2026

Claims Administration Intelligence Report

Chapter two: The future

Inside the report

Up to

75%

reduction in FNOL intake time through digital triage

60%

of a typical corporate's total cost of risk comes from claims

11-21%

missed subrogation recoveries identified in closed-file audits

For organisations seeking better control, efficiency, and claims outcomes

sedgwick

Introduction

Claims administration is being hit from every angle – rising loss severity, increased fraud, tighter regulation and tougher stakeholder demands. For self-insured and captive programmes, the choice between in-house, outsourced, and hybrid claims handling is now a strategic decision with direct consequences for costs, compliance, and business resilience.

What this report covers

Drawing on general market statistics and Sedgwick-sourced claims data – 2.3 million losses received, Europe-wide, from 2020 to date – this report examines in depth the pressure points in claims administration, market evolution, and the wider implications for large organisations managing complex, high-value programmes.

Chapter one

In the 2026 Claims Administration Intelligence Report series covers claims trends – frequency and severity across catastrophes, climate-driven events, liability, bodily injury and fraud.

Download here

Chapter two

Claims administration – the future – covers current and future impacts of claims governance, digital triage, data insight, outsourced claims administration provider operating standards, performance, and playbooks.

Chapter three

Industry sector specifics – affinity, utilities, transportation and motor, telecoms and real estate – deep dives and case studies.

Coming soon

Contents

06 Regulatory watch

14 Digital triage – the FNOL advantage

18 Claims insight – revolutionising risk visibility

22 Why are outsourced claims partners mission-critical?

The experts behind this chapter

James Norman
Head of International Business Development

James leads Sedgwick's multinational sales strategy, driving global growth and cross-border solutions. With over 25 years' insurance experience, he drives innovation, partnerships and market expansion. A recognised thought leader, speaker and award-winning leader, he champions transformation.

Connect on Linkedin

Claire Ramage
Corporate Client Director UK

Claire brings 28 years' experience in insurance claims, including 17 in TPAs supporting alternative insurance models. As Corporate Client Director, she specialises in claims strategy, service delivery and client partnerships, using data-driven insights to help reduce Total Cost of Risk (TCOR).

Connect on Linkedin

Mark Dobson
Senior Vice President,
Global Consumer Technology

Mark has spent over 30 years driving Sedgwick's IT innovation. He leads the International Consumer Facing Development team, delivering AI-powered, analytics-driven solutions that automate claims processes, improve customer experience, and reduce claim costs and resolution times.

Connect on Linkedin

Tobias Walter
CEO - Sedgwick Germany

Tobias brings more than 25 years of experience in the insurance industry, including 19 years in senior leadership roles. He brings deep expertise in claims management, business transformation, and client service, his strategic approach has helped organizations navigate change, strengthen performance, and deliver growth.

Connect on Linkedin

Darren Betts
Head of Risk and Regulation
Sedgwick International

Darren brings nearly 40 years of insurance and claims experience, spanning operations, leadership, compliance and risk. He leads Sedgwick's response to regulatory change, governance requirements and evolving client expectations across its international business.

Connect on Linkedin

Regulatory watch

Claims handling is now a central supervisory priority on both sides of the Channel. In the UK, the Financial Conduct Authority (FCA) has placed claims outcomes – and, in particular, oversight of outsourced and delegated arrangements – at the top of its 2026 agenda.

In the EU, three regimes – the Digital Operational Resilience Act (DORA), the AI Act, and the Retail Investment Strategy (RIS) – are reshaping how insurers and their administrators manage technology, models, and customer communications.

Pressure points

Self-insured corporates sit outside the formal regulatory perimeter, but not beyond its influence. The FCA and the European Insurance and Occupational Pensions Authority (EIOPA) rulebooks don't bite directly – but the third-party administrators (TPAs), captives, claims platforms and AI vendors they rely on are squarely in scope, and the obligations land on the corporate by contract and by association. The current pressure points are:

- **Article 30 DORA terms and Critical ICT Third-Party Providers** (CTPP) in Europe – and in the UK, operational resilience is enforced by the UK regulator through a robust framework of regulatory policy statements and the Cyber Security and Resilience (Network and Information Systems) Bill – exposure flows up through the TPA contract, forcing the corporate to evidence the information and communication technology oversight it has historically delegated
- **AI Act deployer obligations** – Fundamental Rights Impact Assessment (FRIA), human oversight, AI-literacy – attach to whoever runs the model in the claims decision, which is often the corporation's own risk team, not the TPA.
- **Consumer Duty** – fair-value and complaints scrutiny extend to employee benefits, group risk, and customer-facing self-insured books once a TPA touches them.
- **UK and EU** – operational-incident reporting frameworks expect the principal – not the outsourcer – to own the dependency map and the incident clock.

Corporates should expect their internal audit, procurement, and risk functions to inherit work that used to sit with insurer partners – a single dependency map, evidence of TPA oversight, AI inventory, FRIA, and a tested incident-response pathway. The captive or self-insured structure does not avoid the regulatory pressure – it concentrates it on a leaner in-house team.

Corporates should expect their internal audit, procurement, and risk functions to inherit work that used to sit with insurer partners.

Recent enforcement signals (2024–2025)

No headline UK or EU fine has yet landed on claims handling – but the supervisory record is being built. Corporates whose TPA oversight, AI governance and incident-reporting evidence is not in order by 2026 should expect to feature in the next wave.

FCA's July 2025 review of UK home and travel insurers found **poor oversight** of outsourced claims handlers was the most common failing.

IDD sanctions reached €1.58m across 11 Member States in 2024, driven by product oversight and governance breaches.

BaFin fined Deutsche Bank (€23m) and J.P. Morgan SE (€45m) in 2025 for **governance failures** despite ongoing remediation.

€1.2bn in **GDPR fines** were issued by EU regulators in 2025.

