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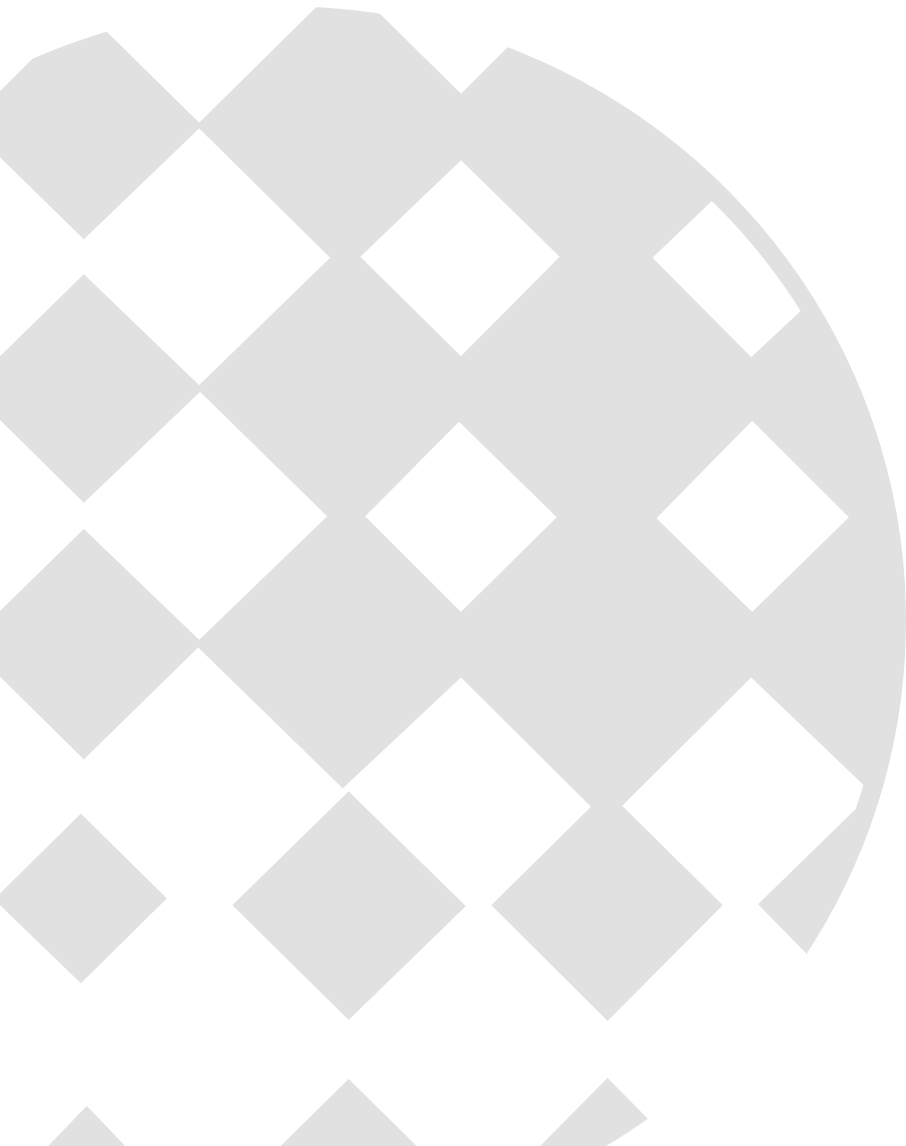
Powering the Insurance Claims Process with Information Capture and Intelligent Automation

The insurance claims process is a significant component in determining an insurer's overall profitability and long-term viability. And the information-intensive nature of claims processing makes it critically important to both insurers and claims stakeholders. However, these initial time-sensitive customer interactions have been traditionally constrained by processes that are manual, resource-demanding and error-prone; complex third-party interactions are also common.

The claims process frequently develops into a "tail wagging the dog" scenario as the timely collection of documents and accurate information (such as with first notice of loss (FNOL), for example) takes a disproportionate amount of organization time and effort—and can cause significant dissatisfaction among policyholders, who can easily take their business elsewhere.

Mired in the Status Quo

The ever-increasing volume and complexity of claims today, coupled with tighter government and industry compliance regulations and penalties, only exacerbates the status quo many insurers are facing: slower claimant response and resolution times that frustrate customers, swelling operational costs due to error-prone legacy processes that can't keep up, and reduced information visibility and effective decision-making that increases risk.

These challenges can be loosely categorized under customers, costs and compliance.

The insurance industry has generally been slow to adopt new digital approaches, but times are now changing.

Insurance on the Threshold of Digitization.
– McKinsey

Customers

No customer is in a "happy place" when filing an insurance claim. Additionally, fair or not, customers involved in a claims process have higher expectations from the carrier than at other times in the insurance policy lifecycle.

