



Has true customer centricity finally
landed in claims?

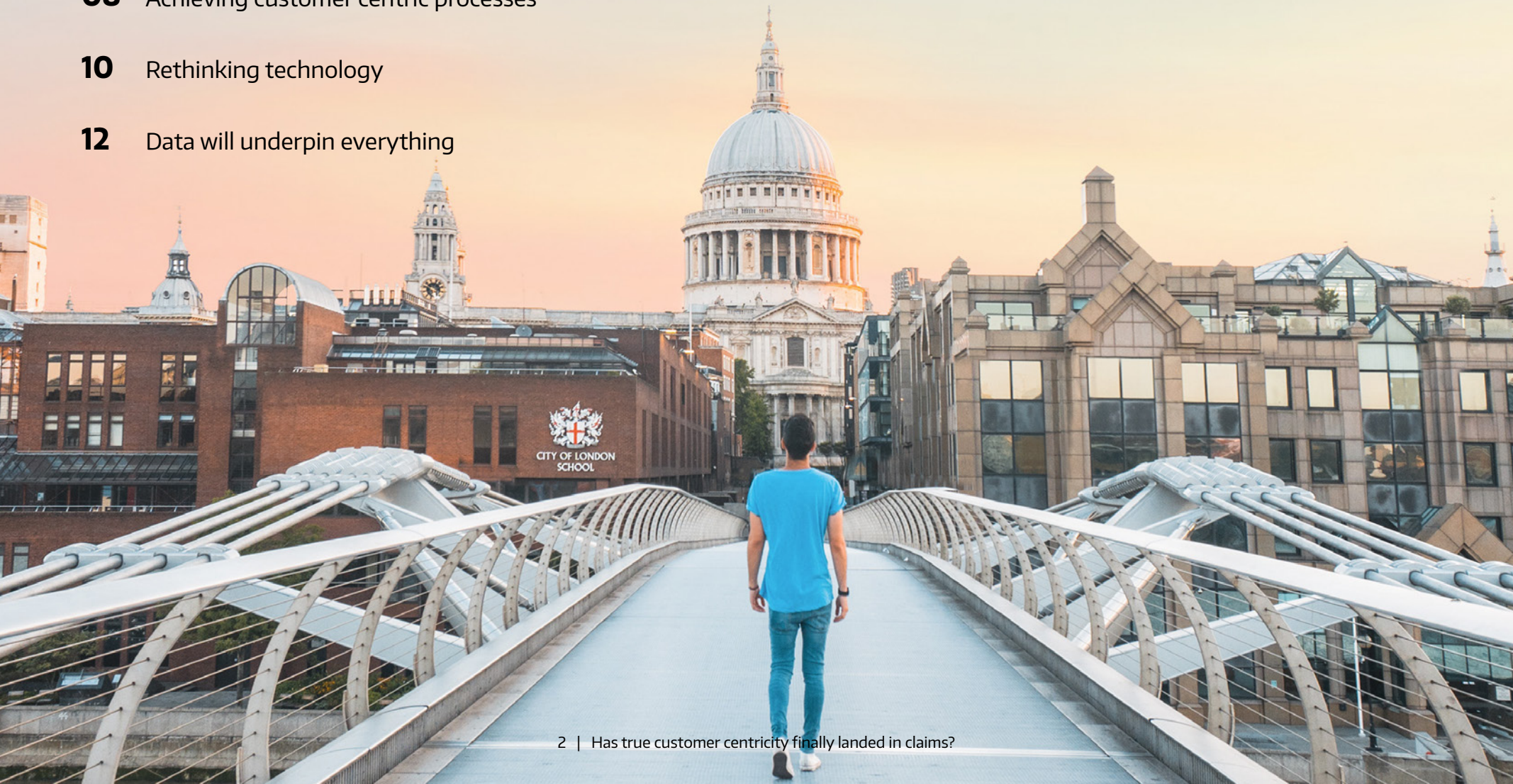
Fundamentally rethinking customer claims journeys for a digital age

