FICO® Platform:

Win-Win: Claims Administration that Results in Positive Policyholder Experiences

Executive Brief

Claims processing is the most challenging and most important wildcard in shaping insurance company profitability. It is by far an insurer's biggest cost component, so paying claims accurately and efficiently can make a big difference in their bottom line.

But claims are not just about premiums and payments — for many policyholders, submitting a claim is the only customer experience they have with their carrier, other than renewal. And for many, it is a deal-breaker.

In a survey conducted by Ernst & Young, **87% of policyholders said that their claims experience impacts their decisions to remain with insurers**, with speed of settlement and process transparency listed as the most important contributors to the customer experience.

Dissatisfaction around the claims experience is a key reason customers switch insurers. **Nearly one-third (30%) of dissatisfied claimants said they had switched carriers in the past two years**, and **another 47% said they were considering doing so** (Accenture). Delaying payment to legitimate customers, or investigating them while asking probing questions, risks customer complaints and the loss of otherwise good customers.

Technology has evolved to enable faster, smarter, and more cost-efficient automated claims processing and adjudication to maximize customer satisfaction, reduce fraud, and optimize claims efficiency, without ripping and replacing your current infrastructure. This technology enables claims processing organizations to:

- Codify the knowledge of your best claims experts to ensure smarter, faster, more profitable claims decisions
- Look for opportunities to make claims decisions more data-driven
- Create synergy between claims, underwriting, and business teams
- Unify siloed applications and make their data interoperable across the organization
- Provide more engaging policyholder experiences to increase satisfaction and retention
- Increase the productivity of your claims processing team, enabling them to focus on your most complex claims.
- Leverage – Not Replace – Your Existing Claims Processing Infrastructure

Smart Automation: Codifying the Knowledge of Your Claims Experts

Claims administration is a critical part of insurance P&L and combined ratio (CR), the metric used for evaluating the profitability and financial health of an insurance company. It is the gatekeeper of all claims filings and their payments, ensuring that payments are fair, fast, and financially justifiable. Done well, a good claims process can actually increase policyholder satisfaction and retention… or, it can just as easily be the triggering event that leads to policyholder defections.

The difference between positive and negative outcomes hinges on how smoothy, quickly, and equitably claims can be resolved to the policyholder's satisfaction. And that, in turn, hinges on how effectively the gauntlet of analyses and decisions required for each claim – historically performed by a human claims experts with years of claims experience – can be navigated by automation.

In recent years, automated claims administration systems made it possible for companies to replicate the know-how of claims experts in computer code; this "codification" involved the claims expert explaining the "tips and tricks" of his or her job to a systems architect, who in turn would transcribe the requirements to a programmer, who would write the code and rules required for computer systems to imitate the expertise possessed by the human claims expert. Today's more modern system allows claims experts to manage and test these rules on their own, allowing for far faster and realistic codification.

By codifying the knowledge of your best claims experts into automated rules and decisions working 24x7x365, their know-how becomes ubiquitous throughout the claims department and beyond; this raises the collective proficiency of the entire organization, even if they move into other roles or retire. Once memorialized — and enhanced with FICO's industry-leading artificial intelligence, machine learning, and algorithmic analytics capabilities — your claims capabilities "learn" to be increasingly automated, efficient, and accurate over time.

Look for Ways to Make Claims Adjudication Decisions More Data-Driven

Claims adjudication, particularly in instances of suspected fraud or other irregularities, can be very involved and time-consuming, and thus expensive, if left to company personnel. By bringing legacy and real-time information from across the enterprise to bear, you'll improve your ability to assess critical points of applications or transactions that warrant closer analysis.

Innovative advancements in identity resolution and fraud detection provide insurers with the tools they need to identify and resolve claims anomalies at the earliest possible stages. Insurers can deploy an optimized network of advanced, proven analytic capabilities across a wide variety of entities — not just policyholders, but internal employees, agents/ brokers, repair shops, medical facilities and practitioners. Look to employ federated fuzzy search across enterprise and third-party data, social network analysis, and advanced graphic visualization that enables exploration into non-obvious data connections.

Why You Should Look to Unify Siloed Applications

Why is this unification of information from disparate sources so important? For several crucial reasons.

First, for multi-line P&C carriers with a suite of insurance products to offer, having visibility to policyholders from all vantagepoints is the key to cross-selling and upselling… which, in turn, is the secret to buddled offerings, higher premiums, and potentially longer, more profitable policyholder journeys. For example, an automobile policyholder modifying their coverage from a midsize sedan to a large SUV with a towing package could signal an opportunity for boat, jet ski, or RV insurance. Or possibly indicate a new vacation home somewhere with driving distance.

Second, "The Devil is in the Data." The ability to instantaneously cross-reference information and build more complete profiles for policyholders in real-time can reveal desirable – and undesirable – new revelations that could impact going-forward policy, underwriting, and claims strategies. This could come from either internal or external, third-party sources.

