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7 Ways to Modernize the Claims Experience — Using What You Already Have.

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How connected—and competitive—is your claims experience?

Filing a claim is a policyholder's greatest moment of vulnerability and truth, and their satisfaction throughout the claims process is a key indicator of whether they stay or go come renewal time.

How quickly and smoothly was a loss settled? Was the customer kept in the loop throughout the process, without important details slipping through the cracks? Did the insurer deliver a seamless, connected digital experience? How does this experience compare to the ease and comfort customers have grown accustomed to in other areas of their daily life, like online banking or e-commerce?

When the answer to any of these questions is "no," policyholders get frustrated, and insurers lose customers to more agile, nimble competitors.

87% of policyholders say the claims experience directly impacts their decision to remain with their insurance provider. Speed of settlement and process transparency are the most important contributors to the customer experience.

Source: EY Global consumer insurance survey

Increased competition also continues to shake up the industry. Insurtech funding hit a record high of $7.1 billion in 2020, and private equity–backed insurance deals for annuity and life insurance policies grew more than 20% in 2020.

How much is claims leakage hurting your bottom line?

Behind the scenes, disconnected claims management harms an insurer's competitive advantage and bottom line. When insurers experience bottlenecks, breakdowns, or inefficiencies in their claims management processes, claims leakage—or the difference between what should be spent on a claim and what's actually spent on a claim —becomes unsustainably high.

Claims leakage today accounts for at least 2–4% of insurers' total claims cost, with noticed leakage as high as 20–30% due to poor claims management and handling. And this figure will only continue to grow as extreme weather, cyber attacks, fraud, and other catastrophic events intensify in frequency, severity, and complexity.

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Differentiating your claims experience for a competitive edge.

So how can insurers better manage the entire claims life cycle so they quickly settle claims and reduce costs while delivering a superior customer experience? The answer is intelligent, connected claims management to augment your existing core strategies.

What follows are seven ways to deliver a more automated, digital-first claims experience.

1. Unify and extend your data.
2. Optimize first notice of loss and claims intake.
3. Enhance claims operations and settlement.
4. Swiftly deploy mobile apps.
5. Mitigate fraud.
6. Improve litigation and recovery management.
7. Promote continuous improvement.

1. Unify and extend your data.

The insurance industry is living in a golden age of information, with insurtechs, IoT networks, and telematics gathering previously unimaginable troves of data with the potential to transform the customer experience and claims operations. For example, by 2023, 140 million people worldwide are expected to subscribe to telematic services, including in-car applications that track driving behaviors or personal fitness trackers that gather health-related metrics.

But how can insurers unlock the full potential of this data to maximize profitability?

One of the biggest problems today when it comes to harnessing the power of data is siloed or disconnected, disparate systems.

Today, data can live in 10, 20, or 30+ different systems and places—including in your CRM, document management systems, accounting systems, policy administration systems, and more—resulting in a "swivel chair effect," where staff waste valuable time and resources toggling between screens and manually re-entering data, opening up the door to errors.

Behind the scenes, these siloes cause even more inefficiencies. In their daily operations, IT departments devote the bulk of their time and resources to "keeping the lights on" and maintaining costly legacy and core systems. Over time, this approach incurs both sizable maintenance costs and high technical debt.

In fact, Forrester Research estimates that maintaining older applications and technology typically costs 70% or more of an organization's technology budget, severely limiting what can be spent on innovation or new development for value-added services that would enhance the customer experience.

However, as insurers know, core modernization initiatives can be incredibly expensive, often to the tune of tens or hundreds of millions of dollars. And they can take three to five years to come to fruition, while often falling short of expectations and consuming significant IT resources along the way. What's more, if new regulations or market demands emerge during the course of these modernization initiatives, new business processes and workflows can't be easily updated, leaving systems outdated by the time initiatives are fully rolled out.

60% of CIOs said their organization's technical debt has risen perceptibly over the past three years, according to a recent McKinsey survey.

The solution: Create a "single source of truth."

Instead of relying on expensive core modernization initiatives or "rip and replace" scenarios, insurers can leverage new technology like low-code automation to unify their existing systems without data migration, creating a single engagement layer across the entire claims process.

