Insurtech Insights

Roundtable Report

Uncovering the future of claims efficiency

In partnership with

SPLICE
SOFTWARE

Introduction

Other than purchase and renewal, it is when making a claim that insurers primarily interact with customers. A claim represents the moment when the insurance proposition is "consumed" by the policyholder. This moment is often experienced during a period of high stress and anxiety. Yet many claims journeys are convoluted and slow, having been designed from the perspective of the provider not the customer.

According to McKinsey & Co, digitally transformed claims journeys reduce claims expenses by up to 30% and increase customer satisfaction by up to 20 percentage points.

To discuss the opportunity to improve claims and how to implement its transformation effectively, Insurtech Insights and SPLICE Software hosted a virtual roundtable of six industry leaders from the UK, Europe and the US. Representing established carriers, brokers and insurtechs, the panel comprised a broad cross-section of the insurance industry.

In this report we capture the main themes from this discussion:

- **Where claims is most ripe for transformation?**

- **How are new data sources and technologies changing claims assessment and prevention?**

- **With so many different technologies and potential innovations available, how do you prioritise?**

- **Is it easier to improve in certain areas than others? How do you know if you've been successful?**

At a glance, here are the key takeaways:

- **The goal of transformation is to put the customer at the centre and make processes invisible.**

- **Processes and experiences are to be tailored for different types of claims and customers, replacing the "one size fits all" approach.**

- **Telematics and AI will enhance (not replace) human decision-making.**

- **Before embarking on any initiative, establish a baseline and the ability to measure changes in customer experience and internal efficiency.**

With thanks to

Amy Cooper
Vice President – Carrier Practice Sales
Gallagher Bassett

Tara Kelly
President & CEO
SPLICE Software Incorporated

Jeffrey Ryan
Director
Claims Innovation Design
Allstate Insurance Company

Simon Hickling
Chief Architect
Covéa Insurance

Mario Riccò
Head of Group Claims
Generali

Arash Sadati
Director
Kemper Corporate Service

Foreword by SPLICE Software

The claims experience is often referred to as the moment of truth – and for good reason.

It is the moment where the promises you made to your customer are put to the test. The customer is now a digital native and expectations are high. In the insurance industry, the claims customer experience is everything, as retention is top priority. Automation and technology are not just about saving money, reducing fraud or minimising process cycle times. Claims automation is also about the customer experience.

This report will highlight technology advancements like app-based telematics and daily wearables to name a few. As a carrier, the number of technologies, vendor partners, and new project implementations can be daunting. Deciding where to start can be tricky and knowing how to measure the results in a simple and effective way is often no easy task.

SPLICE commissioned this roundtable to shed light on success stories in industry today. In this report our expert panel will dive into best practices, anecdotes, and insights.

We deliver automated communication workflows through text, calls, email, and voice-first. We believe in intelligent automation, choosing the right vendor partners, and putting the customer first. Being there for your customer and providing the same quality experience and outcome regardless of channel is table-stakes.

> **The claims process is simple, but finding the perfect balance between customer experience without overcomplicating the "behind the scenes" workflows, is far more complicated.**

With the current speed of digital transformation and a laser focus on the customer, we believe that the claims process can be better! If you are looking to innovate and bring simplicity back to the claims process, this paper is for you.

The claims process is inherently simple, yet finding the perfect balance between building the customer experience without overcomplicating the "behind the scenes" workflows is far more complicated. This expert panel approaches each challenge with a customer first mindset. It shows that the winning combination can only be achieved through the delicate balance of delivering a fast and fair resolution and efficient, safe back-of-house business processes.

If you are committed to improving your claims processes and the claims experience for your customer, this paper will be of value. It is a chance to hear from carriers across the globe and to learn what has worked for them, where they are going. It's an opportunity to be inspired by new ideas around artificial intelligence and innovation.

By exploring the key areas ripe for innovation and the ones many consider table stakes, you can see where we are as an industry, where we are going and what watershed moments that lay ahead.

A big thank you to our contributors for their time, expertise, and effort in bringing this research to light.

