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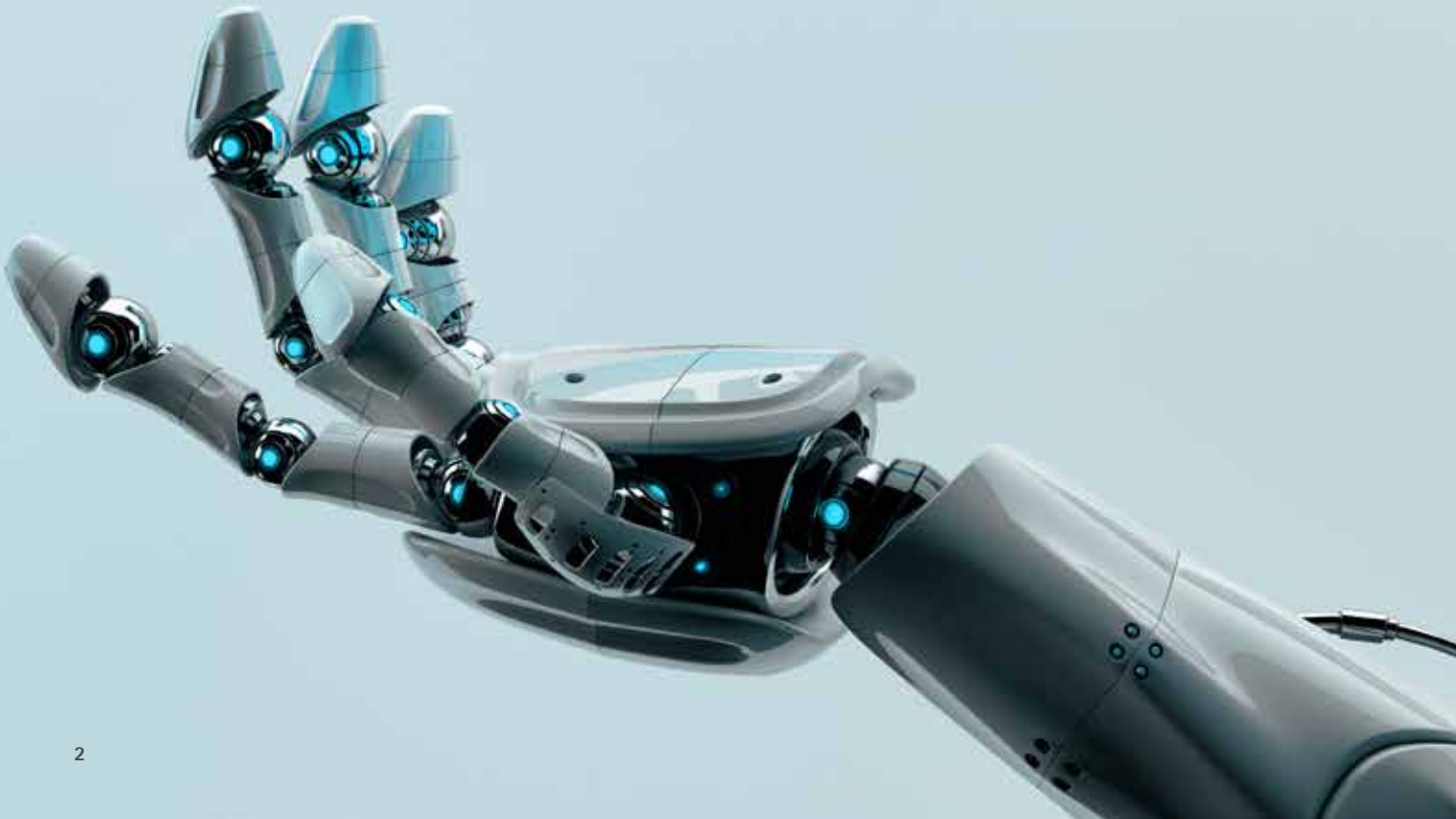
