THE ROAD TO SUCCESSFUL
Claim Automation
Implementation in 3 steps
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Claim Automation

Introduction

The insurance industry is at the outset of the journey of digitalisation, one that will require strategic navigation of innovation. Automation will be the driver of change that create the competitive advantage in the changing business environment.

Claim automation is the key to the insurance industry’s future success, with availability, identification, and valuation forming the critical components. Defining the relevant perspectives and expectations on automation is essential in order to put claim automation into context. The trick is to find the claim automation that creates the desired customer experience and delivers the company benefits. This involves strategic decisions regarding identification, valuation, and communication criteria for the claim automation process.

The purpose of this report is to establish definitions for automation to facilitate the insurance companies’ road to successful claim automation.
The policy holder’s desired customer journey for claims is changing and this requires development of insurance companies’ customer processes. In the future, there will be two types of customer behaviour – Dialogue and Direct Claim – both of which may be utilised by the same customer.

A Dialogue Claim is when the customer wants communication with the insurance company concerning a claim. In this situation, the customer expects availability through multiple channels. It is worth noting that insurance companies currently handle all claims as Dialogue Claims through existing channels, usually by telephone, e-mail, and letters.

Dialogue Claims will continue to be relevant in the future, but customers are now requesting increased availability through new channels, such as Chats, Social Media, and Video – just to mention a few. In addition to increased availability through new customer channels, this also places demands on new customer responses for current and future Dialogue Claims.
A Direct Claim is when customers wish to submit a claim on their own without communication with the insurance company. In this situation, the customer expects availability 24/7 through multiple channels, including Website, E-mail, Aggregators, Mobile apps, and Chatbots. This requires integrated end-to-end customer channels with high user friendliness and availability.

The customer process for both Direct & Dialogue Claims is changing and will require continuous development of relevant customer journey experiences. Common to all customers is that they want a simplified and interactive customer journey with increased availability.
The changing customer journey requires automation of insurance companies’ Claim Value Chain. This involves a transformation of the entire value chain from notified claim to a settled claim.

From an insurance company perspective, a Claim Value Chain is aimed at providing an overall picture of the transformation as well as putting automation into context.

The purpose of this is to give the insurance companies a model for creating an overview of the automation project, and identifying stakeholders in order to reduce internal barriers to implementation.
The Claim Value Chain represents the customer journey and comprises six modules:

1. The customer channels for both Dialogue and Direct Claims must provide the desired availability and customer experience. Formats and data requirements that are perceived as relevant and efficient by the customer, while also providing the data needed for the automation process, are essential components in successful customer channels.

The customer channel can also be used to identify possibilities and needs for contacting the customer in order to strengthen the relationship with alternative activities.

2. The claim interface is divided into two sections where the Dialogue Claim goes to the Claim handler for automated processing and the Direct Claim goes directly, via the API (Application Programming Interface), for STP (Straight Through Process).
Claim valuation is done in both Dialogue and Direct Claims and involves the identification, valuation, and calculation of the object. The Dialogue Claim is processed by the claim handler in an automated interface together with the customer, while the Direct Claim is processed in an automated flow.

Identification is crucial in Direct Claims, as the customer’s data quality must meet the requirements of the automation process, while providing the customer with his or her desired experience. This places demands on attractive customer channels and a fully integrated Claim Value Chain with high availability.

Dialogue and Direct Claims are valuated and calculated using a common process and data, ensuring consistent and uniform processing of claims. This is a prerequisite for a transparent and credible customer journey.

Claim calculation requires conversion of the insurance terms into automation rules. This includes reviewing all terms to ensure a functioning logic that provides the desired automation outcome.

All claims must go to valuation in module 3, as this is where conditions are created for fact-based decisions regarding the claim.
Rules for further internal and external handling of the claim are defined in the rules module. This is where insurance companies apply their rules, fraud detection and control mechanisms for the claim, based on the claim calculation in module 3, which provides fact-based decisions on further processing.

The communication module controls the desired communication regarding the claim, both internally and externally, based on decisions in module 4. This may involve communication linked to the claim, such as payments, replacement products, repairs, recycling, etc., but also customer contacts to offer alternative insurance solutions.

The settlement module guides the claim toward the decided and communicated settlement of the claim, according to module 5. This module enables customising the customer journey by using different payment methods, such as bank payment and mobile payment, as well as different lead times for replacement products and repairs.

Claim Value Chain

1. Video
   - Chat
   - Social Media
   - Phone
   - Person
   - Chatbots
   - Mobile App
   - Aggregator
   - Website

2. Dialogue Claim

3. Direct Claim
   - Identification
   - Valuation
   - Calculation

4. Rules

5. Communication

6. Settlement
Implementation

The transformation of the insurance companies’ Claim Value Chain is driven by the changing customer journey and requires automation. The transformation begins by automating today’s Dialogue Claims in order to create the knowledge and capacity needed to automate tomorrow’s Direct Claims.

The implementation model is divided into three steps and shows how the insurance companies start the automation and achieves the desired customer experience, giving the company all the benefits of all claims.

1. Designing the Claim Value Chain is the first step of the insurance company transformation and involves strategic decisions regarding the value chain, which requires navigation of innovation. This step is crucial for successful automation and includes the value chain for both current Dialogue Claims and future Direct Claims.

The design begins with an As-is & To-be analysis, in which the value chain for today’s claims is identified and defined as the As-is for Dialogue Claims in the Claim Value Chain model. The To-be design for Dialogue and Direct Claims is aligned with existing business and digitalisation strategies.

This step also includes to formulate the claim automation project scope, objectives, and success factors.
Dialogue Claim Automation refers to the automation of all existing claims through the use by claim handler of an automated interface for the claims process. This can be implemented in a few months, providing the insurance company with all customer and cost benefits directly on today’s volumes.

It is through Dialogue Automation that the insurance company builds the competence and capacity required to handle Direct Automation. It is also through Dialogue Automation that the insurance company validates the Claim Value Chain integration and where data is created for analyses and trends.

Direct Claim Automation automates all future claims by expanding the Claim Value Chain to include Direct Claims according to the changing customer journey identified in the Claim Value Chain design.

Direct Claims require a new infrastructure, including customer channels and interfaces for the entire Claim Value Chain. This is a more extensive project that concerns several internal and external processes in current customer journeys. Step 3 Direct Claim starts when the Dialogue Claim automation is implemented according to step 2, providing the conditions for parallel capacity building of the entire Claim Value Chain transformation.
The purpose of the implementation model is to simplify and clarify the insurance company’s decision process to begin automation, and to initiate a relevant discussion of the next step on the road to successful claim automation.

Start automating what you do today to create the knowledge to automate what you want to do tomorrow.
The automation transformation is complex, but it also provides opportunity to review structural legacy challenges in the light of new capabilities. Including these three steps early on in the automation project is recommended to ensure relevant stakeholder engagement. This will create the foundation for aligning expectations and securing a successful execution of claim automation.

Magnus Franck, CEO Upptec
About Upptec
Upptec provides the insurance industry with automated claim solutions for everything in a home with just valuations for all. Upptec combines experience from more than 10 years of digital claim valuation with specialized skills to help insurance companies improve their performance and create sustainable value for their stakeholders. Upptec drives innovation to lead the future success of the insurance industry.

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