

Business Improvement in Insurance Claims at Nationwide Building Society



Lanner and Nationwide Business Consultancy (NBC) have a strong record of collaborating to produce tangible business benefits for Nationwide Building Society going back a number of years. A recent example of this is the successful implementation of new operational practices within the Nationwide Household Insurance Claims Department at Northampton, following recommendations from a review that was project managed by NBC and supported by Lanner.



The objectives of the review were to increase operational efficiency and improve customer service within the existing headcount. Proposals by NBC included the requirement for a smaller telephone based team dedicated to registering new claims and a restructuring of the claims processing teams. This would mean improved customer service to new claimants and increased ownership of current cases by introducing personal and immediate service without the need for delay (avoiding claims being handled by many different Advisers and unnecessary callbacks).

“The model and the support from Lanner enabled the avoidance of any significant teething problems in the implementation of the new operations. A demonstration of the model to the project sponsor (and the new underwriter) helped build everyone’s confidence in the changes and contributed strongly to the success of the project.”

Tony Sighe
NBC Project Manager
Nationwide

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- Company — Nationwide Building Society
- Industry — Banking & Finance
- Application — Business Improvement
- Benefit — Process time reduced from 60 to 21 days

Implications

Nationwide Household Claims services a large number of policies, with thousands of claims in progress at any one time. Clearly, any operational changes within the Department would have a big impact and therefore carry a high degree of risk. On top of this, Household Claims were undertaking a change of underwriter for their buildings and contents insurance, involving new business relationships, new processes and an entirely new claims system. This led to concerns from staff and managers within Household Claims, and required a high degree of clarity and confidence around the proposals put forward.

NBC had foreseen the likelihood of these concerns and had engaged Lanner at an early stage in the project to overcome just such an eventuality. NBC and the client required assurance that the proposals were valid and that efficiency and customer service could be improved within the existing headcount. Lanner was able to simulate this vision of future working practice, removing uncertainty and enabling increased client confidence to gain valuable buy-in to the implementation of the proposals.

The Solution

Lanner's leading-edge simulation software package WITNESS harnessed to Business Performance Improvement modelling and consultancy expertise provided the answer. Working closely with NBC Project Manager Tony Sighe, and the project team, consisting of members of the Household Claims Department's Management Team, Lanner designed and built a WITNESS model of the proposed operational configuration.

The model was constructed to utilise an Excel spreadsheet front-end to handle data input.

This means the user can alter input parameters (e.g. call profile, post/fax arrivals, activity duration's, number of teams, case allocation, staff shifts, coffee breaks etc.), run simulation experiments and gain results without being a WITNESS expert. Outputs from the model included: Telephone Service Factor (TSF) performance, claims registered, staff utilisation and outstanding claim volumes.

The Value of Knowing

Following a series of experiments with the model, NBC and Lanner were able to present results to staff and managers demonstrating how the proposed operational changes would work. "The level of detail that went into the simulation helped the belief that every effort had been made to get it right. The use of people's names to form the new teams and the visual aspect of the model showed how the future would actually look. The model added a whole extra level of confidence for managers and staff." says Tony Sighe.

Overall improvements included the TSF target of 70% raised and accommodated to a target of 90%, average processing time reduced from 60 to 21 days, improved decision making and reduced hand-offs to Loss Adjusters. The generation of claims backlog could also be predicted and pro-actively managed down.

The completed WITNESS model also provides the means for further simulation experiments within Household Claims e.g. resource planning for future demand, storm planning, alternative shift arrangements etc. This will enable Nationwide to ensure future operational efficiency, maximise customer service performance and get sustained value from the WITNESS model.

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