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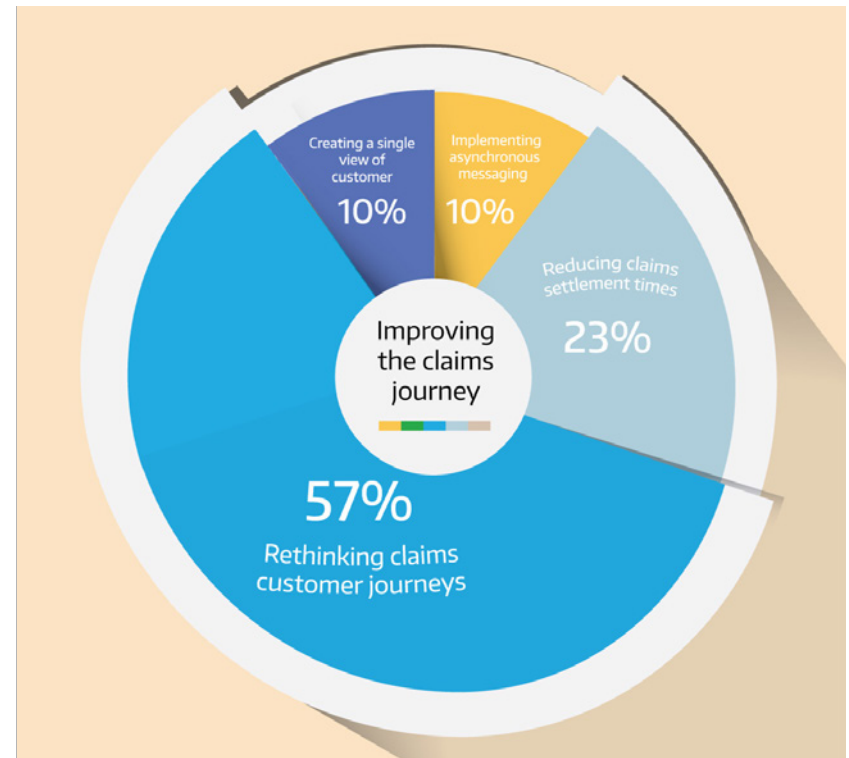


Introduction

TIN and ABBYY surveyed the UK claims community in February 2021 to identify the biggest challenges in improving claims performance and the claims experience - and to identify key priorities for digital transformation within claims - to establish the key themes for Virtual Digital Claims, on March 16th which was hosted by TIN and sponsored by ABBYY. This report summarises the outcomes of the survey and the issues raised during the keynote session at Virtual Digital Claims as well as some of the following sessions. The keynote session featured Ian Thompson, the Group Claims Director at Zurich, and Eileen Potter, Insurance Lead at ABBYY and was facilitated by Jeremy Burgess of TIN.

There has been an unmistakable shift away from the business case for claims transformation being made around operational efficiency and cost savings. The main driver has become enhancing the customer experience (primarily, but not exclusively, digital): when asked, 57% of respondents chose “rethinking claims customer journeys” as the key driver. The conversation has changed from paying lip service to customer centricity and tactically tweaking the claims experience to *fundamentally rethinking the claims experience in a much more strategic way*.

This has led insurers to look again at the ‘Holy Trinity of Transformation’ (People, Process and Technology) through the lens of a genuine customer centricity driven by the fact that in a post COVID world customer experience is set to be the key differentiator and driver of competitive advantage in claims.

