9 Signs Your Claims Processes Need Improving

Fasten Your Seatbelt

For the past several years, the road to success for Property & Casualty (P&C) insurers has been plagued with obstacles and hazards – some obvious and others unseen. Evolving policyholder and channel demands combined with increased regulatory oversight, unrelenting competition and an uncertain economic outlook have detoured many insurers. These pressures not only impact today's business, they have changed the landscape of the market, accelerating the rate at which insurers must respond to change in the future. Although no department within a P&C insurer's operation is safe, the claims area is most affected, running the risks of curbed operational metrics in the short term and diminished policyholder satisfaction over the long haul.

No U Turns

P&C insurers have two choices: continue to coast with a "business as usual" mindset in claims processing, or, drop the pedal and seize this opportunity to embark on the road to modernization. To start the journey off right, turn your attention to content and process management solutions designed to optimize the claims process. Not only do these solutions provide immediate benefits, such as lower costs and increased processing speed and visibility, but they position you well to successfully respond to future needs.

But first, you must first acknowledge the warning signs that your claims processes do, in fact, need improving. Where does your business stand? Are your claims processes struggling? Are you keeping pace?

SIGN 1 – Slow Response Times

Why does it take so long to answer claimants' and agents' questions?

Today's consumers expect superior levels of customer service. Customers regularly interact with companies that set the bar for exceptional customer experiences. This significantly raises their expectations for all services, even those offered by insurers, including: speed of response, ease of use, relevance of content and personalization.

Your distribution channel has expectations, as well. They expect the claims process to run smoothly and that they'll be involved from first notice of loss to the settlement. Yet, the more parties are involved in a process, the more complex it becomes, slowing the entire process down.

"…among claimants with low satisfaction (scores of 550 or lower), only 12 percent say they "definitely will" renew with the carrier that handled the claim, and 18 percent indicate that they have already switched carriers…"

- J.D. Power and Associates 2012 U.S. Property Claims Satisfaction Study^{SM}

SLOW RESPONSE TIMES

SIGN 2 - Hooked On Paper

Isn't there a better way to manage all of this information?

Claims processes depend greatly on agents, adjustors and claimants. The information they provide lives and leaves the claims lifecycle the same way it entered – as paper documents. And, even though P&C insurers have control over their outbound communications, typically this, too, exists as paper documents.

But times are changing – and quickly.

According to a report[1] issued by the analyst firm Strategy Meets Action, "63% of insurers say the will increase the digitization of inbound paper documents over the next 3 years while 87% will increase the digitization of outbound documents."

[1]The Paper to Digital Transformation in Insurance, Strategy Meets Action, April 2012

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SIGN 3 - Inconsistent Processes

Why do we have different workflow processes for every type of claim?

Paper and inconsistent processes go hand-in-hand, impairing your ability to provide both the required disclosures in the claims process and the proper documentation of claims files. It also increases your risk of paying the wrong claim amount or incorrectly processing total loss claims. Manual processes heavily dependent on paper documents typically exist to augment legacy systems. As such, they can never be fully optimized for speed or accuracy. Nor can they be standardized to mitigate variances and leakage – information lost as it moves through process steps.

"…claims resources – supervisors, staff and field adjusters – spend 44%-49% of their time on non-core activities…"

- Accenture's ongoing, systematic study of insurance claims performance (dating back to the 1990s)

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INCONSISTENT PROCESSES

SIGN 4 - Tedious, Expensive, Paper-Based Processes

Why does it take so long for us to process a claim?

In insurance, time is money. The less time it takes to process a claim, the lower the cost of processing that claim. Processing claims is a key business capability – and a significant area of overhead – for any insurance organization. Most legacy claims applications involve paper-based documents and manual data entry, which is time-consuming, increasing both the number of "pended" claims and the amount of time it takes to process them. When you consider the sheer number of claims your business processes annually, paper-based manual claims processing becomes very expensive.

SIGN 5 - Disconnected Systems

Why do we have to jump from system to system just to get the information we need?

Information is an insurer's greatest asset – but it can also be among its biggest challenges. Without an integrated solution to connect them as new systems are acquired, or built to address specific needs, the information within them becomes trapped. The result is multiple, disparate systems – from underwriting workbenches to policy administration and claims management systems.

"Now is the time to take a new look at the entire claims side of the business. It is time to re-think the flow inside the organization, re-energize all of the interfaces, and re-tool to provide richer capabilities."

