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Emotional Intelligence in Claim Handling

What is emotional intelligence?

Definition

Emotional intelligence is the capacity for recognizing our own feelings and those of others, for ourselves, and for effectively managing our emotions in ourselves and our relationships.

Where emotions come from

Most of us believe that emotions are caused by events, or by other people. Emotions are actually caused by our interpretations of events. It's not about what actually happened, but about how we view what happened. Those interpretations are often so quick that we're not even conscious of them. Emotions are automatic reactions to previous value judgments. They're not based on the situation at hand, but the sum of your previous experience, good and bad. We decide how we react in a certain situation. No one "makes" us behave in a certain way.

Personal competence vs. social competence

There are two personal competence components: self-awareness and self-management. Self-awareness is accurately identifying your emotions. Self-management is managing your emotions and behaviors to create a positive outcome.

There are two social competence components: social awareness and relationship management. Social awareness is accurately identifying the emotions of others with whom you are interacting. Relationship management is managing the interactions that you have with others and creating positive outcomes.

How accidents happen?

Why workers violate rules and safety guidelines

Following industrial accidents the question of “why” is preeminent. Investigators ask what happened, where and who but do they measure the emotional intelligence of the parties involved? We need to ask why a company rule was violated, why were safety policies ignored and why employees ultimately put themselves ahead of the goals of the organization. In order to answer these questions we must take the measure of the EI of the workplace, the supervisor and the task to be completed by the injured party. The answer lies in determining the collateral impact of the actions of the employer before and following the injury. To do this the elements of self-awareness, self-regulation, motivation, empathy and social skills must be assessed and training initiated.

Why workers put self-interest above organizational values

Do workers always put self-interest above organizational values? Arguably this depends on the event triggering the employee’s response. In a case such as an industrial injury the trigger is likely to be survival. This is an immediate response to an unexpected and often painful event. The response will likely be sadness, anger, fear or shame. The intensity of this response will be shaped by personal history. The key is for the risk professional or insurance provider to spot the triggers and deal with them with a sufficient degree of EI and practice fairness of process.

How emotional intelligence applies to claim handling

Empathy vs. emotional intelligence

Empathy is defined as the ability to understand and share the feelings of another. While empathy can be a part of emotional intelligence, emotional intelligence is a lot broader than empathy.

Empathy fits into the category of social awareness. Empathy does not encompass the three other components of emotional intelligence competence: self-awareness, self-managements, and relationship management.

In order to successfully engage in emotional intelligent behavior, you will be required to not only understand the feelings of others but correctly identify what emotions the feelings of another may stir in you and manage your own resulting behaviors. You must also manage that interaction you have with the other person to create a positive outcome. All four components must be employed.

Emotional intelligence considerations, respect, and maintaining self-esteem

Respect drives good results. Lack of respect creates relationship failures. Recognizing personal and social competency can create an environment where respect

of others comes easily. To succeed the best strategy is to explore self-management and self-awareness. By doing so we can put ourselves in a position whereby we manage people's moods and behaviors to create solid relationships based on respect.

Who are your customers?

Claimant

The workers' compensation claimant, or injured worker, is the customer of the policyholder/employer, the insurance carrier or TPA, and the defense attorney. Each of these parties interact with the claimant in distinct ways but in each case, the interactions are impactful and directly affect the outcome, positive or negative.

In nearly all cases, the injury suffered by the claimant will have far reaching impacts into all areas of the claimant's life: health, family, financial, psycho-social. Being empathetic to the claimant's situation is a good place to start. Consider what the claimant may be thinking or feeling.

Particularly in claims where the claimant is not represented by counsel but a defense attorney has been retained, the attorney would be well-served to apply emotional intelligence skills along with the basic principles of fair dealing. A defense attorney should behave as trustworthy to not only his or her own client, but to opposing parties.

The policyholder/employer is the customer of the insurance carrier or TPA and the defense attorney. The policyholder/employer, depending on their historical claim frequency or severity, may have many questions about the claims process. Additionally, the policyholder/employer may have significant emotions attached to the claim and the events leading up to the claim. There may be concerns regarding the safety of the workplace, impact to company performance due to the claimant being out of work or how co-employees react to the accident, or suspicions surrounding how and when the accident happened.

