

ARE CLAIMS HANDLING PRACTICES...

Tim Karlstad

Marshall Investigative Group

I have been in insurance claims for approximately 25 years. When I was 2-3 years in and met people with 20-plus years, I never considered I would get to this point. Not because I did not want to stay in the industry, but 20-plus was a number I had never done anything that long but be alive.

From my first week in investigations to just last week, one thing has remained constant: frustration across the industry to battle minor claims that are not a high dollar but are concerning. These claims linger in a cost-to-go-away versus the cost-to-defend abyss. There is a large population of claimants who are perfectly happy with this environment. They follow a formula - make a claim, accept a minimal amount of settlement and then wash, rinse, repeat. These claimants know how to work the system, and there are plenty willing to scheme along with them.

Are we okay with this?

The converse of those claimants is a population of claims professionals, some with 25 years under our belts, who have seen senior mentors retire with the lingering frustration they could do nothing about those working the system.

So, what are we going to do? With our

society observing more questionable claims and fraudulent actions exposed across many landscapes, we all know this: we have had the desire to defend more. Finding the truth under all the noise is more of a priority across all claims than ever before, and it is about time.

Statutes, case law and jurisdictional issues impact claims, but I offer another factor: decades-old claim-handling practices. Are practices keeping up with the opportunity this current climate gives us?

What do I mean by claim handling? For the purposes of this article, this means evaluating the merits of a claim and then being able to defend by using the weapon of information and knowledge against the other side.

Much focus and resources are put into catastrophic claims for obvious reasons. Handling catastrophic claims is an all-hands-on-deck job to mitigate and attain fair outcomes, and I love being involved in those claims.

That said, I want to focus on the claims deemed “minor” in nature, whatever that may be at your respective company. If you are a defense attorney, you have countless cases originating from a minor claim. More

professionals touch these claims to keep the paper moving, but that process is what creates the opportunity to work the system for claimants. These are not high dollars individually but are worth focusing on because we can mitigate minor claims better than ever.

I will outline some decades-old practices and present some real options with arguably more meaningful results to impact a minor claim.

HANDLING PRACTICES THAT MAY BE FAMILIAR

- Initial payments: Hoping to resolve claims by covering low-dollar thresholds even on frequent/repeat claimants.
- MIST/LIST Claims: Minor incidents, wait and see, then demand comes months/years later, blindsiding you.

A COUPLE OF TRADITIONAL STEPS IN CLAIM HANDLING ONCE A SUIT IS FILED

- Independent Medical Exam (IME): Favorable medical opinion, encouraging litigation, to

... KEEPING UP WITH THE TIMES?

battle the other side's favorable medical opinion.

- Depositions: Go into a deposition and see what comes out, then react.

APPROXIMATION COSTS ASSOCIATED WITH THE ABOVE

- Low-dollar thresholds: \$2,000-\$5,000. Pay them, and I hope it goes away.
- MIST/LIST claims: Set minimal stat reserve based on company guidelines and wait.
- IME: \$2,500 - \$3,500
- Depositions (1): \$1,800-\$2,500

Minor claims traditionally do not consider outside investigative services because of low payments, no letter of rep or demand, no need for IME, and not considering a deposition. Then, only after any of that occurs are outside investigative services contracted.

At Marshall Investigative Group, we recommend services on the front end of minor claims to position yourself for confident handling without provoking litigation and potentially exposing questionable claims.

ACTIVITY/BACKGROUND CHECK: Provide a report about the claimant and what might motivate the claim.

INTERNET PRESENCE REVIEW: Identify and capture internet content, not only to evaluate at the time but if this is a "wait-and-see" claim, in 10 months, everything may be deleted.

SKIP TRACE/LOCATE: Do you know where your claimant resides? More importantly, do you know where witnesses reside? Before you close out that minor claim and hope nothing comes of it, do you know where your witnesses still are/plan to be?

These investigations enhance traditional claims handling, allowing you to reserve more accurately, be confident in closing out an idle claim, prepare to make payments, discuss settlement, schedule an IME, or go into a deposition.

I always believed it essential to develop something in a claim a plaintiff attorney cannot simply duplicate and counter. If you make a minimum payment/offer, they can counter with high demand. You could be blindsided if you wait and see what comes

from even the most minor claim. When you conduct an IME, deposition, or expert opinion, the plaintiff will do their own.

I cannot stress more the importance of obtaining the correct information that gives you the knowledge to assess the merit of your claim. That knowledge can only be achieved by doing an investigation. Investigations can become the game-changer and, in some cases, the best way to use your resources.



Tim Karlstad, director of research, joined [Marshall Investigative Group](#) in 2015. He has been in the claims investigation field since 1999, working within law firms, TPAs and corporate risk management. Tim has been working with USLAW member firms and their clients since 2009. He holds a degree in criminology/sociology from the University of Minnesota-Duluth.