

The A-Z of claims

Aidan O’Neill outlines everything you need to know about claims management innovation

A is for Analytics: the word of the moment in the insurance world, analytics is often synonymous with “big data”. The need for advanced analytics solutions has been driven by globalised competition, new regulations and changing consumer behaviours. Weaving analytics into the organisational fabric of managing agents can position them for cost advantages.

B is for Big data: synonymous with analytics, big data looks set to underpin future insurance and claims solutions, such as proactively managing the customer claims experience. Risk carriers that utilise big data and advanced analytics – possibly in combination with another B, for blockchain technology – will have a head start.

C is for Customers: insurance companies collect and retain a large amount of data about their customers. Significant quantities of public data are now available and accessible. Overlaying these inputs to enhance internal company data could allow London market operators to gain insights into their customers’ preferences.

D is for Digital native: American author Marc Prensky, who coined the term digital native, suggests that modern-day humans have grown up multi-tasking and are therefore capable of parallel processing. Because we have become quicker at processing information, it is important that insurance processing technology keeps up with our changing behaviour. D is also for Docosoft, the leading claims management systems provider in London.

E is for Experts: risks around the business written within Lloyd’s

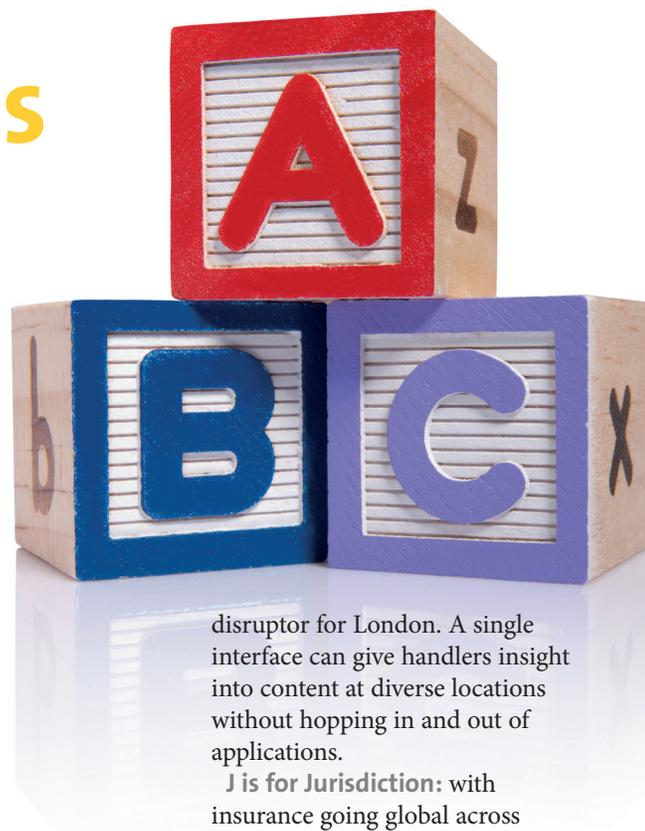
are specialist and complex in nature. These inherent features of the business naturally lead to the use of and reliance on expert judgement. Claims technology plays a key role in helping managing agents to document every piece of expert judgement so that it can be evidenced.

F is for File review: Lloyd’s is currently refining the question set it asks external reviewers to answer every time they review a claim. Managing agents, as a result, need to complete their own internal and external file reviews along the same lines that Lloyd’s wants. That’s why my company is working with a client to build a brand new workflow process to provide full claims peer review management information across the entire company.

G is for Global insurance business: customers that are continents apart now have higher expectations with regard to correspondence turnaround and claim settlement time. We live in an interconnected world where risk transfer is instantaneous, so it is a must for insurance companies to move faster.

H is for Holistic claims management: the answer to the modern claims challenge. Carriers are investing in the latest enterprise claims management systems to ensure that adjusters are able to ride the wave of complex risk that threatens to engulf businesses and underwriters.

I is for Interconnected: in today’s market everything is interconnected. Global business largely relates to networks of connections. Delays to claims settlement times are a dangerous



disruptor for London. A single interface can give handlers insight into content at diverse locations without hopping in and out of applications.