443 Breach notifications per day – received by European data protection authorities – **22% year-over-year** increase.

70% of GDPR fine value is attributed to Ireland and France, while Spain and Italy account for the bulk of fines by count.

Cross-border **data transfer violation** [Article 46] – continue to result in the highest individual penalties.

The regulatory landscape

Key priorities for claims governance committees in 2026-2027:

24 FEB 2026 — UK

FCA 2026 insurance priorities and UK rules governing operational resilience

REGULATORY SHIFT

Claims outcomes, customer understanding, and service quality now anchor supervision.

CLAIMS IMPACT

Expect closer scrutiny of outsourcing oversight, delegated authority, pay structures that may negatively influence outcomes, and customer outcomes they produce.

DEC 2025 / H1 2026 — UK

Insurance rule simplification

REGULATORY SHIFT

The FCA is simplifying insurance conduct rules and clarifying Consumer Duty's cross-border reach.

CLAIMS IMPACT

Organisations handling claims internationally will need a clear view of where UK conduct standards still apply.

2026 — UK

Consumer Duty at claim stage 2026

REGULATORY SHIFT

Firms must explain cover clearly, handle claims fairly, and evidence good outcomes.

CLAIMS IMPACT

TPA oversight must cover communications, complaints, vulnerable customers, and call quality, not only SLAs.

18 MAR 2026 — UK

Operational incident and third-party reporting

REGULATORY SHIFT

A joint FCA, PRA, and Bank of England framework resets reporting for serious incidents and material third parties.

CLAIMS IMPACT

Claims platforms, TPAs, and cloud providers may be in scope, but accountability remains with the corporate.

9 APR 2026 — UK

Appointed Representatives reform

REGULATORY SHIFT

HM Treasury proposes tighter gateways, direct FOS reach, and stronger conduct alignment.

CLAIMS IMPACT

Firms using AR-linked claims models should test governance capacity and oversight now.

FROM 2 AUG 2026 — EU

EU AI Act

REGULATORY SHIFT

High-risk use cases trigger obligations on governance, oversight, logging, transparency, and impact assessment.

CLAIMS IMPACT

Claims decision tools need documented oversight, FRIAs, and audit-ready records.

SINCE 17 JUNE 2025 — EU

DORA

REGULATORY SHIFT

DORA embeds ICT risk, incident reporting, resilience testing, and third-party oversight into operating models.

CLAIMS IMPACT

Claims outsourcing contracts need stronger monitoring rights, subcontractor visibility, continuity targets, and exit planning.

NOV 2025 ONWARD — EU

Digital OmnibusRegulatory shift

High-risk use cases trigger obligations on governance, oversight, logging, transparency, and impact assessment.

CLAIMS IMPACT

Insurers and TPAs should keep AI Act readiness work moving.

NOV 2025 / 2026 — EU

Critical ICT provider oversight

REGULATORY SHIFT

Direct EU oversight of critical ICT providers is beginning to shape market expectations.

CLAIMS IMPACT

TPA and platform contracts are likely to tighten, especially on subcontracting and resilience evidence.

18 DEC / 2027-2028 — EU

Retail Investment Strategy

RIS reshapes parts of IDD, Solvency II, and PRIIPs disclosure and value-for-money expectations.

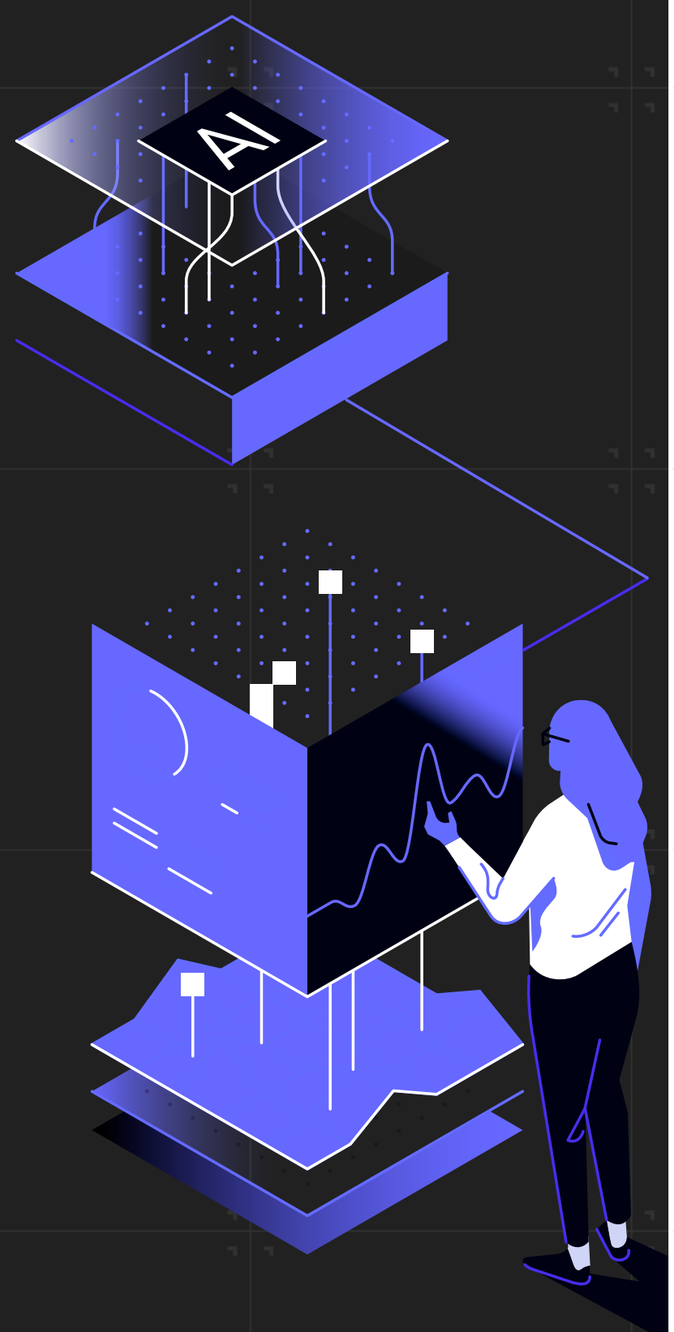
CLAIMS IMPACT

Claims effects are narrower, but complaints and remediation standards for IBIPs will shift as local rules land.