Finally, the ability to aggregate data and assess risk on a "household" basis might produce very different insurance strategies for seemingly similar policies. For example, a renters' policy for two recent college grads renting a home together, might vary widely with the married couple the same age who purchased the home next door.

How Technology Can Create Unprecedented Synergy in Your Organization

"Synergy" is defined as "the interaction or cooperation of two or more organizations… to produce a combined effect greater than the sum of their separate effects." Synergy is both valuable and elusive. In the business world, it is the result of coordinated, calibrated collaboration between people, processes, and technology, all orchestrated to efficiently produce reliable, repeatable, and sustainable business results.

In this three-part triad, Technology provides the foundation upon which:

- **Technology** provides the foundation upon which
- **People's** expertise is codified and shared digitally across the organization in the form of
- **Processes** like underwriting, claims, policy administration, etc., that embody day-to-day operations.

Once melded into a functioning enterprise system – and continually fortified with algorithmic logic, machine learning, and AI – people and processed collaborate around a unified source of information and resources. Virtually all policyholder service operations can be fully automated… avoiding the time, costs, and human error that manual intervention can introduce.

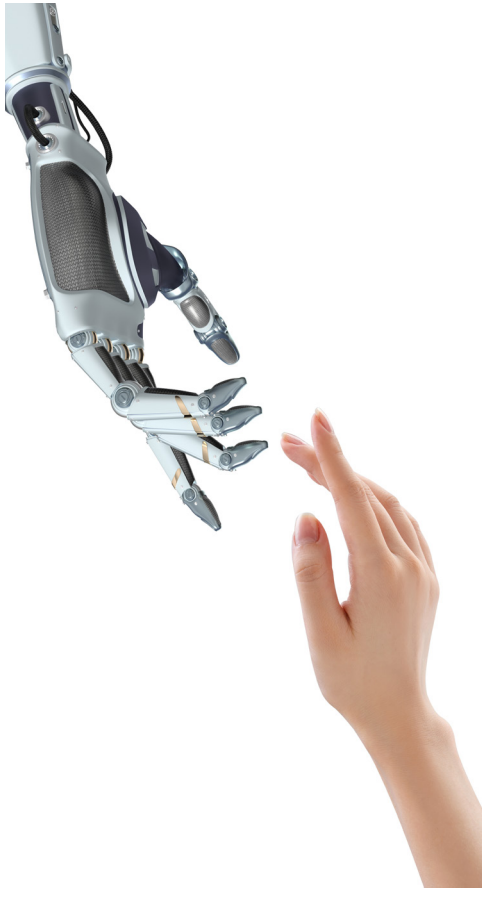
Adding Smart Automation to Your Efforts to Drive More Engaging Policyholder Experiences

To maintain customer satisfaction and retention, the claims process needs to be expeditious and non-intrusive. Policyholders who just experienced damages to their home or vehicle are already anxious; they want faster payments on their claims, and no annoying obstacles between their claim and its resolution, so their lives can quickly return to normal. But insurers cannot make claims administration frictionless by adjudicating too quickly or removing safeguards that prevent fraud, overpayments, or other common problems.

For insurers around the world, FICO Platform is a proven foundation to help insurers draw upon all of the information at their disposal to process claims accurately, while reducing errors and costs. It improves the efficiency of claims processing and staffing by automatically making rapid assessments at first notice of loss (fraud, severity, quick pay), identifying straight-through claims, and making strategic decisions across all other policyholder events as quickly and accurately as possible.

It's important to have systems that enable you to mine the details of claims incidents to enhance your knowledge of each policyholder for future engagements. It can then manage claim communications regarding status, next steps, missing information, etc., to keep the policyholder advised and feeling attentively served.

Leading organizations are augmenting claims processes with optimization, automation, and machine learning, enabling them to analyze vast new and emerging datasets from across their ecosystem. This gives them the ability to gather, store, retrieve, and analyze data at unprecedented speed and scale, while streamlining manual processes, minimizing errors, and focusing on straight-through claims processing in a faster and smarter manner.



Look to Leverage – Not Replace – Your Existing Claims Processing Infrastructure

Chances are your organization has already made substantial IT investments in dedicated departmental applications beyond claims: for agency management, policy administration, pensions administration, billing, underwriting, agent/broker management, and others. Or you may have standardized on shared commercial off the shelf (COTS) enterprise software solutions in an attempt to link as many of these functions as possible.

Successfully modernizing your infrastructure involves unifying these existing applications and legacy systems to make them part of a fully open, enterprise-wide solution. Information in each instantly becomes not just sharable, but interoperable, making it possible to create powerful communal groupware across the organization, customizable for all users' needs.

Your platform for transforming claims administration efficiency

Hundreds of leading insurers worldwide trust FICO Platform to transform their claims processing and related operations. By providing a common technological foundation that spans all insurance processes — while empowering employees, agents, and brokers to work at unprecedented levels of synergy — FICO clients around the world are already exceeding their business goals. To learn more about how FICO Platform can help your own company surpass theirs, please contact your FICO Client Partner or visit www.fico.com/insurance

Let’s talk about you.

Contact us

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