adjusters' typical tactics include interrupting their logic, being manipulative, predictably belligerent, or difficult to deal with. Finally, the public sees adjusters as unwilling to give a straight answer and unwilling to pay the loss in full. This perception of the claims adjuster and the claims process needs to end.

The Solution

The solution is easy: Fix it! Provide customers with excellent service. To do this, concentrate on these four areas: easier, faster, closer, and better.

Easier means to provide all of the necessary information to your customer in one fell swoop. Do your best to make your customers' lives easier. Provide them service **faster** than anyone else, if it is by phone, fax, e-mail, or in person. Be **closer** to your customers, not just physically, but so that your customers feel you are close. You cannot be close to your customer if your claims office is on the East Coast and you close at 2 p.m. Pacific time. Work your hours so that your physical location is irrelevant, but your customers feel



closer. Provide **better** service. Better has to be defined by each organization, but meet your customers' expectations. Do not contradict your words with your actions. That is better service.

And if you can't immediately reduce workloads or provide your adjusters with expensive training, then at least build their morale by treating them with respect and dignity so the next time they answer the phone they will do so with a smile on their face.

Fix it and then brag. Brag to everyone including insureds, agents, brokers, underwriters, auditors, actuaries, managers, the Board of Directors, and the media. As insurers focus on customer service, they need more positive press. Every other industry brags about J.D. Powers awards for service. When is the last time you saw an insurer doing this?

Conclusion

The best investment in our future is quality, superior customer service. If you want to provide the best customer service in the world, then start spreading the word and delivering on it. Everyone complains about good customer service, but no one seems to want to step up and provide it on a consistent basis. Superior

customer service can be the competitive advantage that puts your company in the forefront.

What is the payoff? If someone at the well-known airline I referenced previously had provided good customer service instead of summarily dismissing me, this article would have needed a new introduction. Instead, every person who reads this now hears about a bad incident associated with a well-known airline. You do not want your name to be associated in an article or on a web page with an incident like this. So provide your customers the service that they deserve and then read the good things that they have to say. One single negative contact can ruin your reputation in the eyes of not only that one customer but everyone he or she knows as well. After all, word of mouth works both for you and against you. ■