By using integrations and open APIs to bring data, systems, and processes together in a single workflow, insurers can achieve the following benefits:

- Access a single 360-degree view of each claim and customer.
- Stay agile by having a tech stack that can easily integrate with the industry's ever-expanding digital ecosystem of IoT networks, telematic devices, and insurtechs.
- Increase productivity by minimizing the "swivel chair effect" and empowering staff to concentrate on more high-impact work
- Improve customer satisfaction by reducing the need for customers to provide duplicative information.

2. Optimize first notice of loss and claims intake.

Although most insurers now have online submission capabilities for first notice of loss (FNOL), along with call centers, FNOL processes are often slow and siloed. The ease of capturing quality data is often restricted by legacy systems' pre-defined data models, which are difficult to adapt as business needs evolve. FNOL processes typically require manual intervention at multiple points over the lifetime of the claim, resulting in cycle time delays, particularly during high-intake periods, like storms and natural disasters.

Successful digital FNOL capabilities address the needs of both the customer and the insurer, including a streamlined, omni-channel process that can be used by all team members, including internal staff, agents, brokers, and customers.

By breaking down silos and unifying legacy applications and new advanced data sources, insurers can more easily capture and manage each claim from the moment it's reported.

The solution: expedite FNOL with intelligent automation.

Intelligent document processing (IDP), artificial intelligence (AI), and machine learning are more than buzzwords when it comes to FNOL. When incorporated successfully, they can mean the difference between lengthy settlements and delivering a touchless claims experience.

By leveraging intelligent automation during FNOL, insurers can achieve the following:

- Replace paper-heavy or phone-centric FNOL processes with digital intake.
- Leverage IDP and AI to automatically extract information from claims documents, including police reports, death certificates, and more.
- Enhance data capabilities with low-code by accurately capturing relevant claims data outside your legacy system's proprietary data model (think IoT, telematics, etc.).
- Better orchestrate claims flow by creating line of business or loss cause specific workflows to ensure claims are routed to the best resource quickly, accelerating time-to-close.

3. Enhance claims operations and settlement.

Optimizing FNOL alone isn't enough though. As insurtechs and competitors continue to disrupt business as usual, demand will only grow for quicker resolution and touchless claims. Throughout the industry, fully automated insurance products are bringing unprecedented speed and ease to the claims experience.

Whether it's the insurance company Lemonade setting a new world record for settling a claim in three seconds or insurtechs sending out automated payments when storm damage hits a certain threshold, expectations for touchless claims continue to rise. To maintain a competitive edge and gain market share, insurers must streamline processes to speed time-to-close.

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The solution: streamline operations to speed time-to-close.

As insurers look to increase straight-through processing, here are just a few ways to explore optimizing claims processes:

- Fine-tune the claims process with workflow, business rules, and data to better segment claims processing.
- Integrate with advanced data sources like IoT, telematics, and insurtechs to accelerate claims processing while maintaining the highest level of accuracy.
- Increase efficiency by creating custom workflows for different user personas.
- Leverage AI and IDP to ensure complex claims are routed to more experienced claims handlers and vice versa, enabling a touchless claims process for less complex claims.

Another way for insurers to differentiate themselves is by taking their digital experience to the next level through dedicated mobile apps.

Today's customers are used to having an app for everything—from mobile online banking to requesting a ride to the airport to ordering groceries. The same demand for apps exists in insurance.