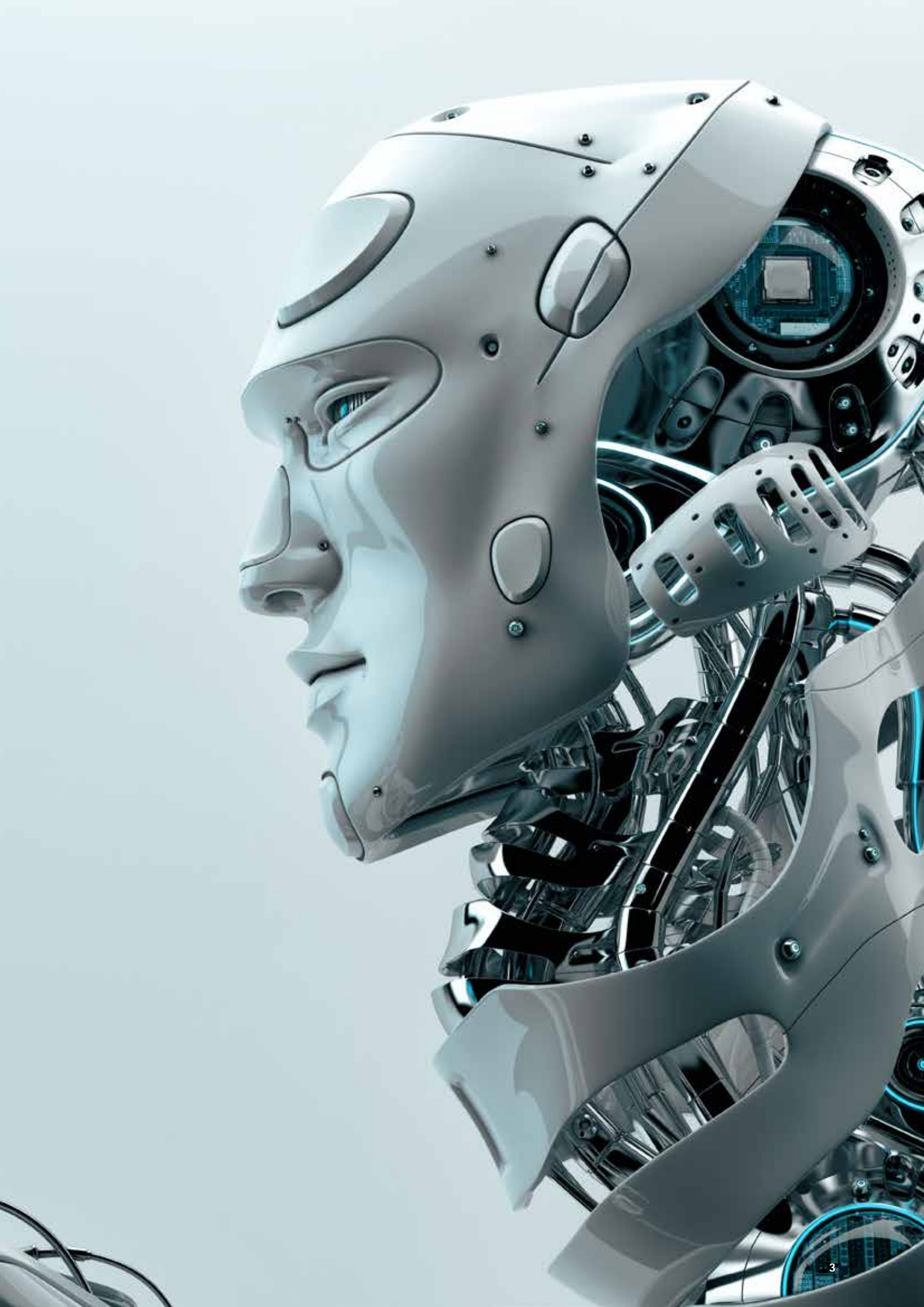
A holistic approach to insurance automation

