



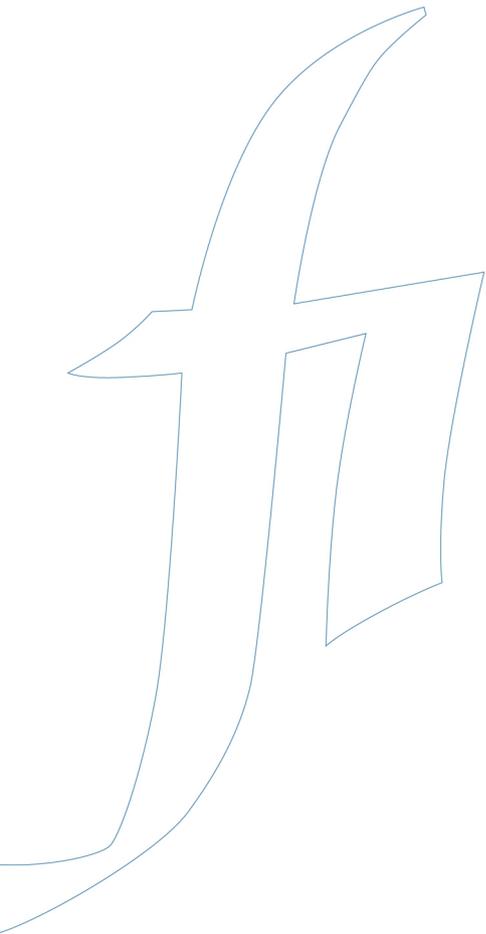
**FINANSINSPEKTIONEN**

# Personal Injury Claims Handling – A Follow-Up Review

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11 April 2019





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## Foreword

The Swedish Government decided on 15 March 2018 to task Finansinspektionen (FI) with reporting the measures it has implemented on the basis of FI's previous report to the Government on personal injury claims handling ("Skadereglering vid personskada"), which was published on 15 December 2017.

In this report, FI describes its follow-up activities, the results of these and what action FI is planning to take in future.

Stockholm, 11 April 2019

Erik Thedéen  
Director General

## Summary

Insurance undertakings have taken steps to develop IT systems, customer communication and quality assurance since FI published its previous report on personal injury claims handling in 2017. FI presents the results of its follow-up activities in this report.

FI received an assignment from the Government on 15 March 2018 to refer back to the report published in December 2017 on personal injury claims handling (“Skadereglering vid personskada”, only the summary is available in English) and present the measures FI has taken since then. FI had identified in that report a number of areas for improvement related to personal injury claims.<sup>1</sup> The Government highlights several of these areas in the new assignment: claims handling, competence, IT systems, information provided to injured parties and quality assurance. FI had also proposed in the report that the Government should investigate how and where to establish supervision of medical advisory services. The issue of medical advisory services is not included in the new assignment and therefore is not included in this report.

To complete the assignment, FI utilised a survey and follow-up interviews with ten undertakings and Insurance Sweden to ask about taken or planned measures within the areas mentioned in the previous report.

The surveyed undertakings have implemented a varying number of measures, in particular with regard to IT systems, customer communication and quality assurance. The undertakings take the position that the measures, which both streamline and simplify the claims handling, are in part the result of ongoing improvement projects.

According to the undertakings, both technological development and simplified handling techniques such as direct or accelerated claims handling,<sup>2</sup> have made it possible to release staff to carry out other tasks in the claims handling process.

Almost all undertakings responded that they are in the process of improving their communication with injured parties, both in terms of guidance when an injury is reported and in written communication. The undertakings also describe how they ensure on an ongoing basis, for example through further training, that their staff has the right competence for the tasks being managed.

Insurance Sweden is updating its guidelines within the areas of the assignment and provides examples of changed methods of working and quality assurance.

FI makes the assessment that the changes to the undertakings’ IT systems facilitate correct and uniform handling of claims. IT systems

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<sup>1</sup> Finansinspektionen “Skadereglering vid personskada” [Personal Injury Claims Handling] 15 December 2017, FI ref. 17-540.

<sup>2</sup> The insurance undertakings use both terms for simplified forms of processing claims.

also improve opportunities for quality assurance, follow-up and analysis. FI takes the position that it is crucial for affected undertakings to prioritise the measures required to modernise the IT systems. Otherwise, it may take much too long for the measures to have a full impact on the claims handling process.

