Choosing the Right Path to Improving Claims Systems

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Claims management is a priority issue for property and casualty (P&C) insurers.

Filing for a claim, in fact, is the "moment of truth" for an insurance customer – the time when the insurer demonstrates its ability to process information quickly and efficiently, analyze the situation and act upon the facts provided. Many P&C insurers, however, operate with claims systems that are less than optimal. Key functions often prove inadequate in facilitating faster loss reporting, improving adjuster efficiency, increasing customer satisfaction, quickly adapting to market changes, and providing actionable management information.
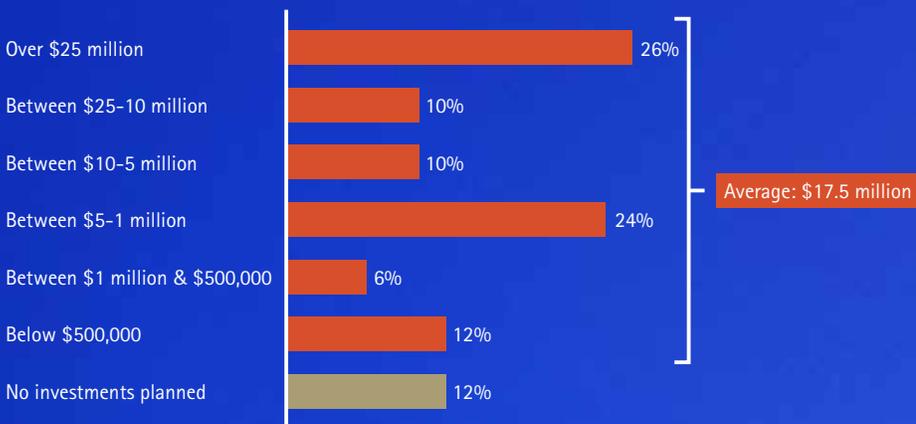
In quantitative survey research with C-level claims executives conducted in mid-2012, Accenture found that most insurers agree on the lack of modernity and flexibility of their claims management systems, especially in terms of allowing change in system behaviors and business processes and in addressing consumers' evolving needs. As seen in Figure 1, U.S. P&C insurers plan to invest an average of $17.5 million in their claims functions over the next three years, and more than one in five plans to invest more than $20 million.

Accenture is a pioneer of advanced claims capabilities – built on more than a decade of experience working closely with the industry's most recognized and respected insurers. Accenture Claim Components, a comprehensive approach to claims modernization and optimization, is designed to support insurers' business imperatives and provide maximum flexibility, agility and efficiency. Insurers can choose the components and an implementation approach designed to reduce disruption and minimize the resources needed for implementation.

Claims are emotional events and good service is important for customer retention, customer growth and for potential referrals. Consumers want the ability to report a claim and then track the progress of their claims using the channels they prefer. Some people prefer to talk to a claims professional to report a loss; others prefer to check on the status of a claim using a smartphone, or to communicate using online tools. To meet customer needs, insurers must be positioned to service each customer in the manner – and according to the need—that they want to be served. The days of one size fits all are behind us.

Therefore, modern, flexible claims systems need to be nimble enough to support online customer self-service as well as provide access using a mobile device. Accenture Claim Components provides support for call center loss reporting, service portals for agents and consumers who want to handle questions themselves, and a powerful claims management solution for adjusters, all buttressed by a single point of configuration and maintenance.

Figure 1: How much does your organization plan to invest in its claims function over the next 3 years?

Category	Percentage
Over $25 million	26%
Between $25-10 million	10%
Between $10-5 million	10%
Between $5-1 million	24%
Between $1 million & $500,000	6%
Below $500,000	12%
No investments planned	12%

Average: $17.5 million

Source: Accenture North American Claims Investment Survey, 2012

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Driving the Business through Claims

Ultimately, claims systems should be able to support three key business imperatives:

1. Respond to changes in business process.

Sophisticated insurers move rapidly to adjust to market conditions and to bring new products and services to consumers. A large national carrier, for example, transformed its claims management system to be able to respond to catastrophic events while experiencing little disruption to normal operations. Other insurers have invested in configuration consoles that enable them to set up their claims system quickly for new product opportunities, letting the business owners define system processing requirements.

Business process investments are not restricted to technology purchases. Changes in workflow can help claims professionals concentrate on rich value-added activities and allow for rapid response when there are shifts in the business. Accenture Claim Components enables claims teams to quickly react to evolving business conditions.

2. Integrate with other internal and external systems.

Claims systems previously had to handle only internal, structured data related to policy verification and coverage confirmation. Now such capability is taken for granted and systems are configured to deal with a host of third party service offerings. New systems should, for example, integrate automatically with predetermined vendors based on business rules. These might include rental companies for customers who require transportation while their vehicle is being repaired, field adjusters' or appraisers' assignments, body shops for vehicle repairs, and many others. Many of these processes are performed manually by adjusters today, but sophisticated

systems such as Accenture Claim Components can integrate them into an automated workflow.

Accenture Claim Components comes complete with many preconfigured interfaces and adapters to speed up the integration process, while also lowering implementation costs and maintenance costs. These are standard, reusable interfaces that align with business needs – such as an interface to appraisal networks. Other integration points can be used for common claims settlement needs, such as address verification, OFAC, Medicare reporting and downstream reporting.