Robotic Process Automation programmes can deliver major benefits to insurance operations. But a more holistic approach will allow insurers to realise its full potential.

Many insurers have set out on the journey of robotic process automation (RPA). In most cases, this has meant running pilots on simple business processes before scaling up to deliver more material benefits through an industrialised automation capability. Our experience shows that a holistic and integrated approach to these implementations is essential.





The wider benefits of RPA

Insurers face a common challenge: how can they build responsive, high-growth businesses while optimising cost? This is where RPA can make all the difference.

RPA is an emerging technology trend that can emulate transactional, administrative tasks. It works best where the underlying processes are rules-based, repetitive and frequent. This is why insurers are finding that it can have a major impact in back-office functions such as applications handling, claims processing and data entry. In areas like these, successful programmes can free up between 20 and 30 percent of capacity at an enterprise level whilst also minimising operational risk and improving the customer experience.

RPA is part of the spectrum of emerging artificial intelligence tools, including virtual agents, machine learning, computer vision and natural language classification. The move to artificial intelligence technologies can have many applications in insurance, for example, image classification for claims and text analytics for servicing customer queries. These new technologies will further drive automation and augmentation of insurance processes, however, many will require integration with the underlying systems, which is where RPA can also play a role.

Properly implemented, automation programmes enable a scalable, flexible and responsive workforce that is so essential in a digital marketplace. Freed from routine process activities by their new automated co-workers, back-office staff can be redeployed into front-office roles where they can focus on complex customer demands and generate growth. Moreover, the financial benefits realised through RPA can be reinvested in the emerging digital technologies that underpin personalised customer relationships.

Achieving results

There's already a pervasive culture of change in the insurance industry. The quest for efficiency gains is a major driver, along with the need to keep pace with evolving consumer expectations and invest in new digital technologies. RPA is a natural fit in this new environment because change can be delivered with speed and agility to realise benefits quickly. Further, RPA can automate the end to end lifecycle by integrating new front end digital technologies with back office environments.

The results of these programmes have been surprisingly encouraging. For insurers across personal and commercial lines, RPA pilots have demonstrated material benefits, including a 40-80 percent reduction in processing times, along with improvements in quality rates, auditability and operational risk management. On the strength of this performance, management teams are understandably eager to scale up the business case for RPA. Urging the creation of industrialised automation capabilities, they point to the success of RPA programmes in other sectors of the financial services industry where companies such as Barclays and The Co-operative Group have used automated processes to generate capacity of up to 200 full-time employees across Operations.

Scalable benefits like these are certainly within reach when a holistic approach is taken. Not all processes are suitable candidates for automation, which means the business case for RPA cannot simply be scaled up enterprise-wide. More broadly, approaches that seek to build a robotic capability in isolation often encounter significant challenges in governance, sponsorship, stakeholder buy-in, integration with IT architecture and alignment with wider business objectives.

Automation Spectrum

The automation spectrum is rapidly changing. The rise of new artificial intelligence technologies, including virtual agents, machine learning and natural language classification will further drive automation and augmentation of insurance industry processes.

01 Integrated Desktop

Consolidating data from multiple sources into a single view to complete a process.