FI takes the position that both of the Government assignments have drawn attention to personal injury claims handling and, together with the measures already under way in the insurance industry, played a role in the developments related to this area. FI considers the industry's initial efforts to be positive, particularly given the short period of time that has passed since the previous report. FI will continue to follow developments in this area and adapt its supervision to changes in the insurance industry.

# Introduction

In this assignment, the Swedish Government has highlighted certain areas that Finansinspektionen (FI) addressed in the previous report. These areas are claims handling, competence, IT systems, information provided to injured parties and quality assurance. FI has posed questions within these areas to a selection of insurance undertakings and branches as well as to Insurance Sweden. Supervision of medical advisory services is not addressed in this report.

## BACKGROUND

In May 2016, FI was tasked by the Government with surveying and analysing personal injury claims handling. This assignment pertained to insurance undertakings' processes and procedures, internally and in review boards. The aim was to clarify whether the undertakings are maintaining good insurance standards in their handling of personal injury claims. FI submitted a report on this assignment to the Government in December 2017.<sup>3</sup> FI concluded in that report that the handling of personal injury claims was largely working well but that there was room for improvement. FI's position was forward-looking and focused on continuous improvements to personal injury claims handling. The intention was to conduct a subsequent follow-up of personal injury claims handling as part of FI's ongoing supervision and through dialogue with the insurance industry.

## ASSIGNMENT

In March 2018, the Government gave FI a new assignment within the field of personal injury claims handling (Appendix 1). This assignment includes reporting on the follow-up activities FI has conducted, the result of these and what further action FI is planning on the basis of the previous report. The Government highlights some of the areas for improvement that FI identified in the previous report. These areas are claims handling, competence, IT systems, information provided to injured parties and quality assurance.

## IMPLEMENTATION

### Method

Considering the short time that has passed since the last report, FI has chosen to send a simplified questionnaire to eight Swedish insurance undertakings and two foreign branches in Sweden as well as to the trade organisation Insurance Sweden's Personal Injury Committee (PSK).<sup>4</sup> The questionnaire contains questions about what measures the insurance undertakings, branches and PSK have implemented since

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<sup>3</sup> Finansinspektionen "Skadereglering vid personskada" [Personal Injury Claims Handling] 15 December 2017, FI ref. 17-540.

<sup>4</sup> The selected undertakings are AFA Trygghetsförsäkringsaktiebolag, Dina Försäkring AB, Folksam ömsesidig sakförsäkring, Gjensidige Forsikring ASA Norge (Swedish branch), Försäkrings AB Göta Lejon, ICA Försäkring AB, If Skadeförsäkring AB (publ), Landstingens Ömsesidiga Försäkringsbolag, Länsförsäkringar Göteborg and Bohuslän, Protector Försäkring Sverige branch of Protector Forsikring ASA Norge.

the previous report within the areas mentioned in the assignment, what measures are planned and the schedule for these. FI has then followed up the responses to the questionnaire with interviews. The purpose of the interviews was primarily to establish how the undertakings and PSK have understood the questions in the questionnaire and to ensure that FI has understood the responses correctly. FI has not scrutinised any case documentation or any IT systems as part of this follow-up review.

The role of medical advisers was among the matters included in the previous Government assignment. In its report, FI also proposed that the Government investigate where and how it should establish supervision of medical advisory services. The issue of medical advisory services is not included in the new assignment and is therefore not included in this report.

In this report, FI sets out its general observations based on the information it has retrieved from the selected undertakings and PSK.

### Sample

FI has chosen the ten undertakings on the basis of a number of criteria. One criterion is that the undertakings were among the 39 undertakings included in the survey in the previous report. In addition, the sample has to reflect both a large portion of the market for personal injury claims that have been handled and various types of personal injury. The undertakings also have to represent different types of company, including branches. In addition, the sample was selected on the basis of whether the undertaking had been operating for a longer period of time or has recently been established. The intention is for the sample to reflect a range of undertakings, but it does not provide a complete picture of the insurance industry.

The types of claim handled by the selected undertakings include injuries caused by road traffic accidents, work, healthcare, pharmaceuticals, illness, accidents and assaults. Claims are handled on the basis of both policy conditions and tort law.

