
2.1 ROUNDTABLE DEBATE

How far can technology go in improving efficiency in the claims management process and how much is reliant on human interaction?

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VICKY BECKETT: Everyone gets very excited that technology will be a great enabler and that has certainly been true in a lot of instances. Arguably though the legacy systems put in place years ago have created roadblocks to advancement. So how do we move beyond this and how do we prevent it happening again?

PETER SMITH: There is a trend towards out of the box solutions rather than major system implementations which can take up to three years to configure. The medium to small sized insurers are now looking for more user configurability, flexibility and reduced reliance on an IT function to give them more solutions. Alongside this, there is a trend towards a more modular approach to dealing with the tools that are needed for the main aspects of the claims life cycle. This means that rather than running a whole new system you could, for example, optimise your FNOL (First Notice of Loss) by buying an FNOL module to add on to your existing platform. There are many more ancillary bolt-on applications that are now used to assist the evaluation process of claims such as general damages or credit hire. Nowadays people are not trying to build all aspects of functionality into the same main system.

ROB SMALE: I do agree with Peter relating to the out of the box thinking and modular solutions, however, Ageas has moved in

a completely opposite direction. This is because we are the designer, maintainer and custodian of our own claims system so we have a motor system that in its genesis is 15 years old but in its current activity and ability is up to the minute, if not slightly ahead of the marketplace. Some legacies can be positive; however, I have worked previously for insurers and agree that having roadblocks in the legacy systems is true. This can be a very difficult situation when you have claims that can last 20 years or more in terms of their need to be live. What the industry has not done well in the past is plan where it is going in terms of IT and how to evolve from one system to another. This has led to some very big, costly and not all together successful programs.

GRAHAM NEWMAN: Most insurers have got a legacy system. I was reading research from Ovum which said that two thirds of insurers in the UK plan to keep all of their duplicate systems and a further 10% are planning to add more. This means that the problem is not going to go away quickly but that said, the nature of the problem and the systems' characteristics are all changing. I have been designing

systems for the past 20 years and wrote some of the older systems which tended to be designed to work in isolation and be universal in covering the whole business problem. As a consequence, they were not very sociable and could not easily communicate with other systems. In the 1990s, our strategy was to surround them with workflow and CRM and other front end systems to get better value but this

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had limited or costly success. Today's systems are now built with collaboration and integration in mind. This means that they depend on messaging to a much greater extent and have a far greater degree of intentional separation of functional modules. Therefore, because they are communicating via message transfer it inherently creates more open systems that can deal with smaller segments of the process where there is a separation of function. For example

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the rise of claims management systems as separate business solutions. However, to ensure progress in this field, certain behaviours have to be encouraged and husbanded, one in particular would be system standards. FINEOS supports the ACORD standards and is also a major contributor to their development. The use of international standards between systems enables components to talk to each other and therefore this makes it easier to switch the smaller components over rather than trying to replace a whole policy administration system. Things such as SaaS and Cloud do not really solve the problem on their own as behind both of them are still vendor created systems that have to talk to each other. The problem will only become smaller through the standardisation of messaging and use of more focused business components.

VICKY: How do you reconcile the differing needs of increasing efficiency through automation and straight-through-processing with the personal touch and human experience that can give the claims service competitive advantage?

ROB: I do not support automating the customer experience as we believe that it is important to give that human one-to-one touch. However, all the things that could distract or get in the way of that personal touch are where our concentration lies in automation.

GRAHAM: I agree; it comes down to what is appropriate and how to segment things. It is absolutely right that you do not want to automate the customer experience as it still has to be a good one. However, where simple claims are concerned, where there is no additional advice or assistance that you need to give to the claimant to help them, then for claims with these characteristics the claimant will tend to value simplicity and speed. This is also of value to the insurer as it gets the claim off the books quickly. However, where there is complexity or additional advice, assistance or investigation required, personal contact is going to be of benefit to everybody. Most insurers also want to capture more data to use for various types of analysis but this needs to be balanced by the

fact that capturing more data increases the workload. However, insurers aim for better data to improve their price and risk decisions and the personal touch enables them to acquire more data.

ROB: I agree to some extent although I am not sold on the idea that some of my customers, even if they do have a simple claim, do not speak to anyone. If your initial motivation is simply to get rid of 20% of your call centre staff because you expect to have fewer calls coming through then it is an extraordinarily bad idea. However, if there is a genuine interest from customers to be dealt with without personal contact then of course that's different. Most of my customers are over 55 and so not speaking to anyone would be completely anathema to them.

GRAHAM: The aim is not necessarily to automate the whole process from front to back so that there is no contact at all. Rather it is automating those elements that can be put through quickly which do not require any extra information.

PETER: It is always important to understand your market and ask your customers first. If you are in an intermediated market you will know that brokers tend to talk about wanting access to empowered decision makers and so you need to understand their needs. Too often insurers proceed based on innovation without realising that they are prescribing, and both customers and brokers can take that very badly. I agree with Rob that sometimes a cost motivator can drive insurers to over-assume the proportion of 'once and done' claims in a portfolio. Generally speaking, what irritates customers is when they feel that the telephone option is hidden somewhere.

VICKY: How far do you see social media and mobile technology influencing the way claims are handled? Can the industry capitalise on the vast amounts of extra data being produced while making mobile-friendly applications available that customers appreciate and field-workers feel assist them in their work?

PETER: Digital and video image are in the process of making the traditional appointment a thing of the past. As a major motor insurer, digital images have completely reversed our ratio of desktop engineering investigations on vehicles to physical ones. We are now at three quarters digital compared to one quarter physical which is almost the complete opposite to how it was 12 months ago. The advantage this brings to the customer is that there are no longer physical inspection delays in relation to unpredicted weather conditions etc. There is also a market springing up in small companies who specialise in providing digital images and really I do not see any bounds in how far this can go. It gets interesting when looking at internal car cameras and there is also the debate where technology develops faster than the guidelines or regulations to support it as well as data ownership. A lot of us believe that car cameras are a very good way of dealing with issues of liability around motor incidents. However, I am not sure that the market has thought through the situation whereby if you get fifteen minutes of footage but with only the last ten seconds showing the incident and if in the previous footage you see that the driver's habits might cause a prudent underwriter to reconsider the risk. Clearly there are opportunities but we need to think through the implications of data ownership and policy decisions that may be taken.

ROB: Instant information will require instant response and so consequently the appropriate infrastructure will have to be in place. Also, how social media will change the look and feel of claims handling systems moving forward. They look and feel more like Facebook where multiple people within a claims value chain will be able to access and input onto that page simultaneously.

GRAHAM: In Australia we are developing a Facebook type page for insurers and it is all about collaboration. One of the great things about social media is that because it is used so widely it gives the insurance company a chance to connect with their customers. Therefore, a good strategy in social media will enable insurers to

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increase the customer touch points and so add value and build trust within the brand. A number of insurers are already doing this by having a Facebook page and using it as a forum to promote their products and sponsorship and maintain consumer contact. Mobile media is also very important as the market place itself

access via external portals to the claims process for claimants and other involved parties such as brokers, and experts such as engineers, medical consultants and so on? Who stands to gain most benefit from such a move?

ROB: Again it goes back to your portfolio

want. All successful value chains begin with knowing your market and what the people are looking for. Definitely do it as it is a win win situation for all parties concerned but again I would not over assume cost benefits as in some situations it is a nice to have but not actually needed. In my customer and broker experience, you may offer them a view-only status to claims but generally speaking they tend to want bespoke reports and interaction to understand what is happening with the claims themselves. Although one might put forward a benefits case predicting that a view access only to claims status will be a major benefit in terms of reducing inbound work, this does not happen. This is because they still may want that human interaction. There is also great potential for insurers in terms of their own interaction, with benefits from portals for things like subrogation recoveries or between insurers and credit hire organisations. There are some products out there that can take out quite a lot of the administrative heat in terms of the process and so the question is well directed towards insurers and CHO's.

GRAHAM: This is not just about reducing cost. One of the drivers is going to be that consumers, not just at home but also in their professional lives will become more used to this collaborative process and this will spark demand of the insurers. In some respect insurers may well be forced into this route because people increasingly expect it of businesses.

PETER: The first question asked was whether technology would be an enabler but we should not lose sight of the fact that technology can also be a driver as well. If you think back 15 years ago, none of us wanted to have a smartphone with us all day but now we are naked without one.

ROB: It will have a fundamental impact on the way that insurers analyse the business case for new technology. That has to date been predicated on the question of how are we going to get trim costs, often people and premises. Most people in the industry and our generation are very comfortable with this type of cost benefit analysis. We will have to change perhaps?

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is moving more to an independent, digital and mobile business. However, although it is important to be innovative with new technologies it is vital that your internal processes, internal systems and people can keep up with changes and the flow of information. That being said, the end result will be an increase in collaboration, reduce lengthy queries and the period for which claims are open and so hopefully increase the claimants' satisfaction.

ROB: I agree with this although it does bring more risk. The more information you put online the more you can create additional questions so it needs be carefully monitored.

GRAHAM: When it comes to sharing information, security is important as not everybody who has access to the Facebook-style collaborative page should have access to everything on it.

PETER: It is easy to assume that these types of media will increase efficiency and often insurers think that there is going to be an operational expenses benefit. However, what you sometimes find is that with the rise in use of email and text you find yourself receiving just as many incoming queries because it is that much easier for the customer to be in touch. In the past, they may have not taken the time to keep inundating insurers with questions regarding their claims.

VICKY: How important is it to provide

and mine is a long way off going via external portals because my customer demand is not there yet. Indeed some of my customers still write me letters. For people who are involved in the business it is assumed we are heading in a more digital direction, as there is an assumption that this is the correct way to do business and it has because it has become such an integral part of our lives today. People will be looking for better data, automation and cost benefits.

GRAHAM: There are so many participants in the claims business but typically they are interacting in the claims environment through the claims handler. This could lead to a bottleneck effect where you get information latency in the system that is waiting to be handled. If you think from the personal perspective that each party involved thinks that they are at the centre of their own process when in reality they are at the periphery of the claims system. What you need is some sort of activity, claimant viewpoint or portal that is linked to a new type of process. Rob mentioned the Facebook process to have a tailored access to each party's needs whereby they feel that the system has been designed for their benefit. With this, you do not have to worry about motivation because they feel part of the system and collaborate on what needs to be done.

PETER: When you are talking about your customer or broker it is important to ask them first and then understand what they



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