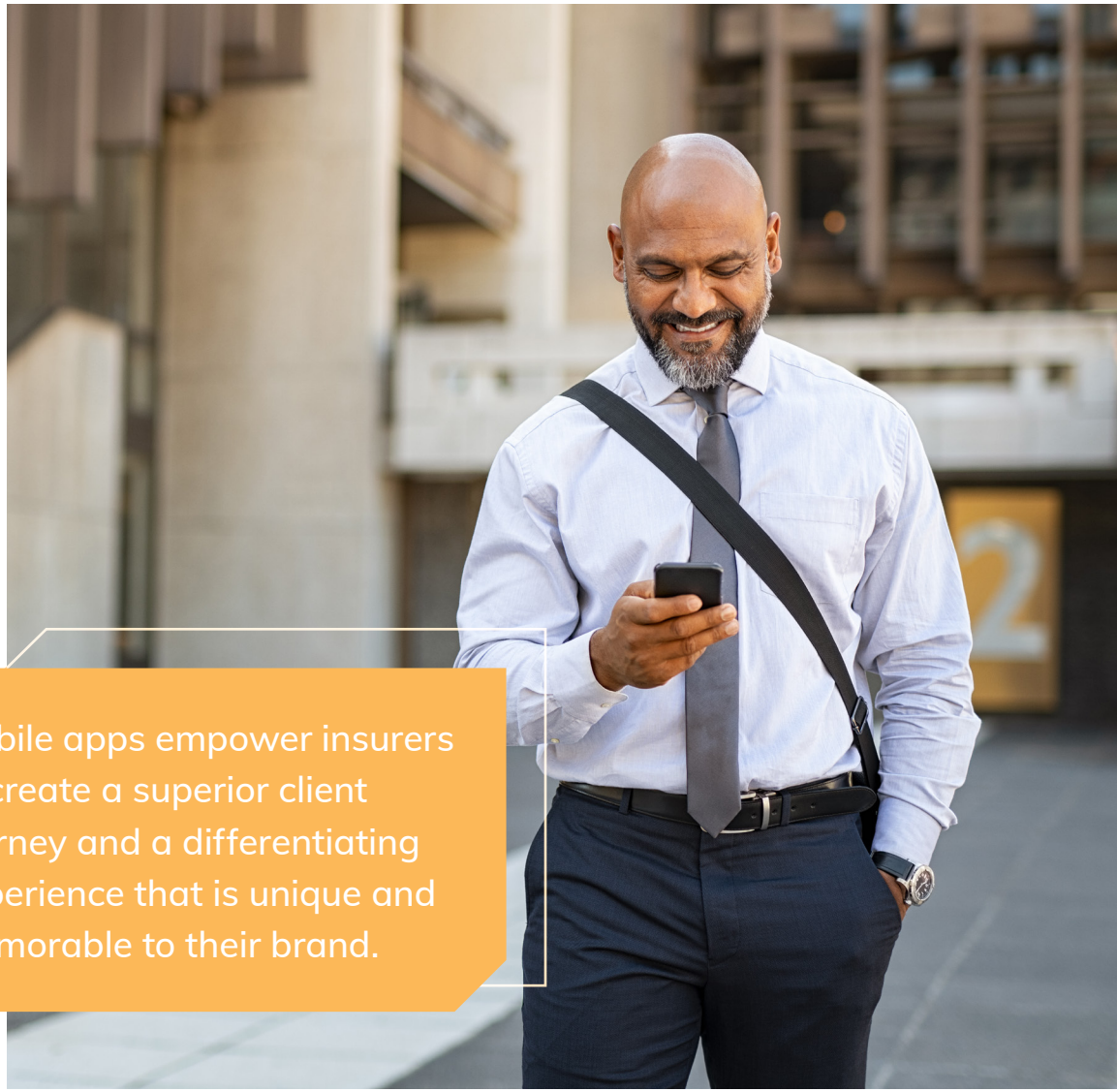
Imagine you're a customer and one insurer requires you take your car in for a physical field inspection after a car accident, forcing you to take time off work to drop off and pick up your car, while another insurer simply lets you take pictures of your car's damage at your convenience via a secure mobile app. Which insurer are you more likely to choose?

Today's customers covet ease and convenience—and the insurers that can deliver that and more are the ones that will come out on top. And this extends beyond property and casualty policyholders. For example, life insurers companies can also set themselves apart by offering branded, mobile apps that provide funeral planning assistance or even legal advice to clients.

The solution: go digital with dedicated mobile apps.

By looking to mobile apps to streamline and personalize the claims process, insurers can achieve the following benefits:

- Build apps once and deploy them anywhere, whether on phones, tablets, or mobile devices.
- Go paperless during field inspections, and use real-time intelligent scheduling for inspectors and facilitate seamless, secure external and internal data sharing.
- Increase collaboration with third-party users, loss adjusters, and legal experts who may need quick access to additional information in the claims file.
- Improve the customer experience by offering clients unique, value-added services via applications that save them time and reduce their stress.



Mobile apps empower insurers to create a superior client journey and a differentiating experience that is unique and memorable to their brand.

5. Mitigate fraud.

Claims fraud is nothing new, and most insurers already have software and tools for detecting suspicious activity and alerting customers. What's often lacking is a unified view and integrated capabilities for detecting, preventing, and managing fraud across all lines of business and systems.