### Rules for claims handling

Under the Insurance Business Act (2010:2043), the business of an insurance undertaking shall be pursued in accordance with good insurance standards.<sup>5</sup> According to the legislative history of this act, good insurance standards are a qualitative measure of the business, including the undertaking's claims handling. Insurance undertakings should have internal processes and procedures for ensuring that injured parties are treated correctly.<sup>6</sup>

The meaning of the term *good insurance standards* shall primarily be complemented by FI's supervisory practices. FI is also able to issue regulations and general guidelines on good insurance standards.<sup>7</sup> Industry practice can also provide some guidance on the application of good insurance standards.<sup>8</sup>

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<sup>5</sup> Chapter 4, Section 3 of the Insurance Business Act (2010:2043).

<sup>6</sup> Govt Bill 1998/99:87, p. 180.

<sup>7</sup> The authorisation to do so is set out in Chapter 4, Section 18 of the Insurance Business Act (2010:2043).

<sup>8</sup> Govt Bill 1998/99:87, p. 391.

If an insurance undertaking's business is not being pursued in accordance with good insurance standards, FI has the opportunity to intervene through supervisory measures.

Under the Insurance Contracts Act (2005:104), an insurance undertaking shall ensure that claims handling is conducted speedily and that the interests of the injured party are looked after. The participation of the injured party is required in the investigation of the insurance case and may affect how long it takes to handle the claim.<sup>9</sup>

Under the Solvency II Regulation, insurance undertakings shall employ personnel with the skills, knowledge and expertise necessary to carry out the responsibilities allocated to them properly. Furthermore, insurance undertakings shall ensure that all personnel are aware of the procedures for the proper carrying out of their responsibilities.<sup>10</sup>

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Insurance Sweden is the insurance industry's trade organisation. The industry cooperates in various ways within the scope of Insurance Sweden. This involves self-regulation in the form of recommendations, agreements and guidelines. It can also involve developing standards in order to prevent claims and to improve the claims handling process. All guidelines are voluntary. As an example of the insurance industry's self-regulation, the trade organisation Insurance Sweden has published guidelines for the insurance industry's claims handling: "Grundläggande principer för skadebehandling" [Basic principles of claims handling].

Insurance Sweden's Personal Injury Committee is a preparatory body under the board of directors of Insurance Sweden. The Personal Injury Committee prepares matters where personal injury compensation may be assessed on the basis of tort law, such as in the case of third-party motor insurance and other third-party liability insurance.

The Personal Injury Committee is tasked with providing insurance undertakings with good conditions under which to make correct and uniform assessments. The Personal Injury Committee draws up recommendations in the form of circulars and schedules for the assessment of disabilities following accidents or illnesses.

The Personal Injury Committee publishes information about its activities on the Insurance Sweden website.

Source: [www.svenskforsakring.se](http://www.svenskforsakring.se)

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<sup>9</sup> Chapter 16, Section 1 of the Insurance Contracts Act (2005:104) and Govt Bill 2004/05:150, p. 568.

<sup>10</sup> Article 258(1)(e) and (f) of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

## Results

Since FI's last report, the undertakings have begun the work of improving their IT systems, customer communication and quality assurance.

This section summarises the results of the responses to the questionnaire and the subsequent interviews with insurance undertakings, branches and PSK. In the responses to the questionnaire and the interviews, the undertakings and PSK described the measures they have already implemented, those they are planning and the schedule for these.

### PERSONAL INJURY CLAIMS HANDLING

#### Government assignment 2016

In its 2017 report, FI concluded that the claims handling times had been reduced during the surveyed period 2007–2016 and that this was a consequence of an extensive digital development process and other streamlining efforts by the undertakings. The undertakings developed various simplified claims handling techniques.

#### Government assignment 2018

In the responses to the questionnaire and the interviews, all the undertakings say that they are working continuously to streamline and simplify the claims handling process. According to the information provided, they have, since the last report, implemented or made plans to implement measures to a varying degree. Several undertakings state that their claims handling times are continuing to fall.

As examples of streamlining and simplification, the undertakings mention

- simplified claims handling techniques such as direct or accelerated claims handling,<sup>11</sup>
- desktop assessments, i.e. medical assessments with the aid of various guidelines,
- development of My Pages, i.e. self-service via websites with an overview of personal information that a customer can access by logging in using e-identification, and
- digital procedures for outsourced operations.

