# DIGITAL CLAIMS PROCESSING – WHAT DOES THE FUTURE HOLD?

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Welcome to **Digital Claims Processing**, in which we take a look at creating an effective claims strategy. A strategy that utilises digital within the claims process to deliver better claims effectiveness, efficiency and customer experience.

Digital claims is a hot topic in the fast-moving insurance world. Competitive forces are driving a more complex operating environment that requires interfaces to be simpler and more responsive for customers. But what do we really mean when an organisation says it wants 'digital claims?'

Let's not forget the founding principles behind digital transformation. Just as you don't want a drill – you need a hole – no insurance firm wants 'digital claims,' either.

Instead, they require a solution that improves claims process effectiveness, efficiency and customer experience (CX).

**Effectiveness**            **Efficiency**

**Customer Experience**
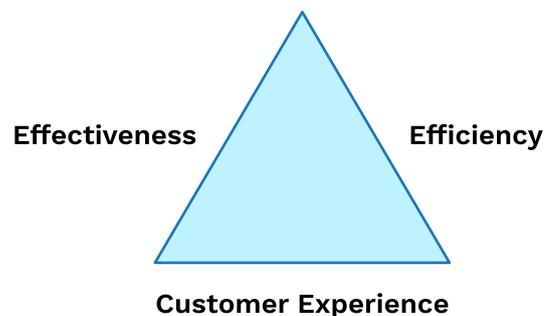
## Future of digital claims: think customer first

You've heard it before, but the best digital claims approach is a customer-focused one. Look at the claims process from the customer perspective and aim to make the customer process fast, simple and intuitive.

That sounds straightforward. Yet, it's easy to overlook one of the key aspects of digital transformation: to view the process – and the subsequent app or interface – through your customers' eyes. What's more, you can't make your customers attend systems training – so everything has to be simple and intuitive. Unlike employees, customers don't have to use your digital app; they have a choice. This forces your organisation to focus on usability and speed. As a result: fast, simple and intuitive is the mantra.

This is supplemented by:

- Full automation for clear, simple cases with payments made immediately post first notification.
- Feedback loops, whether managed digitally, on the phone or a mixture of both. This will continually improve service offerings, usability, and performance.
- Transparency throughout the claims process, enhanced with regular digital updates.
- Automated Artificial Intelligence (AI) based triage. This ensures that the appropriate professional handles the claims in a timely manner post-notification.

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# Digital claims: the demand for personalised policies

The future of claims is bespoke, customised to meet each customer's requirements. These requirements, in turn, come from custom policies; multiple endorsements, cover limits and different levels of coverage. Different sales channels may also have different claims handling requirements. Validating claims will inevitably become more complex and will need to deal with all these custom elements.

In addition, exotic types of specialised insurance are on the rise. This can only increase the amount of corresponding custom claims handling. In addition, the world of specialist insurance, with exotic coverage variations, will evolve quickly. Consequently, firms must be able to respond to these market changes quickly in order to survive.

The key takeaway here is: claims handling will need to seamlessly adapt to variation and change. Integration with digital policy management systems will help.

# Digital claims & eFNOL
## (electronic First Notification Of Loss)

Is the ability to replace phone calls with an entirely digital process a cost reduction feature? Is it a customer experience initiative? Can it be both?

The first point to make is that traditional FNOL (post paper claims forms) involves a telephone call and a claims professional. Together, this creates several datasets. This typically consists of customer data, claims professional opinion data and technical data.

Concluding; eFNOL definitely is key, for customer convenience in the future of digital claims, but with the following caveats:

- **eFNOL only collects customer data.** Therefore, it is more a replacement for paper claims forms as opposed to a tool that automatically removes all of the effort involved to initiate a claims process.
- **The electronic process must evolve as the claim does.** Telephone claims unfold to reveal subtleties that weren't apparent to start with. The skill of the call handler is to add or remove data as required. The e-version must replicate this subtlety to be effective. Even then, the process may still need a follow-up call.
- **The eFNOL process must be built for mobile first.** Customers expect digital processes to be slick and responsive. When building a process, it needs to deliver a great customer experience on their device of choice; most commonly, at present, a mobile device.