Tara Kelly
President & CEO
SPLICE Software Incorporated

Thought Leadership Highlights

Amy Cooper

On how Gallagher Bassett is implementing their technology in claims

"We are applying AI behind the scenes to help our resolution managers (what we call adjusters) to make informed decisions" *Page 5*

Jeffrey Ryan

On where claims are most ripe for transformation

"In this industry we've been really stuck on our processes and our segmentation. Our FNoL makes visible the weirdness of our processes and our claim systems to our customers." *Page 5*

Arash Sadati

On the importance of AI on claims transformation

"AI is the augmentation to human decision-making, reducing bias when it's appropriate, but enabling the judgment call" *Page 6*

Simon Hickling

On preventative insurance technologies

"One of the things we've looked at is can you detect when somebody has had an accident? Can we actually get in touch with the person before they have to ring us and take the worry off them or alert the emergency services?" *Page 6*

Tara Kelly

On the use cases of the newest technologies

"Giving customers preferred vendors to immediately choose is a very simple use of technology. We know where that claim happened. We have on file whether a customer prefers a repairer closer to home or closer to their workplace. Press one, and we'll text you that information right now" *Page 6*

Mario Riccò

On the challenges of measuring your success

"You need to look holistically at the customer side and the internal side, because there is a risk that you are just on one side and damaging the other. It's a continuous balancing act." *Page 8*

Where is claims most ripe for transformation?

The opportunity to transform exists in every aspect of claims and encompasses front and back-end processes. What makes claims a particularly lucrative area of focus is that the same improvement is beneficial for both provider and customer. Prevention and mitigation, simplifying and streamlining assessments and case management all contribute to the bottom line at the same time as delivering a better customer experience.

What are the top priorities for our panel of insurance leaders?

Tara Kelly

Let's take first notice of loss (FNoL). In that moment, [the top priority is] connecting with the adjuster and ensuring that the customer can move seamlessly between a call, a chat, a text, however they feel comfortable, and [then ensuring that] you've got intelligence and automation [running seamlessly] throughout the process.

As an example, photo submission is a sweet spot and there's an opportunity to build efficiency and security into the process.

At this crucial stage in the claims process, First Notice of Loss transformation is about making sure that at whatever channel the customer enters, they have a consistent experience across the journey and therefore, with the insurer. The level of attention given and where in the journey the customer receives this attention, is vital to outlining priorities for AI and automation transformation.

According to our thought leaders, it's the processes in place for customers to interact with that is the most ripe for transformation. The difficulty is telling a unique story as an insurer throughout the process.

Simon Hickling

Across the board it's about making sure that whatever channel you come in, and wherever in the process you are, you're being treated the same and you're getting the same attention [with] the same impact. I'm driving us to develop the processes as we want, [with the business in mind], and then making those channels just a window into those processes. You can start with a phone call when you've crashed your car at the side of the road, but then carry that on either through a chatbot, ringing a person or via a website when you get home.

Jeffrey Ryan

In this industry we've been really stuck on our processes and our segmentation. Our FNoL makes visible the weirdness of our processes and our claim systems to our customers.

A claim is pretty simple when you boil it down: coverage, liability, damages and payments. Everything else that we tell ourselves are the stories of our processes.

Mario Riccò

*One opportunity we have is to **make claims be part of the whole insurance value proposition**, so that the role of claims is not only on the settlement or when there is a loss, but also to support sales and new products.*

Claims can play an important role to create word of mouth and a positive image for an insurance company.

Amy Cooper of Gallagher Bassett agrees that insurers need to think first about how they are meeting with customers in this process but also emphasises the importance of what goes on behind the scenes to make this possible. How are we making complex processes easier?

Amy Cooper

There's been a tonne of talk about straight-through processing, which is more applicable to certain types of claims than others.

For complex claims, things like workers' compensation, how do we simplify that process? We are applying AI behind the scenes to help our resolution managers (what we call adjusters) to make informed decisions.

*"Claims can play an important role to create word of mouth and a positive image for an insurance company."
– Amy Cooper*

How are new data sources and technologies changing claims assessment and claims prevention?

Key technologies underpinning claims transformation include machine learning, telematics and image recognition. All of these technologies are themselves built on a foundation of data and analytics, requiring insurers to not only efficiently ingest first-party data from policyholders but also augment data from third parties. We asked our panel which technologies they felt were being deployed to particularly good effect

98.3%

In 2020, 98.3% of claims were paid out, which is the highest percentage since records began.