According to the undertakings, the simplified claims handling techniques are intended for less complicated personal injuries. Claims handling takes place over the phone, sometimes in writing, and means, for example, that the injured party can receive compensation without a receipt or a medical opinion. The majority of the undertakings questioned use simplified claims handling techniques and state that injured parties usually have a positive perception of this.

Most undertakings state that they are developing My Pages. Using these services, an injured party can track the progress of or become

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<sup>11</sup> The insurance undertakings use both terms for simplified forms of processing claims.

directly active in their claim. According to the undertakings, injured parties often prefer digital functions to physical letters.

The majority of the undertakings asked report how streamlining and simplification of the claims handling process result in various ways in resources being freed up and becoming available to other parts of the process, e.g. for more complicated claims and for quality assurance.

PSK states that, since FI's previous report, it has been working on the development of its guidelines for simplified claims handling techniques and desktop assessments.

According to FI, the developments described by the undertakings that involve simplifications and digitalisation freeing up personnel to do other tasks should benefit injured parties. It may be appropriate to use these personnel to further improve the quality of claims handling.

## CLAIMS ADJUSTERS' COMPETENCE

### Government assignment 2016

In the survey ahead of the previous report to the Government, it emerged that claims were, as a rule, categorised based on complexity when they were received. The category determined which claims adjuster would process the case. The undertakings had many senior claims adjusters. According to the undertakings, it was difficult to recruit new personal injury claims adjusters, but they were working to ensuring they were bringing in fresh talent.

### Government assignment 2018

Several of the undertakings questioned also mention now that it is difficult to recruit experienced claims adjusters. A large group of claims adjusters have reached or will soon reach retirement age. A claims adjuster gains experience by processing a large number of claims. In addition to practical experience, they develop their competence through continuing professional education, particularly within the field of medicine.

All undertakings state in the interviews that they are continuously attempting to adapt the provision of competent personnel in order to meet future staffing needs and they provide examples of measures that have been implemented. Furthermore, undertakings describe how they are ensuring in various ways that a certain claim is assigned to a claims adjuster who has the right competence to handle the case. The larger undertakings in particular stress that claims handling is becoming increasingly specialised. It also transpires that certain undertakings are streamlining the work by allowing administrative personnel to perform tasks such as registration and other routine tasks in claims cases.

The majority of undertakings provide examples of having recruited new personnel and implemented training initiatives since the previous report. The undertakings state that they continuously provide all their claims adjusters with insurance training. In addition to this, they provide supplementary training when needed. Several undertakings state that, since the last report, they have given their claims adjusters training in areas including customer communication, plain language, medicine or law. Some undertakings state that they hire personnel who have medical training but less experience in terms of insurance

and provide them with a longer insurance training programme. The majority of undertakings explain how they are placing greater emphasis on the transfer of knowledge through less solitary work and more work as part of a team. For example, there are joint discussions and reviews of claims cases in groups that consist of other claims adjusters or specialists.

Within the scope of their efforts to ensure a supply of competent personnel, several undertakings report an increased focus on individual and annual development plans for their claims adjusters.

PSK states that it contributes to certain training initiatives within the industry but that it is primarily other actors that provide insurance training.

FI concludes that the undertakings questioned are working continuously through various measures to maintain and develop a high level of competence among claims adjusters who handle personal injury claims.

## IT SYSTEMS FOR PERSONAL INJURY CLAIMS HANDLING

### Government assignment 2016

In the previous report to the Government, FI concluded that there has been an extensive digitalisation process within the insurance industry in recent years. This development has had an impact on processes and procedures.

However, the level of development of IT systems solutions varied in the survey conducted by FI in 2017. Some undertakings were using outdated systems, other systems that were not always adapted to local operations. There were instances where the systems were not user-friendly and manual processing was necessary. For example, claims adjusters were moving data between different systems, which could increase the risk of mistakes.

Most of the time, the systems were consistent with the claims handling process, which facilitated correct and uniform handling of claims. FI noted that instructions for claims handling and descriptions of claims handling processes could usually be found on the undertakings' intranets but that they could also be directly integrated in the claims systems.

