

Early Injury Claim Resolutions—“First Call Settlements”

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Introduction

Early claim resolution (or “first call settlement”) of injury claims is not a new concept, but it is one whose importance is increasing every day with the rising costs of medical care. The primary benefit of early claim resolution is to limit the exposure on a claim, and the most important part of the process is the “first call” portion.

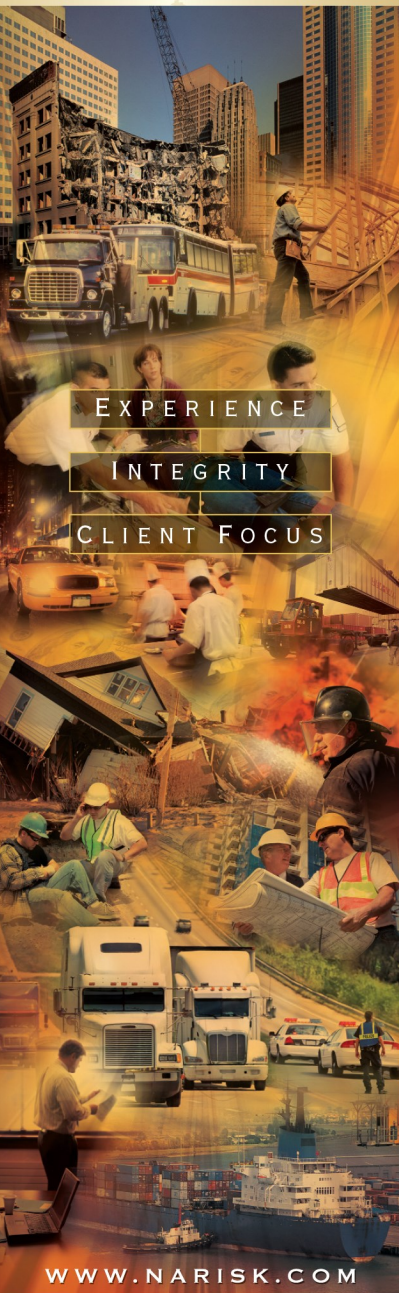
Background/Problems

Advertising from personal injury attorneys and medical providers is prolific, and increasing. Their billboards line the highways and streets. Catchy television jingles entice clients in with phrases like “In a wreck, need a check?” Many solicit clients with cell phone applications for one touch contact and offer to come to the scene of an accident. This constant bombardment has left a skewed impression in the public’s mind of their need for an attorney after an accident, and the compensation they are entitled to.

Common sense would indicate that if you are hurt in, you would see a doctor. Depending on the severity of the injury, you might be transported from the scene of the accident to an emergency room. Most injuries in auto accidents are strains/sprains, or “soft tissue” types of injuries that would normally resolve (even without treatment) within a couple of months. If the pain persists, one could reasonably expect follow up care with a physician and further treatment as directed.

Once a personal injury attorney or a medical provider specializing in auto accident treatments becomes involved, a common sense approach to an injury and treatment will usually not apply. Attorneys will often direct claimants to providers (such as chiropractors and physical therapy offices) they have relationships with. The treatments performed by these providers may not be medically indicated by the nature of the injury, or treatment may extend long beyond a therapeutic period. Charges may be higher than the usual and customary rates, and/or billed on liens with the attorney to prevent reductions in charges by a health care plan.

A report from the Insurance Research Council documents that from 2005 to 2013, the average cost paid per BI liability claim increased by 32.1 percent, from \$11,738 to \$15,506.00 (Corum, 1). While some of the increase in severity may be attributable to inflation, this increase is more than double the inflation rate over the same time



period. Representation by attorneys, inflation of charges, and treatments rendered that aren't medically necessary likely account for the remainder of the increase in severity.

Solution

As claims professionals, our first contact with a claimant is the most important. In that contact we establish a rapport, set expectations, and qualify the nature of the event and damages. Usually the claimant has just been involved in a traumatic event, and may have preconceived notions (set by injury attorney advertising) that insurance companies are out to take advantage of them. They may be predisposed even before that first call to retain counsel, whether it's from distrust, lack of knowledge, conditioning, or motivated by financial gain.

To make the most of that first contact, the best things a claims professional can do are to listen, explain, and assist. While this paper is about first call settlements, the settlement is just a part of the first call. If, by the end of the call, the claimant feels they have been heard, has an understanding of the claims process, and trusts the adjuster, a large number of claims can be averted from going to counsel. This will lower cycle times, claims costs, improve quality, and improve customer service.

Looking at the claims process holistically, an early resolution of an injury settlement is one part of good claims handling and customer service. Once coverage and liability have been established, damages need to be resolved. The settlement of an injury claim can be as expedient as resolving a property damage or rental claim, if caught early. Depending on the severity of the impact, the nature of the injuries being claimed, a first call settlement may range between \$250.00 and up to \$1,000.00. This range can be inclusive of medical bills, or could be done as an open release for general damages plus incurred medical specials with a cap on dates of service or amount. Even if there is a questionable causation for injury, or the skepticism from the adjuster, a first call settlement (even at the high end) represents a savings of 10 to 15 times the cost of a claim that goes through the process of being worked up by an attorney or a medical provider.

Conclusion

In most circumstances it is to a carrier's benefit to resolve an injury (or a possible injury) claim as quickly and fairly as possible. While it may seem counter-intuitive to make first call offers of settlement on potential injury claims from an economic standpoint, in the long run it is the best course of action as these settlements cap the exposure on claims, reduce cycle times, and result in a lower average incurred on files.

As a third party administrator of claims, North American Risk Services, Inc. (NARS) is conscious that our adjusters represent the public face of our clients when interacting with the public. We pride ourselves on our customer service, depth of insurance and claims knowledge, and our ability to assess and limit exposures. The NARS claims staff is highly qualified and have the hard skills needed to identify early resolution



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opportunities, as well as the soft skills needed to negotiate and effect those settlements. Having identified these settlements as a priority, NARS tracks and maintains metrics on these types of settlements, and trains new staff to that standard to effect prompt, fair, and equitable settlements for claimants

ABOUT THE AUTHOR

Peter Vrooman is a Unit Manager at NARS with 18 years of insurance claims experience in the fields of Transportation, General Liability, Property, and Workers' Compensation. He has worked for national third party administrators and carriers, including GEICO, CSAA, and Crawford and Company. He has a B.A. in English Literature, and multiple professional designations. Based in our Las Vegas, NV office, he oversees transportation claims in the western half of the United States. [Connect with Peter on LinkedIn.](#)

Work Cited

Corum, David. "Auto Injury Claim Severity Pushes Insurance Claim Costs Higher" *insurance-research.org n.d. Web. 15 Oct. 2015*

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