For instance, is a claimant a repeat offender? Is there a history of loss padding or collusion with similar claims? When answers to questions like these slip through the cracks, insurers miss opportunities to detect previously unknown fraud schemes and spot linked entities and crime organizations to minimize losses. Special investigations units may also waste vital time interpreting and acting upon red flags.

Of course, fraud efforts must be balanced with the customer service side of claims adjudication, as there's a real risk of generating false positives for fraud and upsetting customers who have just experienced legitimate losses. So how can insurers balance time, cost, and servicing aspects when it comes to fraud case management?

Fraud claims cost insurers at least $80 billion per year in the United States and €13 billion per year in Europe, according to the Coalition Against Fraud Insurance and Insurance Europe.

The solution: unify fraud data, details, and detection.

By integrating all the various people, processes, data, and systems involved in fraud case management, insurers can achieve the following:

- Mitigate leakage and better manage data across a wide range of sources, including watch lists, external databases, and their own claims and fraud systems.
- View all claims data from within a "single source of truth" to more swiftly and effectively detect anomalies.
- Supplement individual case analyses with context from the surrounding environment.
- Equip investigators to easily and securely collaborate with internal and external stakeholders throughout the investigation process.

6. Improve litigation and recovery management.

In addition to mitigating fraud, insurers also need to focus their efforts on improving litigation recovery and subrogation case management to reduce expenses. To mitigate claims leakage and net loss payouts and achieve maximum recovery, insurers need to look for ways to optimize subrogation. Improving subrogation by even 1–2% could have a significant impact on an insurer's bottom line.

However, siloed systems and complicated connections with external systems and services make it difficult for adjusters and external legal/recovery teams to collaborate and coordinate their efforts across multiple channels, especially during FNOL surges caused by things like natural disasters. As a result, subrogation opportunities may not be followed up with in a timely manner, particularly during these high-volume periods when staff are overwhelmed.

The solution: orchestrate recovery data, activities, and oversight.

For claims large and small, insurers need to flag candidates for subrogation early in the claims life cycle and proactively track claims progress to boost recovery efforts. The following are a few key ways insurers can improve litigation and recovery management:

- Create a subrogation workflow for each line of business and automate the process intelligently to expedite recovery.
- Support the claims handler on specific cases with enhanced case management capabilities.
- Enable detailed analytics of subrogation and recovery efforts, including potential recovery, actual recovery, percentage recovered, and loss type.
- Integrate with third-party payment vendors to make it easy to manage entire payment ledgers, write-offs, and settlements.

7. Promote continuous improvement.

Too often, insurers don't have clear insight into their claims leakage and where their biggest bottlenecks and inefficiencies are. What insurers often lack is insight into the "how" and "why"—vital intelligence that can help them proactively uncover the hidden sources of leakage that are affecting their bottom line.

And time is of the essence. Given how competitive the insurance landscape is and how razor-thin margins can be, every inefficiency in the claims process can add up to potentially big losses.

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The solution: utilize process mining to unlock greater insights.

Process mining is likely a term you've heard, but what exactly does it mean for insurers? To put it simply, process mining uses AI to turn millions of data points from existing systems into actionable insights. Using process mining, insurers can visualize how activities and processes operate in real time (rather than in theory or on paper) to identify bottlenecks and areas for improvement.

- Identify and zero in on bottlenecks and other inefficiencies that contribute to leakage and poor customer experience.
- Continually monitor KPIs such as claim settlement cycle time, cost per claim, percentage of claims with supplements, new and close claims per adjuster, customer satisfaction (i.e., net promoter score), and more.
- Visually compare versions of a process at a granular level in real time and make adjustments on the fly.
- Optimize workflows in a continuous improvement loop to improve the quality, accuracy, and speed of claims processing and drive growth.

Looking forward: future-proofing your claims process.

In order to deliver the digital, connected claims experience that the market and today's customers demand, you need the right technology. Gone are the days of multi-year cost-prohibitive modernization projects. With low-code automation, work that once required months or years to complete can now be accomplished in weeks and at a fraction of the cost.

By combining people, technologies, and data in a single workflow through low-code, insurers can deliver transparency and efficiency into their claims environment.

With low-code automation, data stays in one place—no migration necessary—while claims teams benefit from a consolidated, 360-degree view of customer and claim information. This enables more unified operations, reduced leakage, fraud detection, and process mining—all of which adds up to greater accuracy, efficiency, cost savings, and customer satisfaction.