3. Allow changes in system behavior and business processes without IT intervention.

Accenture's North American Claims Investment Survey demonstrated that most insurers feel their claims systems lack the modernity and flexibility to allow changes in systems behavior and business processes, and to address the evolving needs of consumers.

For example, 40 percent of respondents answered "not at all" when asked if their claims management system was modern and flexible enough to allow change in systems behavior and business processes without intervention from the IT department. Another 43 percent said their system was able to do so only to some extent. Only 17 percent of respondents said their systems can allow such change "to a great extent". At present, it takes too long to design, code, and retro-fit process-related workflows into older systems. As a result, these tasks are handled as a special manual process, or dealt with using a third party solution that wraps around the core application.

Accenture's approach is to enable configuration by non-developers, who manage the behavior of Claim Components using the software's configuration tools. These are user-friendly and allow a trained and claims-savvy user to add fields, make edits, alter assignment rules, shift assignments to various users, create and define task generation, and perform similar activities without IT intervention, except for the most complex needs. The configuration tools are self-documenting, segregate configuration from base code to ease upgrades to newer releases, and manage the promotion of new changes through test environments to production. Claim Components configuration tools allow carriers to use resources that do not require IT specialization for routine system administration, so that the IT team can focus on more strategic IT projects.

Top Priorities for Future investment

In response to our survey, P&C insurers identified three top priorities for future investment in claims systems. While investment in each area can deliver significant benefits, there are also significant challenges to implementation that must be addressed.

Priority 1:
Core Replacement

Too often, companies want to replace their core system but the IT department is backlogged or not in a position to take on another project. Accenture offers Claim Components in a Software as a Service (SaaS) implementation model as a way to have your claims department take advantage of the capabilities of Claim Components without the need to implement and maintain the system in house. Accenture will host Claim Components, perform system maintenance, upgrade to new releases, and more, for customers who want to re-engineer their claims department without requiring the IT department to take on another project or reprioritize other projects. This allows the claims department to work directly with a trusted business ally to service their claims system in a world-class data center with high operational uptime.

Priority 2:
Developing Analytics

Advanced analytics can be harnessed to great advantage by claims professionals, but only if the claims systems can handle vast quantities of data from structured and unstructured sources.

The application of analytics in fraud prevention and identification has been well documented. Properly configured rules and automated review of experience, based on years of past claims data, can improve the quality of fraud referrals and a higher likelihood of fraud prevention. Analytics can examine unstructured data from sources such as social media, for specific word combinations and can review your experience with similar claims for clues that might raise a red flag.

Claims analytics is also being used in new areas, with the potential for significant impact on outcomes. For example, analytics can identify which claims are likely to involve litigation, flagging them earlier in the claim handling process so that a specialist can be assigned to help avoid litigation in the first place. Better initial handling or different positioning for a settlement may head off a legal action and reduce litigation expenses.

Subrogation is another area where analytics can be exploited by carriers. Accenture Claim Components can help uncover areas to reduce claims settlement expenses and increase recoveries, improving the organization's loss ratio.

Priority 3:
Investing in the workforce

As every P&C insurer knows, attracting and retaining good claims adjusters is increasingly difficult. While the profession can be interesting and fulfilling, many claims systems seem to make it harder, rather than easier, for claims professionals to make the most of their abilities.

One of the key requisites of a good claims system is an intuitive, easy-to-use user interface (UI). In addition to a well-designed UI, the claims system should automate the routine, manual tasks of the claims process to allow the adjuster to focus on the key elements of investigation and settlement. Predefined workflows and edits can assist every adjuster, but are particularly useful in helping junior adjusters gain the process skills of a senior handler. Accenture Claim Components offers a well-designed and intuitive interface that can be easily learned by claims professionals of any skill or background.

New claims recruits leave college using smartphones and tablets as their primary tools for communication and expect their employer to provide the same type of technology that they use daily to interact with their bank, credit card provider or online brokerage.

Most have no desire to begin a career where they sit in front of a 1970s-era mainframe terminal, and find it difficult to understand why the claims they process requires three, or more, disparate systems (data capture, financials and diary), as often happens today. It should be no surprise that organizations that offer new, state-of-the-art technology are better positioned to attract and retain higher quality talent than companies that maintains antiquated tools.

Old and non-consolidated platforms also open up the possibility of employee errors, making career pitfalls and failures more prevalent. For example, re-entering data into multiple systems with separate IDs and passwords is not only time-consuming; it dramatically increases the likelihood of an error. Accenture Claim Components reduces or eliminates re-keying, automates common processes and increases data integrity. The adjuster remains in the claims system, consolidating information and interactions with other systems, such as document management for example.

About Accenture Claim Components

Accenture Claim Components is a comprehensive approach to claims optimization, designed to deliver a claims function characterized by premier customer service, a data-driven life cycle, lower settlement costs and improved claims outcomes.

Property and Casualty insurers using Accenture Claim Components can experience a lower unit cost per claim, reduced IT costs, and the reinvention of the role of the claims professional, accompanied by the creation of an outcomes-focused culture. These insurers can gain greater control of their business using carefully designed processes and workflows, and experience increased speed to market for new products and geographies.

Accenture Claim Components raises the performance of claims handlers through configurable, highly refined business rules and automated handling— all of which support the variations inherent in the global insurance industry, without adding complexity.

For more information on Accenture Claim Components, visit www.accenture.com/claims-software

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 259,000 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$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

Accenture Software

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