Arash Sadati

AI is the augmentation to human decision-making, reducing bias when it's appropriate, but enabling the judgment call.

There are certain things that you can use automation and AI to streamline as early as possible, such as total loss determination. You enable the human to make a better decision at the time. There's a lot of opportunity for proper data exchange at FNoL – like proof of coverage, and exchange with authorities in terms of police reports. This is a ripe area to explore because we are missing a lot of data and it's very manual and time consuming for our customers as well.

When it comes to claims, the prevention of one is in many cases just as important an area to innovate as the claim itself. Simon Hickling of Covea reflected on their collaboration with Vitality UK and where their new technology priorities are as a result of this.

Simon Hickling

We have a couple of products that offer telematics for vehicles, and we just launched with Vitality in the UK which is based on their telematics work that they've done around the world. **One of the things we've looked at is can you detect when somebody has had an accident?**

Does a sudden deceleration mean maybe you've had an accident? **Can we actually get in touch with the person before they have to ring us and take the worry off them or alert the emergency services?**

Mario Riccò

In the Italian market we have a portfolio in connected vehicles. The first challenge is the quality of the data you get from the black boxes. When you solve that, it helps with triaging and to quickly understand the severity and the complexity of the claim, to build fast-track processes for the simple cases. And to provide assistance to the customer in the event of a collision.

Jeffrey Ryan

So far all of the insurance carriers have been using app-based telematics, which is not ubiquitous enough to really operationalise in claims, but what it's allowing us to do is to learn how to use telematics data. **That watershed moment is going to be when we can get those partnerships going with the manufacturers.** But there are so many questions around ownership of data along with auto manufacturers who want to get into the FNOL business. It could turn into something very contentious with our customers in the middle unless we decide how to partner on their behalf.

Amy Cooper

Our loss-control department has several pilots going on workers' compensation wearables. We'll work with somebody on that exact movement and see if there's any potential risk to help produce claims in the future, to daily wearables where they're supposed to be wearing it all the time. We're experimenting with a ton of that kind of stuff.

Tara Kelly

*There is a huge cost mitigation opportunity in telling the customer and having it remembered but also an opportunity to build the relationship. There are cross-sell opportunities if you get to know each other. Also, **speeding up the claims process is key**. One of the big ones we've been able to improve is around automobile physical damage.*

Giving customers preferred vendors to immediately choose is a very simple use of technology. We know where that claim happened. We have on file whether a customer prefers a repairer closer to home or closer to their workplace. Press one, and we'll text you that information right now. *It really can be that easy.*

With so many different technologies and potential innovations available, how do you prioritise?

A survey of global insurance professionals published by Insurtech Insights in November 2020 revealed that 62% believed "difficulty making claims" was a problem for customers and 75% believed that claims taking too long to be paid was a problem for customers.

The case for urgent change is clear. But with so much potentially to do, where should insurers focus their attention to yield the greatest impact?

Arash Sadati

*"Ask yourself where do you bleed most? If you look at your entire process end to end, **where are the challenges that either are costing you most in terms of efficiency and effectiveness, or are really constraining your customers' experience?"***

Jeffrey Ryan

I'm interested in being able to bring in distinct points of decision-making within our ecosystem.

I'm not interested in giving my adjusters more platforms to work in. That's always one of the first things I zero in on when I am talking to a vendor, and we're talking about their data, and we're talking about how they can help us. I'm not having adjusters log into anything. You've got to be modular and API driven. I've got to be able to pull you into my environment. Our adjusters today are touching 29 different systems. In video game terms, our adjusters are playing in hard mode.

What are the problems that these vendors are trying to solve for us? How do we bring their data in in such a way that it's rationalised and ready for a decision?
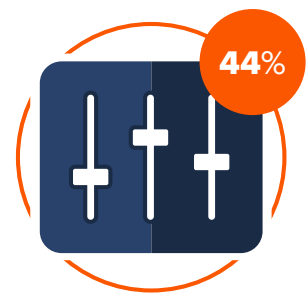
Simon Hickling

As Jeff says, taking the pain away from your staff.