A large insurer in Europe sought to automate and optimize their death claims processes. By using low-code automation, they were able to increase the number of same-day settlements from 1% to 25%, and achieved a 530% jump in claims settled within three days.

Looking forward: future-proofing your claims process.

Low-code is also highly flexible and agile, offering greater customization and responsiveness than legacy or commercial off-the-shelf solutions. Low-code empowers insurers to adapt solutions at speed and at scale, whether that's changing business processes or rules, integrating new technologies, or adding new data elements to the record. Unlike traditional approaches to digital modernization, low-code enables innovation fast, without outsized capital investments today or high technical debt tomorrow.

When one of the world's largest independent claims management companies used low-code to develop an application for managing the claims intake process, claims uptake accelerated by 80% and invoice processing by 70%.

Staying agile in a changing world.

Think how much the insurance industry—and the world—has changed over the past 5–10 years:

- Advances in computing power and connectivity have turned phones into powerful mini-computers indispensable to daily life.
- IoT, telematics, and sensor networks now collect previously unimaginable volumes of data.
- The definition of "worker" has expanded to include bots and AI.
- Ubiquitous technology and innovations in commercial applications across industries have heightened customer expectations for digital experience and narrowed the time frame in which information and services are delivered.

Moreover, in the past decade, the insurance industry has faced new and growing challenges on all fronts. As threats like natural disasters and cyber attacks increase in both frequency and severity, overloading teams with surges in claims, disruptors are coming in with innovations that streamline and automate the claims process.

What will a claim look like in 2030, 2040, or even in the next three to four years? What will customers expect, and demand, from their insurance experience? The speed of change will only continue to increase as technologies like AI become more mature and deeply integrated into the insurance ecosystem. Insurers must prize flexibility and speed to market more than ever before.

With agile technology like low-code, insurers can rapidly update processes and workflows, integrate with the latest data sources, and differentiate themselves—so they can be prepared and come out on top no matter what future changes or challenges come their way.

> Appian and Amazon Web Services are helping insurers sharpen their competitive edge and bring their digital modernization strategies to life. Appian Connected Claims offers a direct integration with Amazon Connect, making it easy for insurers to set up, configure, and manage their day-to-day claims operations. By providing a unified customer view, staff can now focus on high-value tasks and building customer relationships to drive loyalty.
>
> Dan Kusan, Sr. Manager of Global Financial Services at Amazon Web Services

Appian and AWS partnership.

Together, Appian and AWS enable insurers to deliver a seamless, digital-first customer experience by pairing the power of Amazon Connect, an easy-to-use omnichannel cloud contact center, with Appian Connected Claims to deliver intelligent, connected claims management. Without migrating any data at all, insurers can unify their legacy systems and bring data into a single view for more informed decision making and optimized claims handling.

Appian Connected Claims integrated with Amazon Connect makes it easy to set up, configure, and manage your day-to-day claims operations. Facilitate streamlined communications and a seamless customer experience with omnichannel capabilities and unified data. With the foundation of the Appian Low-Code Platform plus AWS, insurers will stay agile and provide more personalized customer service.

Expedite your claims settlement operations and delight customers by connecting your people, processes, and data with AWS and Appian.

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Appian is the unified platform for change. We accelerate customers' businesses by discovering, designing, and automating their most important processes. The Appian Low-Code Platform combines the key capabilities needed to get work done faster, Process Mining + Workflow + Automation, in a unified low-code platform. Appian is open, enterprise-grade, and trusted by industry leaders. For more information, visit **appian.com.**

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Xebia is a trusted advisor in the modern era of digital transformation, serving hundreds of leading brands worldwide with end-to-end IT solutions. The company has experts specializing in technology consulting, software engineering, AI, digital products and platforms, data, cloud, intelligent automation, agile transformation, and industry digitization. In addition to providing high-quality digital consulting and state-of-the-art software development, Xebia has a host of standardized solutions that substantially reduce the time-to-market for businesses. Xebia also offers a diverse portfolio of training courses to help support forward-thinking organizations as they look to upskill and educate their workforce to capitalize on the latest digital capabilities.

The company has a strong presence across 16 countries with development centers across the US, Latin America, Western Europe, Poland, the Nordics, the Middle East, and Asia Pacific.

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