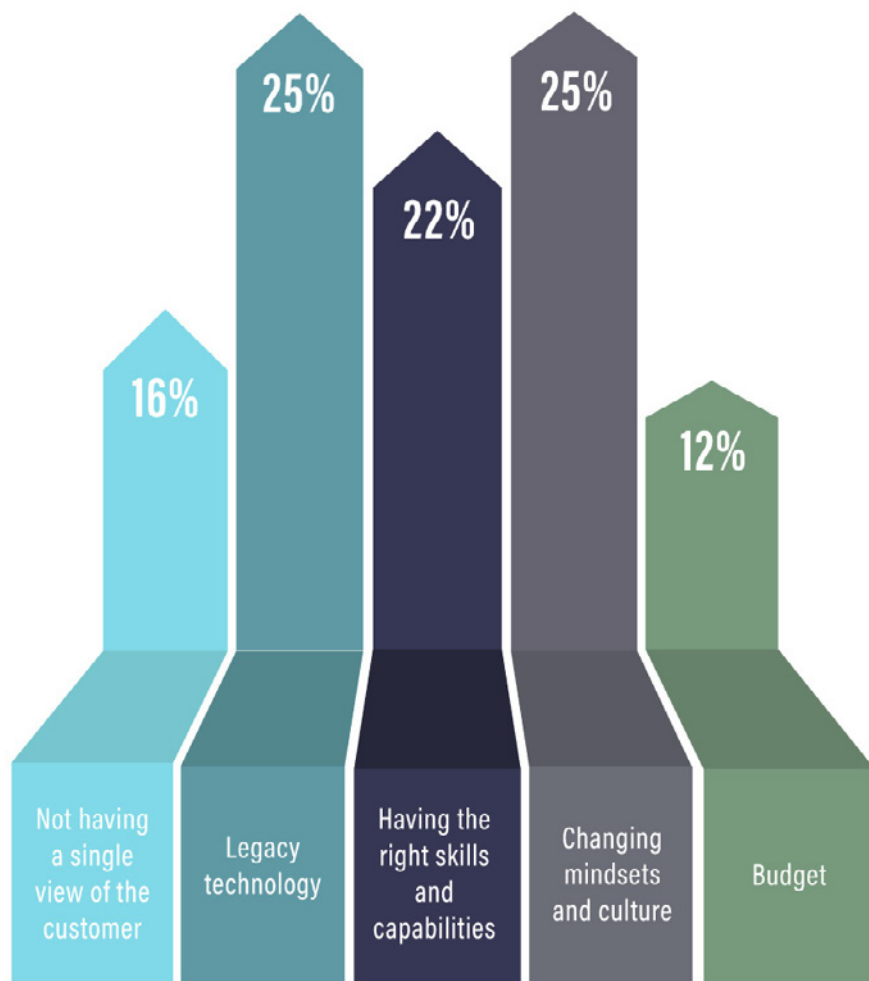




Having the right
people is key

The survey made it clear that respondents understand that investing in new technology alone will not deliver transformation, and that culture, mindset, skills, capabilities are equally critical to success. One respondent summarised this very succinctly:

What is the biggest challenge in improving claims performance within your organisation?



“there is a skills and capabilities gap between what the traditional role of the claims function has done and what the new claims professional will look like. The market is still clinging to what it knows how to do rather than challenging itself to change, adapt and improve...improving claims performance through digital transformation requires a mindset change...to get digital capabilities out there in front of customers and being used by them”

This focus on the people challenges was strongly reflected in the responses to the survey. In the question asking for the biggest challenges in improving claims performance: ‘changing mindsets and culture’ was equal top with legacy technology (it never goes away!) but taken together with ‘having the right skills and capabilities’ people challenges were the clear winner: the challenge facing claims is as much a people and culture challenge as it is an IT and operations one – and ditto the solutions.

Both keynote speakers took a moment to reflect on the pandemic, the sector’s response and the fact that we are now in a period of transition where business and operating models, and specifically claims operating models, are being revisited. For Ian Thompson and Zurich, the pandemic has led to a refocusing on the customer and customer experience, but also on their people, and the skills and capabilities they need to deliver the kind of service the customer now wants:



“I’ve talked about how our people have adapted and developed in this environment. That ability was always there, we had just never given them the ability to demonstrate it. So we’ve got to build on our people capabilities. We talk about a digital world, a world driven by data. We need to help our people adapt to this environment...we need to invest to help people adapt and evolve to build the skills, not just the traditional skills which are still important but technical skills, and increasingly customer skills, and the ability to utilise data and utilise technology...and make themselves relevant within the organisation of the future”

He went on to say:

“We set our stall out at Zurich to say we’re not going to get through this by cutting heads and restructuring and reducing people. We’re going to support our people because we believe by supporting our people, we can deliver better for our customers. And that’s been very true in claims...”

...there have been areas in which the volumes have dropped off and new claims coming in have reduced: so our people have therefore had more time. And what we’ve seen is that when the relevance of those metrics around wait time, call handle time, wrap time have become diminished, we get better customer service and better claims outcomes. We’ve now got empirical data on that...this is really powerful stuff...think about that... those metrics that were designed to drive efficiency have been detrimental to customer service and arguably detrimental to the claims outcome as well.”

This is indicative of the mindset and culture change that is necessary to pivot to a truly customer centric digitally enabled business

model – outdated ways of appraising work, as well as outdated ways of working need to be re-imagined and re-engineered, and so does the way we structure our teams. Ian spoke passionately about “blowing up the structure” and thinking outside our silos. He made the point that even within claims we have claims operations teams, data and insights teams, technical teams etc and those boundaries need removing. An example of this is being able to integrate insights from claims data into the underwriting decision. This may be an old example of how and why insurers need to break down silos to leverage data better, but it’s still illustrative of the challenge we face. It is about the whole organisation coming together to define a data strategy...