The survey showed that undertakings were continuously developing their IT systems. Several undertakings had developed My Pages that injured parties could access using their own login details in order to monitor the progress of their case digitally. In some undertakings, the medical advice process was also digitalised.

### Government assignment 2018

The responses to the questionnaire and interviews reveal that all undertakings are, to a varying degree, continuously improving or planning to improve their systems. As a rule, the undertakings have ongoing or planned activities that involve both new systems and the development of existing systems. These activities can be extensive and stretch over several years. The majority of undertakings describe how they are planning major changes to their systems that will result in continued streamlining of the claims handling process in connection

with the replacement or upgrading of systems. The undertakings state that the development of IT systems is taking place partly through the purchase of standard systems and partly through the development of systems in-house. According to some undertakings, older systems are about to be phased out. Some undertakings are bringing together several functions in one single system instead of having the functions spread across several different systems. Furthermore, several undertakings state that they are planning to retrieve necessary information for their claims systems from various registers and external systems or that they have already done so.

On the whole, the undertakings state that manual processing is being reduced. It appears that, since the previous report, several undertakings have integrated the registration of claims, letter templates and data used for calculations into their IT systems. They have also developed the monitoring and follow-up functions of their IT systems. In some undertakings, the continued development of My Pages means that new functions will allow them to communicate with injured parties and that both undertakings and injured parties will be able to upload documents to My Pages. Several undertakings emphasise how the streamlining has benefited both claims adjusters and injured parties and made the process simpler.

The undertakings' work in 2018 was shaped by efforts to comply with the new General Data Protection Regulation (GDPR).<sup>12</sup> This has had an impact on the development of IT systems, including in terms of how the undertakings process sensitive personal data. For example, they have changed their procedures for customer communication and the selective deletion of information.

The Road Traffic Injuries Commission, together with the insurance industry, is currently developing a joint digital support tool for calculating pension losses.

FI notes that all undertakings asked are, to a varying degree and over time, developing their IT systems for claims handling. FI's assessment is that developments to IT systems that facilitate processes and procedures involved in claims handling are contributing to the correct and uniform handling of claims. Furthermore, it appears that such development improves the prospects for quality assurance, follow-up and analysis. FI understands that the work to change claims handling processes and procedures and to develop IT systems often involves major initiatives that are both time-consuming and costly. This means that it may take several years before the measures have achieved their full impact on the claims handling process. FI takes the position that it is vital that the undertakings affected prioritise the measures required to modernise the IT systems. Otherwise, it may take much too long for the measures to have its full impact on the claims handling process.

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<sup>12</sup> GDPR The General Data Protection Regulation, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and the EU General Data Protection Regulation (Supplemental Provisions) Act (2018:218).

## INDIVIDUAL INFORMATION TO INJURED PARTIES

### Government assignment 2016

FI concluded in the earlier report that undertakings were, as a rule, providing extensive general information to injured parties. Information about claims is also being provided to parties other than the insurance undertakings, e.g. trade unions and care providers. Several undertakings offered injured parties the opportunity to obtain certain individual information on My Pages. The undertakings frequently used templates for letters and emails but sometimes these were not sufficiently individualised. Sometimes there was no justification given for decisions, no explanations of calculations and no description of how any reconsideration would be conducted in individual cases. There was a need for more individualised information in individual cases.

### Government assignment 2018

In their responses to the questionnaire, all the undertakings state that they place great emphasis on individual information and communication with injured parties. This is often done through personal contact with injured parties, particularly in more complicated cases. The majority of undertakings state that they have taken FI's previous report into consideration and that they have been working on improving their procedures. One thing they highlight as being particularly important is the first conversation with the injured party, "the initial conversation". During this conversation, the undertaking informs the injured party about the claims handling process and explains the subsequent steps. The undertakings do this partly to give injured parties the right expectations of the subsequent claims handling process. When handling more complicated claims, the undertakings also, if appropriate, make contact with the injured party by telephone for more investigative tasks. A couple of undertakings point out that they have new telephone systems that improve their accessibility.

The majority of undertakings also state that, since the last report, they have taken or are planning to take action to improve the content of their written information and to simplify the language used when communicating with injured parties. This applies to, for example, letter templates. The undertakings specifically highlight the fact that they adapt the text to the individual case. Several undertakings explain in the interviews that they have improved or are in the process of improving the justifications they provide for decisions and explanations of calculations. They also state that they inform the injured party how to go about getting a decision reconsidered in individual cases. Some undertakings state that they had recently revised their information procedures and have therefore not implemented any measures since the previous report.