02 Robotic Process Automation

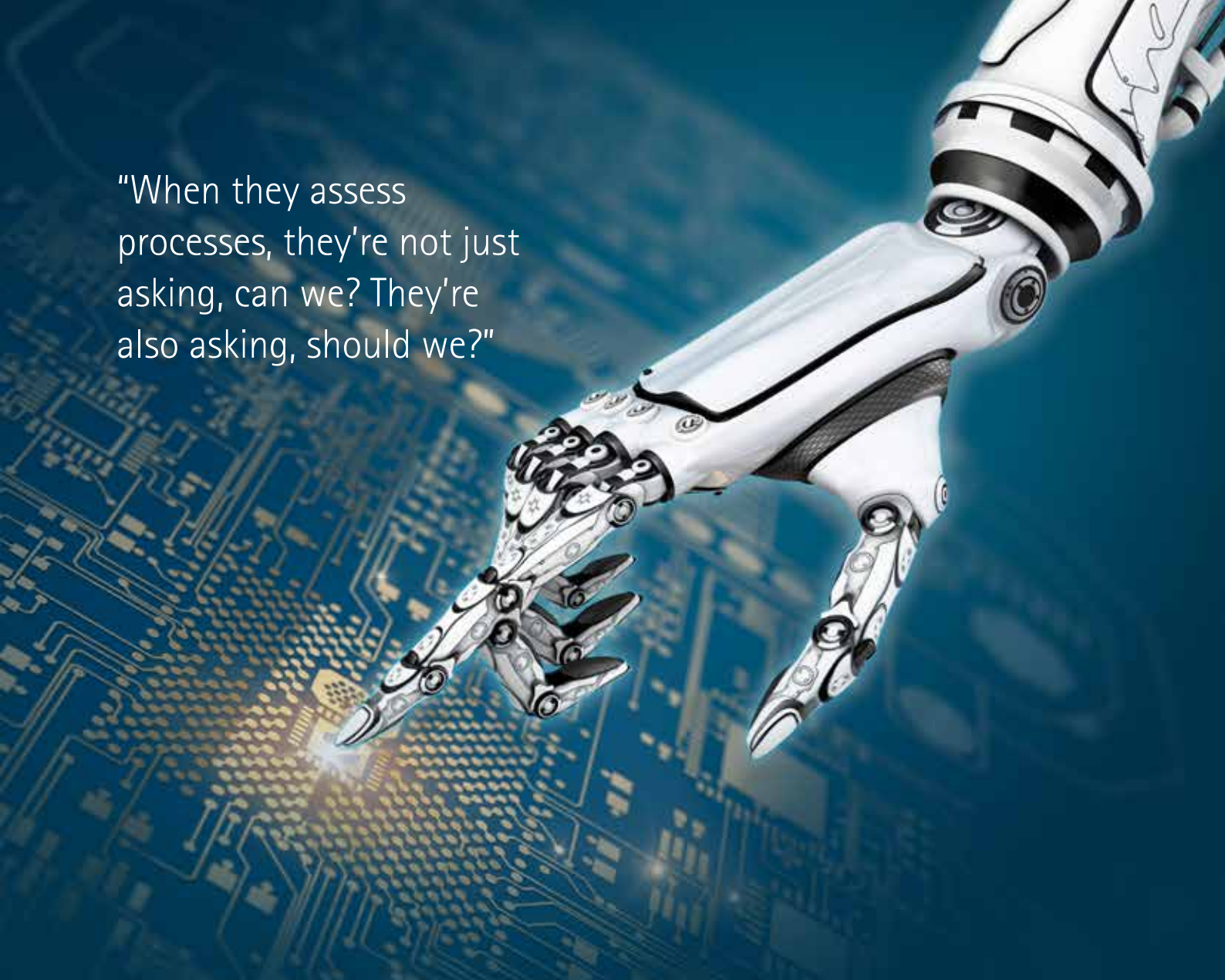
Applying technology to manipulate existing application software to complete a process.

03 Digital Assistants

Interactive characters with human-like traits and communication styles able to answer questions and perform business processes.

04 Machine Learning

Systems that gain knowledge from data as "experience" and apply what is learnt in upcoming situations.



"When they assess processes, they're not just asking, can we? They're also asking, should we?"

The right solution, for the right process

Instead of rushing to quickly deliver benefits through RPA, organisations that experience the greatest success tend to follow a more structured and holistic approach. They take time to understand the nature of the tasks that people are currently performing and they analyse process characteristics to identify which of those tasks are the most repetitive, manually intensive and rules-based – and, therefore, suitable candidates for automation.

Where Operations processes are more mature, higher volume, lower complexity or with structured data inputs, automation programmes can scale more quickly with less need for enablers and process simplification.

However, in Operations where processes are less mature, lower volume, more complex or with unstructured data inputs, leaders recognise that it's unrealistic to apply RPA across the entire business process landscape. When they assess processes, they're not just asking "Can we?"; they're also asking "Should we?"

In these environments, RPA has a role to play alongside digital tools, optical character recognition (OCR), business process management (BPM) and Lean Six Sigma. Tackling unstructured data, digitising paper correspondence and simplifying processes are all essential to successfully automating the right insurance processes. RPA is one tool within the process improvement toolkit.

In one UK life and pensions organisation, a diagnostic to identify improvement opportunities revealed that 20 percent were suitable for tactical automation on a stand-alone basis. However, the remaining 80 percent required either automation enablers (such as OCR technology and e-forms) or would be better addressed through low-cost system enhancement and business process re-engineering.

Insurance Process Automation

Processes which are manually intensive, repetitive and require few judgement-based decisions are more suitable for automation. Specifically, we've seen leading insurers experience major benefits from automating activities across the end-to-end value chain.

Sales & Distribution

- Create sales scorecards to push notifications to agents
- Conduct compliance, legal and credit checks
- Paper or online account maintenance not currently supported by straight through processing

Underwriting & Pricing

- Data entry for clearance and registration processes
- Update systems and produce client information
- Gather information from various systems and generate a renewal premium

Policy Admin & Servicing

- Automate updates to personal details and bank account details
- Reject or cancel a policy if a payment has not been made with 21 days
- Identify policy premium discrepancies and reconcile if required

Claims

- Process claims bulk payments with pre-approved expense amounts
- Automate manual assignments to claims handlers, input FNOL submissions into various systems
- Automate notification to loss adjusters

Finance & Accounts

- Automate daily bank reconciliations
- Process low-risk money out transactions

"The importance of maintaining and changing robots in BAU is often overlooked."

