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Why You Should Invest in Insurance Claims Automation

Claims management is a crucial process in any insurance company. On the one hand, it is responsible for a large chunk of the insurer's costs. On the other, it directly affects clients and their satisfaction. These are reasons claims process automation and digital transformation initiatives allow insurers to cut operational costs, reduce fraud, and improve customer loyalty. This post looks at the challenges and opportunities and will help you understand how software can help you capitalize on the promises of claims automation.

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Why claims management is so essential

For an insurance company, everything comes down to claims. It is the process that affects clients most directly when the insurer delivers on its commitment and the clients get their loss compensation.

That's what makes it so essential.

While most insurance companies concentrate on sales as the main source of revenue, claims handling is a huge opportunity to make a good impression on the clients, drive satisfaction and loyalty, and reduce costs at the same time.

For a claims handling process to be successful, it must be organized and standardized. Time is of the essence here/ If the claims handling process takes too long, it will make policyholders frustrated and unhappy. In a time when it is easier to change insurance companies than buy a new pair of shoes, this can result in losing clients unnecessarily.

In this post, I will address the challenges in claims management, talk about the benefits of claims automation, and introduce AdInsure. Our software solution that will automate your routine and time-consuming tasks so your claims team can concentrate on what really matters – improving the customer experience.

Claims: mostly a rigid, complex, and costly business

In most insurance companies, claims handling is a rigid and complex manual process that involves sifting through large volumes of unstructured data. This means it is slow, often taking days or even weeks for more complex claims. It is prone to errors and even fraud attempts since fraud detection is often just a matter of personal judgment. With the rise of telematics data and IoT sensors, there is also more data than ever to process.

Nobody's happy about this. Employees and customers alike are dissatisfied with the process, and the claims process's inefficiencies often drive customer churn.

Many insurance companies are attempting to solve these challenges by implementing guidelines and protocols for claim handling to speed up the process and avoid different process variations.

Expenses related to claims represent the most significant chunk of insurers' operating costs. These are the costs incurred in paying an insurance claim and the costs associated with preparing, handling, and adjusting claims. If the process is inefficient, the expenses grow quickly.

There's no doubt this is a considerable challenge. However, it is also an opportunity. By optimizing and automating processes involved in claims handling, we can lower costs significantly.

Watch the webinar on
Claims and see the
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Claims automation opportunities

Let's start by looking at what claims automation covers. In some cases, the claims process can be digitalized and automated entirely – from accepting claims to the final payout to the customer. For some insurers, the claims handling process can be extremely complex, making it impossible to automate entirely without at least some human intervention. However, even automating one part of that process can make a critical difference in terms of money and time savings.

How significant can these savings be?

According to [McKinsey's study](#) on digital disruption in insurance, Automation can reduce the cost of a claims journey by as much as **30%**.

With artificial intelligence, computers can take over information gathering and detailed examination of unstructured data, allowing claim handlers to focus on providing a personal touch and giving clients a superior personalized experience. This allows the insurer to position itself as a reliable partner that cares for its clients and delivers what it promised.

Claims automation: A real-life scenario

Here is an automation scenario for a simple claims management process:

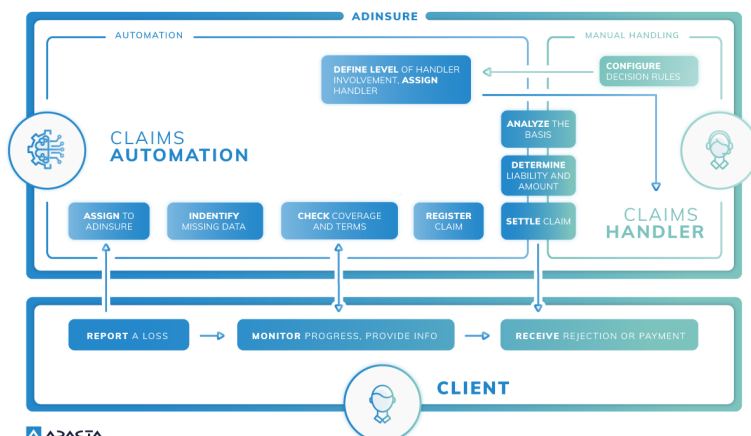
1. A customer submits their claim using a mobile app, online portal, e-mail, phone call, post office, or even personal visit to the insurer's office. Chatbots – automated chat algorithms – are also becoming popular to capture initial customer contact and collect basic information.
2. Data is collected and reviewed using validation algorithms and artificial intelligence. As the data is entered into the system, automatic validation checks review the policy, claimant, benefits, and service provider.
3. The customer contact channel preference is automatically determined based on the manner, FNOL, or claim registration (app, chat, portal, e-mail, phone, or ordinary mail).
4. As the claim passes preliminary checks, it is audited (technically and medically) first by self-learning algorithms and manually by a claims handler if necessary.
5. The claim is approved or declined, and the customer is notified automatically.
6. If the claim is approved, the payment to a provider or customer is initiated and processed automatically.

