INSURANCE | EBOOK

ARE YOU READY FOR THE CLAIMS PROCESS OF THE FUTURE?

Hyland®

IS YOUR INSURANCE COMPANY PREPARED TO HANDLE CLAIMS SUBMITTED 20 YEARS FROM NOW? HOW ABOUT 10 YEARS? HOW ABOUT FIVE?

If you said yes, you might want to think again. Unless your company is already engaged in gathering telematics data from business and personal sensors, connected to buildings, homes, cars — even people. Or if you have a dedicated team monitoring social media to gather information about claims severity or to examining the impact of destructive events like hurricanes, fires and floods.

Maybe you're already using drones for inspection? And you've invested in technology that eliminates the low value, tedious, manual tasks your adjusters must perform in order to investigate and close a claim?

If this all sounds like an overwhelming challenge, that's because it is. However, it is a challenge that's achievable, especially if insurers unite with the *right technology partners.*

The 10-year social revolution

New technology is already reducing claim volumes. Sensors and connected devices are ubiquitous, and more and more insurers are using the popularity of this technology to both gather data about a claim, as well as help insureds prepare for and, in some cases, prevent accidents that would cause damage and initiate a claim.

For instance, connected home sensor technology allows for more effective monitoring of common mishaps, such as fire and flooding.

While volumes are dropping overall, there are areas in which insured claims will likely rise. Climate change plays a part in this. Over the last two decades, the Earth's warmer climate has doubled heavy precipitation, increasing flash floods and water damage. The occurrence of Atlantic hurricanes has increased substantially, including the number of category 4 and 5 storms. Winter storms, tornadoes and damaging winds are all on the rise, as well, according to the U.S. Global Change Research Program.

This trend will cause bursts of localized claims activity, and insurers must be ready to meet that demand. The challenge, according to research by EY, will include the number of assessors, adjustors and third-party suppliers within that localized region who can meet demand. Without the right technology to balance workload and *workflow*, customer experience and expectation can slip through the cracks.

"Better technology can provide advanced warning of these events, saving lives, protecting property and reducing the risk and severity of business interruption," reads EY research.

That's not to say anything about *cybersecurity*, which is quickly becoming an even greater concern for insurers than it has in the past. Because so much confidential data passes through today's business systems, especially when it comes to claims and other personal data collected by insurers, we expect modern information management solutions to meet a higher degree of scrutiny when it comes to data security. Modern digital systems and procedures must be fully secure to retain the trust of agents and insureds, and to protect companies from liability.

What customers want today — and what they'll want in the future

Then there are the demands of the customers. Customers' needs and expectations are changing. They want a personalized insurance experience, from the moment they request a quote to the resolution of a claim.

The prominence of social media in the daily lives of Millennials — and Gen Xers and Baby Boomers — fuels those expectations. More than 90 percent, according to research, engage with social media regularly — 22 percent of Americans do several times a day.

Companies with which they have a personal connection are often included in their social media circles. If they don't follow the company directly, they may follow their local agent, a company representative, or even a mascot. Flo, Progressive Insurance's fictional spokesperson has nearly 50,000 followers on Twitter.

Moreover, when they send a tweet, 53 percent expect a response within an hour. If they have a complaint, that number jumps to 72 percent, according to research from Millward Brown Digital, commissioned by Lithium Technologies.

"When companies don't meet these lofty response expectations, 38 percent feel more negative about the brand and a full 60 percent will take unpleasant actions to express their dissatisfaction," study authors write.

Better communication with the customer — and faster innovation to meet their needs, especially when it comes to following up on a claim — is at the very heart of **digital transformation**, and what it will take to be a successful insurer in the 21st century.

All at once, every customer interaction becomes a chance to win or lose future business.

Today's consumers are looking for policies and products that resonate with their personal needs. They want a sincere relationship with their carrier. Carriers should want the same, so they can anticipate needs and communicate changes — both good and bad — before customers ask questions.