What to watch in 2026–2027

Three intersections need a single risk lens – not separate compliance workstreams.

- **AI-driven claims triage on a CTPP-designated cloud** – sits inside all three EU regimes at once: AI Act high-risk classification, DORA Article 30 contracting and concentration risk, and GDPR profiling rules.
- **UK firms with EU customers** – and EU firms with UK customers – must track the FCA's H1 2026 non-UK Duty consultations alongside RIS transposition. Parallel disclosure regimes are the new operating assumption.
- **Outsourced and delegated authority are under simultaneous scrutiny** – from the FCA (claims oversight), Prudential Regulation Authority (delegated underwriting), and EIOPA/DORA (Information and Communication Technology (ICT) third-party register). One evidenced map of TPA and ICT dependencies – with named accountabilities, exit plans and tested fallbacks – satisfies all three.



> **"Regulation is now a decisive factor in the TPA market – and competitors without internal risk, compliance, regulatory, and legal capability will struggle to keep pace."**
>
> **Tobias Walter**
> CEO, Sedgwick Germany

What to do now – claims governance checklist

Outsourced claims oversight

- Refresh the TPA and delegated-authority register, including accountabilities, scope, remuneration, and expected customer outcomes.

  Creates a clear control baseline for FCA, PRA, and DORA oversight.
- Move beyond service level agreement dashboards and evidence file quality, complaint root cause, vulnerable-customer treatment, and call review.

  Shows real oversight of claims quality and customer outcomes.
- Map ICT dependencies behind each TPA, including cloud, platforms, and AI or document vendors.

  Supports CTPP exposure analysis and confirms Article 30 terms are executed, not just published.
- Test exit and continuity plans for material TPAs annually by rehearsing fallback arrangements.

  Demonstrates operational resilience rather than paper compliance.

Consumer Duty

- Re-run fair-value and consumer-understanding assessments across the full claim journey.

  Tests whether declines, settlements, and repair routes still meet Duty standards.
- Review claims communications in the channels customers actually use, including apps, SMS, and portals.

  Ensures clarity standards apply in practice, not only in policy wording.
- Identify cross-border customers that may fall within the FCA's non-UK Duty consultation and prepare a position early.

  Reduces conduct uncertainty across multi-jurisdiction claims books.

EU AI Act readiness

- Inventory every AI use case in claims and classify each conservatively against Annex III.

  Defines which systems may trigger deployer obligations.

- Complete a Fundamental Rights Impact Assessment (FRIA) for each high-risk system and align it with the GDPR Data Protection Impact Assessment (DPIA).

  Creates a defensible record across AI and data protection regimes.

- Document human oversight at the decision point and retain auditable human-in-the-loop logs.

  This is the evidence regulators are likely to request first.

- Deliver AI-literacy training to underwriters, claims handlers, complaints teams, and senior managers.

  Builds enterprise readiness for a live obligation.

Operational resilience

- Align the UK material third-party register with the DORA Register of Information.

  One source should support both UK and EU reporting expectations.

- Rehearse major-incident reporting under both regimes from the point of detection.

  The reporting clock starts early and cannot wait for internal escalation.

- Review CTPP contracts for sub-outsourcing transparency and confirmed RTO/RPO commitments.

  Executed contractual rights matter more than published terms.

Governance rhythm

- Add a quarterly regulatory-watch item covering enforcement, Digital Omnibus, CTPP recommendations, and RIS transposition.

  Keeps the committee focused on live external change.

- Maintain one consolidated dependency map across TPAs, ICT providers, sub processors, and AI systems.

  A single evidence base reduces gaps, duplication, and conflicting answers.

Strategic implications

The strategic shift is clear – outsourced claims administration is moving from a cost-and-capacity model to a governance-and-control model.

In both the UK and EU, regulators expect principals to evidence oversight of outcomes, technology, model use, and resilience, even where delivery sits with TPAs, captives, cloud providers, or AI vendors.

Outsourcing no longer shifts regulatory pressure – it spreads it across procurement, risk, internal audit, compliance, and claims leadership.

For boards and governance committees, advantage will come from control architecture, not outsourcing breadth alone.

Organisations with one dependency map, one evidence base, and one decision framework across claims, ICT, AI, and cross-border conduct will be better placed to absorb regulatory change without slowing service or increasing remediation cost.

Connect with our claims experts

> **"Over the next 12 to 24 months, the strongest models will treat claims oversight as a strategic capability rather than a delegated back-office function."**
>
> **Darren Betts**
> Head of Risk and Regulation,
> Sedgwick International

Authors

Darren Betts
Head of Risk and Regulation
Sedgwick International

Tobias Walter
CEO, Sedgwick Germany

Digital triage – the FNOL advantage

Digital triage is a powerful way to handle high volumes of low-value claims across property, liability, travel, credit card benefits, accident and other consumer lines. Most are routine and can be resolved at first notice of loss (FNOL).

