



CLAIMS

Accelerating the Claims Process: Reduce Costs and Enhance Customer Satisfaction

For those in the insurance industry looking to optimize their claims processes, our white paper will guide you through a solution accelerator model that can be applied to your business. See how our work with best-in-class technology platforms—integrated with core claims systems you already have in place and existing business processes—can rapidly deliver cost savings and enhanced customer satisfaction. Case studies throughout the paper will show examples of how these claims automation solutions work to bring efficiency to organizations across the industry.



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Across the insurance industry, organizations are making process efficiency a priority in order to deliver measurable business results, including enhanced profitability and improved customer satisfaction. This comes after years of investing in the replacement of legacy systems with more modern core technologies—without seeing a significant impact on business results. Now companies are looking to enhance or optimize their processes, rather than seeking another replacement.

US P&C Market Estimate

2%

Improvement in Loss Costs

=

\$11 Billion

Increase to the Bottom Line

For many companies, whether they provide property and casualty insurance, specialty, reinsurance, or other types, some of the greatest efficiencies can be realized with a focus on the claims process. When considering the numbers involved, it's easy to see why. According to an Accenture report, a mere 2 percent improvement in loss costs would result in a \$11 billion annual increase in bottom line results just in the US P&C market.¹ From a customer satisfaction perspective, the Net Promoter Score (NPS)—a metric of customer loyalty—is almost 30 percent higher in the US for those satisfied with their claims experience.²

Unfortunately, in recent years, while organizations attempt to automate claims processes, their ability to do so has become increasingly complex for two key reasons. First, many insurance companies have expanded by either purchasing or developing into new areas—whether by adding new lines of business, expanding into different states, or acquiring additional companies that issue policies within the same lines of business. This has led to challenges in the claims mailroom, where the primary job often becomes simply identifying where documents are supposed to be routed—even to third-party companies processing certain claim types.

Additionally, the information or content associated with a claim has expanded dramatically in both complexity and volume. You no longer simply receive a typewritten document in the mail, potentially on a standard form, for the claim file. Today, information arrives via mail, fax, email, upload, or even text message. Often, there are digital images or videos that must be managed and stored, with the need to retain much of this data for long-term governance needs.

As a result of the growing complexity in the mailroom and the growing volume and sources of content, the pain associated with claims processing is on the rise for many organizations. They recognize that a superior claims experience can provide a competitive advantage over other carriers, but they struggle to improve the claims process. In terms of costs, approximately 75–

80 percent of premium revenues are spent on claims, with 20 percent of that number related to claims expenses, so any ability to reduce that expense number is significant.³

While a company's goals may be clear, often the method for getting there is not. This white paper walks you through how an intelligent automation solution, leveraging modern technologies and integrated with your existing core insurance systems, can deliver a rapid return on investment (ROI) in claims processing.

We review how to deploy intelligent capture technologies to create an automated mailroom, the role of enterprise content management (ECM) and business process management (BPM) technologies in the smart routing of claims documents, and the efficiencies gained with these and other next-generation systems. Through our methodology, insurance organizations can achieve the previously unattainable goal of simultaneously reducing processing costs while increasing customer satisfaction and retention.

Don't Replace, Enhance

As noted at the outset, many insurance organizations have focused recent technology investments on core systems modernization, including claims modules, moving to products like Guidewire, Duck Creek, and others—both on-premise and in the cloud. But they have ignored the fact that many of the costs associated with claims come from the actual handling of documents prior to and throughout the interaction with these systems. Often this remains a manual, labor-intensive activity with significant people, paper, and process costs.

This was exactly the case with one of our customers, a regional property and casualty insurer in the southeast United States. After deploying a new claims management system (one of those mentioned above), they found they had limited efficiency gains, and a deeper study showed that many of their costs actually came prior to interaction with claims system—in the processing of inbound documents associated with claims.

Working closely with their internal IT team, we delivered an intelligent claims automation solution, providing an almost immediate ROI for the organization. We started by deploying a new intelligent capture technology across a group of remote scanning locations close to their customers. This was done in order to expedite the delivery of claims documents to adjusters. These digitized documents were then fed into a centralized content hub for processing and integrated with their core claims management system.

Selecting a Central Content Repository

Virtually every insurance organization in the world now has to manage the multichannel nature of inbound claims documents. These include paper documents in a mailroom, faxes and email, more modern methods such as uploads into a portal or website, and even images received by text message. Given this reality, any claims automation solution must address each method being used today—or might be used in the future.

While it's possible to craft a solution that treats each of these channels individually, the greatest gain to the organization comes from delivering a unified process for addressing claims documents however they might be received. Claims automation solutions from Zia typically start with a central content hub or repository that can manage each of these methods and the business processes associated.

The Alfresco ECM platform is our choice for a content hub. As an open platform, based on open standards, it can support the ingestion of documents from virtually any source, and integrates with virtually any business application within the insurance market. Because the Activiti BPM engine is embedded within the software suite, we are able to deliver the intelligent routing described later in this paper.

Alfresco provides modern enterprise content management (ECM) software built on open standards that enables organizations to unlock the power of their business-critical content. With the controls that IT demands and the simplicity that end users love, Alfresco's open source technology enables global organizations to collaborate more effectively across cloud, mobile, hybrid and on-premise environments. Innovating at the intersection of content, collaboration and business process, Alfresco's software manages over seven billion documents, powering the daily tasks of more than 11 million users worldwide.



Most insurance companies are well into the process of going paperless, including the digitization of claims documents. However, these efforts often lack the intelligence that is available from a fully integrated automation solution—whether within the digitization process or later when the claims are being routed.

Many of the first-generation digitization solutions in use involved the outsourcing of this effort to a third-party document processor known as business process outsourcing (BPO). While benefits certainly exist from simply getting documents scanned, it can take many hours or several days to return the final documents. Often, there are significant costs associated with transporting documents to the BPO, and the risk of lost documents or other errors is increased.

With a modern, intelligent document automation solution that leverages next-generation tools like the OPEX Falcon Scanner highlighted in the sidebar, much of your preparation time, cost, and errors can be removed—delivering almost an immediate ROI. In this scenario, we bring digitization into the claims mailroom allowing documents to be routed into the virtual in-boxes of claims adjusters without delay. The case study included in this paper describes how digitization efforts were reduced from an average of eight hours down to 15 minutes.



Learn More About the OPEX Falcon Scanner

The OPEX Falcon Scanner combines innovative one-step drop feed scanning with the performance of a high-capacity production scanner. It provides the only universal document scanning workstation on the market, which makes it ideal for an intelligent claims processing solution.

Enhanced Functionality. Unmatched Flexibility. Falcon allows operators to prep and scan documents at a faster rate than most current prep-only processes. This significantly reduces costs associated with preparing documents for scanning. It is able to scan everything from single sheets to multiple, large stacks of paper—even when intermixed. The conveyor can hold more than 700 pages at any given time, allowing maximum throughput and uninterrupted processing.



While it may be hard for some outsiders to believe, many insurance companies manage claims-related email communication (and similarly faxes which are often received in digital form) by printing the email and any attachments, and then sending them through the digitization process described above. Obviously, this adds substantial costs in terms of managing the printing and rescanning, as well as the potential for losing documents in each of the steps of the process.

Instead of this “print and re-scan” model, a modern and intelligent claims automation solution delivers full email integration with different features based on your organizational requirements. These include:

- **Centralized claims email address:** emails and attachments are automatically delivered into the content hub, then processed and routed as described below
- **Email forwarding:** adjusters or processors simply forward emails into the content hub for processing/routing and records management (RM)
- **Drag and drop:** adjusters can drag and drop attachments into the content hub for processing/routing and RM

With this comprehensive email integration, claims documents are delivered to the right place in a timely manner with reduced error rates—providing substantial improvements to customer satisfaction. Before you actually begin relocating content to the target system, check that the new system is ready.



Once claims documents are received and digitized as needed, the next step is to route them efficiently and effectively. This is a critical part of the process, given that complex claims are only 5 percent of cases for a typical large P&C carrier, but represent 70 percent of payouts.⁴

Fortunately, this is an area where modern technologies can be applied to reduce costs, time, and error rates. These technologies include intelligent capture, advanced BPM, and expedited viewing.

With intelligent routing, you have the ability to automatically perform previously manual tasks accurately, allowing skilled workers to focus on exceptions or other higher-value efforts. Some of the features associated with intelligent routing are:

- Automatic routing of claims documents to the correct adjuster
- Alerts and task lists unique to the individual
- Simple reassignment of tasks for workload balancing or coverage during an employee's absence
- Expedited exception handling with missing claim numbers or other issues
- Outside or third-party routing of claims as needed

By eliminating the need for someone to manually review every document, attempt to find the claim number, and look up the adjuster to assign each one individually, insurance organizations can rapidly process claims. This delivers cost reductions and enhanced customer satisfaction. Let's look at some of the specific technologies involved and the roles they play.

Automated Classification and Extraction

Today's modern capture technologies utilize full-page optical character recognition (OCR) to deliver automatic classification, extraction, and validation without the need for separator pages, barcodes, or other manual interventions. While a number of intelligent capture tools exist, our claims processing solutions generally leverage Ephesoft SmartCapture™ for several key reasons.

With Ephesoft, we can leverage and utilize a capture tool wherever we need it within the business process, including:

- Mailroom automation: for centralized processing of large volumes of ingested documents
- In-process capture: leveraging Ephesoft web services to embed classification, extraction, and validation within an individual business process
- Mobile capture: to capture documents anywhere and at any time with Ephesoft SnapDoc

Additionally, the business value of Ephesoft—providing both a subscription and a license-based pricing model without click charges or page counts—sets it apart. It's also favored by IT departments because it's simpler to implement, including learning new documents and training users, than legacy intelligent capture tools. It is also the only modern intelligent capture technology to run on Linux, in addition to running on Windows, delivering further business value.

No matter how Ephesoft is deployed, the technology gives us the ability to review any claim document, from any source, and automatically identify whether there is a claim number within the document, as well as other critical information. We can then perform a validation or matching exercise, typically against a claims database, to determine the next steps for that document.

When there isn't a claim number included on an inbound document, the system can be trained to identify other details from the document—such as keywords, names, addresses, or other information—to route it to the appropriate department. It can also be flagged as an exception with manual review required.

Ephesoft, Inc. delivers Smart Capture® intelligent capture technology on-premise or in a SaaS model. With a focus on efficiency and reliability, Ephesoft has crafted the next generation of intelligent document capture in a simple and cost-effective application. The superior classification technology allows organizations to automate and streamline mailroom processing and other document-based business processes.



Dealing With Handwritten Documents

While OCR technology has evolved substantially, it still struggles with handwriting recognition. However, modern machine learning offers new tools to solve long-standing challenges.

New software solutions can now optimize complex business processes by turning even hand-filled paper documents—like insurance applications and claims—into business-ready data automatically.

Handwriting recognition technology helps leading insurance organizations unlock access to the customer data they need to optimize business processes, improve decision making, and enhance the customer experience.

A complete solution combines the power of capture technology with handwriting recognition to fully automate data ingestion, classification, and extraction for straight-through document processing.

The capture solution first analyzes documents, sorts them, and identifies typed or handwritten portions. The intelligent shredding engine sends typed fields off for OCR extraction and handwritten fields off for handwriting recognition. Once the data is extracted, validated, and enriched, the complete documents are reassembled and moved into a central content repository. This unique integration allows organizations to work with structured, semi-structured, and unstructured content.



The Captricity platform is the world's most accurate data capture solution for complex handwritten and typed documents, offering the savvy enterprise access to transactional and legacy data trapped on paper—it's fast, secure, and 99.9%+ accurate.

Assigning the Documents

After the matching identification has taken place (or an exception identified), the claim details are then populated—including metadata—and the document can be routed to the correct claims adjuster. As noted earlier, this can include alerts and task lists associated with the individual, as well as the ability to easily reassign tasks for supporting staff, clerical workers, or managers.

For some organizations, an intermediate step involving an examiner occurs in order to review the automatically populated details and metadata. They may also need to provide additional information prior to assignment to an adjuster.

These examiners could be the ones to initiate the process of managing exceptions including the creation of a new claim file when one has not already been started. One unique feature of SmartCapture is the ability to automatically bypass otherwise required fields when such an exception takes place.

With this type of high-volume claims processing model, where examiners are potentially reviewing hundreds of claims documents a day, the value of time savings in any step of the process can be enormous. This includes viewing documents to check information or find other details. For this reason, many claims organizations choose an expedited viewing technology, like Snowbound Software described in the sidebar. This software allows any type of document to be viewed by an examiner or adjuster much more rapidly than the viewer associated with an ECM system or business application. In addition, the annotation and redaction functionalities within tools like Snowbound are growing in adoption for claims processing use cases.



High-Speed Document Viewing with Snowbound

VirtualViewer[®] from Snowbound Software is part of a next-generation suite of high-performance applications designed for viewing, annotating, and redacting documents and images from any platform, anywhere. Used by the world's leading insurance organizations, these document viewers are built to enhance productivity and streamline workflows.

VirtualViewer HTML5 provides unparalleled support for all popular document types (including SVG, AFP, Word, PDF, PNG, PCL, TIFF), as well as robust document and image handling capabilities. With VirtualViewer, you have the power to do more than just view documents and images. You can zoom, rotate, redact, annotate, and print documents and images stored within your repository—all through a web-based viewer.



Orchestration of our claims automation solution comes from an advanced BPM engine. As with intelligent capture technologies, there are a number of vendors providing this type of software—and for a number of reasons—we recommend Activiti.

Activiti is an enterprise-class BPM platform targeted at the way businesses work today. At its core is a high-performance process engine that allows organizations to manage a wide range of critical business processes. Activiti integrates with a wide range of ECM systems, including Alfresco One, and powers thousands of processes for hundreds of customers worldwide.

Many companies have high-cost, legacy BPM systems that can work adequately for a single static task, but aren't adaptable to the ever-changing business processes in today's enterprise. The flexibility built into Activiti allows for changes in the way that claims are managed, whether new lines of business, new ways of receiving claim documents (i.e. claims portal), or any other changes that come along. Activiti is user-friendly and allows employees to participate in setting up new processes that are simple and flexible. A forms editor and library with drag-and-drop functionality allows employees to easily create the forms they need. Decision tables provide a simple way to set up rules in a spreadsheet format. Process analytics improve compliance; identify bottlenecks and inefficiencies; determine what's active and completed; and provide a high-level view on what tasks are slowing your business down.

Claims and Compliance

As anyone involved in the insurance industry can tell you, the compliance requirements associated with insurance are incredibly complex. There are regulations at the state level—compared to federal regulation for many industries—and can differ by line of business. As for the regulators themselves, they are highly focused on claims since more than half of consumer complaints are related to that area.

Typically, the world of those who work with claims documents has been separate from those responsible for compliance. This means records management (RM) was often a costly and complex manual process with RM specialists focused on moving information from one system to another. As a result, many organizations are not able to keep up with compliance requirements—whether related to individual legal cases including the need for e-discovery, or the long-term storage of records.

Our EasyRM approach, built on the Alfresco platform, automates the RM process. EasyRM creates complete file plans, with retention and disposition schedules, directly from actions within the claims process—whether it's closing a claim, paying a claim, or other event. Alfresco provides a single DoD5015.02 certified content hub for document and records management to deliver enterprise-class reliability and scalability.

Whether you are looking to archive claim forms, word documents, images, videos, or any other type of content related to claims, automated archiving is critical to the success of your compliance programs. And it has the added benefit of drastically reducing the costs associated with your overall governance process.



Most insurance organizations are somewhere in the middle of a process of evaluating whether and cloud-based software solutions make sense for them. Few have fully embraced the cloud for all of their business processes, but most have at least considered the topic. Fortunately, our intelligent claims automation solution is cloud-ready when you are, and is deployable into a private AWS instance or by leveraging SaaS-cloud offerings from our partners.

Zia cloud services include installation and integration, migration to the cloud, and even a fully managed solution, for use cases such as:

- Alfresco ECM as a cloud-based content hub
- Ephesoft SmartCapture for cloud-based classification and extraction
- Alfresco RM for cloud-based archiving

When considering where the most immediate benefit may come from, this last point might be a good place to start. As the complexity and size of content related to claims continues to grow—with digital images being readily available from all smart devices and the inclusion of videos in some archives—leveraging cloud-based storage and archiving associated with an enterprise RM system can provide significant cost savings.



In closing, we'll share the specifics of a customer who deployed our intelligent claims processing solution to illustrate how the story comes together. Following our methodology, and working in a true partnership with both business and technology teams, we worked with a leading specialty insurance company, Protective, to deploy our intelligent claims processing solution.

Together, we were able to automate their processing and revolutionize their business. Our solution reduced the time to deliver claims documents to an adjuster from an average of 16 hours to only 15 minutes. This was done using the features described throughout this paper including:

- Centralized Content Hub – Alfresco
- Digitization – OPEX Falcon Scanners
- Automated Extraction and Validation – Ephesoft
- Advanced Viewing – Snowbound
- Intelligent Routing – Powered by Activiti BPM
- All integrated with a complex set of both legacy, mainframe-based claims management systems as well as a more modern one

At Protective, documents are now digitized in-house, they have advanced OCR applied to determine the claim number associated with the document, and they are automatically routed to the correct examiner and adjuster. All of this saves time and money while enhancing customer satisfaction and retention.

To learn more about our intelligent claims automation, or the Protective Insurance case study, please contact us at sales@ziaconsulting.com.

¹ "Claims at a Crossroads - Accenture Insurance Blog." *Accenture Insurance Blog*. N.p., 08 May 2013. Web. 18 July 2016. <<http://insuranceblog.accenture.com/claims-at-a-crossroads>>.

² Kauderer, Steven, and Rebecca Tadikonda. *Bain.com*. Issue brief. N.p., 16 Apr. 2014. Web. 18 July 2016. <<http://www.bain.com/publications/articles/fantastic-claims.aspx>>.

³ "Driving Operational Excellence in Claims Management." *Deloitte Ireland*. N.p., Feb. 2011. Web. 15 July 2016. <<http://www2.deloitte.com/ie/en/pages/operations/articles/operations-excellence-claims-management.html>>.

⁴ Kauderer and Tadikonda. *Bain.com*.