PSK states that it has set up a working group that is reviewing when and how information is to be provided in a claims case. As part of this process, the committee is attempting to identify injured parties' expectations in order to ensure that undertakings provide information that is as useful as possible. Consequently, some undertakings are awaiting recommendations from PSK before making further changes to their own information procedures.

The undertakings that are developing My Pages stress that these pages will improve the provision of individual information once the various stages of the claims handling process are explained there. According to the undertakings, injured parties appreciate a simple and digitalised process, but this depends on the complexity of the claim. Several undertakings also highlight the fact that the process is not always simple or possible to fully digitalise because there may be special requirements with regard to information and how this is submitted that are dependent on the injured party's circumstances. It becomes evident that physical letters are increasingly replacing emails and text messages, especially after the introduction of GDPR.

FI concludes that, since the previous report, the majority of undertakings questioned have taken action in some way in terms of individually adapting their information procedures to injured parties. Some undertakings had already implemented measures prior to the previous report. FI notes that the undertakings highlight how important the conversation is to their communication with injured parties. The undertakings also seem to be placing increasing emphasis on communication when processing more complicated claims.

## QUALITY ASSURANCE OF CLAIMS HANDLING

### Government assignment 2016

In the previous report, FI concluded that the undertakings' procedures could generally be improved in terms of quality assurance. The systems used by the undertakings often lacked sufficient search facilities to analyse the follow-up of and statistics concerning claims cases.

FI also noted that it was unclear in some cases whether, and in which case how, the undertakings were supervising outsourced operations. In some cases, the undertakings referred to the consultancy firms' processes and procedures.

In the survey conducted in connection with the previous report, it emerged that if an injured party was unhappy with the medical assessment, the undertaking normally ordered another assessment, a second opinion. FI observed that, in some cases, the second medical adviser was given the opportunity to see the first adviser's assessment and could thus be influenced by this.

FI also concluded in the report that the interest rate assumption that was being used to capitalise life annuities when paying a lump sum was not adhering to the general interest rate level.

### Government assignment 2018

The responses to the questionnaire and interviews reveal that all of the undertakings questioned have improved their quality assurance of claims handling in some way since the previous report. The undertakings have done this by changing their organisations, updating frameworks or improving procedures or IT systems. Several undertakings stress that they have recruited personnel tasked with working on the quality assurance of claims handling.

The undertakings state that they have developed both their continuous and targeted checks or have introduced entirely new checks. Several undertakings are now conducting checks on open claims cases instead

of closed cases to a greater extent than what emerged in the survey in the previous report. The purpose of this is to ensure that it is not too late to correct any mistakes in a case before it is closed. Some undertakings describe how they carry out in-depth checks within specific areas or on certain types of claims cases. Furthermore, several undertakings describe how they have developed automatic monitoring functions in the claims handling process. Some undertakings point out that they have improved their authorisation procedures and checks on payments. A couple of undertakings mention that they have, over the course of the year, specifically reviewed medical assessments in their cases.

Several undertakings describe how they have developed the follow-up of customer satisfaction and complaints in the personal injury claims handling process. This information is continuously followed up and fed back to the organisation.

PSK states that it has set up a working group that is conducting a review of how desktop assessments of disability could be quality assured. When it comes to assessment of injury problems with the aid of a second opinion, PSK has decided to change the procedure. The undertakings questioned confirm that they have adopted the new procedure, which involves the second medical adviser not being permitted to see the assessment of the claim made by the first medical adviser.

Insurance Sweden has recently decided on a new method for capitalisation of life annuities in lump sums. The new method involves calculating each year an average yield for the last 20 years on the basis of a portfolio that consists of 60 per cent shares and 40 per cent government bonds. If the average yield for two consecutive years deviates more than  $\pm 0.5$  percentage points from the current interest rate assumption, the interest rate assumption will change in the following year. The new method has meant that Insurance Sweden has decided to lower the interest rate assumption from 4.0 per cent to 3.5 per cent. This occurred on 1 January 2019.