Without automation, these claims drain capacity from complex losses, extend cycle times and weaken the claimant experience, with direct consequences for brand perception.

c.7%

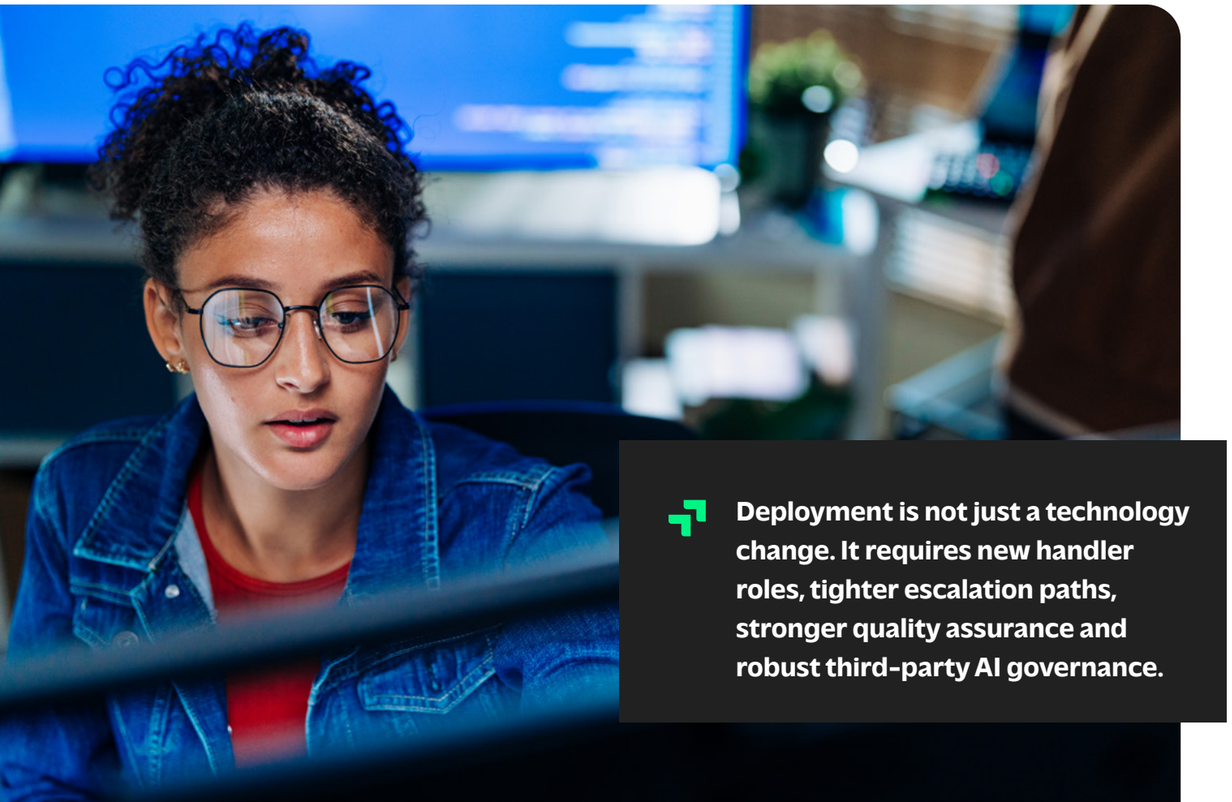
of claims currently benefit from full straight-through processing.[1]

80–85%

of straightforward claims are addressable, according to experts.

c.20%

reduction in claim-handling costs reported by early adopters of artificial intelligence (AI) triage.[2]



Deployment is not just a technology change. It requires new handler roles, tighter escalation paths, stronger quality assurance and robust third-party AI governance.

Pressure points

High-volume, low-value incidents create pressure on multiple fronts:

- **Volume shocks** – seasonal spikes and CAT events overwhelm internal teams and outsourced partners.
- **Capacity drain** – routine claims tie up specialists who should be reviewing complex losses.
- **Slow cycles** – avoidable friction damages the claimant experience and undermines brand and employee relations.
- **Expense creep** – every extra touch, referral and rework adds cost.
- **Leakage** – including coverage errors, inconsistent reserving, missed subrogation and duplicate payments.

Operational challenges

Digital triage is only as effective as the data and models behind it. It depends on strong FNOL capture, usable legacy data, integrated risk systems, and reliable connectivity with outsourced claims administration partners.

Models also require ongoing oversight for bias, drift and explainability. Deployment is not just a technology change. It requires new handler roles, tighter escalation paths, stronger quality assurance and robust third-party AI governance, including audit rights and incident response plans.

The digital triage route

Supported by 24/7 multi-channel intake across apps, web, voice and email, and across time zones and languages, digital triage applies AI-driven intake, validation and decisioning at first notice of loss (FNOL). Each incoming claim is scored for complexity and severity, then routed to the appropriate handling path:

- **Straight-through processing** – for low-complexity, low-value claims that can be validated and paid without human touch.
- **Fast-track routing** – with light adjuster oversight for mid-tier losses.
- **Immediate escalation** – to specialist handlers and experts for high-severity, high-complexity, or potentially fraudulent claims.

This approach delivers:

- **Higher-quality intake data** – structured capture reduces downstream chasing and rework.
- **Clear, human-readable fast-track rules** – used to triage claims digitally – can be updated quickly during surge periods.
- **Earlier fraud and duplicate detection** – with consistent flags for specialist review.
- **Earlier subrogation identification** – improving recovery rates and reserving accuracy.
- **Data and analytics value** – turning claims operations into a source of underwriting insight.
- **Flexible threshold management** – allowing more claims to move through the payment channel during periods of high demand, such as CAT events.
- **Scenario modelling tools** – used to predict the impact of changes to claim rules on claims costs.
- **Full auditability** – every declined claim can be supported by a clear explanation and decision record.