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# LEAP and eFNOL

The LEAP low-code platform benefits the eFNOL process in the following ways:

- **Ease of use:** our unique technology means customers can access the fields defined in the claim via a simple link.
- **Complete:** both customer and agent can upload documents and images.
- **Adaptable:** it's easy to update the process in real time as changes take place, so the process evolves as time goes on.

What's more, the LEAP platform can automatically assess incoming data and respond with further requests if required.

Digitisation brings both opportunities and challenges. For example, implementing digital communication and digital content is now much more cost effective than it once was. On one hand, this creates a fantastic opportunity to reduce the face-to-face costs of explaining claims to customers. On the other hand, it's important to ensure that customers are not left struggling to access the information they need. This of course may result in more enquiries, rather than less.

Fortunately, process digitisation helps us overcome this challenge. When we augment the digital workflow with digital 'explainers' (e.g documents, infographics, animations or videos), customers naturally enjoy a better experience. When we create with the customer in mind, we reduce the number of enquiries during the claims process.

# Digital Claims & Assessment

Before determining the precise claim type, the handler must assess and validate incoming eFNOL data against the policy. For example, location, time and cause. Then, the handler must assess the likely severity/financial cost of the claim. Only then can they determine whether they require more information to proceed to settlement. Thanks to digitisation, we can carry out this triage automatically and get the claim to the right team or teams, reducing process time.

**How FLOvate LEAP helps with digital claims & assessment:**

FLOvate LEAP can implement this stage using a number of technologies. For example: Digital Workflow managed manual assessment and rules based automation. We can also help with Data Curation and implement an AI Framework with artificial intelligence (AI) derived algorithms.

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# Information Collection/Investigation

Collecting information post FNOL assessment is the biggest resource drain for most claims processes.

Information Collection has a high level pattern that has two elements:

1. **What Data** is required to validate the claim and/or information/evidence concerning losses?
2. **Who** is going to provide the Data?

This can be an iterative process. More data is added, creating questions that require more data.

**How LEAP helps with post FNOL/eFNOL:**

FLOvate LEAP low-code has a number of technologies that can help organise and speed up this stage. For example, LEAP offers a 'pending items' technology that automates the collection of data/documentation. What's more, LEAP can also automate the inevitable 'data chases' that result at this stage of the process. Finally, we can configure an electronic 'schedule of loss' questionnaire to digitise the financial part of the claim.

All of this ensures that important information doesn't slip through the net, and that actions take place in a timely, accurate manner.

# Direct Repair/Replacement Programmes

Not applicable for all types of claim, but where it reduces claims costs, a Direct Repair or Replacement Programme can be offered. To be successful, any direct repair or replacement programme must be part of an integrated digital supply chain. This enables the latest process updates to flow seamlessly from supply chain partner to the customer via the insurers' system. As a result, this both boosts efficiency and reduces failure demand. That's as well as providing a wealth of data to help the business improve the customer experience.
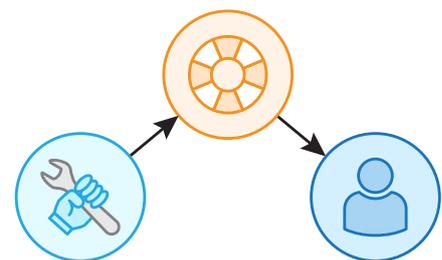
**How FLOvate LEAP helps improve direct repair programmes:**

LEAP allows businesses to create digital Customer Portals. These map the sub process being performed by the supply chain partner. Updates in the process notify the customer via their choice of digital media. As a result, the customer feels in the loop at all times.

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# Adjudication

All claims benefit from some automation at this stage. Once the investigation has taken place and the required information collected, the customer expectation is that this stage happens quickly. The key first step is to get the assessment to the appropriate person with the authority to make the decision. Secondly if further authorisations are required, before an offer is made, this should happen digitally. Decision Automation for small claims can be rules based. LEAP can automate authority, audit and exception management. Also, FLOvate can put an digital framework around the cycle time; automatically escalating before timescales become an issue. This ensures that customer expectations are met – even if adjudication is carried out manually in the case of large claims.

# Negotiation

Sometimes, the parties involved in the claim don't accept the initial offer. Your organisation may have a formal appeal process. This may be as simple as a process of offer and counter offer. Alternatively, the claimant (or their representative) may need to add information for further adjudication.