This integrated approach to claim automation delivers **multiple benefits**:

- **Fewer errors** through automated handling of initial customer contact and information gathering
- **Quicker claim settlements** enabled by automated validation that streamlines the entire process.
- **Clear communication that respects the customer's preferences.**
- **Fully transparent insight into claim** status while keeping the customer's private information private and secure.

This is exactly why insurers should focus on the claims management process. While the area is certainly a challenging one, you can leverage the benefits of claims automation software to deliver an improved customer experience.

Picture: Claims automation in AdInsure



The 3 mandatory components of claims automation

Regardless of how you approach your automation initiative, here are the three key components that remain the same irrespective of the path you choose.

1. **Integrate your core system with other systems.** Your core insurance system is the "brain" of your company and will play a vital role in any automation initiative. If you want to achieve results, any other solution you use needs to integrate with your core system.
2. **Automated data analysis.** At its core, the claims management process is about analyzing unstructured and disparate data, so automating analysis will accelerate and streamline your claims management process.
3. **Optimized data organization and connectivity.** By implementing a central repository that can connect to various data sources (such as forms, apps, and APIs) and combine them, you will eliminate redundant manual data entry and errors.

Look for automation opportunities

Once you have your critical components in place, look at the opportunities that will deliver the most business value. The entire claims process is ripe for automation for most companies, while others may have already achieved some success. Let's look at some examples.

Chatbots can deliver small but significant cost and time savings. Chatbots are pre-programmed chat algorithms that can conduct basic customer requests and give the claim handler more time to focus on the process itself. In some cases, [chatbots](#) can even partially replace a call center agent by collecting basic customer data and providing it to the claim handler.

Fraud detection is another opportunity. Artificial intelligence at the data entry point identifies possible fraud at the beginning of the claim's life cycle to prevent it from becoming a claim. An automated system checks and validates the received data, such as connections between different claims, reoccurring claim events, weather status, social media data, etc.

Customer notifications are an important stepping stone towards delivering an outstanding experience. Customers love to know where in the process their claim is at the moment. By providing proactive and automated notifications, you can increase customer satisfaction and loyalty.

Focus on automation, stay flexible in interactions

We have seen that automated claim processing reduces costs and accelerates payments. Personal service can boost loyalty for sensitive and emotional claims, such as car accidents or personal loss.

That is why the goal of all claim department managers should be to make claim handling automation the default while manual handling becomes the exception. Insurers should focus on finding the points where human interaction is unavoidable and automating everything else.

This approach results in improved customer service by freeing up claims handlers to spend more time on customer support and less time on clerical tasks. Of course, some customers will still look for personal contact. Insurers should stay flexible in their approach to accommodate diverse policyholders. However, it is essential to find a balance between the claimant's and insurer's views to realize the real benefits of automation.

Finding the right solution

Claims organizations seek new ways to increase efficiency, lower claim expenses, and increase claims accuracy, and it can all be done by data sets, master tables, and rules that are integrated into the core system. It is also important to have history tracking of changes made in the system and detailed information for claims reporting and claim analysis in accordance with GDPR.

That is where [AdInsure](#) comes in. It makes [claims processing](#) efficient, unified, and accurate simply by applying claims processing guidelines to a claims management platform and automating decision-making while monitoring process efficiency. This delivers excellent client experiences and positions the insurer as a reliable, trustworthy partner.

AdInsure is designed for flexibility from the ground up and can be adjusted to fit a wide variety of companies. Suppose the company already has a core system and is unwilling to replace it. In that case, AdInsure can also be introduced as a support system that runs in parallel to deliver the features you want.

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Don't hold off on automation – the time is now

Claims processes remain inflexible and complex. This makes claims automation a huge opportunity to eliminate manual labor and divert resources towards greater efficiencies and customer satisfaction.

However, this essential process needs to be approached holistically with a focus on delivering business value and customer loyalty. While insurers do need to keep



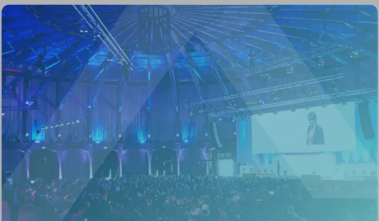
an eye on the need for personal interaction, automation should be the rule instead of the exception. Automation of claims management is simply too large of an opportunity to let it slip by.

Today, we are looking at several factors that will drive automation efforts. First is artificial intelligence that will make it easier and easier to automate even the most complex processes. Second are new communication channels, such as chatbots, mobile apps, and others that open a clear communication channel between clients and insurers. Third is the rise in the volume of data that will impact claims processing by reducing fraud and driving operational efficiencies.

However, any advanced scenarios will require a solid foundation which you should begin building today. There is simply no way to just roll out a generic AI or big data solution into an insurance environment overnight. They need to be fine-tuned to specific processes and products before they can deliver business value.

Claims automation is a foundational process that should be a big part of any digital transformation project. That's why the time to act is now.



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