> **The companies leading on digital triage are quietly turning their claims function into an insight engine – every FNOL a data point, every decision a learning signal, every cycle faster than the last. That's a very different board-level conversation."**
>
> **Mark Dobson**
> Senior Vice President,
> Global Consumer Technology

Core business benefits

For self-insured corporates, every pound or euro spent on claim costs, leakage and adjustment expense hits the balance sheet. Digital triage reduces those costs across five areas:

- **Cycle-time reduction** – on high-volume, low-value claims, FNOL intake time is reduced by up to 75%, and FNOL-to-settlement times fall from days to less than 36 hours.
- **Loss-adjustment expense savings** – by reserving specialist capacity for claims that genuinely require human intervention.
- **Leakage control** – through consistent application of coverage rules, reserving discipline and earlier subrogation identification.
- **Surge resilience** – enabling programmes to absorb catastrophe events, recalls and seasonal spikes without proportional headcount growth.
- **Consistency and defensibility** – the same rules applied the same way to every claim, with a full audit trail for regulators, auditors and internal stakeholders.

reduction in FNOL intake time (Sedgwick).

Regulatory and governance

Across Europe, regulation is raising governance expectations for organisations using AI in claims intake, fraud detection and profiling. New frameworks classify many of these use cases as higher risk, increasing the need for documented controls, transparency, human oversight, auditability and ongoing compliance.

Data protection rules also limit fully automated decisions that materially affect claimants, pushing most deployments toward decision support, clear disclosure and a defined human review path. In practice, this makes AI triage both a board-level governance issue and an operational tool.

Strategic implications

Digital triage is becoming a baseline capability across many claims programmes. Today, however, only a limited number of large, outsourced claims administration partners (TPAs) have the capital, scale and governance maturity to deliver it effectively.

As digital triage compresses cycle times and removes human touchpoints from low-value claims, TPAs operating under input-based pricing earn less when end-to-end automation is deployed.

The market is responding with lower fee structures for digital claims that involve little or no human handling, or with blended fee models across the programme, depending on the book of business and the extent of feasible automation. Some arrangements also include at-risk components tied to measurable performance, with gainshare linked to the savings the TPA delivers.

The strongest outsourced claims partners will be those that turn digital triage into measurable client value, not just lower internal cost.

Author

Mark Dobson
Senior Vice President,
Global Consumer Technology

Connect with our claims experts

03

Claims insight – revolutionising risk visibility

Transactional claims processing is no longer enough in a competitive market. Risk managers need real-time, organisation-wide visibility that connects claims handling to underwriting and turns claims data into a strategic asset for renewal and advanced risk strategy planning.

Understanding claim drivers, frequency, and severity is actionable intelligence for reducing total cost of risk (TCOR) – true data autonomy is the single biggest lever available to European risk managers today.

60%

of a corporate's TCOR is down to claims.[1]

20-30%

TCOR reduction through captive deployment and claims data.[2]

40%

cut in fraud and leakage linked to predictive scoring on claims data.[3]

Pressure points

Claims account for roughly 60% of a typical corporate's TCOR (Aon), so every uptick in frequency, severity and administration costs quickly affects the bottom line. Six key pressures are pushing costs higher:

- **Increased risk retention** – European corporates are being pushed to absorb more loss in-house, often without the systems or integrated data needed to understand full exposure.
- **Claims inflation outpacing economic inflation** – EU headline inflation was 2.6% in September 2025, with European Commission projections of 2.1% in 2026, but claims inflation is running higher.
- **Social inflation and litigation funding hitting Europe** – rising class actions and collective-redress legislation across Europe and the UK are increasing liability severity.
- **Increased fraud leakage inside the retained layer** – when losses sit within a retention or captive, fraud directly affects P&L, and incidence is rising.
- **Cyber and geopolitical volatility** – cyber losses are rising in frequency and severity as capacity tightens. Wider geopolitical instability is also increasing loss pressure across other lines.
- **Administrative drag** – manual claims processes with unnecessary touchpoints and poor customer journeys lead to errors and rework. Automation can reduce that burden by as much as 40%, freeing budget, resources and analyst time for higher-value work.

Turning data into risk intelligence

The historical TPA model produces segmented information rather than integrated intelligence. Risk managers can see what happened, but not always why it happened, where risk is building, or what it tells their underwriter at renewal.

A modern claims data platform, combining technology with human expertise, closes that gap. It links claims handling to underwriting in real time and highlights the patterns shaping next year's TCOR.

High-performing capabilities

For corporates operating at scale across jurisdictions and sectors, this insight feeds directly into risk engineering, operational improvement and insurance programme design. Today's high-performing claims data platforms give risk managers access to a wide range of analytical tools, such as:

- **Real-time configurable dashboards** – a single view of risk across all lines and geographies, refreshed daily, with widgets for claim volumes, location heatmaps, notification times, peril and cause, average spend, defensibility, litigation rates, and reasons claims were not defended.
- **Aggregate erosion monitoring** – live tracking of proximity to aggregate limits enables proactive, tactical responses, which are especially important when capacity is tight, and replacement cover is expensive or unavailable.
- **AI-generated narratives** – embedded language models summarise widget data, flag emerging risks, and benchmark current quarters against prior periods and prior years, turning data tables into board-ready commentary.
- **Liability defensibility analytics** – drill-downs on why claims were not defended (inadequate training, faulty equipment, missing risk assessments) translate claims experience directly into operational fixes and reportable root causes.
- **Global intake with local triage** – multi-language claim intake feeding a central data layer while preserving in-country handling, know-how and compliance – increasingly important for European corporates operating cross-border under GDPR.
- **Granular exportable data** – hundreds of data points exportable for ad-hoc analytics, captive reporting, and Solvency II / EIOPA harmonised reporting workflows (EIOPA).

Reducing TCOR

up to **30%**

reduction in premium or claims spend at renewal can be achieved through proactive claims management (USI, 2021).

20-30%

reduction in total cost of risk (TCOR) has been achieved through captive deployment supported by well-instrumented claims data (Captives.insure).

up to **40%**

reduction in fraud losses has been achieved through predictive scoring of claims data (ScienceSoft), while a European health insurer reduced false-positive fraud flags by 28% within six months (Appinventiv).

