

VIEWPOINT

It is time for Lloyds to include TPAs in its reform agenda

A single, central claims platform such as that envisaged by the LMA's Gemini project will bring clarity to third-party administrator contracts, enhance service delivery and reduce claims costs



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Customisable claims management technology like the Write Back platform sponsored by the Lloyd's Market Association (LMA) is now integral to the Future At Lloyd's initiative. In Lloyd's targeted reform there is a major opportunity for technologies like Write Back to be leveraged to reimagine insurance carriers' traditional roles and how they interact with the value chain to adopt a claims ecosystem mindset.

At the same time, Covid-19 has changed the way we live and work. Outdated legacy claims systems are no longer fit for purpose in this "new normal" environment. A Write Back-enabled claims platform can allow multiple users and applications to connect and interact, while orchestrating data and decisions to create a value exchange.

A customisable electronic claims technology can plug multiple application programming interfaces (APIs) into carriers and third parties, processing millions of rich claims messages through today's insurtech service providers.

This offers an insight into a future for the subscription-led market model that operates today, and the visions presented by Lloyd's Blueprint One. Specifically, the blueprint calls for a claims solution to deliver an interface for policyholders, third parties, and market participants, whilst improving communication and transparency of a claim.

It also promotes a new requirement for triaging and segmentation powered by artificial intelligence (AI), routing claims to the right place throughout the claim lifecycle with full straight-through processing for certain non-complex claims. The vision is of a "one-stop shop" claims service that handles non-complex claims on behalf of the market, us-



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ing leading technology, analytics and centrally procured services.

Third-party technologies and data should be playing a part in carriers' integrated digital claims strategy. The power of an integrated all-in-one claims management system (CMS) will give each carrier the opportunity to provide its unique and nimble value-add to handling claims.

Outdated systems

Increasing numbers of carriers already have such a system via Write Back, enabling them to steal a significant march on their market peers, while allowing any planning for transition to the future model to be more effective and aligning with the claims vision outlined in the Future at Lloyd's. However, outdated market-wide systems continue to hold back London carriers that have not embraced the high-tech approach offered by insurtech innovators.

Market pressures dictate we need more. Many claims teams are therefore turning to technology solutions that can plug in multiple external APIs, exchange rich claims messages, gain insights, remove duplication, automate processes and enhance performance.

A modern claims management system can help with cradle-to-grave claims – all in one place, supporting customer experience and tech- and data-led claims decisions.

In addition to non-complex claims handling, the Lloyd's blueprint says the market claims service will partner with data and technology experts to form an innovation hub for data science and AI. It will provide im-

proved claims insights derived from multiple data and analysis sources. And it will benefit from a larger, aggregated pool of data available at Lloyd's.

New technology can integrate with underwriting systems, document management services, sanctions and third-party systems – a complete, customisable lifecycle claims solution, driving efficiencies and speed of claims. It can plug in natural catastrophe models, aviation flight data, shipping fleet movements, war and terror heat maps, claims reserving analysis, cyber risk perils and a whole host of other external APIs with cross-functional utility that can help to integrate an insurer's internal and external data.

Using robotic process automation where possible will speed up processing, reduce cost and enable a better customer experience. Claims predictive analysis, using advanced algorithms, can determine the length of the claim lifecycle, loss development, ultimate value and fraud.

Claims triage and proactive settlement models are able to predict which claims should be quickly settled and those which should be handled by senior claims professionals. Meanwhile, claims leakage analysis could highlight inefficient claims processing practices, which lead to unproductive costs.

Stepping stone

For example, a major stepping stone towards an algorithmic vision for the Future at Lloyd's was realised earlier this year when a large managing agent successfully completed several small claims

via an automated settlement (SCAS) service via the DOCOSOFT CMS. This initiative was launched in the second quarter of 2020 as part of the deliverables under the Future at Lloyd's Blueprint. The carrier partnered with DOCOSOFT to adopt this automated concept via their Write Back-enabled CMS.

SCAS will demonstrate the advantages of automating those small claims settlement transactions – in effect the practical use case of a form of robotics – by removing claim handler touch points and reducing transactional agreement timeframes. It also improves the customer and broker experience through a faster settlement cycle while increasing the focus on higher-value/more complex tasks.

This kind of tool allows claims handlers to work from home and has been at the forefront of positive change, which allows its clients some flexibility in their work/life balance. It is an effective system and the number of managing agents that are now using it shows how successful it has been. It has promoted a more collaborative and collegiate market wide claims environment.

Managing claims relationships

Other opportunities to promote a more collaborative environment are being identified all the time – for example, a new solution that allows a carrier to manage its relationship, the associated performance and customer outcomes with key claims experts, while managing and assessing claims expense and leakage.

The answer was to build a market platform called Gemini, a claims

expert management solution and platform for Lloyd's carriers, initially for open-market business. Gemini will be the single platform that removes the complexity, delay and cost to experts submitting their fee to Lloyd's carriers. It will deliver an efficient, straight-through fee agreement and payment process, while capturing structured data on expert spend and claims trends that will allow Lloyd's carriers to have true visibility of expert spend, usage and performance.

Lee Elliston, claims director at the LMA, says a 30-year-old problem of managing our experts and the associated expense is being solved in a digital way with data, an API and instant payment technology. The delivery of Gemini will allow carriers to manage and reduce claims costs and improve the performance of experts, but also build a wealth of data to inform and support future claim decisions of a certain claim type in a particular territory – putting the analysis and power back into the hands of the Lloyd's claims handler via their Write Back-enabled and integrated CMS.

The design of Gemini is aligned to the principles defined within Future at Lloyd's. What has been achieved within a focused claims fee and expense project now needs to be extrapolated into Lloyd's reform to deliver a claims and customer-focused model powered by data, orchestrated and integrated technologies and smart payment methods.

More than 650 experts have been pre-registered for access to Gemini with the support of Lloyd's carriers. The total claims expert spend in the Lloyd's market is around £500m (\$648.8m) a year, according to previous estimates from the LMA.

Big-ticket insurance business demands big-ticket expertise, which deserves to be delivered on a claims ecosystem platform that is secure, efficient and future proofed in 2020. ■

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