



Ask those in the property and casualty insurance industry if there is a need for claims transformation, and the answer invariably is “yes.”

Rocco Neglia, vice president of claims for Economical Insurance, says the claims process is now a relatively linear, sequential one, but it appears that the industry is at the beginning of the end of that process. “Because of the way technology is exponentially evolving, particularly in the area of automobile,” Neglia points out, claims organizations will need to reinvent themselves to be able to respond to the technological change currently unfolding.

Facing a highly fragmented and highly competitive environment, Daniel Shum, partner and national insurance leader for Deloitte in Canada, notes that this is creating pressure on p&c insurers to lower their expenses. That being the case, most insurers have been looking at claims in some way to determine how they can reduce indemnity costs and stem the flow of fraud, Shum reports.

Insurers launch transformation projects, perhaps when they are looking at a technology change or there is a new component they want to incorporate in their process, says Louis Régimbal, partner, advisory services at KPMG in Canada, who also leads the insurance practice for Quebec. Régimbal advises, however, that claims transformation is best viewed not as a project, but as an ongoing need.

When it comes to claims, part of that need will, no doubt, relate to customers wants and demands. “Society is moving towards huge changes in personal habits and an increased use and dependency on technology,” says Patti Kernaghan, president and chief executive officer of Kernaghan Adjusters. “Claimants expect to be communicated with any time of day, and to have their claims resolved faster and faster. As an industry, our ability to communicate quickly and effectively is critical; timelines for completing the claims process are fast becoming the obvious service standard that sets competitors apart,” Kernaghan contends.

Some say meeting that standard demands preserving current key contact points. “There are a lot of points today where the broker can become less relevant,” notes Jeff Purdy, senior vice president of international operations for Applied Systems. “There is a need for the broker to remain relevant when their client needs them most, and their client really needs them the most when they’re having a claim.”

GATHERING SPEED

“The race for technology changed the process for all facets of the industry,” suggests Bruce Martin, vice president of account management at Cunningham Lindsey (Canada). “Technology has driven a lot of those expectations specific to information turnaround, management reports, KPI (key performance indicators) measurements, accountabilities and expense control,” Martin says.

Notes Pat Van Bakel, president and chief executive officer of Crawford & Company (Canada), “Speed of service and claim resolution are taking greater precedence in the value chain — a trend that will likely not subside.”

In concert with efforts to meet customer demands for speed, though, must be measures to foster individual customer experience. As an industry, the tendency is to look upon and treat customers as a homogenous group, Van Bakel notes, but adds it is necessary for the industry “to identify and design products that cater to the various customer segments. This involves being able to identify the desired experiences and needs of our customers from an individual perspective, as opposed to a broad group.”

Michael Costonis, managing director of Accenture Property and Casualty Insurance Services, says customers have become used to high-quality, personalized service from online giants such as Amazon.com. “The claims process, which is sometimes unnecessarily cumbersome and overly reliant on manual activities, can seem out of date in a digital environment,” Costonis maintains.

“Investment in IT needs to continue if we are to take full advantage of the availability of data and the availability of responding more appropriately to that customer as an individual,” Neglia says.

“Brokers need to take advantage of tools and capabilities that exist today to have their services represented when their clients need them, to have their brand recognized at that point of need,” says Purdy. There should be a retentive effect if a broker can provide good, quality, consistent experience regardless of insurer, he says.

An individualized response — regardless of which claims partner is targeting and which is targeted — is all meant to enhance communication and improve relationships, some of which can certainly use some work.



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“There are challenges in the relationship between consumers and insurance companies. We believe that companies will transform several aspects of their operations in order to improve that relationship,” says Marc-Andre Giguere, partner and national insurance leader for Ernst & Young LLP (EY) in Canada.

Insurers and others are investing in systems to answer those needs. That said, “the insurance industry, and especially in Canada, is still in the early stages of the transformation effort, but it is now being discussed at the senior levels of almost all companies,” Giguere reports.

FINDING A NATURAL FIT

Claims is naturally an area that attracts transformation attention and effort. “With claims being the largest drain on insurer dollars, and with premium income stifled by market conditions, reining in claims-related outflow, for both indemnity and expense, is a natural consequence,” says Fred Plant, president of Plant Hope Adjusters Ltd.

“Anything that can be done to bring down these costs — by reducing the incidence of fraud, by helping customers manage risks and preventing reportable events, or by making claims operations more efficient — will have an immediate bottom line impact,” says Costonis. “Claims is the ‘moment of truth’ when insurers deliver on their promise to customers,” he points out.

James Colaço, senior manager of Monitor Deloitte, and senior sector specialist for insurance at Deloitte, would likely agree. “Insurers have quickly come to recognize that the claims experience is a moment of truth in the overall customer life cycle in insurers. It’s a moment that matters; it’s a moment that insurers should care about.”

Accenture research “shows the very act of filing a claim makes customers twice as likely to switch insurers. This indicates that the claims process is not the kind of experience that customers want to go through if they can help it,” Costonis reports.

In general, Colaço says research reveals four common themes with regard to what customers need when it comes to claims: responsiveness at first notice of loss (FNOL); speed of settlement; fairness of settlement; and interaction with the insurance company over the course of the claim. “Insurance companies need to address these four big buckets around the customer experience to really think about how they approach their claims transformation.”

DRIVING FORWARD

While objectives of individual organizations will undoubtedly vary, says Giguere, there are some common drivers: