GLOBAL INSURANCE SURVEY

HOW TECHNOLOGY WILL INFORM THE NEXT PHASE OF CLAIMS TRANSFORMATION

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How technology will inform the next phase of claims transformation

Claims departments are no strangers to evolving software and technologies. Given that claims is the most critical customer-facing function for both the reputation and bottom line of an insurance business, you'd expect no less. However, claims is still part of the wider organization, therefore faces the same challenges. Inefficient legacy processes and systems, combined with silos of data and technology, are still common obstacles to frictionless operations. As a result, claims staff still spend more time than they should on manual tasks, such as handling data and documentation.

The fact is that legacy systems are not inherently bad, and they house extremely valuable data. Harnessing the power of what exists, creating efficiencies and driving innovation, is the fastest way to transform claims and organization-wide operations. Intelligent automation is a proven way to achieve this.

Automation enabling change as part of the claims ecosystem

The trick with handling operational and customer challenges is to make what you already have work harder—to achieve more with the same resources. In claims, that means faster, more efficient treatment at FNOL, enabling handlers to provide customers one-on-one help when they really need it. It means faster payments, ensuring customers can move forward with their lives instead of waiting days or weeks for a decision. It means moving data smoothly through the adjustment process and via any third parties, without time wasted on manual data entry.

Intelligent automation can support these changes as part of a functioning ecosystem made of three essential and powerful components: people, systems and digital workers. Taking a holistic, enterprise view of how your claims department is currently functioning is the first step towards a strategic approach to leveraging automation technology for claims transformation.

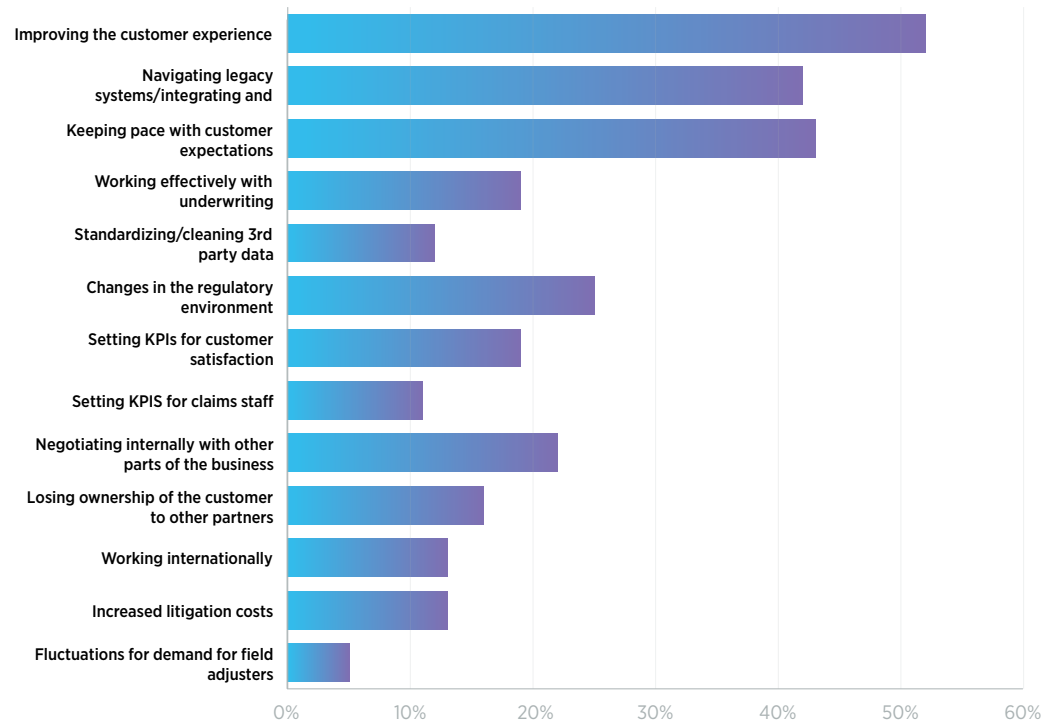## A strategic approach to intelligent automation

Many insurance organizations use robotic process automation (RPA) in some form already, but it's typically for monotonous tasks, such as processing invoices and performing data entry, however a digital workforce can do so much more. It's time for intelligent automation to be woven into the strategy of a business and into the strategy of the claims function.