- SMA 2012 Top 10 Imperatives, Strategy Meets Action, March 2012

DISCONNECTED SYSTEMS

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COMPLICATED SYSTEMS

SIGN 6 - Complicated Systems

Why are our systems so hard to use?

The infrastructure of P&C insurers has changed over the years in response to both business trends and ever-changing regulatory demands. System workarounds, complex interfaces and tools built by and for IT make it difficult for end users to manage the document-based content involved in the claims process. As a result, there is a very heavy dependence on already over-burdened IT resources.

SIGN 7 - Rigid Systems

Why do our systems dictate the way we do business?

Needs change and transform over time. And it's not just your claims processes that change. Technology changes, too. Without a consistent and continuous upgrade schedule, your document and process management solution will become outdated quickly. The solution needs to be flexible to keep your claims processes responsive to the pace of business.

RIDGID SYSTEMS

SIGN 8 - Inaccessible Information

Why can't our staff/adjusters access information in the field?

Armed with laptops, smartphones and mobile printers, your field staff and claims adjusters are true road warriors. Despite all this technology, they frequently spend several hours completing necessary paperwork. To truly realize the benefits of mobile technology, field staff and adjusters must have access to the same resources they have in their offices to complete forms and verify data. Whether accomplished via real-time connectivity or offline and synched with the corporate back-end system, such capabilities empower adjusters to complete more of the claims process on-site, eliminating time-consuming paperwork.

> "Moving to leverage mobile technologies is a necessity for insurers, but the urgency varies by size and line of business."
>
> -Mark Breading, Partner, Strategy Meets Action

SIGN 9 – Compliance Risks

Are we sure we are in compliance?

Insurance is one of the most regimented and regulated of industries. From the enforcement of internal company guidelines to state and federal mandates, the scope is vast. Paper-based claims processes expose your organization to legal and financial risks – penalties from late claims close-out, for example, as well as prolonged discovery for appeals, audits and subpoenas.

COMPLIANCE RISKS

Six of the Top 10 most common market conduct compliance criticisms for Property & Casualty insurance are related to Claims:

- **Failure to properly acknowledge, investigate, pay or deny claims within specified time frames**

- **Failure to provide required disclosures in the claims process**

- **Improper documentation of claim files**

- **Failure to process total loss claims properly**

- **Failure to pay the appropriate claim amount**

- **Failure to respond to the department of insurance and/or produce records requested during the exam process**

    - **Wolters Kluwer Financial Services, 2011**

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Oncoming Traffic Does Not Stop

Unlike other industries that manufacture and deliver a physical product, the perceived value of a Property & Casualty insurance company is experiential. An insurance company is judged by its customers' interactions with their agents and/or insurers, and how well that insurer or agent delivered on the insurance contract's promise. If underwriting is where the promise begins, a claim is where that promise is realized.

Insurers are in a challenging business environment, one that demands operational efficiency to improve both profitability and customer service to remain competitive. It is essential to keep moving forward. But despite the warning signs that claims processes need improving, many insurers remain tethered to their legacy systems. Once at the forefront of technology, these systems are unable to keep pace today and leave insurers far behind competing companies with superior speed-to-market and service capabilities.

Using new tools and technologies to expand their capabilities in managing insurance transactions, insurers are increasing the contribution the claims operation makes to the profit and service equation. Document and process management solutions help P&C insurers fulfill their promises while driving real value, building trust and expanding relationships. Now is the perfect opportunity to modernize your claims processes. Doing so earns your company a place among the leaders in the insurance marketplace.

HYLAND SOFTWARE, INC. INSURANCE SOLUTION GROUP

For more than 20 years, Hyland Software has been dedicated to meeting organizations' needs for document and process management with OnBase, an enterprise content management (ECM) solution suite. As OnBase has evolved through consistent product innovation, it remains focused on automating business processes that depend on documents, content and people to operate more effectively.

OnBase streamlines processes and increases organizational efficiencies for insurers, including life, health and property and casualty insurance companies, as well as managed general agents and third party administrators. Seamless integrations with policy administration, core administration and claims management systems speed processing times across the entire insurance lifecycle from underwriting to policy services to claims, which increases customer service. Using OnBase, insurers are able to increase profitability through accurate and consistent underwriting decisions while decreasing response times and costs associated with claims.

For more information about Hyland Software's solutions for the insurance industry, please visit us at **http://www.hyland.com/insurance.**

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