



DAC BEACHCROFT

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INFORMED INSURANCE
JUNE 20**24**

TRAUMA

TAKING ACTION ON SECOND-HAND TRAUMA IN INSURANCE

CRITICAL CERTAINTIES

AN INTRODUCTION TO OUR LATEST THOUGHT LEADERSHIP: **CRITICAL CERTAINTIES IN AN UNCERTAIN WORLD**

One of the key objectives of our Informed Insurance thought leadership has been to focus on critical uncertainties - those potentially disruptive challenges that loom on the far horizon of everyday business but have the potential to fundamentally reshape the world of insurance.

When we published our scenario planning tools just four years ago, our map of critical uncertainties aimed to encourage the industry to focus on these growing future challenges. Today, many of these distant uncertainties are in fact part of our day-to-day life. Artificial intelligence, the rise of political violence, the pressures of social inflation and the need to prioritise the mental health of staff, especially those dealing with traumatic claims, are now critical certainties. The impact extends to all boardroom agendas as a myriad of resulting new regulations increases the level of responsibility placed on business leaders.

The rapid pace of change and the dramatic impact of these critical certainties will themselves create new uncertainties. Our aim through Informed Insurance is to give you the insight to face such challenges and opportunities with confidence.



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TAKING ACTION ON SECOND-HAND TRAUMA IN INSURANCE

How can insurers best look after claims staff exposed to distressing cases?

The insurance industry is becoming increasingly aware that the claims it deals with can be distressing and traumatic for its staff: death, severe injury and threats of violence can all be part of the day job.

A recent report from the Chartered Insurance Institute's New Generation Group has highlighted how deep the wound goes.

The report's preamble states: "This is an issue which has perhaps been overlooked in insurance, despite claims handlers and loss adjusters sometimes being required to handle distressing material to support vulnerable customers. Improving available support for these employees is vital if we value their own well-being.

"Second-hand trauma can be defined as exposure to claims that involve distressing circumstances or outcomes, which could negatively impact a claims professional's well-being, whether temporary or long-term."

It is no coincidence that this is being raised at the same time as focus is also moving towards the social issues under ESG.

Definition of distressing claims

Part of the problem stems from there being no fixed definition of what constitutes a distressing claim and that everyone is different and will respond uniquely to different circumstances.

The report suggests the following as potential examples:

- Viewing images of, reading witness statements from and/or dealing with claimants who have suffered life changing injuries.
- Handling major losses where the claimants have lost their home, all or the majority of their belongings, or suffered an irreparable impact to their business.
- Managing vulnerable customers and/or delivering unfavourable decisions which may lead to extreme economic distress for the claimant.
- Working in a class of business which may cause you to relive a past experience, for example a serious car crash, violent robbery, or an accident on holiday.

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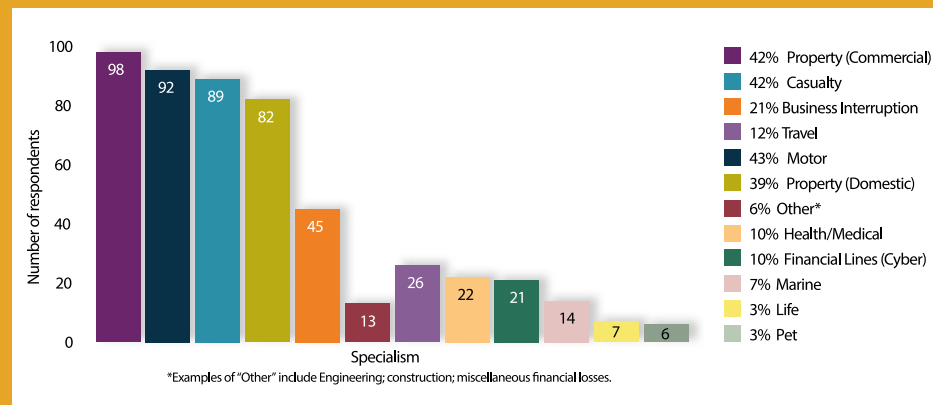
Isolation is a key driver of negative outcomes and, while everyone is affected in a different way, it is important for employees to be able to identify and discuss distressing claims, for managers to acknowledge it may be a problem, and for both to work together to find a solution.

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Survey results

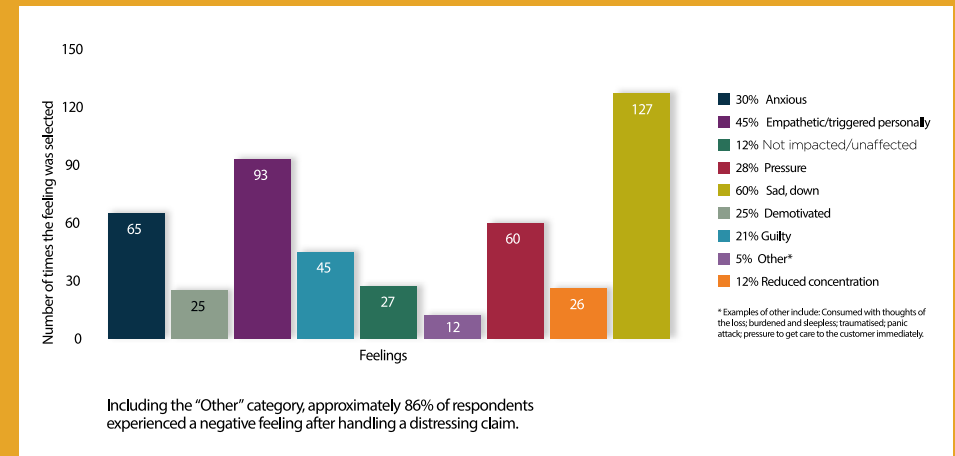
To produce the analysis, the New Generation Group surveyed over 250 claims professionals. Of these respondents, 210 said they had been exposed to distressing claims. Furthermore, 32% of respondents stated they had been exposed to distressing claims for longer than 22 years.