According to a recent paper delivered in partnership with Knowledge Capital Partners, only 15% of businesses have made the long-term investments in RPA to enable the level of intelligent automation necessary to gain current and future business adaptiveness and resilience. This select group has gained up to 200% ROI in the first 18 months following investment.

But, as pointed out by Blue Prism's Head of Strategy and Transformation, Jon "Jet" Theuerkauf, "Investment and implementation of automation is not enough on its own. Automation should not revolve around just cost efficiency or be centered around individual tasks; it needs to be implemented strategically."

In claims departments, the strategic challenges have changed little, but there has been a flattening of

What are your long-term strategic challenges?

Challenge	Value
Improving the customer experience	52%
Navigating legacy systems/integrating and	42%
Keeping pace with customer expectations	43%
Working effectively with underwriting	19%
Standardizing/cleaning 3rd party data	12%
Changes in the regulatory environment	25%
Setting KPIs for customer satisfaction	19%
Setting KPIS for claims staff	11%
Negotiating internally with other parts of the business	22%
Losing ownership of the customer to other partners	16%
Working internationally	13%
Increased litigation costs	13%
Fluctuations for demand for field adjusters	5%

priorities in the last year. In 2020, improvements to the customer experience were by far the primary strategic priority for 62% of claims leaders, but 2021 has seen this reduce to 52%. Customers are still top of mind for claims teams, but there are now other pressing objectives to include in the transformation strategy. Navigating legacy systems and the integration and operationalization of data is a close second at 42%, and regulatory changes and negotiating with other areas of the business are creeping up the list at 25% and 22% respectively.

Zurich UK ensures that intelligent automation is a part of its DNA. At Blue Prism World 2020, Alastair Robertson, UK Head of Continuous Improvement and Automation said of their program, "We've had full support from the UK Executive team, from the CEO down to the frontline staff. In our group strategy, intelligent automation is now in there. It must happen if you've not already started it."

As a result of this strategic approach, Zurich has achieved fantastic results with over 3 million transactions processed and a boost in customer experience. In one case, as part of an electronic payment initiative, Blue Prism digital workers have enabled them to pay customer claims faster and more efficiently. And, in combination with ABBYY FlexiCapture, digital workers can rapidly assess incoming documents to remove the work from frontline staff.

Read the full customer story.

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**Jon "Jet" Theuerkauf**
Head of Strategy and Transformation

How COVID-19 has accelerated digitization

Even before the pandemic, customers had grown accustomed to more convenience with online services. In banking, retail and telecoms, connected digital transactions are the norm. Industries with similar legacy challenges to insurance, such as utilities, are also stepping up with connected home technologies and improvements to customer service.

And it's no secret that people now have the same expectations from their insurance providers. The continued rise of the insurtech and the public's willingness to break away from established brands to try a new way of insuring their lifestyles, property and workplaces is an unmistakable sign that insurance companies must take the initiative and press ahead with digitization.

61% of claims professionals said that the most pressing challenge presented by COVID-19 is serving customers and meeting their needs in the changing market landscape. Customer expectations are changing, not just for personal lines but also for business and commercial. This means that every insurer and broker must find a way to accelerate digitization of channels for a seamless end-to-end policy experience.

The study also reveals people challenges that are likely here to stay. 41% identified motivating and managing the workforce as an area of focus, and 39% were concerned about the impact on productivity of remote working. In addition, we've seen social inflation become more important, with 32% identifying it as a challenge.
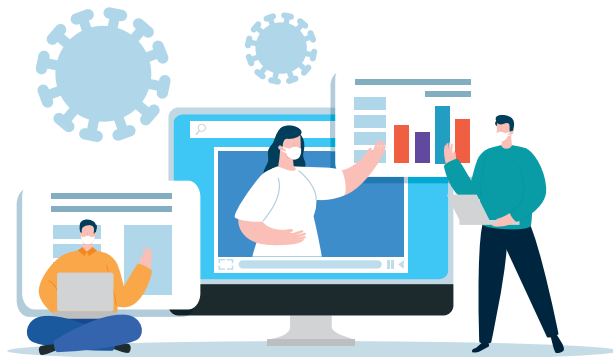
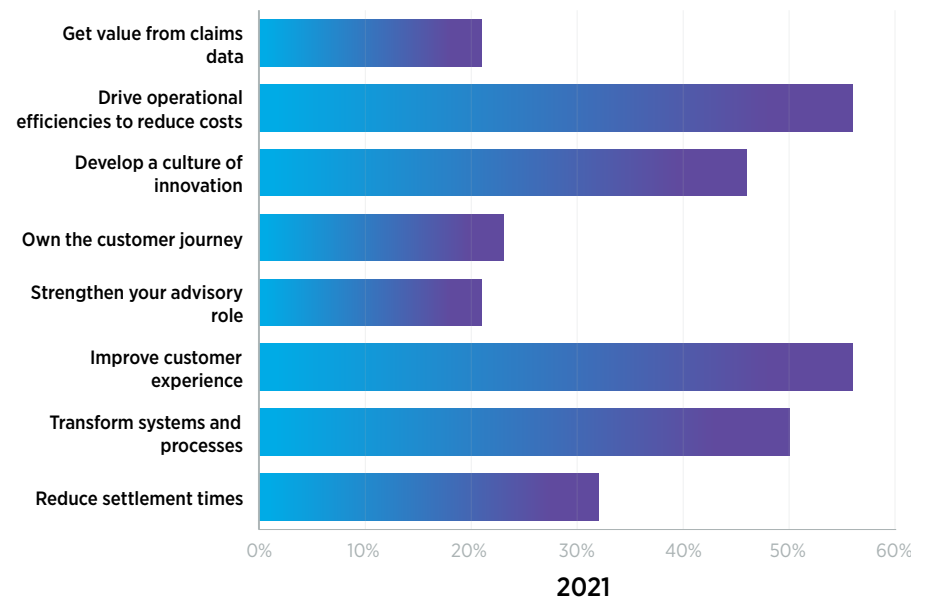### What challenges has COVID-19 created for claims?

2021
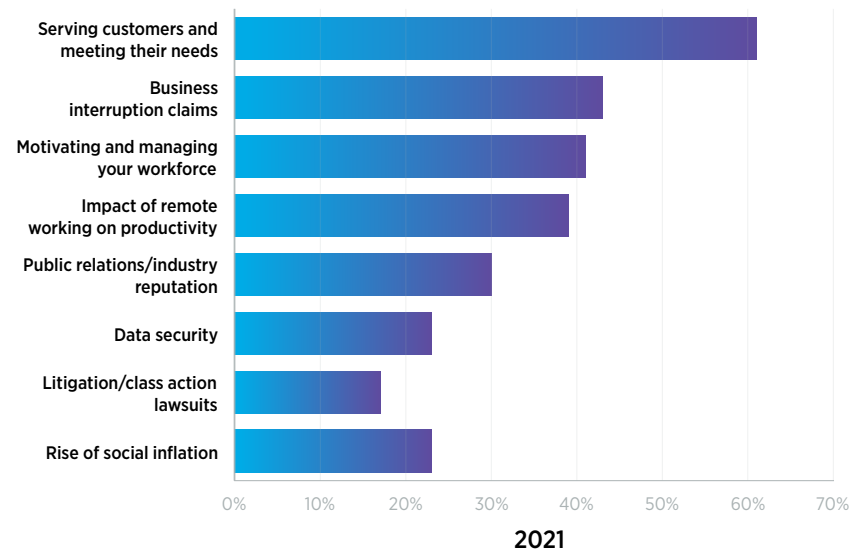
## The impact of automation on the insurance industry

There are some key objectives that claims functions and the wider insurance organization must meet, and automation is helping many companies to get there. Yet 56% of claims professionals said that primary objectives for the coming year include driving operational efficiencies and reducing costs, which suggests that many insurers are either not using their automation tools to their fullest potential or they haven't yet implemented an automation solution.

Insurance organizations must look beyond what RPA can offer and consider the benefits of intelligent automation and a connected enterprise. It's easy to get stuck in the efficiency phase of automation, and never progress to reinvention and innovation. So other key objectives, such as developing a culture of innovation (46%), improving customer experience (56%) and transforming systems and processes (50%) must be included in any automation strategy.

What are your key objectives for claims over the next 12 months?

Get value from claims data
Drive operational efficiencies to reduce costs
Develop a culture of innovation
Own the customer journey
Strengthen your advisory role
Improve customer experience
Transform systems and processes
Reduce settlement times

0% 10% 20% 30% 40% 50% 60%

2021

Which of these technologies will have the biggest impact on claims over the next 5 years?

2021
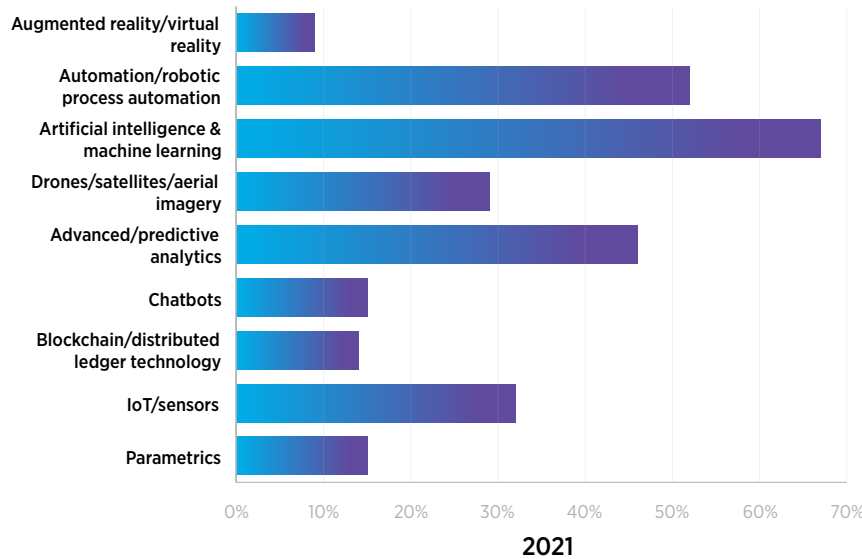
67% of claims professionals believe that AI (artificial intelligence) and Machine Learning (ML) will have the biggest impact on claims over the next five years. And 52% believe that automation will do the same. Insurance companies must be wary of these two technology streams ending up working separately in silos. To create a frictionless claims function, these technologies must work seamlessly. Intelligent automation platforms are designed to enable this, with intelligent digital workers that are built to be augmented with AI skills and to work with other technologies.

Specialty insurer, Thomas Miller, uses Blue Prism's SaaS intelligent automation platform, Blue Prism Cloud. The software has built-in AI and intelligent skills as well as connected communications channels such as chatbots, email and SMS.

As a specialty insurer, Thomas Miller has a business model of low volume, high value operations, and limited IT infrastructure capability, so a cloud SaaS platform for automation made sense. As Greg Fleming, CIO, said, "There simply wasn't that one single process that you could identify where automation would transform things and deliver immediate game-changing results, we simply don't have the volume for that to be the case.

"However, working with Blue Prism Cloud, we still wanted to explore how digital labor might be able to streamline our operations more broadly, free up time for our staff, and do some of the things we simply hadn't had the capacity to do with our existing resources."

Read the full customer story

Overcoming business challenges

As is often the case, challenges with leveraging technology and innovation for claims are primarily internal. For large, well-established insurance companies and brokers, there is the weight of many years of legacy to overcome, both with processes and technology but crucially with culture. Change is easier to effect on the surface than in engrained ways of working.

Half of claims professionals said that company culture and leadership was the biggest business challenge to transformation. Change must be championed at the top, in the executive boardroom and management structure. This is compounded by implementation challenges where IT departments are strained on resource and have a backlog of projects. 50% acknowledged the difficulty in moving technology projects forwards, in particular moving from pilot projects to full scale implementation.

When creating an automation strategy, a clear and focused operating model for the technology is critical. Blue Prism customers that have started their intelligent automation journey with the Robotic Operating Model (ROM) as a roadmap have seen much faster ROI and easier scalability.

Aviva won the Blue Prism 2020 Global Excellence in RPA award for their innovative use of the ROM. Tim Wickman, Automation Platform Manager at Aviva, said, "Using Blue Prism we have automated millions of transactions which in turn has helped remove millions of hours of tasks from our operations staff."

What are the biggest BUSINESS challenges when it comes to using technology and innovation for claims?


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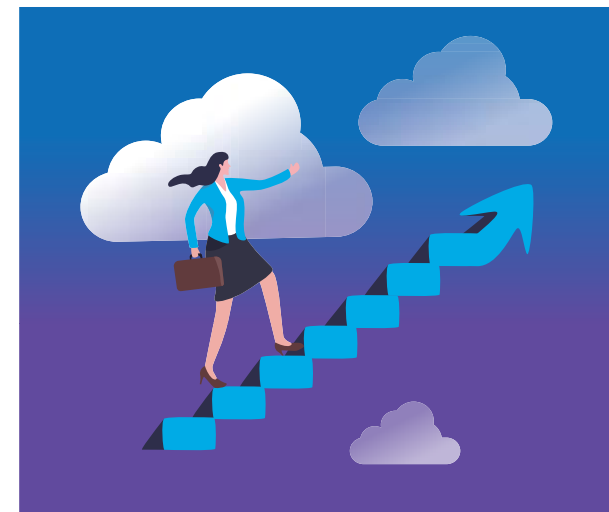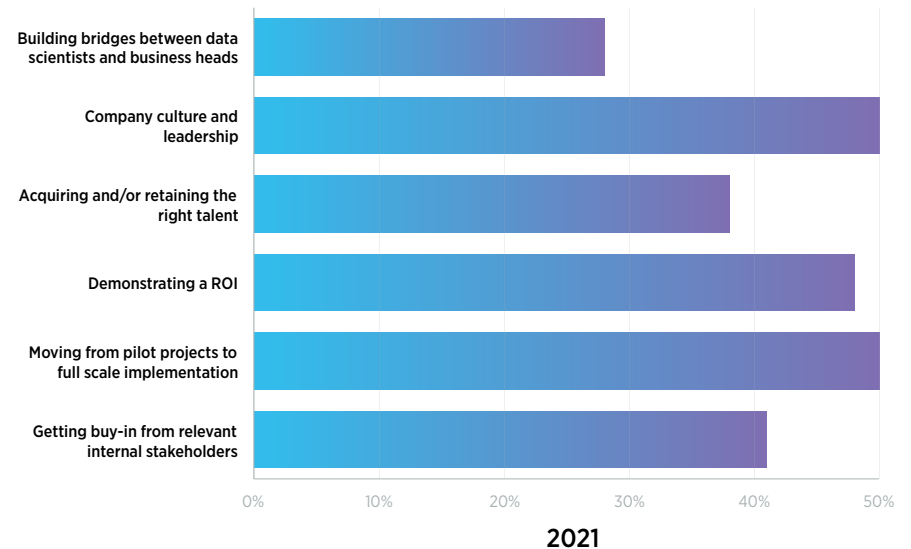
Making the right technology investments

With so much technology crowding the insurance market, and especially in the claims space, it can be difficult to know where to invest budget. New insurtechs are appearing every year offering innovative capabilities for everything from FNOL to fraud. Claims management software providers are expanding their reach significantly. According to survey respondents, claims management software will take 53% of investment in the coming year. Automation comes in a close second at 50% and AI and ML capabilities will take 39%.

To create a truly efficient claims function, connectivity is key. Digital workers as part of your claims team ensure that existing and new technologies work in harmony so not to create additional work for your people. An ecosystem connected by digital workers also ensures, in the long term, you have the flexibility to adapt to change as it happens, without needing to overhaul your tech stack.

In claims, FNOL (72%), payments (53%), settlement/closure (37%) and fraud (36%) are reported to have the greatest potential for digitization. It follows that these will be key areas of investment for insurance providers.

Indeed, we see this reflected in clients' automation programs. ERGO, an international German-based insurance company with 18 million customers, was looking to address operational inefficiencies and redefine itself as a smarter and more digitally enabled insurer.
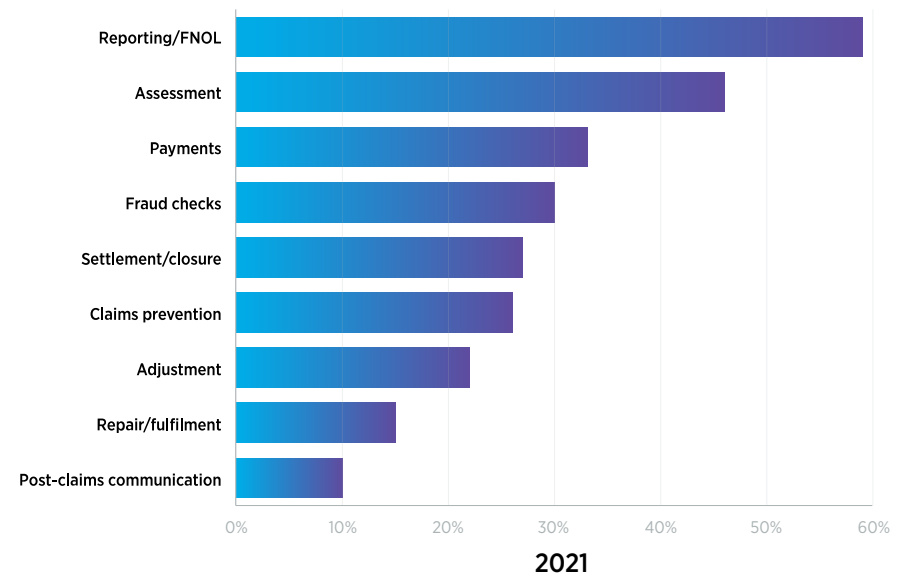
In what type of technologies are you investing?

2021
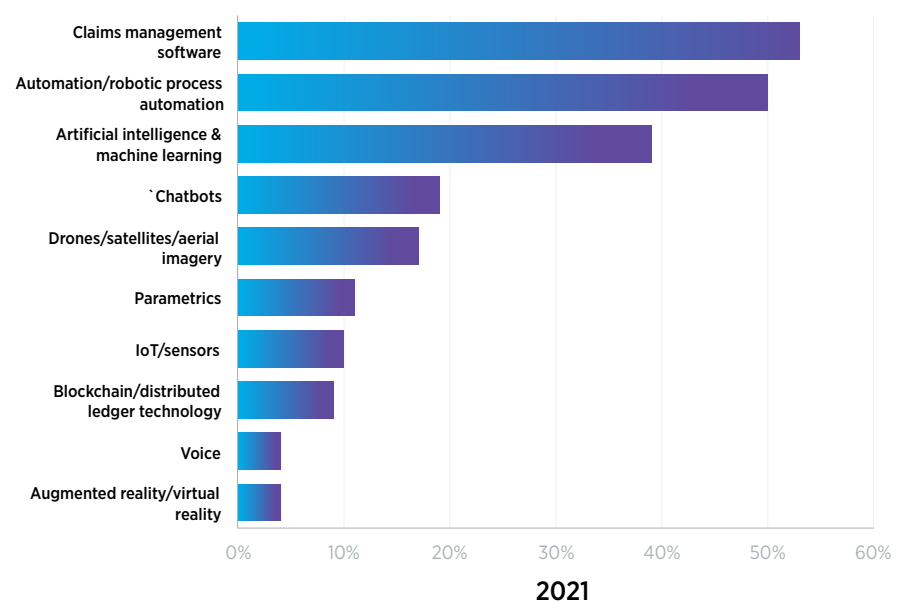
ERGO was able to deploy its digital workers to handle high-volume weather-related claims. In Germany, when a hailstorm hits, the insurer gets a large spike in claims. Since deployment, digital workers have significantly improved ERGO's ability to process this type of claim. When one storm affected 4,000 customers, they were able to process 80% of claims within a week. Previously, they had struggled to process the claims quickly with only a handful of staff.

The potential to create efficiencies and to innovate with automation in claims is vast. Claims departments are investing in all the claims stages, in line with the strategic objectives identified earlier in the report. However, considering the customer's journey at the same time as the back-end journey of the claim is key. Claims must be made more efficient while creating a streamlined experience for the customer.

What stages of the claim process are you investing in to improve efficiency?

Reporting/FNOL
Assessment
Payments
Fraud checks
Settlement/closure
Claims prevention
Adjustment
Repair/fulfilment
Post-claims communication

0%   10%   20%   30%   40%   50%   60%

2021

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Conclusion

The pandemic has, no doubt, put pressure on insurance companies to accelerate their digital transformation programs and to adapt faster to customer expectations. Importantly, it has also shown that insurance organizations can adapt very quickly when required, as demonstrated by the overnight pivot to remote working.

Claims departments must continue to lead the charge in digitization and change, while ensuring they remain connected to the wider organization. This survey shows that while progress and investment are being made, the same challenges are present year after year.

Intelligent automation offers an opportunity to achieve the efficiencies and cost savings required by the business, while laying the foundation for innovation and enabling a cultural shift. We see this happen in clients where, as people start to see the benefits to their jobs of a digital workforce, they are more able to embrace and contribute ideas for change.

As such, intelligent automation achieves its best results when approached as a partnership between the business and IT, and between the insurer and the vendor. When asked what they look for in a claim technology partner, there were several important factors highlighted: improving the customer experience, speed of implementation, a proven track record, scalability, and the ability to use emerging technologies all ranked similarly in importance. Security and culture also feature as significant benefits.

What do you look for when working with INSURTECHS/PARTNERS for claims?

- Improving the customer experience (48%)
- Speed (41%)
- A proven track record (40%)
- Scalability (40%)
- Leveraging emerging technologies (35%)
- Security (34%)
- Culture (30%)
- Strong leadership (11%)
- Brand differentiation (9%)

Take a look at the [full customer studies](#) mentioned in this report to see how Blue Prism meets these criteria and works in partnership with clients to achieve amazing results.

[Download the full survey infographic](#) with 22 insights into the future of claims and the emerging technologies impacting insurance.

About the survey

This survey of 300+ claims professionals from around the globe was undertaken by Intelligent Insurer in partnership with Blue Prism during March and April 2021.

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SS&C Blue Prism provides leading enterprise intelligent automation technology worldwide. We empower customers to reimagine how work gets done with a secure and scalable intelligent digital workforce. A digital workforce increases efficiency, reduces operating costs and returns millions of hours to staff to focus on the things that matter most.

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