

5 Essentials for Delivering a Modern Claims Experience



Harnessing disruptive technologies to streamline operations, differentiate your offerings, and delight your customers at the moment of truth

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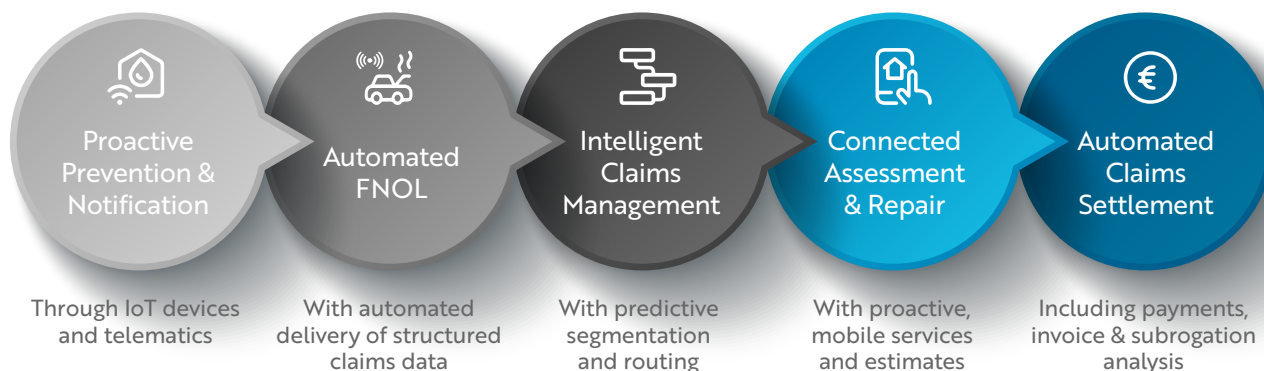
Consumer adoption of digital channels for buying and managing insurance is pushing P&C insurers to quickly digitize more of their operations, a trend that only accelerated during the COVID-19 pandemic. For digital-savvy insurance customers, the benchmark for success is no longer just other insurers. It's Amazon, Google, and Netflix.

Thanks to these and other popular, digital-first brands, consumers have come to expect personalized and proactive interactions from service providers of any kind. And when it comes to insurance, a claim is the ultimate moment of truth.

Today's policyholder expects a fast, frictionless, and transparent claims experience. Whether it's through IoT, telematics, machine learning and other forms of AI, insurers must embrace technologies that enable them to proactively engage policyholders and optimize claims workflows to improve efficiency and enhance customer satisfaction.

The payoff can be huge. According to McKinsey, customers who are happy with the claims process are 80% more likely to renew their policies—contributing to nearly 30% profitability for insurers. Achieving this kind of frictionless, modern claims experience requires the following five essential elements.

5 Essentials for a Modern, Frictionless Claims Experience



#1

Proactive Prevention & Notification

With consumer expectations rising fast, digital convenience is a must at every stage of the insurance lifecycle, from quoting a policy to filing a claim. But that's also just the beginning. Looking back to digital-first brands like Netflix and Amazon, today's most coveted consumer segments expect businesses to deliver added value.

For one thing, they want companies to reach out to them with recommendations based on their unique needs and make it effortlessly easy to act on those recommendations. Perhaps most of all, they prize tech-forward brands that can prevent or mitigate issues before they become costly problems.

Idaho Farm Bureau, Aviva, and other insurers, for instance, leverage home or business-based IoT devices to monitor for things like water and gas line issues, proactively shutting off leaks and preventing small problems from becoming major disasters. Policyholders can be contacted via mobile app, often before they would discover the issue themselves, and can initiate a claim on the spot.

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#2

Automated FNOL

A growing number of auto insurers use built-in or smartphone-based telematics that can detect a collision and automatically contact drivers to determine if emergency services are needed. Not only does the policyholder receive help when they may need it most, but they're also able to initiate a claim moments after an accident. They can even capture and upload images of the damage directly from scene.

This kind of convenient and empathic service at a stressful moment is no small matter. Studies cited by Claims Journal show that expediting first notice of loss (FNOL) can help cut the cost of the average auto claim by \$500 to \$800 while expediting the entire claims process.

With automated FNOL like the kind enabled through integrations with Guidewire, for instance, all of the relevant telemetric data captured by the smartphone telematics is automatically transmitted to, and ingested by, the insurer's claims system. Fields within the claim are then dynamically pre-populated with critical crash data and contextual information—including date, time, location, weather, road conditions, speed of impact, and more—with zero manual input required.

Based on the telemetric data, the collision can be assigned to the appropriate adjuster, who can verify facts of loss immediately. The entire claims process moves faster and cost effectively.

#3

Intelligent Claims Management

The amount of information claims adjusters need to juggle when assessing and evaluating a claim can be staggering. They need to collect, consider, and verify countless data points within the claim itself, while at the same time interacting with a lot of external parties to either gather additional information, order repair services, or make payments. Their success is crucial to a smooth, efficient, and satisfying claims process.

As a result, modern machine learning and advanced analytics are now vital for intelligent claims prediction, estimation of claims severity, claims routing, and segmentation. Information like fraud evaluation and other data-driven insights should be directly embedded into the claims workflow. And analytical insights used early in the claims lifecycle should be able to determine whether a claim needs to be managed by an adjuster, or can instead be processed in an automated and expedited fashion.