J is for Jurisdiction: with insurance going global across jurisdictions it becomes more important to have the Write-Back system’s 24/7 availability. Overseas offices spend a large proportion of their day planning what claims they will be able to respond to when the system is available to them. Write-Back removes that altogether. This will be a benefit at a time when so many companies are expanding overseas.

K is for Key strokes: with Write-Back, key stroke duplication will be significantly reduced because at the moment London has multiple systems. Write-Back brings everything into one, allowing more time for what’s important – processing claims.

L is for Lloyd’s: some £11bn worth of gross claims were paid in the Lloyd’s market in 2015. These claims were processed from risks placed with Lloyd’s across 233 countries and all seven continents. Approximately 40 percent of claims paid were on risks placed outside of the US or UK.

M is for Managing agents: managing agents are looking to their claims teams for strategic, competitive and cost advantages.

At the moment, we don't know what new information can be analysed by claims management systems but we will have a more detailed view and complete picture thanks to more granular claims workflow triggers with emerging data analytics opportunities.

N is for New claims: in today's landscape, claims are becoming more technical with the emergence of new and challenging classes such as cyber. Managing agents need to have a system able to deal with new types of claims to allow London to respond to these new challenges and ensure we are ahead of the curve.

O is for Operating efficiencies: maximising operating efficiencies will be the key to success in the current insurance environment. The positive impact of new technology on insurers' balance sheets is a recurrent theme. At the same time, technological advancements have sharply improved insurers' ability to evaluate individual risks and price them accordingly, putting the industry in a better position to understand exposures.

P is for Peer-to-peer: peer-to-peer concepts and the idea of the sharing economy are impinging on insurance companies' consciousness. A recent blog noted: "The increasing importance of digital ecosystems will certainly shake up insurers' sales and distribution networks." A future claims ecosystem can bring a number of benefits in the new sharing economy.

Q is for Quality: London is committed to using the same data and process standards as other markets to reduce the significant administrative burden of trading in the Square Mile – making London an easier and more attractive place to do business. Achieving ACORD compliance for claims and premium processing is an important

confirmation of this commitment.

R is for Return on investment: most specialist claims practitioners agree that an effective claims management system can make a company work more effectively, improve return on investment and have a positive impact on customer satisfaction levels – an important focus for Lloyd's and the regulators.

S is for Software: off-the-shelf software tends to be ready-made and available to a larger number of users that typically pay a licence fee to use the system. A bespoke claims management system is custom-made especially for the adjuster based on his or her feedback, to meet their specific business requirements.

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T is for Technology: new technologies such as cognitive and cloud computing as well as big data will simplify and accelerate the industry's underwriting processes and reduce the price of insurance protection overall.

U is for Underwriting: technological insurance development is underway. The Target Operating Model initiative is creating momentum behind a more innovative approach to underwriting risk. Blockchain technology, for example, could offer great benefits to a subscription-led market as an alternative to the existing insurance contract. The intrinsic properties of blockchain – a decentralised, secure ledger that tracks all related transactions – should make sense to underwriters as a way of storing the agreement of cover between the carrier and the insured.

V is for VCS: Lloyd's launched its volume claims service (VCS) in January 2014, marking another significant milestone in the Claims Transformation Programme. VCS is designed to handle the high-volume, low-value claims which make up around 85 percent of total claims in the Lloyd's market.

W is for Write-Back: described as the biggest thing to happen in the claims space since the electronic claims file in the mid-2000s. Progression and modernisation for the London market is vital if we are to continue to challenge competitors.

X is for Xmas: does your claims technology seem to be all work and no play? Do you seem to have less time to devote

to complex claims? With Xmas just around the corner it might be time to invest in a new claims management system.

Y is for Generation Y: the evolution of the Internet of Things, allied with changing consumer behaviours and preferences among Generation Y customers, is pushing the insurance industry towards massive disruption. As a result, claims teams are now asking for more mobile solutions.

Z is for Zen and the art of claims management: *Zen and the Art of Motorcycle Maintenance: An Inquiry into Values*, first published in 1974, is a work of philosophical non-fiction in which Robert M Pirsig explores his metaphysics of quality. At Docosoft, we are zen-like in our approach to new claims systems implementations or upgrades and are certainly focused on quality.



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