Convenience and communication are at the top of the list for today's on-the-go customers. It may be impractical for a policyholder to call a claims line, and they may consider it unreasonable to mail-in original receipts in order to progress a claim.

Similarly, policyholders will typically expect a 24x7 operation and visibility into claims status and/or updates, so information submitted on a Saturday morning shouldn't have to wait until Monday afternoon to be acknowledged.

Customers are also conditioned by their experiences in the e-commerce world, where re-entering of basic information isn't needed. Manual, paper-based processes for receiving and processing data and supporting documents (FNOL, for example) will likely raise a red flag. Technology-savvy customers are likely to assume the insurer either doesn't care about service, has antiquated systems, or both.

According to a recent survey, only 30% of policyholders reported a positive experience with their insurance providers.

Capgemini, Voice of the Customer Survey
– World Insurance Report

The bottom line is that manual, paper-based processes are at odds with a streamlined customer experience. An insurer's inability to quickly advise a policyholder regarding the status of a claim, handle lost and duplicate bills or supporting documents, or provide and maintain open communication while processing a claim can result in increased complaints, compliance investigations and even lost customers.

Ultimately, consumers dissatisfied with your level of service and engagement during the claims process are likely to take their business elsewhere. The reasons are clear: manual processes are error-prone, inefficient and do not allow for the convenience, visibility and communication that insurance customers demand.

Costs

Keeping costs in check is always at the top of the list when it comes to modernizing the claims process. Excessive and costly manual paper handling, sluggish workflows that fail to manage exceptions and weak internal controls all contribute to inefficiencies that can hurt the bottom line for insurers.

Often, older systems of record or legacy claims management systems lack the agility to handle new methods of customer engagement. For example, introducing mobile isn't simply a case of extending desktop web portal screens to smartphones.

Claims and policy administration silos are also common and prevent sharing and re-use of information. When systems aren't integrated, claims examiners must spend time searching for documents and content, rather than applying that knowledge to settle the claims, which adds to the overall cost of processing the claim. Inefficient processes become particularly problematic when investments under-perform and management must look for ways to reduce operating costs.

A recent study found that only 5% of insurers are fully digitized or automated.

McKinsey and Company, "The Making of a Digital Insurer", Voice of the Customer Survey

The propensity of companies to acquire competitors and run multiple back-end systems introduces fundamental difficulties as well. These often require crude integration methods or duplication of data to achieve minimum progress toward a single customer view. In worst case situations, administration personnel are often required to re-key information between systems or between email/CRM and back-end applications. This approach introduces errors, frustration and additional costs. Worst of all, resources are switched from customer service tasks to low value-add data entry.

Compliance

Insurance is a highly regulated industry. These regulations vary from state to state and change on a fairly regular basis. Maintaining compliant claims processing is a challenge across the entire insurance industry, and carriers that are not in compliance can be subject to fines and class action legal filings. Unsurprisingly, paper-based processes are a key contributor to high error rates in the extraction of key customer and claims data.

The situation is complex; claims executives do face conflicting directives: settle claims accurately, fairly and within an acceptable timeframe; and reduce the expense of the overall claims process. Meeting one directive can lead claims processors to "cut corners" on investigations, which leads to an increase in overpaid claims, claims fraud, higher than expected loss ratios and significant noncompliance risk.

70% of life and P&C insurers lack the confidence to execute complete digital transformation because they feel they don't have an achievable plan.

The CIO's Guide to Building an Agile Communications Strategy – Oracle

Five Best Practices to Power Your Claims Processes and Empower Policyholders

Fortunately, compromise isn't necessary to deploy a claims processing solution that engages customers on their terms, helps drive down costs and increase efficiencies, and enhances compliance.

Here are five best practices for powering your claims process, driving efficiencies and empowering policyholders:

1. Lead with Multichannel Capture

Forcing customers to initiate a claim via paper does not align with the preferences—or service expectations— of tech-savvy customers. Today's customers want to interact with businesses through their channel of choice, when and where they want, and receive timely status updates. The early stages of the claims process typically involve multiple interactions and are information intensive; the nature of claims means that different information is needed at different stages of the process, and customers should have the option of using the most suitable mechanism for the required action.

In one study, less than one-third of life insurance carriers and about 40% of P&C carriers allowed customers to start a transaction in one channel and complete it in another.

Bain & Company

Flexibility is key. Although many may opt for claim initiation via a mobile app, others will prefer a traditional call center or customer portal on the web. And, in many instances, a customer may prefer to start a process on one channel, and then continue or follow-up on a different channel or device. The traditional call center notification should allow a customer service representative to capture details and quickly search across multiple systems via a single interface to quickly determine claimant eligibility and validate the policy. Insurers who offer this type of "omnichannel" experience that streamlines submission of initial and follow-up documentation and communication—across any device —will gain a significant competitive advantage.

