



The Huddle



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This week's Huddle topic is Six Sigma Group: How Claim Can Benefit from this Methodology

It supports Claim initiatives . . .

#1:

Reduce loss cost leakage.

#2:

Improve claim oversight, governance and control.

A message from Bill Rohan,
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I'd like to talk with you this week about the Six Sigma Group – what it is and how Claim can benefit from the assistance we can provide to your teams.

What is Six Sigma?

Basically, Six Sigma is a disciplined, problem-solving methodology that's applied to improve business processes. The five-step methodology uses process data and statistical tools to determine the root cause of a specific problem and then it's determined how to fix the problem. A control plan is also developed and implemented to ensure the problem does not recur.

How did Six Sigma begin?

It all started in 2001 when a small, dedicated group of full-time project leaders called "Black Belts" was formed by drawing upon the resources within CNA's businesses. These process experts were trained in the Six Sigma methodology to identify problems and solve them. Since then, additional

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How to Conduct a Huddle Meeting

The purpose of a Huddle Meeting is to provide a forum for managers and supervisors to keep Claim employees up-to-date on major changes in the organization and to reinforce key messages. They also allow employees to share and discuss reactions to those changes and key messages.

Audience

Six to 16 employees by department

General Notes

- ◆ The Huddle moderator is the team manager.
- ◆ The moderator ensures everyone has an opportunity to contribute and share ideas.
- ◆ The moderator controls the time of the meeting.

Time

15 minutes maximum – conducted weekly at a minimum

Materials

Internal Communications will provide moderators a detailed agenda with speaking points in "The Huddle" via e-mail on a weekly basis.

Action Steps

- ◆ Discuss the key message assigned for that week.
- ◆ Plan for Q&A at the end of the session.
- ◆ Set time for next meeting.

Additional Suggestions

- ◆ The manager/moderator should ask general questions to start the conversation after the talking points are read. For example, "How do you think this will affect us, Joe?"
- ◆ Always allow time for employees to fully express how they feel about the topic. ■

Black Belts have been trained to work on process improvement throughout CNA's Property & Casualty business. The Six Sigma group is part of Business Operations under the Worldwide Operations area in U.S. Insurance Operations.

Who is on a Six Sigma project team?

The key players and their roles include:

Champions/Sponsors – They are responsible for the ultimate success of the project.

Black Belt -- They are full-time resources responsible for completing the project on time using the methodology.

Team members – Typically, there are two to four subject matter experts (SMEs) who spend approximately 10% – 15% of their time on the project.

What is a Six Sigma project?

The goal of a Six Sigma project is to establish sustainable, continuous process improvement. A typical project is completed within 3 – 5 months. Ideal candidates for Six Sigma improvement projects are processes which exhibit chronic problems -- usually stemming from workflow and cycle time issues -- with symptoms evidenced by customer and/or employee dissatisfaction, leakage, or excessive operating costs. In each case, current performance is measured and new goals are set by the project team. After each project, the benefits are calculated and verified.

Six Sigma and Claim

In addition to leading process improvement projects, the Six Sigma team has been involved as Process Lead on Framework programs such Claim End Game Solutions (CEGS). Michael Rabbitt is the Six Sigma Process Lead on CEGS.

Many processes are currently being improved or redesigned by Six Sigma and/or CEGS project teams, including:

Aggregate Tracking – Develop safeguards via process and technology to prevent unintentional payments in excess of aggregate limits.

Policy Validation - Improve process of locating applicable policy information.

Auto Rental Replacement Duration – The goal of this project is to reduce the costs of the auto rental replacement service by reducing the average days of auto rental to 13.5.

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Outbound EDI – Improve the process to enable CNA to report via EDI in a timely and accurate fashion, thereby reducing the number of rejections by states and associated rework.

CLUE Reporting – Develop a standardized end-to-end CLUE (Claim Loss Underwriting Evaluation) process. This process will address the CLUE process from both the Claim and Underwriting side. In addition to process changes, the project will generate business requirements for future technology enhancements to support the CLUE process.

Closed File Management – Develop and implement a procedure for the purged/closed file management process that will allow the tracking of purged information in a timely manner and that can be implemented and managed on a country-wide basis.

Policy Validation - Improve the process of locating applicable policy information.

Reserve Reporting & Escalation – The project goal is to streamline the reporting/escalation process across Standard Lines Claim as well as develop enhanced reporting tools.

Two projects recently completed by Six Sigma for Claim are

Duplicate Payments – Created a front end, real-time duplicate payment edit in ACT for workers' compensation claims. The project also led to the enhancement of the search capability of the Payment History screen and the Candidates report.

Total Loss Unit – By measuring cycle times of the total loss process from Date of Loss to the date a vehicle is moved to the salvage yard, the project assessed the feasibility of establishing regional/national total loss units, and led to the creation of the Total Loss Unit in Nashville.

Many processes in Claim are being improved with involvement of the Six Sigma Group. If you've ever thought, "It seems like there should be a better way to do this," maybe Six Sigma is your answer. We hope you've found this information useful. If you have other questions about Six Sigma at CNA, please contact me at 312-822-6323, or Michael Rabbitt at 312-822-6321, or download the "Introduction to Six Sigma and Process Redesign" at <http://sixsigma.cna.com>

-- Bill Rohan

P&C Claim Six Key Initiatives

Initiative 1:

Reduce loss cost leakage

Initiative 2:

Re-institute claim oversight, governance and control mechanisms

Initiative 3:

Use technology to help streamline the claim process, lower costs, support decision making, improve data accuracy and increase productivity

Initiative 4:

Get control of the claim litigation process and reduce the spend rate on legal costs

Initiative 5:

Improve our knowledge management capability

Initiative 6:

Attract, select, develop and retain qualified claim employees