Benefits beyond cost

Centralised, automated claims response reduces the carbon footprint of traditional handling (printing, postage, in-person adjustment), shortens claim lifecycles, and accelerates injured-worker return to work – improvements that feed both ESG reporting and workforce resilience.

Crucially, claims data fed back into operational decisions – depot-level safety reviews, driver risk profiles, equipment maintenance schedules – shifts the risk management programme from reactive to preventive. That embeds lower incident rates structurally rather than relying on premium negotiation.

It also promotes a digital claims experience and an improved customer journey – outcomes that support sustainable insurance and create headroom for innovation and reinvestment.

Strategic implications

Premium relief isn't coming any time soon. As capacity tightens, retentions rise, litigation severity climbs, and loss volatility increases, the quality of claims data becomes a critical determinant of TCOR outcomes.

Success depends on a collaborative model, often spanning the TPA, carrier and corporate risk manager or captive owner. That structure embeds claims in the strategy, unlocks decision-useful data, surfaces local insight, applies global best practice, and results in a holistic reduction in TCOR.

Organisations that want to stay ahead will need to invest in both the platform and the mindset behind it, creating a more aligned captive, risk, claims and underwriting model.

> **"A well-configured claims data platform doesn't just handle claims. It shapes the underwriting story for renewal, the loss-control plan for the year ahead, and the board narrative that turns claims insights into prevention."**
>
> **James Norman**
> Head of International Business Development, Sedgwick

Success depends on a collaborative model, often spanning the TPA, carrier and corporate risk manager or captive owner.

Author

James Norman
Head of International Business Development, Sedgwick

Connect with our claims experts

Why are outsourced claims partners mission-critical?

The best outsourced claims partners do more than handle files efficiently. They provide a consolidated view across claims, vendors, jurisdictions, and retained risk, turning claims data into insights that reduce the total cost of risk (TCOR).

2-10%
of corporate operating expenditure.

5-10%
Estimated claims leakage as a share of total claims spend.

11-21%
Missed subrogation recoveries identified in closed-file audits.

10-15%
Average managed vendor spend savings.

Claims costs remain the largest driver of total cost of risk for many organisations. The bigger opportunity is not faster turnaround, but rather leveraging claims data to prevent repeat losses, improve the claimant experience, control vendor spend, and feed insights back into the business to proactively improve the overall risk profile.

A third-party administrator (TPA) should be a strategic partner, not a back-office service provider. Efficient claims management, including leakage control and subrogation, remains essential, but corporates increasingly value partners that identify patterns, coordinate the ecosystem and reduce future claims volumes.

That matters most in sectors such as utilities, transport, motor and real estate, where recurring loss patterns, operational complexity and fragmented delivery models can quickly erode programme performance.

Pressure points

Claims inflation remains a live issue. Market commentary suggests it peaked at **11-12% in 2023,** with the sharpest pressure in motor and property damage liability.[1]

In motor, the issue is repair economics. The FCA found that accidental damage and property damage claims accounted for **65%** of the increase in total motor claims costs between 2019 and 2023, reflecting longer repair times, more complex vehicles and higher labour costs.[6]

The pressure continued into 2024. The ABI reported record UK motor claims payouts of **£11.7bn**, including £7.7bn in vehicle repair costs, while the average private motor claim rose to **£4.9k**.[7]

In real estate, the main loss drivers are recurring and preventable. Lockton reported **2,782 escape of water notifications** in 2023 versus **137 fire claims**, while the average escape of water loss rose from **£4,757** in 2018 to **£10,632.69** in 2023.[8]

65%
of the increase in total motor claims costs between 2019 and 2023 came from accidental damage and property damage claims, according to the FCA.

Claims leakage – the quiet drain

Severity is the headline – leakage is the drag on performance. Studies put claims leakage at 5-10% of total claims spend.[2] But leakage control is only part of the value.

The bigger opportunity is using a partner's oversight to identify repeat losses, cost drift and intervention points before the next claim.

For buyers with a captive or a large, self-insured retention, every missed recovery directly affects retained-risk performance. This makes subrogation and leakage management core requirements. The real differentiator is whether the partner can turn claims experience into better decisions, stronger controls and lower future volumes.

The capability gap is real

Subrogation recovery is the first proof point. Closed-file audits across property and casualty carriers and self-insureds routinely identify missed subrogation in the 11-21% range,[4] and a single large-account audit can uncover **tens of millions of pounds**. A best-in-class subrogation model can increase recoveries, halve recovery costs and improve operating ratios by nearly 4 points.[5]

Cross-border claims management is the second proof point. A capable partner applies a single global protocol with consistent reserving and data standards, while adapting local handling to each jurisdiction. This gives the captive one view of exposure.

Vendor management is the third. Complex claims often involve loss adjusters, defence counsel, forensic accountants, medical experts, surveyors and recovery specialists, often without coordination or cost discipline. On a large account, an outsourced claims partner can routinely reduce vendor spend by 10-15%.

Reactive service to strategic insight

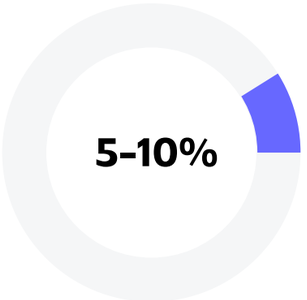
Claims sit at the most information-rich point in the risk lifecycle. Every incident, near miss and loss event generates data on cost, cause, service delivery and operational exposure. When consolidated properly, that data becomes a management tool.

Used well, claims insight helps organisations:

- Pinpoint root causes.
- Surface systemic risk.
- Target loss prevention.
- Reduce frequency as well as severity.

This shifts claims from a reactive cost centre to a control point, with insight flowing back into operations, procurement, fleet, property and risk teams in time to influence outcomes.

Claims sit at the most information-rich point in the risk lifecycle. Every incident, near miss and loss event generates data on cost, cause, service delivery and operational exposure.