FI concludes that, since the previous report, all undertakings questioned have implemented at least one measure relating to processes and procedures for quality assurance. The majority have made further developments to both their continuous and targeted checks or have introduced entirely new checks. This promotes the correct and uniform handling of claims.

FI notes that some undertakings are still using outdated IT systems that lack certain search facilities for follow-up of and statistics concerning claims and that manual work is required. FI is of the opinion that it is imperative that the undertakings concerned prioritise the measures required to modernise their quality assurance procedures.

## FI's Future Efforts

FI continues to monitor developments and adapt its supervision to what is happening in the insurance industry.

FI is of the opinion that both of the Government assignments have drawn attention to personal injury claims handling and that, together with the measures already under way in the insurance industry, they have improved personal injury claims handling.

FI's future efforts are affected by what is happening in the insurance industry. In the interviews with the undertakings, FI asked what major challenges they see in personal injury claims handling in the future.

The undertakings mentioned several challenges that can be summarised as customer behaviour and new or increasing types of claim:

- Greater desire on the part of customers for simplification and speed in the claims handling process, i.e. direct or accelerated claims handling.
- New means of transport and types of road traffic claim.
- Increased incidence of investigations into psychiatric diagnoses.
- Increased incidence of or new forms of fraud.

Challenges in personal injury claims handling can also pertain to waiting times for receiving medical certificates from care providers and changes to the social security system or to legal precedent.

In light of the future challenges specified by the undertakings, FI anticipates consequences such as changes to claims handling, changes to policy terms and conditions, new products and that the services are being developed for injured parties instead of compensation. Furthermore, the requirements to make insurance undertakings more efficient will result in further digitalisation, automation and the use of artificial intelligence (AI) in claims handling. One consequence of this is that new risks may, in turn, arise.<sup>13</sup> FI needs to be attentive to developments within personal injury claims handling and adapt its supervision of insurance undertakings accordingly.

In its ongoing supervision, FI will continue to follow up personal injury claims handling. FI is able to make a contribution through greater clarity about what constitutes good insurance standards, for example by using reports to communicate the various positions FI takes in its supervision and what expectations it places on the industry. This information can support undertakings in their operations and contribute to industry self-regulation. FI has a positive view of the

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<sup>13</sup> Digitalisation in this context refers, according to FI, to a change of working practices and processes based on digitalised information where automation and AI are forms under digitalisation that are moving away from being governed by rules to resembling a human assessment.

action taken by the industry, especially given the short period of time that has elapsed since the previous Government assignment.

As a rule, the insurance undertakings are adhering to Insurance Sweden's guidance. The trade organisation thus has a major impact on the industry. Insurance Sweden has developed guidelines and aids that, in FI's opinion, are fit for purpose and function well.

Consequently, FI is of the opinion that the industry should continue its work with self-regulation. However, if self-regulation were to prove insufficient, FI is prepared to issue regulations and general guidelines on claims handling.

# Appendix 1

## APPENDIX 1. ASSIGNMENT IN ACCORDANCE WITH THE APPROPRIATION DIRECTIONS

Fi2017/04750/FPM (in part)

Fi2018/01184/FPM

### **From amendment to Finansinspektionen's appropriation directions for the 2018 budget year**

#### *8. Personal Injury Claims Handling*

Finansinspektionen shall, on the basis of the report Personal Injury Claims Handling submitted to the Government in December 2017, report on measures implemented (Fi2017/04750/FPM). A number of shortcomings with regard to claims handling, competence, IT systems and information to injured parties in the event of personal injuries claims are described in this report. Finansinspektionen intends, through a dialogue with the undertakings and within the scope of supervision and regulation, to continue working on these matters and specifies a number of areas for improvement.

Finansinspektionen emphasises in the report that the undertakings should ensure that their IT systems are adapted to their operations in order to achieve efficient and legally sound claims handling and that undertakings should ensure that claims are investigated thoroughly. Undertakings should also work actively and continuously to develop individual information and their dialogue with injured parties. In addition, undertakings should regularly conduct quality assurance of the claims handling process, regardless of whether the claims handling is performed in-house or is outsourced.

The report shall contain an account of the follow-up activities that have been undertaken by Finansinspektionen, the result of these and what future action is planned. A report on this assignment is to be submitted to the Government Offices of Sweden (Ministry of Finance) no later than 15 April 2019.



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