

Insurance claims – more speed, more efficiency



The potential benefits to be achieved by optimising insurance claims handling costs are clear across the whole industry:

- *Accelerated claims completion, not only reducing the internal claims processing cost but also reducing the opportunity for claim cost inflation*
- *The efficient identification and effective management of potential fraud within a claim*
- *The reduction of the overall claim settlement cost through the management of the supplier network in the resolution of the claim*
- *Effective management information about how the various stages of the claims handling process are performing.*

For these reasons, those involved in the management of claims – insurer, broker, adjuster, supplier and so on – are seeking:

- *Increased efficiency in their claims handling processes*
- *Improved control over the process with a view to managing and guaranteeing service levels*
- *Seamless integration across the end-to-end claims process*
- *Greater flexibility within the process to respond to changes within the market*
- *The ability to deliver this across multiple distribution channels to their customers and partners.*

The IBM business process management offering delivers these capabilities, resulting in a better customer experience, a more efficient claims process and improved business information. This can result in real business benefits and a competitive advantage for an insurance company.

Case study – IBM's offering in action

A major US insurance company needed to make drastic cost reductions in order to stay competitive. Managers reported that it was losing revenue because clients found the company difficult to do business with.

IBM's experts found that the company's computer system was running more than 500 applications, many of which were redundant, expensive and time-consuming to maintain. The information was also prone to human error, and the company needed to improve its response to business needs.

A complete application renovation was carried out, which resulted in better productivity and a marked improvement in responsiveness. Software maintenance costs are now falling by up to 50%, and the new efficiency of the system will help it bring new products to the market.

A faster, more efficient service

Whatever the type of insurance, and whether it is being bought by a corporation or a private individual, making a claim may be the most important contact a client has with the insurance company. How that claim is dealt with is likely to decide whether they stay with the company, whether they buy further products, and whether they are a true advocate for that company.

Insurers need to meet the varying needs of both client and third parties whether claims are submitted on paper forms, online, by telephone or face to face. They are aiming to manage a claim as soon as it is submitted, and transfer it automatically through various processes right up to the moment when the client's incident has been resolved and the claim file is closed. This process can be controlled and monitored from start to finish with the appropriate business process management solution, only initiating human intervention where business requirements demand it.

Important decisions remain in the insurance company's control, but good process management makes the handling claims faster, more efficient and more reliable.

The customer's first notification of loss provides the initial information, which can be assessed, analysed and checked automatically, and measured against predetermined parameters set by the company.

Straight-through processing means that, where it makes business sense, every stage in the process can eventually be automated. Even when the insurance company has decided that a particular claim should be considered manually, its details and its progress will continue to be automatically monitored.

Once the level of claim has been decided automatically, the system will:

- *Flag up claims that fall outside the parameters set for automatic handling*
- *Identify specific customer segments, such as high spenders or longstanding clients, whose claims the company may wish to fast track or give special treatment*
- *Manage communication with the client whenever necessary*
- *Manage communication with the insurer's approved repairer or supplier to provide a faster, more efficient and less costly service.*

Flexibility is essential so that an insurance company can decide at any point to change the parameters which allow claims to be dealt with automatically, check on how the claim is progressing, and analyse the efficiency of the various stages of the claims handling process.

Customer, broker, repairer and company

An effective business process management system brings clear benefits for customer, broker, supplier or repairer, and insurance company.

The customer gets a seamless experience from start to finish, with the efficiency of computerised handling and the reassurance of regular contact. He need never know that his claim has been handled automatically.

The broker gets more information, and a faster and more efficient service for himself and his clients, improving the company's standing within the industry and encouraging more broker recommendations.

The supplier or repairer gets quick and detailed information about requirements, enabling him to keep prices to a minimum.

For the company, the automation cuts costs through streamlining the claims handling process, identifying specific weaknesses, and managing key responses to the customer.

A flow of business information

Automation also increases the flow of important information about the way the business is operating.

It improves the ability to monitor and analyse in-house performance at every stage of the claims handling process in detail, in confidence and in real time. Internet technology brings the additional option of outsourcing those parts of the process which do not call for decision making or active management to parts of the world where labour and facilities are cheaper – with the company remaining firmly in control.

Improved process management is also a revenue builder. It gives an insurance company the chance to expand its client base through building a reputation for speed and efficiency, and also presents opportunities for cross-selling additional products as part of the claims handling process. The insurer also has the ability to adapt the parameters of the system to suit changing market conditions or respond to the mass of business.

By cutting costs and speeding up the handling of claims, automation reduces the number of clients who drop out of the process and are potentially lost to the business. Most important of all, it gives a company market edge in a competitive environment by making the whole experience easier and more comfortable for the client, and more cost-efficient for the insurer.

The choice is the company's

The IBM business process management insurance offering is designed to automate the entire claims system from end to end, but it has the flexibility to be adapted in whatever way best fits an insurance company's business plan and requirements. It tells the company what parts of the business are working efficiently, and what areas need to be improved.

Tools are available to speed up individual parts of the claims handling process, such as the receipt of claim forms, or the payment of cheques. They can be implemented quickly and simply to bring rapid improvements.

IBM can work to adapt and improve a company's existing processes, or it can provide a complete new set of fully automated processes. The starting point depends on the insurance company's priorities. The solution can be expanded later to cover more of the process as and when necessary.

The IBM offering is not a simple plug-in piece of software, but a sustained business discipline. IBM can advise on the best way to implement improved process management, supply the necessary software and hardware, and measure and quantify the business benefits it provides at each stage of the claims process.

Case study

Another US client saved millions of dollars with an application portfolio management (APM) engagement performed by IBM.

The company felt its IT resources needed to be more tightly targeted on its core activities. Lack of focus was damaging the output of its IT staff, increasing costs and slowing the release of new products to the market.

IBM's programme of prioritising the applications within its IT portfolio led to the award of a 10-year US\$94 million contract to modernise a major portion of its application, development and maintenance software.

The APM engagement demonstrated the costs and benefits of the whole application portfolio. Through the creation of an on demand infrastructure, the company now expects to achieve savings of around US\$200 million over 10 years, with a reduction of 70% in the number of its applications.



Experience, expertise and flexibility

IBM is a global player but excels in having professionals with expert knowledge of local country requirements, offering the language skills and local support to provide a complete turn-key approach to deploy solutions anywhere in the world.

IBM consistently meets the diverse challenges of the claims handling process, from initial advice and consultancy through design and installation to maintenance and monitoring. This may require consultancy skills, IT know-how, and computer hardware, software and services. IBM has the capability and experience to bring all these elements together to deliver an integrated and effective business process management solution.

To request more information, please contact IBM on 0118 916 8598, or via e-mail on uksoa@uk.ibm.com

IBM United Kingdom Limited

76 Upper Ground
South Bank
London
SE1 9PZ

The IBM home page can be found on the Internet at **ibm.com**

IBM, the IBM logo and ibm.com are trademarks of International Business Machines Corporation in the United States, other countries, or both.

Other company, product and service names may be trademarks or service marks of others.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates. Copying or downloading the images contained in this document is expressly prohibited without the written consent of IBM. All products and/or services are subject to availability.

This publication is for general guidance only.

© Copyright IBM Corporation 2007.
All Rights Reserved.