Studies put claims leakage at 5-10% of total claims spend.[2]

Coordination is key

For many corporates, insurance arrangements are complex. Programmes often include:

- High deductibles or SIR layers.
- Captives managing retained risk.
- Multiple carriers across lines and territories.
- Panels of adjusters, solicitors and experts.
- Cross-border exposures with local regulatory demands.

Each component is manageable in isolation – the challenge is how they perform together. Without clear coordination, organisations face fragmented data, uneven claimant outcomes, slower decisions, higher vendor spend and limited visibility into what drives TCOR.

Point of integration

A modern TPA integrates this ecosystem by aligning data, decisions and service standards. This gives the client a single view of claims performance and a stronger basis for reducing retained losses, controlling suppliers and improving the claims experience.

Key roles include:

- **SIR and deductible management** to control retained losses.
- **Captive support** through consistent data and insight.
- **Cross-border coordination** across jurisdictions.
- **Supplier management** across adjusters, legal panels and specialists.

By sitting across the programme, the TPA creates a single view of risk and performance. That visibility supports better reserving, cleaner management information, faster escalation and more targeted prevention.

Connect with our claims experts

Partnerships that work

Corporates now select partners who:

- Know the sector risk profile.
- Pair delivery with data-led insight.
- Support TCOR, experience and resilience goals.

Partners are no longer chosen solely on cost per file, but for the visibility, coordination and prevention capabilities they bring to the wider risk programme.

This matters particularly in utilities, transport and motor, telecoms, affinity and real estate, where recurring incidents, distributed operations and complex supplier networks mean that even modest reductions in incident frequency or vendor leakage can materially affect the bottom line

Strategic implication

Corporate risk managers want evidence, not promises. Outsourced claims partners must demonstrate not just operational discipline, but how their data, governance and insight improve the client's risk profile.

Organisations that treat claims handling as part of a broader risk partnership are better placed to reduce TCOR. The return is seen not only in reduced leakage and improved recoveries, but also in lower incident frequency, tighter vendor control, stronger customer or tenant outcomes and better information for the next underwriting cycle.

Claims handling is where cost, risk, reputation and insight meet. The right partner does more than move files – they create visibility, improve decisions, recover value and help prevent the next loss.

That makes them mission-critical.

Author

Claire Ramage
Corporate Client Director UK,
Customer Relationship Management,
Sedgwick UK

> **The best outsourced claims partners don't just handle files – they give risk managers a clearer view of where loss is really coming from, and the levers to act on it. That's what turns claims from a cost line into a source of strategic advantage."**

Claire Ramage
Corporate Client Director UK,
Sedgwick UK

Outsourced claims administration

A strategic partner for complex risk environments

In today's high-severity, high-volatility claims environment, organisations managing self-insured retentions and deductible programmes need more than claims handling.

They need **control, insight, and certainty.**

Sedgwick's outsourced claims administration services are designed to deliver exactly that – combining technical expertise, operational scale, and robust governance to help organisations take control of their claims outcomes.

What we deliver

CONTROL OVER COST AND OUTCOMES

We manage claims with a disciplined, consistent approach – ensuring early triage, accurate reserving, and proactive management of high-value and complex losses.

EXPERTISE WHERE IT MATTERS MOST

Our specialists handle liability, bodily injury, property, fraud, and major losses – applying technical judgement early to prevent escalation and reduce overall cost of risk.

DATA-DRIVEN DECISION MAKING

Through integrated platforms and advanced analytics, we provide real-time visibility of claims performance – supporting forecasting, reserving, and strategic decision-making.

GOVERNANCE YOU CAN RELY ON

We operate with clear audit trails, structured processes, and strong regulatory alignment – helping organisations meet increasing scrutiny across jurisdictions.

SEAMLESS MULTI-COUNTRY DELIVERY

With local expertise supported by central oversight, we deliver consistent claims handling across Europe and globally – aligned to your programme and risk appetite.

More than claims handling

Our approach to outsourced claims administration goes beyond processing claims.

We act as an extension of your risk, finance, and legal teams – helping you:

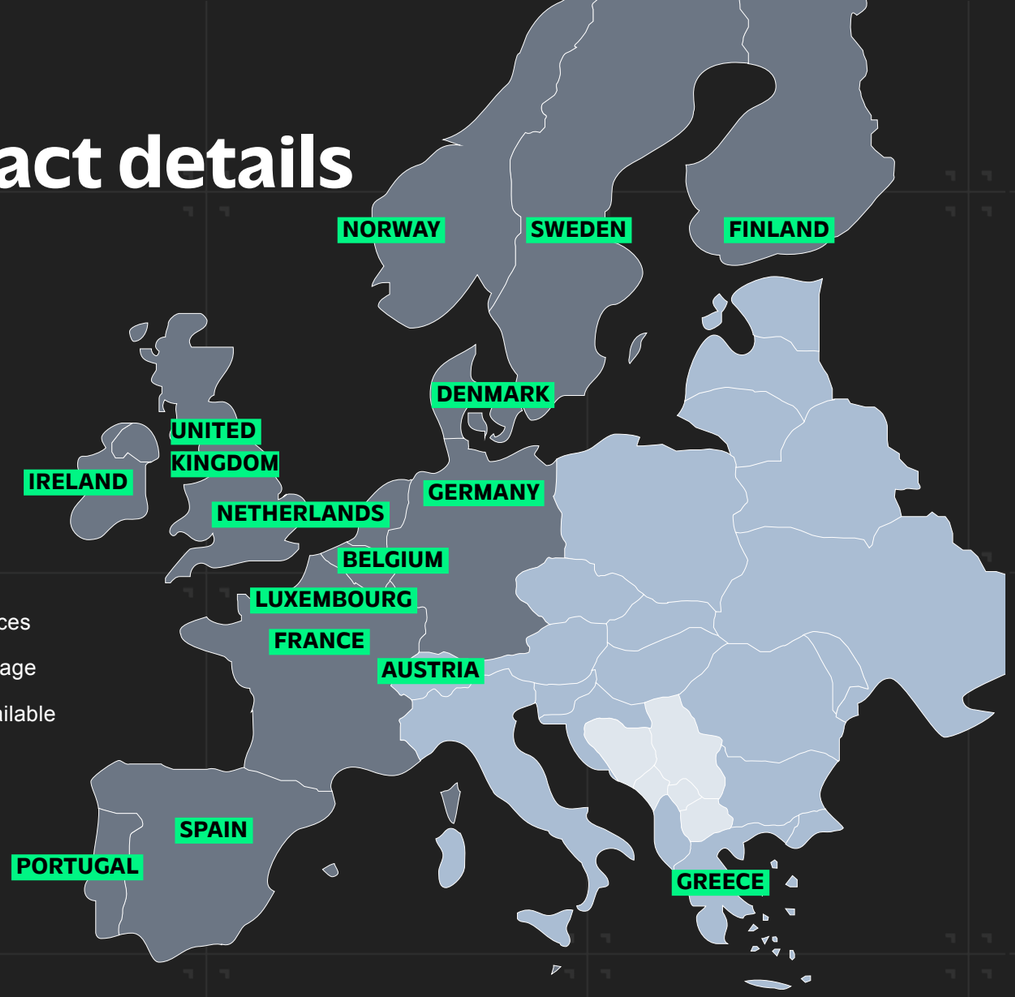
- Reduce volatility in retained losses.
- Improve reserving accuracy and financial predictability.
- Strengthen litigation posture and defensibility.
- Identify trends and emerging risks across your portfolio.
- Maintain control in an increasingly complex regulatory environment.