2. Deploy Mobile Self-Service

Most customers are accustomed to the convenience of interacting with a business using mobile capture capabilities; for example, many routinely capture images of a check to electronically deposit into a bank account. Chances are good these on-the-go customers will expect this same level of mobile interaction when initiating a claim.

> *Gen-Y customers interact with insurers over two times more via mobile and internet channels than other customers do.*
>
> **Capgemini, Voice of the Customer Survey**
> – World Insurance Report

Mobile self-service is an essential capability to deliver the functionality your customers seek and goes a long way in helping you optimize your finite resources. An essential tool to help your customers self-serve is to empower them with image-perfecting technology that turns mobile devices into information capture devices to accurately extract data (no manual entry). Claims initiated via the mobile app are most efficiently processed when they are routed and approved using a rules-based matrix, with representative review initiated if needed.

3. Automate to Accelerate Workflows

Transform your property and casualty insurance claims process and the level of service you deliver to policyholders by deploying a fully automated software workflow – including automating the receipt, sorting, data entry, processing, integration and reporting of all document- and non-document-based information related to insurance claims and FNOL. This includes automatic capture of electronic data used in the claims process, such as claimant information stored internally or externally for data validations or fraud checks.

Robotic process automation (RPA) is gaining traction as an indispensable tool for capture of electronic data and workflow automation. Software 'robots' can be deployed to help improve processing efficiency by automating claim verification and gathering data from many dissimilar outputs. It can deliver automated notification to loss adjusters and assignments to claims handlers and seamlessly integrate claim-related information, regardless of source.

> *Insurers are finding that it (RPA) can have a major impact in back-office functions such as applications handling, claims processing and data entry.*
>
> **A Holistic Approach to Insurance Automation,**
> – Accenture

When you automate your claims processes, you

- Optimize FNOL: Automate predictable or unpredictable activities associated with accepting an FNOL

- Increase data quality: Increase data quality and reduce errors and exceptions in information-intensive business processes

- Increase productivity: Process more documents and electronic data faster, accelerate business processes, and improve information visibility throughout the organization—even when originating from multiple channels and formats

- Reduce costs: Reduce manual labor and headcount required for document classification, separation and data entry, and repetitive data entry, aggregation, migration, and integration tasks

- Strengthen relationships: Drive better, longer-term relationships with your policyholders through faster, more accurate settlement of claims

Additional Resources

Learn more about simplifying and streamlining insurance claims processing with these resources:

Case Study
Safe-Guard

Infographic
The Perils of Policyholder Communications – 7 Ways to Learn if you Need Customer Communications Management

Solution Overview
Solutions for Insurance

E-book
How to Win with Mobile: Transform Property & Casualty and Life with an Omnichannel Experience

Stop Your Swiveling: Robotic Process Automation for Property & Casualty and Life Insurers

White Paper
Insuring a Digital Future: A Guide to Digital Transformation in Insurance

4. Drive Communication and Visibility for Policyholders and Employees

When processes and systems aren't connected, customers may be forced to provide the same information at multiple steps, and processors may struggle to locate the data they need to service the customer effectively and efficiently. Your claims processing solution should streamline the collection, processing and sharing of disparate claims information. Ideally, you want a single system that handles every type of document— not only FNOL, but also claims worksheets, reports and everything in between. Your employees will be able to respond to claimants quickly, improve accuracy and productivity and drive down costs.

Customer expectations for a seamless digital experience extend beyond the initiation of a claim. Your claims workflow should enable customers to interact digitally throughout the process to track claim submission status, as well as view communications such as acceptance verifications or missing information alerts—and include the ability to complete end-to-end digital transactions with secure e-signatures.

5. Perform Process Analytics in Near Real-Time

Insurers must find the right balance between compliance and productivity. Process intelligence and analytics enable you to manage and direct your claims processes to achieve this balance. Unlike traditional analytics, which simply shows what happened in the past, process intelligence not only helps you understand and remedy bottlenecks in your business workflows in real time, but also provides unique understanding of how the "way" your process flows impacts your key business metrics.

Designing business insight into process improvement and compliance initiatives can also provide your company with the competitive advantage of being able to make better-informed business decisions, as well as ensure regulatory compliance. Digital process and data analytics allow you to both proactively discover and address customer-related issues, and mitigate the risks of non-compliant operational processes.

The end result of such insights into your processes is the ability to take action: processing bottlenecks become smart, streamlined workflows. Error-prone manual data extraction becomes automated, validated information ready for processing. And limited claim initiation options become multichannel opportunities for engagement. From FNOL to settlement of the claim, your customers have the transparency and the responsiveness they expect, and your employees have the tools they need to process claims quickly and accurately and maintain regulatory compliance.

For more information, visit Kofax.com.