Regardless, technology can help make this stage go more smoothly.

**How FLOvate LEAP helps with claims negotiation:**

Data Collection App technology allows additional evidence to be requested and seamlessly uploaded to the process. Therefore, supporting a claimants' request for a review of the amount offered.



*Data capture example*

# Settlement

When the decision has been made further delay is unnecessary. To be efficient, it's important to automate most of the settlement stage. And that applies even where humans are required. For example, authorisations.

Using digitisation, we can ensure that authorised parties have immediate access to the relevant part of the digital file. Approving that specific element is fast and straightforward, with all the information to hand. Finally, to communicate the settlement, we can simply automate this as a task.
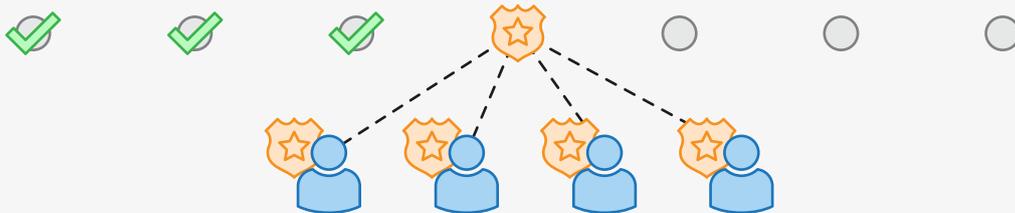
**How FLOvate LEAP helps with digital claims settlement:**

FLOvate LEAP low-code comes with advanced digital authorisation built in. Simply configure your required authorisation levels and groups. For convenience, you can also configure all necessary authorisations in parallel. Are external parties involved? No problem. With LEAP, authorising a task is as simple as clicking on an email. Digital authorisation is also blind. So, the person making the request cannot predict who will be asked to authorise it.

All organisational processes – and that includes claims – involve actions and decisions. In a digital environment, most actions are automated. Or, they are heavily assisted by technology. As a result of data collection technology and third party portals, we pretty much eliminate re-keying.
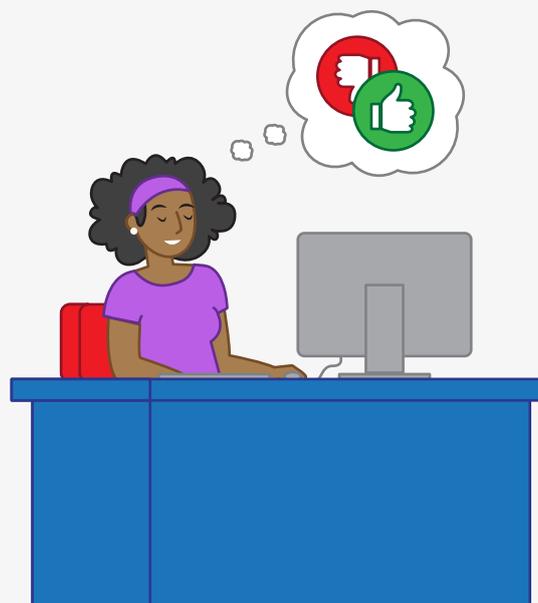
# Digital Decision Making

Finally, there is decision automation. Decisions occur at all stages in the claims process. Some are explicit and others occur manually, based on experience.

Explicit decisions are easy to model and implement in most platforms. These range from simple triage rules implemented post FNOL to authorisation rules when setting reserves or making payments. Typically they involve 2-5 dimensions (fields) and one or two nested decision branches.