“...and actually to sit down and go, “how do we work together to identify what’s of value” and “how to share that in a way that it is actually going to be utilised? How do we measure its utilisation? How do we coach and train people around why this is valuable?” And then also “How do we use that as a forum for continuous improvements into their insights?” Rather than underwriting going to claims with a shopping list of all the data they wish they had, and claims saying “yes but you don’t understand...” We move forward through collaboration and being outcome focused”

In a later session on Delivering next generation claims Ellie Mickleburgh, former Marketing Director at Ageas elaborated on this point on sharing data between claims and underwriting, saying how in the past, everyone else wanted claims data from claims to improve their performance, but now the data is flowing the other way to drive improvements in the customer experience – a case in point of a focus on customer outcomes driving organisational change.





Achieving customer centric processes

Eileen Potter of ABBYY discussed how the pandemic has accelerated some trends that were already happening in insurance, but also demonstrated the 'art of the possible' in that insurance has shown itself to be more capable of more change much faster than its reputation would imply. Eileen added the analogous perspective that the sector handled covid like it would handle any other catastrophe or cat loss: *"we had to get things done to take care of our customers, and we did"*.

However, the initial disruption that prompted the largely successful shift to remote working and virtual customer engagement, also exposed a lot of gaps in digital capabilities and processes that need addressing quickly post pandemic if companies are to accelerate digital adoption and keep pace with customer expectations: across the sector there is a need to deliver operational change within the coming year instead of looking at three-to-five-year transformation plans.

Eileen outlined 2 key factors to consider in this context. Firstly, demographics and the changing customer profile, and with it changing customer expectations: the number of millennials and post millennials is growing, and these digital natives expect the same seamless, omnichannel, real time interactions from insurance that they have grown accustomed to in every area of their life from telecoms to retail to banking - and insurers need to keep up. At the same time, insurers must cater to Gen Xers and baby boomers who don't have that same preference for digital interactions: it is



essential to offer customers a choice of ways to interact.

The other trend is the greater quantity and new types of data available, along with the technology that can enable organisations to create better customer risk profiles and better understand customer behaviors. Digital advances and new analytics can allow insurers to harness this data and engage with customers in new ways, ultimately opening up the potential for insurers to reduce risks, prevent losses and proactively reach out when a loss occurs, rather than waiting for the customer to contact them.

This kind of transformation will require a rethinking of claims operations to identify opportunities to make processes more interactive and data driven. Claims is fundamentally a series of transactions and processes that involve decisions, data and information - all of which are time sensitive. Simply replacing claim systems is not going to make the difference if the processes that those transactions depend on are broken. Most transformation projects involve making a specific claims

process or series of processes work better – for example streamlining first notice of loss, getting the claim settled faster etc - but they don't involve re-evaluating the process first: the mantra must always be: "don't automate bad processes". Eileen explained that this is where the concept of digital intelligence comes into its own:

"...it combines content intelligence, which enables you to understand and create meaning from your enterprise content, and process intelligence that helps you to analyse both digital and physical data to discover those patterns and insights into how to achieve better customer experiences and new operational efficiencies".

Insurers that use digital intelligence to enhance the claims process, make data driven decisions, pursue more proactive communication with their customers and seek to move the focus towards risk mitigation and claim prevention will be well positioned to pull ahead of the competition.

Rethinking technology



If looking through the customer lens has changed approaches to people and process it has also shifted the focus and drivers of technology investments away from operational efficiency and towards enhancing the customer experience and building future capabilities. There is a temptation to invest in discreet applications that improve the digital customer experience at specific points – uploading incident photos at FNOL for example – but the danger is that insurers add to the complexity of their legacy systems with this approach. In an already incredibly complex environment (multiple business lines, multiple systems, multiple players in the value chain etc etc) adding MORE complexity is moving in the wrong direction.

In the session later in the day on leveraging digital to transform claims operations, Jeremy Trott, Claims Director at Ecclesiastical and Bart Patrick of Duck Creek Technologies discussed overcoming legacy technology to improve CX and efficiency, and both agreed that reducing complexity should be the goal with technology. Their approaches reflect 2 options many players are currently choosing between.