Why preparing for the digital claim of the future is so important

For the modern insurer, this is a challenge. Where the industry was once content with a slow approach to technology adoption, disruption from alternative providers entering the market suggests slow–and–steady will not win the race.

"Alternative providers are often at the forefront of the latest technological developments, such as artificial intelligence and process automation, putting them in a unique position to implement this technology and enhance the customer experience in a number of ways," reports GlobalData in its State of the Insurance Industry report. "In areas like deep data analytics, through which personalized products and targeting can be created, these tech-based businesses are capable of providing a far more bespoke product."

Most of these alternative providers, often *InsurTech* start-ups, but also well-established tech giants like Amazon and Apple, leverage their management of customer relationships as a key differentiator. By comparison, the customer relationship between today's insurer and its policyholders usually occurs only at point of renewal and when filing a claim.

That's lost opportunity when you consider that technology and big data offers insurers the opportunity to produce more customized products — and faster claims processing — with the ability to know which customers would want them.

How technology can help

Technology helps simplify the claims process, so much so that smaller claims — those that fall under $1,500 or so, for example — may be handled automatically via artificial intelligence. That process might move so quickly, insureds may have their claim closed in hours rather than days.

This effort will benefit from simpler products, and *the right technology platform* will help insurers innovate in just that way. The right platform will also allow insurers to build lean, highly skilled workforces who can handle increased claim volumes without adding headcount.

For example, when one Hyland customer — a third party administrator that handles FSAs, HRAs, flex accounts, COBRA accounts, transportation and more for its employers — implemented OnBase in its claims processing department, the department employed no more than 30 people.

Seven years later, while the company has grown from 160 employees to more than 740, and the company's book of business has grown similarly, the size of the claims team remains the same. Today, that team can process more than 7,000 claims a day, even handling the work remotely.

Its one-day claims processing record? More than 20,000.

Preparing for the digital claim process of the future

In a research study focused on the future of claims operations, EY shared its view on the capabilities insurers will need if they choose to build a smarter, leaner claims organization. Those capabilities include:

- **The need to easily access the claims portfolio and customer data**
  To adjust a claim properly, adjusters must have access to all of the information that relates to the incident. They gather information from various sources and locations, such as the sensors and wearables mentioned above.

  Quite often, even requests become part of the investigation. Correspondence and documentation of conversations with claimants, via email or by phone, becomes integral to the claims process and consumes a considerable part of an adjuster's time.

- **Automated processes that reduce and eliminate less complex tasks**
  Beyond offering adjusters easy-to-access information, insurers must reduce the number of manual steps in the claims process to expedite decisions and see that skilled adjusters aren't saddled with tedious tasks. *Integrating core claims systems* with the right content services solution provides insurers with the technology and tools the claims team needs to quickly and efficiently manage claims.

- **Fewer lower-skilled claims handlers, with a greater focus on more complex adjusting skills**
  These employees will have more claims handling experience and analytical abilities, since the right content services platform, integrated with a robust core claims solution, will virtually eliminate low-level tasks. Insurers will recruit cybercrime and digital security specialists to help ensure the safe handling of customer information. Technology will allow them to work remotely, expanding an insurer's ability to hire the best candidates for the job.

The right information at the right time

Insurers who will lead this charge also understand they must develop a sustainable claims processing operations model that provides adjusters with access to the right information at the right time, including analytics and data. This will allow them to accurately investigate and settle a claim, increasing efficiency and reducing the risk of costly claims leakage.

Furthermore, by automatically generating acknowledgement letters and requests for additional information, the right *content services* solution enables adjusters to focus on higher-value initiatives, such as interviewing key individuals and examining the important documents surrounding a claim.

With modern productivity tools that are responsive, intuitive and easy to use, claims staff have a complete view of claims data and content, as well as business process tools, to effectively manage claims from within familiar applications.

In short, to implement the digital claims process of the future today, insurers must rethink how — and who — they invest in with respect to skilled teams and experienced professionals. Moreover, they must align with the right technology partners who can help them achieve this goal.

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