Initially it the job of the claim adjuster to help the policyholder/employer understand the claims process, gather information necessary for adjustment of the claim, and keep the policyholder/employer advised as to changing circumstance throughout the life of the case. This applies no only to the potential financial impact to the policyholder/employer but the time and resource commitment that may be necessary to see the claim to closure.

Regarding the defense attorney not only are fiduciary obligations owed to the policyholder/employer, but basic emotional intelligence principles apply as a best practice. Depending of the level of sophistication of the policyholder/employer, varying

levels of reporting and client education may be necessary. Helping the policyholder/employer to understand the local legal landscape is vital.

The insurance carrier or TPA is the customer of the defense attorney as well. Frequently the relationship between the insurance carrier or TPA and the defense attorney is an ongoing one, throughout the lifecycle of many claims with various policyholders/employers. The defense attorney not only owes certain fiduciary obligations to the insurance carrier by virtue of the tripartite relationship, but beyond those obligations will find more success in those long-term relationships employing emotional intelligence skills.

How emotional intelligence in claim handling matters

Financial impact

In most claim organizations, claims that are litigated cost more and are open longer than those that are not litigated. While not all litigation can be avoided, and some should not be avoided, there are opportunities to limit otherwise unnecessary litigation through the use of emotional intelligence.

Claim adjusters have the most opportunity to interact with claimants. These interactions, no matter how brief, can influence a claimant on whether to retain counsel. If a claim adjuster does not take the time to monitor his or her own emotions and respond in a way that will lead to a positive outcome, it may lead to distrust between the claimant and claim adjuster. If the claim adjuster is aware of his or her own emotions but does not understand the emotions of the claimant, the claim adjuster may not be able to manage the relationship to a positive outcome. The claim adjuster should not make assumptions about the claimant's wants or needs. Ensuring an open line of communication will build trust and lead to better outcomes. Where unnecessary litigation can be avoided, this will lead to less paid overall on claims and a shorter claim lifecycle which will directly impact the financial bottom line of the responsible party, whether the insurance carrier or policyholder/employer.

Reputational impact

Each claim organization, whether it be an insurance carrier or TPA, or a self-insured employer must determine what reputation they wish to have in the marketplace. The reputation of an insurance carrier, TPA, or self-insured employer will often be the first impression of the claimant. Word can spread around the workplace of how claimants are treated when they are injured and how their claims are handled. The reputation of the insurance carrier, TPA, or self-insured employer will also be known to the legal community, including claimant's attorneys and judges. Reputation can also affect how an insurance carrier or TPA is viewed in the marketplace, their ability to cultivate new business, maintain existing business, and how they are viewed in the media or as a brand.

Building an emotionally intelligent organization

Creating a culture

Culture can spread in any direction, but in many organizations, the culture spreads top-down. The behavior of organization leaders is modeled by other employees and that behavior provides clues to employees as to how certain behaviors will be tolerated. Creating a culture of service and remembering why insurance carriers or self-insured programs exist, that is, to pay legitimate claims, can help members of any claim organization remember the purpose of their very important role.

Training employees and skill building for those involved in claim handling

Does all out adversarial behavior create better outcomes? Probably not. Training employees in emotional intelligence is likely to create the preferred results. What does it take to train and build the skills of those involved in the claims process?

The injured worker faces the unknown. The trigger point examples of fear, loss, shame, anger and sadness which may follow an industrial injury must be dealt with by an emotionally competent claims professional. In short, the claims person must understand the other person's response and behavior and act accordingly. To succeed the party not facing the emotional crisis must be able to apply social competencies, personal competencies, social awareness, self-regulation and self-expectations.

To develop social competencies the claims professional must be able to express the need to recognize the other person's feelings. This includes applying a fair process to the claim. There must also be clear ability to influence, communicate and seek conflict resolution when necessary.

To establish and develop personal competencies training one must follow thought with emotional awareness, self-control and adaptability training. In this way the role of claims professional best serves all stakeholders.

Perspectives

Policyholder/employer, insurance carrier/TPA, and attorney perspectives

Each of these parties hold different pieces to the same puzzle. Emotionally intelligent behavior across each of these roles in the claims process should be employed to produce optimally positive results.