Automate the things you've got to do over and over, for example updating claim details and regulatory information.

If you can save somebody half an hour a day of logging into systems, that adds up. Having people work on things is really expensive. The less time we have people doing things, the more return you're going to get.

44%

Forty-four percent of insurance customers would swtich to another provider if they couldn't use their preferred channels during the claims process.

77%

Seventy-seven percent of customers say the promise of quicker claim resolution would be important or extremely important in their decision to switch to another provider.

Amy Cooper

*We **focus on outcomes for the customer.** For example, helping adjusters make the decision of which doctors to use based on each doctor's adherence to evidence-based medicine, which we now know gives a better outcome. And so instead of using networks based on cost, we're using outcome-based networks.*

Is it easier to improve in certain areas than others? How do you know if you've been successful?

To make the case for the investment required for any transformation initiative, there must be a clear expectation up front of ROI. Furthermore, transformation goes much deeper than technology or tools alone. In established organisations the cultural change is every bit as important as upgrading technology, as our panel explained.

Jeffrey Ryan

For claims that people perceive as simple, folks don't fight you on the simplicity as much. When you have areas that have a lot of, what I call 'claims folklore' attached to it, people don't want to let go. 'This is our secret sauce, we built it 15 years ago, and we were best in class at that point in time'. That's when you can have disagreements because those strategies worked before but may not serve us now. The way my team and I go about this is we don't start with 'we're going to come in and simplify everything'.

We start with, 'Let's take a step back. What are we trying to drive towards? What does the customer want?'

All those other things around AI and workflow are the 'hows' and we try to get people reoriented on the 'what'.

"Innovation doesn't just happen. You have a starting vision, and then you say 'what does it look like today? What are all the things that have to change to get to our vision?' and then you have to go one by one, solving problems even if it means changing things that have made you successful in the past."
– Jeffrey Ryan

Arash Sadati

I see three categories of KPIs:

1. Customer experience such as NPS or another customer-feedback method.

2. The efficiency of the horizontal process rather than just a vertical process, not just how efficient is FNoL or adjusters, but end-to-end cycle time.

3. Efficacy. How effective have we been in terms of paying out the right amount at the right time? Have we underpaid or overpaid? We do that through audit methods as well as taking an expert view of the claim and whether we were effective or not.

I think beyond these three categories of metrics, we also need to look at how well we are using data, either through automation, self-service or AI. How we change our IT infrastructure and architecture to get there is a metric that we should put in to measure our progress.

Tara Kelly

Customer feedback is key. We don't want to work with an organisation that doesn't have a baseline. *Sometimes we end up slowing down our sales process. But bringing in CSAT or NPS is so important. Maybe you've done NPS at the end of the whole claim, but you have no idea how customers feel at certain points*

and it's dangerous to change things without a baseline.

Simon Hickling

If we don't have measurements to start with, it's very difficult to say that we've got better at it. I'd also echo what Jeff says… we need to be really careful about how we transition people on, and help them understand that it is a transition. Executive leaders might say, 'I need this streamlining, I need it to be quicker. But you can't just move from where you are now to where they want to be. You have to have that transition.

Mario Riccò

We measure thoroughly. We collect customer feedback on claims touchpoints. And after the claims we collect feedback. We also call back customers who gave negative feedback to close the loop and understand the root causes. But customer feedback alone is not enough, because you're not getting 100% of replies from 100% of customers. We also look at internal KPIs. If you have an issue on settlement time this is something that you can clearly measure. If you want to measure certain processes, you look at the steering rates and adoption.
You then need to look holistically at the customer side and the internal side, because there is a risk that you are just on one side and damaging the other side. It's a continuous balancing act.

Contact

For sponsorship enquiries:

Bradley Collins
CCO, Insurtech Insights
+44 (0) 7928 474 427
bradley.collins@insurtechinsights.com

To join future roundtables:

Eleanor Smith
Senior Producer, Insurtech Insights
+44 (0) 7947 660 441
eleanor.smith@insurtechinsights.com

SLICE Software contact:

Tara Kelly
President & CEO
SPLICE Software Incorporated
(855) 777 - 5423
tara@splicesoftware.com
www.splicesoftware.com