SOP Template: Claim Settlement Calculation and Payment Processing

This SOP details the **claim settlement calculation and payment processing** procedures, including the steps for verifying claim eligibility, accurately calculating the claim amount, approving settlements, and processing payments efficiently. It ensures timely and transparent handling of claims to maintain customer satisfaction and compliance with regulatory requirements.

1. Purpose

To outline a standardized process for claim settlement calculation and payment processing, ensuring accuracy, timeliness, and compliance.

2. Scope

This procedure applies to all claim processing, settlement, and payment activities carried out by the claims department.

3. Responsibilities

Role	Responsibility
Claims Processor	Initial claim verification, document collation, and calculation of claim amount.
Claims Supervisor	Approval of claim calculations and settlements.
Accounts/Finance Team	Processing and disbursement of approved payments.
Compliance Officer	Oversight for regulatory adherence.

4. Definitions

- **Claim:** A formal request to an insurer for compensation under the terms of an insurance policy.
- **Settlement:** The approved amount to be paid to the claimant after claim validation.

5. Procedure

1. **Claim Submission and Acknowledgement**
   - Receive claim and verify submission completeness.
   - Acknowledge receipt to the claimant within 1 business day.
2. **Eligibility Verification**
   - Check policy details, dates, and coverage validity.
   - Ensure all required documentation is provided.
3. **Claim Assessment and Calculation**
   - Assess loss or damage as per policy terms.
   - Calculate settlement using predefined formulas or tables specific to policy type.
   - Document all calculations and methods used.
4. **Approval and Authorization**
   - Submit calculated settlement for supervisor/manager approval.
   - Obtain necessary authorizations as per approval matrix.
5. **Payment Processing**
   - Send approved settlement to accounts/finance for payment disbursement.
   - Verify recipient bank details or preferred payment method.
   - Process payment within stipulated turnaround times (e.g., 2-3 business days).
   - Send payment confirmation and settlement advice to claimant.
6. **Record Keeping and Reporting**
   - Maintain all claim documents, calculations, approvals, and payment records.
   - Prepare periodic claims and payment reports for management and compliance purposes.

6. Turnaround Times

Process Step	Maximum Turnaround Time
Claim Acknowledgement	1 business day
Eligibility Verification & Calculation	3 business days
Approval	1 business day
Payment Processing	2 business days

7. Compliance and Quality Assurance

- Review regular audits for process improvements.
- Maintain adherence to company policy and regulatory requirements.
- Address customer complaints and feedback promptly.

8. References

- Company Policy Manual
- Relevant local and national insurance regulations

Note: This SOP should be reviewed semi-annually or as required by changes in regulations or company policy.

Process Step	Maximum Turnaround Time
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Eligibility Verification & Calculation	3 business days
Approval	1 business day
Payment Processing	2 business days