The predictive analytics built into Guidewire ClaimCenter, for instance, analyze multiple sets of data to provide guidance to frontline decision makers, and continuously measures the business value of those decisions to help them better manage claim indemnity and loss adjustment expenses.

#4

Connected Assessment and Repairs

Digital channels and technologies can bring a new level of transparency to the claims process. Instead of forcing policyholders to contend with uncertainty about the status of a claim or repair, Peel Mutual Insurance, for example, uses proactive notifications like push messages to keep policyholders informed at every step of the claims process.

Guidewire enables Peel Mutual and other insurers to provide these and an array of other options for enabling policyholders to track claims easily, upload photos and documents, select preferred repair vendors based on their location, and communicate with adjusters from anywhere, via mobile or other channels. Likewise, repair vendors have direct access to necessary information from the claims management system, and can communicate in real time with the insurer, as well as receive repair requests and provide repair proposals for approval in real time.

#5

Automated Claims Settlement

A vital element of a frictionless claims experience is fast, efficient claims settlement. Today's on-demand consumers no longer accept a slow and outdated claims experience. Insurers have already begun to adopt forms of Straight-through processing (STP), yet its limitations with complex claims and static nature leave much to be desired.

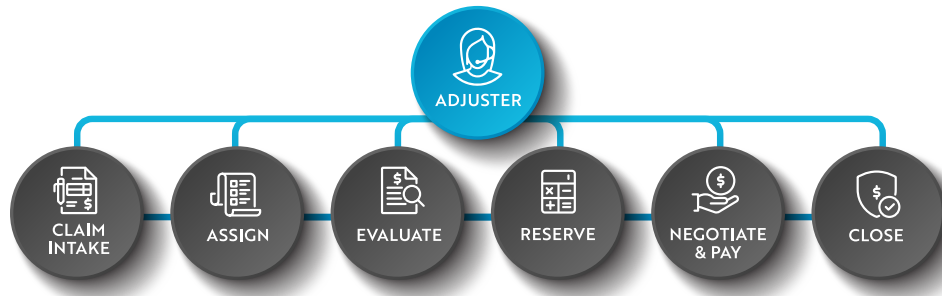
A recent Guidewire survey found that less than 10% of claims are automated today. At the same time, more than 50% of respondents want some level of automation in the next three years.

Today, 10% of claims are automated, while 50% of survey respondents say they want some level of automation – Guidewire survey

A New Vision for Claims Management

For all the benefits technology brings to enabling these five essentials for a modern claims experience, the next evolution of claims management will go even further—because it has to.

Despite so many current technological advances, there remains a central limiting factor: The claims adjuster must still act as the lynchpin for the entire claims lifecycle, keeping all the various pieces and players on track. In addition to a lot of back and forth with the policyholder, the adjuster must also handle the onerous tasks of ordering reports, managing litigation, facilitating settlements, cutting checks, and so on.



But new technologies are changing all that. The next evolution of claims management entails the five essentials we've discussed so far. It will be digital, smart, and connected. But it will also embrace new forms of AI, embedded analytics, and business intelligence to enable a sixth essential: automated orchestration.

According to McKinsey, as much as 60% of routine claims and customer interactions will be better suited for automated digital resolution by 2030. More complex claims and customer interactions requiring nuanced judgement will continue to be handled by humans, who can now deliver true empathy and will be equipped with powerful new management tools.

Indeed, this may not be as far off as McKinsey and many insurers may imagine. Guidewire, for example, is investing in next-generation automation we call Guidewire Claims Autopilot that makes McKinsey's vision for 2030 a reality much, much sooner.

Next-Gen Claims Management: Guidewire Claims Autopilot

Guidewire's vision for the next generation of claims management enables insurers to take an automation-first approach to claims handling. It centers on a powerful AI engine that acts as claims conductor, orchestrating the entire claims process and making manual handling the exception rather than the rule.

By putting automation at the center of the entire claims process, insurers should realize immediate benefits, including reduced cycle times, reduced human intervention, and faster, better customer service. Guidewire Claims Autopilot comprises five main areas that leverage artificial intelligence, analytics, and digital technologies to enhance the claims experience while lowering operating expenses.



AUTOPILOT



It starts with intake, which transforms into an adaptive, fully digital experience. The Claims Intake Designer enables insurers to quickly design, define, and modify a series of progressive questions to help identify the nature of a claim. Next, the Claims Automation Service works behind the scenes to evaluate each claim and begins to automate the entire claims process, prompting manual handling only when necessary.

Meanwhile, Claims Analytics operationalize data and analytic insights to help automate processes while providing metrics on cycle times, financials, comparisons, and more. And third-party insurtech capabilities—such as fraud, detection, and AI estimating—can be easily integrated into claims automation.

Automation is also not an all-or-nothing proposition, either. It's critical that insurers be able to determine how much control they want to cede to the Claims Automation Service. They may opt for extensive oversight from human adjusters, and then loosen the reins over time. Or they may choose to go throttle right from the start.

In limited release today, Guidewire Claims Autopilot unifies the essential elements required for a modern, frictionless claims experience as never before possible. Over time, we believe this model will reduce operational and indemnity loss expenses, while increasing customer satisfaction and retention through differentiated experiences.