

Six Sigma applied in Insurance

Six Sigma is a data driven process improvement methodology based on DMAIC project management cycle (Define-Measure-Analyze-Improve-Control).

It was first applied in manufacturing and it is currently used across all business sectors, including financial services, marketing, sales, logistics, human resources and public services.

Six Sigma enables insurance companies to improve customer satisfaction by reducing the Lead Time (LT) for claim resolution.

❖ **An insurance company**, active in the Property and Casualty (P&C) business was losing market share as a result of an increasing number of defecting customers (customers leaving the company). As this situation may force the company out of business, the CEO and the management team were searching for a solution.

❖ **A Six Sigma project** was launched to identify root causes for poor company performance. It was demonstrated, after executing the Define, Measure and Analyze steps, that the unacceptably long lead time for solving the CASCO (CASualty and COLLision) claims – 5 days - was the main reason for customer dissatisfaction. Voice of Customer (VoC), Value Stream Mapping (VSM), root cause analysis and hypothesis testing were the tools used to identify the root causes, identified as: waste in the process and inadvertent errors of claim officers.

❖ **Solution** was defined during Improve phase and consisted in streamlining the claim handling process and introducing poka-yoke improvements to foolproof critical process steps. Average Lead Time (LT) for claims resolution was decreased from 5 days to 1 day, while number of processing errors was significantly reduced (sigma level improved from 2.1 to 3.5)



Kindly attend Six Sigma trainings offered by Effective Flux to leverage this effective and efficient methodology.