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Mobility in Claims Management

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WHITE PAPER

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The insurance industry is confronting significant demographic, macroeconomic, and regulatory challenges to its business models and operations. Organic growth continues to be elusive, given the economic and competitive landscapes. While yesterday's growth was driven primarily by volume, tomorrow's growth seems destined to lie with the carrier's ability to streamline business processes, leverage technologies to reduce operating costs, and find new ways to connect with customers and improve their experience — particularly in the critical area of claims processing.

Challenges in Claims Management

For an insurance company, claims processing is one of many mission-critical business functions. Managing it more effectively and efficiently, aligning it with corporate business objectives, and achieving real-time operational awareness are high priorities. But achieving all that is a daunting task — claims processing touches all parts of the organization, affecting competitive positioning, customer service, fraud management, risk exposure, cost control, and IT infrastructure.

Research has shown that:

- 80% of P&C carriers' costs are concentrated in claims
- The opportunity cost of ineffective claims management is extremely high
- Missed opportunities for recovery lead to an increase in claims costs
- Fraud accounts for 10% ($30 billion) of the P&C insurance industry's incurred losses and LAE every year

CLAIMS TRANSFORMATION IS THE WAY TO GO

For insurance customers, claims experience is the moment of truth, a time when they have their most extensive — and perhaps most complicated — interaction with the carrier. Insurers around the globe, realizing that the claims operation is the most critical factor in their relationships with customers, are looking to transform their claims function to increase customer satisfaction, retain and acquire customers, grab market share from competitors, and enhance their brand.

But claims transformation cannot be about simply replacing the core claims system. Instead, building a truly world-class claims operation involves identifying opportunities to enhance effectiveness and efficiency across the claims value chain by implementing appropriate business and technology solutions.

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Top-five claims transformation trends:
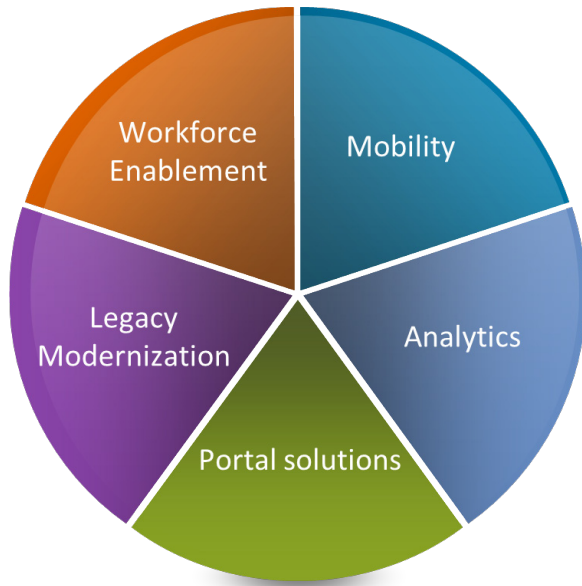
As part of their transformation, insurers are moving at lightning speeds to develop systems that bring them closer to their customers. Mobile solutions are a focal point in this effort. As insurers know, most Gen Y consumers have access to advanced smart mobile devices, such as phones and tablets, and expect their insurers to offer real-time services through mobile applications.

The adoption of mobile technologies by insurance companies enables field representatives to establish virtual offices, provide service on the go, and deliver services much more quickly. Mobile devices with the right technology also offer an extended point of service for customers and enable insurers to promote their products and brand.

According to Chris McMahon, senior editor at Insurance Networking News, Mobility is a top-five priority for 42% of CIOs in all industries and will generate significant sources of new revenue, according to 79% of CIOs in a 2013 Market Mobility survey. To achieve that goal, most CIOs will invest 31% to 40% of discretionary budgets on mobility solutions in 2013, compared with only 19% in 2012. Anecdotal data from CIO interviews suggests many approach new IT projects with a "mobile first" thinking.

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BUSINESS DRIVERS FOR ADOPTING MOBILE SOLUTIONS IN CLAIMS MANAGEMENT

Mobile handheld devices are increasingly popular owing to their compactness and the technology features they support.

Mobile handheld penetration statistics

Advanced Mobile Hand-Held Devices' Penetration and Projections (% of Total Mobile Handsets), 2009 – 2014F
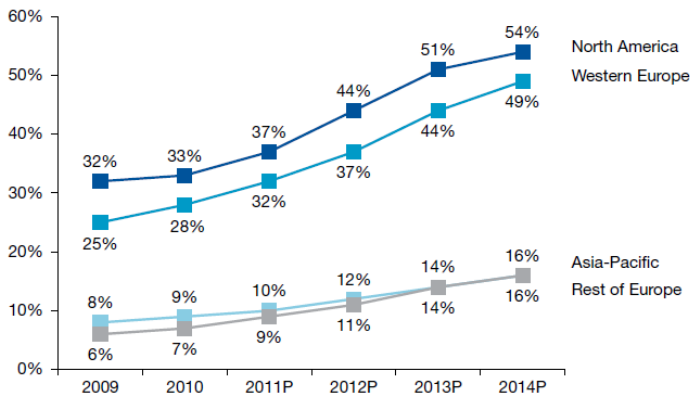
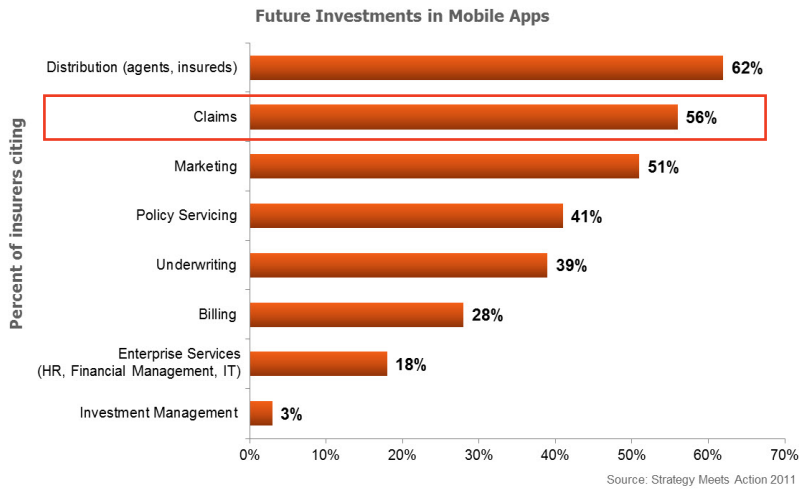Source: Global Smartphone Penetration, 2009-2014, **eMarketer**

Business drivers for investing in mobility

Mobile technology can significantly enhance how an organization conducts its business. Below are few key reasons why organizations go in for mobility solutions:

- Improved workforce productivity
- Increased collaboration between employees / customers / remote workers
- Enhanced the customer experience and thus increased customer acquisition / retention
- Improved quality of product and / or processes
- Reduced cost to serve customers

Mobility initiatives can drive significant business benefits for companies of all sizes and industries, the most valuable being cost reductions and revenue enhancements. In order to achieve optimal success, the organization needs to align their business requirement with the basic benefits the mobility solution would offer.

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Focus areas for mobile apps in insurance — Claims

Future Investments in Mobile Apps

Distribution (agents, insureds) 62%
Claims 56%
Marketing 51%
Policy Servicing 41%
Underwriting 39%
Billing 28%
Enterprise Services (HR, Financial Management, IT) 18%
Investment Management 3%

Percent of insurers citing

0% 10% 20% 30% 40% 50% 60% 70%

Source: Strategy Meets Action 2011

Source: Strategy Meets Action, December 2011 report, "The Mobile Technology Universe: Current Usage and Future Opportunities for Insurers."
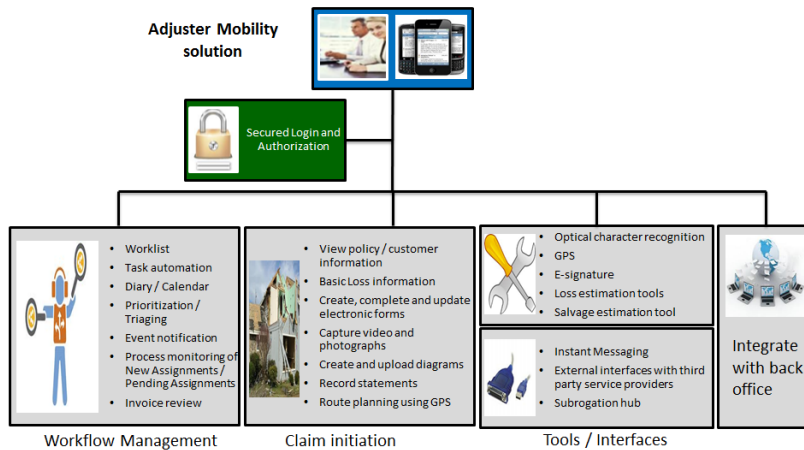
In many ways, mobile apps are more effective than desktops and laptops because they are developed explicitly for mobile platforms and offer greater integration with mobile device capabilities such as cameras. They also allow adjusters to stay connected to back-office claims systems even when they are working in far-flung areas with limited Internet connectivity.

MOBILITY IS A GAME CHANGER FOR THE INSURED AND THE INSURER
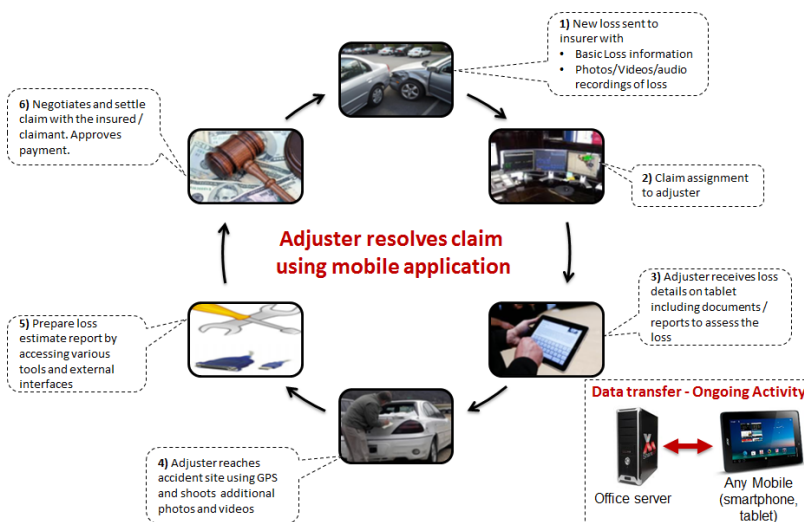
Insurance customers can use mobile technologies at multiple points in the claims process:

• Notify a loss with basic information from the accident site

• Take pictures and upload them

• Record statements of involved parties

• Arrange for emergency services such as towing, rental vehicle, auto repair shop, emergency medical provider

• Check for the claim status, payment status, and so on

Insurance adjusters can also use mobile technologies throughout the claims process:

The mobile claim cycle

1) New loss sent to insurer with
- Basic Loss information
- Photos/Videos/audio recordings of loss

6) Negotiates and settle claim with the insured / claimant. Approves payment.

2) Claim assignment to adjuster

Adjuster resolves claim using mobile application

3) Adjuster receives loss details on tablet including documents / reports to assess the loss

5) Prepare loss estimate report by accessing various tools and external interfaces

Data transfer - Ongoing Activity

Office server ↔ Any Mobile (smartphone, tablet)

4) Adjuster reaches accident site using GPS and shoots additional photos and videos

IMPORTANT FACTORS IN IMPLEMENTING MOBILE CLAIMS SOLUTIONS

- User friendliness is one of the most important deciding factors in the adoption of mobile solutions.

- It's important to develop scalable architecture supported by a broad range of mobile platforms such as BlackBerry, iPhone, Android, and iPad.

- Any mobile solution should address the distinct needs of customers and insurers. Customers expect a pleasant and convenient experience, whereas insurers are looking to improve the efficiency of adjusters and the entire claims process.

- A well-defined integration architecture can connect the mobile claims solution with the core claims management system.

- It's wise to consider providing mobile solution integration with third-party service providers.

THE CHALLENGES OF MOBILITY

Enterprise mobility can unleash business transformation from the top down, but it has potential consequences that insurers should be prepared to manage:

- Security and privacy: Insurers need well-defined, foolproof policies and tools to authenticate users; control devices, applications, and data; and allow security event monitoring, logging, and response. They also need tools for content filtering and malware protection.

- Mobile Device Management (MDM): Insurance organizations need an arsenal of tools, policies, and back-end scripting to monitor, manage, and control devices.

- Mobile application management: Implementing in-house or third-party applications is not a trivial matter as it involves managing profiles, rights, licensing, compliance, and user-access termination.

- Mobile middleware: A robust integration layer between mobile application and the claims application is essential.

- Mobile application architecture: Debate continues over the preferred approach to application development. Native application coding allows greater control over operating systems and device features. Cross-platform development allows a "build once, deploy many times" delivery.

- Bring Your Own Device (BYOD): Companies must consider how to manage the potential security risks of allowing employees to use their own devices in the workplace — an increasingly popular phenomenon.

CONCLUSION

As competition continues to intensify in the global insurance industry, attracting and retaining the next generation of consumers and fortifying market share have become serious challenges. The key to success in this intensely competitive market is to focus on improving operating efficiency in order to meet customers' evolving demands in the most cost-effective way.

To achieve consistently high performance in claims, however, insurers need to look at innovation in a new light, thinking of it not so much as a cost but as a way to provide distinctive service in the one area that really matters to insurance customers: getting claims processed and paid.

Mobile claims self-service applications enable insurers to provide enhanced services to customers and to increase the productivity of claims staff, process claims faster, and lower processing costs. Given these benefits, the use of mobile solutions in the insurance industry is likely to continue expanding.

ABOUT THE AUTHOR

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Aparna Krishnan is a Senior Business Analyst with a blended experience of 13+ years in Property and Casualty Insurance Operations and IT. She worked with some of the world's leading insurers and has strong experience in the claims management domain. In her current role with HCL, she manages solution propositions, primarily in application of next generation technologies for Claims management – such as Mobility, Analytics, Location based intelligence and Social media.

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