Take control of your claims

As the claims landscape continues to evolve, the organisations that perform best will be those that move from reactive claims handling to proactive claims management.

Sedgwick's outsourced claims administration services provide the expertise, infrastructure, and insight to make that shift – helping you manage complexity, control costs, and protect your balance sheet.

Contact details



- Sedgwick offices
- Affiliate coverage
- Coverage available

EUROPE
James Norman
Head of International Business Development
james.norman@sedgwick.com

FRANCE
Celine Lefort
Directrice TPA
celine.lefort@fr.sedgwick.com

UK
Mark Gilbert
Strategic Client Director
mark.gilbert@uk.sedgwick.com

GERMANY
Tobias Walter
CEO - Sedgwick Germany
tobias.walter@de.sedgwick.com

IRELAND
Mick Greene
Head of Claims Solutions
mick.greene@ie.sedgwick.com

NETHERLANDS
Jack de Klerk
Chief Commercial Officer
jack.deklerk@nl.sedgwick.com

SPAIN
Juan Carlos Sánchez Coy
Head of TPA
juancarlos.sanchez@es.sedgwick.com

DENMARK
Louise Theilgaard
Sales Director
louise.theilgaard@sedgwick.com

Sources

Regulatory watch
www.uniconsent.com

www.kiteworks.com

Digital triage – the FNOL advantage

1. Aite-Novarica Group, straight-through processing benchmarking (2023), reporting a personal-lines STP rate of c.7%.
2. Infrrd, Straight-Through Processing in Insurance: 2026 Guide to STP Automation; Agentech, Insurance 2030: The Impact of AI on Claims Processing, 2025.

Claims insight – revolutionising risk visibility

1. Aon.
2. Captives insure.
3. ScienceSoft.

- Eurostat – Euro area annual inflation (HICP).
- FERMA – Global Risk Manager Survey Report 2024.
- Insurance Europe – The impact of insurance fraud.
- EIOPA – Insurance statistics.
- Aon – How to Effectively Manage Total Cost of Risk.
- Marsh – Social Inflation and Nuclear Verdicts.
- Marsh – European Cyber Claims Report 2025
- USI – Minimise Your TCOR With Proactive Claims Management.
- Captives.insure – Total Cost of Risk and the Impact of Captives.
- ScienceSoft – Insurance Fraud Detection: A Guide to 200%+ ROI.
- Appinventiv – Insurance Claim Fraud Detection with AI & Big Data.

Why are outsourced claims partners mission critical?

1. Swiss Re Institute, sigma 4/2024: Litigation Costs Drive Claims Inflation – Indexing Liability Loss Trends (September 2024); Bank of England Prudential Regulation Authority, 2024 Insurance Supervision Priorities Letter; Lloyd's, market commentary on claims inflation.
2. Spear Technologies, Eliminating Claims Leakage (2024); Canotera, 5 Key Insights on Claim Leakage (2025); VCA Software, Understanding Claims Leakage (2025).
3. National Association of Subrogation Professionals data, cited in Genpact, Maximize Subrogation Opportunities to Strengthen the Bottom Line; SubroIQ, Missed Subrogation by the Numbers (April 2025); Roundstone Insurance, The Missed Opportunity of Subrogation.
4. SubroIQ, SubrogationElevated Audit Benchmarks (closed-file audits across property and casualty carriers and self-insureds, with missed recoveries in the 11–21% range).
5. Genpact, Maximize Subrogation Opportunities to Strengthen the Bottom Line (best-in-class operating model benchmarks).
6. Financial Conduct Authority, Market Study into Premium Finance for Motor Insurance and Pure Protection Insurance: Final Findings and Market Intervention (2025), including analysis of 2019–2023 motor claims cost drivers.
7. Association of British Insurers, motor insurance premium tracker and claims commentary (2025), including 2024 UK motor claims payouts, repair costs and average private motor claim values.
8. Lockton, real estate and property claims commentary (2024–2025), including escape of water notifications, fire claims frequency and average escape of water loss values.

sedgwick

TOGETHER WE *THRIVE*

SEDGWICK.COM