Taking a strategic approach

As well as targeting processes most suited to automation, successful automation programmes are driven through a measured, top-down approach.

Rather than rapidly developing an isolated robotics capability, these programmes allow enough time to identify and answer key strategic questions in respect of programme governance, roles, sponsorship and alignment with the business and IT change framework.

This has some clear advantages. As RPA programmes gain traction, they will inevitably impact existing capabilities and change initiatives across Operations and IT, and compete for scarce resource.

An RPA capability could feasibly reside within Operations, IT or a Shared Services organisation. Regardless of where the capability is developed, a collaborative approach between Operations and IT is essential. It is critical that the business provide sponsorship and insight to identify the right opportunities, that IT provides architectural oversight to ensure tactical automation is the optimal solution and that the overall delivery framework enables changes to be made in an agile but controlled manner.

Furthermore, the importance of maintaining and changing robots in BAU is often overlooked. Like any workforce, robots require productivity measurement, reporting against SLAs and continuous improvement. Operations retain responsibility for exception handling and become the agents of change to reduce failures. IT, on the other hand, need to maintain the technical infrastructure and ensure the virtual workforce keeps on working.

By ensuring a consistent approach across Operations and IT, RPA implementations with top-level sponsorship avoid clashes with other change programmes, ensure focus on delivering business priorities, and secure the critical business analysis and IT skills needed to deliver and maintain the automation programme.

Understanding the impact on talent

While insurers' workforces are by now accustomed to participating in change programmes, the introduction of automation can have a more fundamental impact on individual roles and responsibilities. For front-office teams, it's most likely to be viewed as a positive development, with real benefits for the customer experience and improved efficiency of administrative tasks. However, it's in the middle- and back-office operations, where RPA has the greatest potential to automate manual activities, that uncertainty is most likely to be created.

The impact of RPA is multi-dimensional. Operations staff can either perceive robots as a new type of co-worker that releases people from mundane work and creates new, value-adding opportunities for them in the business, or as a threat to their roles.

The impact of RPA is multi-dimensional. Operations staff can either perceive robots as a new type of co-worker that releases people from mundane work and creates new, value-adding opportunities for them in the business **– smart technology empowering smart people –**, or as a threat to their roles.

There is no doubt that RPA will reduce the number of roles in Operations teams. Insurers, therefore, need to focus on retaining and redeploying talent to support front-office activities or new roles created through business growth. If RPA programmes are counter-balanced by training that re-equips people for new roles then they are more likely to be seen in a positive light.

One UK based general insurer embraced this concept when implementing a recent automation programme (which also freed up 35 percent of capacity in one area of the business). Management took time to understand the impact on the people involved and invested in making RPA integral to the overall business culture. Where automation was introduced robots were given names, and accepted as colleagues that helped people to create greater business value than ever before.

The Foundations for an Effective Automation Programme

- **Establish governance** – ensure a C-suite member is leading the automation programme, and that there is full alignment between the COO and CTO. Ensure the automation programme is integrated with other change initiatives and there is a collaborative approach between Operations and IT for delivering change and maintaining in BAU.
- **Define the vision and strategy** – establish a clear vision, strategy and roadmap for the programme, and consider a broad range of automation and process improvement tools (not just RPA) for identifying and addressing opportunities.
- **Identify the right processes** – conduct a top-down diagnostic of end-to-end processes, with Operations and IT, to identify opportunities which are suitable for RPA (and whether they need to be standardised/re-engineered in advance), and which ones are unsuitable (judgement-based).
- **Build an effective capability** – establish robust processes/tools that are aligned to the broader business, IT and change framework, but which enable agile delivery of tactical changes; clarify the roles and responsibilities and availability of resources with the right skills.
- **Plan talent impact** – follow a disciplined approach to work through the impact of automation on traditional roles, the future mix of onshore/offshore/outsourced roles, and the best way to engage and secure stakeholder buy-in.

Accenture is a global management consulting, technology services and outsourcing company, with more than 358,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$31.0 billion for the fiscal year ended Aug. 31, 2015. Its home page is www.accenture.com.

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