Jeremy Trott advocated a flexible, plug & play approach, adding new functionality to their existing systems in order to enhance the customer experience. Bart advocated SaaS and an infrastructure based in the cloud as the end game, with APIs and interconnectivity allowing the full range of digital innovations currently available to be leveraged without ‘creating tomorrow’s legacy as you go’.

Regardless of infrastructure, there is no doubt that we will see more use of digital and AI to support decision making and enable customer insights that will in turn enable data driven personalisation and tailoring in claims handling, and equally there can be no doubt that innovation will continue to take place at the front end of digital customer experience.

Data will underpin everything

The golden thread running through it all, as is so often the case, is data. Both keynote speakers agreed that the sector has undervalued data in claims for too long. Ian described a sector as sitting on “ore” trapped in systems and processes but struggling to extract the gold from that ore – the real value for both clients and organisations. Ian argued that realising the value of this data starts with being outcome focused and knowing what we want to know and what we’re trying to achieve with data before designing the data strategy.

For Eileen it is about driving for data driven customer engagement with proactive, multichannel communications throughout the claims lifecycle, ideally reaching out to customers before they need to contact their insurer, but also tailored to individual customer preferences. For example, this could be enabling a claimant to upload images or documents to an app, or using analytics or algorithms to understand unstructured data and documents, ultimately allowing you to anticipate customer questions and send updates via a customer’s preferred communication channel.

“That’s a data driven way to improve customer experience at the point of claim, the best opportunity for an insurer to influence loyalty. And personalised proactive communication is the perfect intersection of being customer driven and data driven”.

This enables what for many is ‘the next step’ - using customer data for claim prevention, parametric products and risk mitigation: for example, pushing a notification about a severe weather warning so customers can avoid hail damage to their car. This is another example of being both data driven and customer driven, and how data can benefit the customer not just the insurer, and another way in which the insurer can add value to the insured by ‘sharing their data back’.



However, the data challenges should not be underestimated and you need to take a strategic, long term view when thinking about data capabilities, storage and analytics. Later in the day, Peter Smith, Claims Director at ERS summarised the challenges:

“Don’t underestimate the sheer amount of data that you’re going to churn through when you get access to the unstructured data. Let’s just think about the basics of data storage...you’re not going to try and put that data into your system, you’re going to put it in a repository where you can use it. But this isn’t something where you can keep nipping out to PC direct and getting another one terabyte hard drive! You’ve got to really think about this. This is industrial standard and volume that you’re looking for... It’s going to be something where you’ve got the capacity to plough through this stuff, because even for a medium sized insurer like ourselves, it took us from tens of thousands of items, to hundreds and thousands, and now we’re into the millions in terms of its potential data points.”

And finally, for Ian it is absolutely not about replacing people with technology:

“Our analysis in Zurich, across our global population of 7500 people working in claims, is that far more knowledge will be augmented by technology than will be replaced by technology”.

We have to help our people adapt to digital – and that starts with them believing it is not about taking people’s jobs away – it’s about using the tech to enable and augment what they do.

The focus on the customer was further highlighted by a question from the audience around priorities for claims, asking whether the biggest measures of value should be reduction of claims spend and more accurate policy pricing, or a better claims experience.

Ian recounted a recent conversation with finance around driving efficiency in claims and measuring that at group level. As claims has a high headcount there is always a focus on people cost, but Ian flipped that on its head:

“I’m a firm believer if you actually start with the customer journey, it’s amazing when you start to look at what creates customer dissatisfaction and where we create unnecessary friction or complexity – as you start to drive from that lens the efficiency improves and people feel more empowered, but also the claims outcomes are optimised as well...the hard benefits are cost reduction, the soft benefits improve retention and customer service”

As we look towards a post COVID world, the race to deliver the best (digital) customer experience will become the new battle for competitive advantage, and how good your omni-channel customer journey is will become the new differentiator. This shift in approach has highlighted the need to develop the capabilities that will be needed to deliver this digitally enabled future – capabilities around data and analytics and emerging technologies like IoT and connected devices, AI and automation, driverless cars etc, but also enhanced “soft skills” to ensure that when human intervention is required, that intervention makes the most of the human as well as the digital. The bottom line is that our policyholders are now measuring the customer experience that insurers provide against every digital experience that they have, and organisations that “up their game” are the ones that will thrive in





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