Sometimes, we know the algorithm for a decision. However, we choose to hide it in training materials. As a result, we compound the expense of training and manually making these decisions by heavily auditing them.
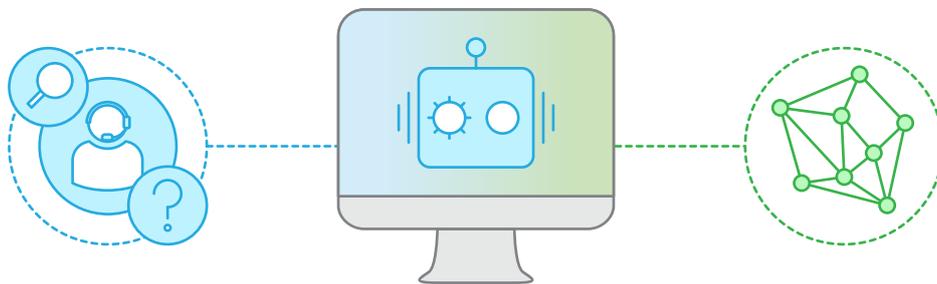


# So What's The Answer?

There is a tried and tested workflow for converting these informal algorithms into automated routines:

- **Analyse and implement** the implied algorithm; start with decision assistance highlighting the most likely decision to field test it.
- **Refine the algorithm** based on the correlation between the suggested decision and the one taken by the claims professional.

This method improves efficiency and consistency of decisions and can lead to full automation.

The alternative is to snapshot the data (fields) used in the decision, plus the manual decision outcome into a dataset at the point of the decision. You may have to implement this as a double blind decision or add "second pair of eyes" (SPOE) controls to ensure you eliminate human errors. Once you have sufficiently large set of independent variables (fields) and (error free) dependent variables (outcomes), you have a good candidate for an AI generated algorithm using machine learning (ML).

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# The Data Curation Challenge – Too Many Variables?

Those with experience at the coal face of AI and ML will tell you that the main challenge is data curation. All the following challenges need to be handled, usually by scarce data scientist resource:

- Which independent variables (input fields) relate to the dependent variable (outcome)?
- Have the independent variables been collected at the point of decision?
- Is this the same as the proposed point the AI generated algorithm will run?
- Many ML routines don't handle gaps in the data. Is the dataset complete?
- How do you intelligently infill missing data?
- Is the data structured or unstructured?
- Which ML routine (there are many) will work best for the data I have?
- How do you split between training and test data cohorts?

**How FLOvate LEAP helps with digital decision making**

FLOvate LEAP low-code supports configuration of explicit decision algorithms (rules/ triages). It also supports embedding of implied decision algorithms derived using machine learning (ML).

LEAP uses Microsoft Azure Cloud hosted ML routines to generate AI algorithms. In 2020, LEAP will also include guided AI routines that automatically manage data curation. What's more, it can produce training and test datasets, and select the most likely ML routine for the type of data under consideration.

The selected ML routine will run periodically and report the correlation achieved. Promoting for deployment of the AI generated algorithm when acceptable levels of correlation are achieved.

# Digital Claims and FLOvate LEAP: In Summary

Digital claims is not an end in itself…

- Claims digitisation benefits your **customers** when they can access and input information in a simple way, coupled with regular updates leading to faster settlement.
- It works for your **organisation** when it increases process effectiveness, efficiency and retains your customers.

What's next after digital claims? SMAC (Social, Mobile, Analytics, and Cloud)? To keep ahead of the digital technology transforming claims, make sure to follow FLOvate on our social channels at LinkedIn, Facebook and Twitter.

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**FAST • POWERFUL • AFFORDABLE**

**Build, don't buy** — LEAP has a multitude of actions based within the below core tasks.

**Better processes mean and greater operational efficiency leading to reduced cost and agility.**

Features to consider to define your process in low-code, and perhaps consider some valuable additions.

- Easy to define process forms for use in a workflow
- Integrated document templates, scanning and indexing
- Intelligent process automation, event based triggers
- User tasks and workflow queues
- Drag and drop dashboard designer
- Collaboration tools, e.g. chat and SMS messaging
- Cloud based deployment for 24/7 user access
- Cost effective & low risk subscription fee
- Component based 'toolkit' approach
- Geared towards business/IT collaboration

Please contact a member of our Solutions Team at solutions.team@flovate.com or call 0330 111 0570 for a demo, or if you would like any advice or support regarding low-code or business process management systems.

The LEAP low-code platform allows business users to innovate fast, without the restrictions of traditional software development methods.

To learn more or to book your 30-minute demo, simply get in touch.

flovate.com/contact-us

0330 111 0570
solutions.team@flovate.com
www.flovate.com

FLOvate
IP-City Centre
1 Bath Street, Ipswich
Suffolk, IP2 8SD

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