The results show exposure to traumatic claims across all lines of business and particularly within Property, Motor and Casualty.



It also reveals just how extreme some of the circumstances can be. Claims handlers have been threatened with murder by angry policyholders; had to help people who discovered the deceased body of a close relative; heard about suicides; seen images of deceased people, and regularly deal with claims involving upsetting fatalities. Around 86% of respondents reported a negative emotional response when dealing with distressing claims – these emotions included anxiety, feeling down or sad, and guilt, along with pressure to help the claimant and feeling personally triggered by the situation.

The majority of respondents who were impacted by handling distressing claims suffered reduced job satisfaction and enjoyment and considered a career change, with productivity also affected. Again, this is crucial at a time when talent attraction and retention is a key focus in the industry.



Shauna Hopkins, Business Change and Readiness Analyst at RSA, and member of the New Generation Group that carried out the research, points out: "Claims handlers must also provide empathy. They have to balance providing empathy with delivering coverage information or claim information and making claim decisions. I think that can be a really big challenge."

A duty of care

Fiona Gill, partner and health and safety expert at DAC Beachcroft, commented: “We are involved in many cases involving deaths and serious injuries, often in traumatic circumstances. This can have an impact on our colleagues and we have a duty of care in relation to their wellbeing.”

There is an urgent need for support by employers. 78% of the survey’s respondents answered that their employer has not taken steps to identify, prevent or manage instances where second-hand trauma could arise. 54% said their employer does not provide specific support for distressing claims.

Additionally, while 91% of respondents said they suffered from stress or mental health problems from handling distressing claims, only 44% felt comfortable disclosing this to their employer.

Hopkins adds: “[I was surprised by the] lack of awareness compared to other industries, such as the emergency services. There is an assumption that it is ‘part of the job’ to cope with symptoms and the impact on wellbeing.”

Clare Hughes-Williams, a professional risk partner at DAC Beachcroft, points out that vicarious trauma also affects legal teams and welcomes the move by the Solicitors Regulation Authority which recently updated its Code of Conduct to include regulations governing work place environment. She notes that these regulations underline the duty that law firms have to support their teams, which will include dealing with traumatic circumstances, and suggests similar regulations might help the insurance sector.

Youth voice

The experts agree that younger voices in both insurance and legal sectors are speaking out and changing how managers and companies need to assist staff in addressing distressing claims.

Hopkins says: “Younger employees may be more familiar with mental health impacts. They may be able to encourage their colleagues to talk about wellbeing rather than just accepting it is part of the job.”

Gill adds: “It’s encouraging that people are more willing to talk about these issues. It is something we support as part of a healthy work life balance.”



Recommendations

The report makes several recommendations for insurers to support staff and protect themselves from claims. It encourages an AAA response structure – acknowledge, articulate and approach.

This mirrors advice provided by DAC Beachcroft's employment practices liability specialist and partner, Louise Bloomfield. She explains the firm handles a number of employment tribunal claims which are often borne out of mental health issues and their management. For her, it is clear that: "Isolation is a key driver of negative outcomes and, while everyone is affected in a different way, it is important for employees to be able to identify and discuss distressing claims, for managers to acknowledge it may be a problem, and for both to work together to find a solution."

Hughes-Williams agrees, noting that team culture plays a huge role in managing this problem. "The first line of defence is a collegiate team structure," she explains.

Additionally, managers must be aware of claims which may impact certain staff and, in addition to assessing if they are intellectually capable, must consider if they are also psychologically capable of coping with dealing with them. "In terms of key actions, it's all about encouraging people to speak up, knowing your employees better and what their triggers might be and agreeing ways to manage these. If someone's mental health issues meet the definition of being a disability under the Equality Act 2010, then employers have a duty to make reasonable adjustments to support the employee," Bloomfield advises.

She also suggests firms should go further than having an "anonymous" employee assistance line and create teams of trained Mental Health First Aiders. This is something which DAC Beachcroft has put in place as part of its DACBeWell initiative. The firm is also a signatory of the Mindful Business Charter.

Other actions include actively monitoring employees working on claims that have been flagged as distressing, Gill details: "Our team structure allows colleagues to support each other, and where possible no lawyer will work alone on a case involving distressing features. We are also very careful about the language we use when discussing these cases"

Bloomfield adds: "There could also be a limit to how many distressing claims staff can manage before they are rotated away to simpler or more routine claims. Additionally, managers should have proper mental health training so they can spot the signs."

Insurers could see themselves at the sharp-end of employee litigation if they fail to adopt practices that protect their staff from the impact of traumatic claims. It would be a real success story if the CII report recommendations were to be adopted widely across the industry.

TRAUMATA

The New Generation Group recommends:

1. Proactively ensure your organisation is aware of second-hand trauma.
2. Encourage employees to talk about their claims with colleagues, managers or counsellors.
3. Ensure potential employees understand what the role entails and the support available for distressing claims at recruitment stage. Alongside this, provide appropriate training showing employees how to deal with vulnerable customers, for example, how to deal with a suicidal customer.
4. Develop a culture of openness which does not penalise employees who are experiencing second-hand trauma.

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With thanks also to the full CII New Generation Programme Claims Group that produced the 'Traumatic and distressing claims' report.



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