



THE INDUSTRY GUIDE TO TOUCHLESS CLAIMS

The Industry has spoken. Here's your Touchless Claims A-Z.

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Introduction

Technology in insurance has a broad and ever-evolving role, but one of the most significant developments has been to simplify and streamline the often-difficult claims process for both carrier and customer. Progress towards truly touchless claims is accelerating, with its most effective applications – and limitations – becoming increasingly clear.

There is no dispute that there is demand for a touchless experience. With 73% of Insurance Carriers looking to invest heavily in AI & ML, and 77% looking to invest in automation, according to Insurance Nexus' Connected Claims 2019 Report, it is clear that carriers are focused on investing in technologies with the aim of reducing the number of touches. Those who already have some level of automation state they have faster cycle times, improved employee productivity and higher customer satisfaction.

On that note, the report also finds that customers who have made claims in the past report a decline in satisfaction if they have to talk to more than one person – a process potentially improved by implementing touchless systems – and one in five would prefer self-service options.

There are inevitable challenges to implementing touchless claims, plus sectors and scenarios where it is a more appropriate solution for some than others. To find out how you can make the most of touchless claims in your organization, delve into this guide where you will discover:

- **Where touchless claims are making the biggest impact today**
- **The latest innovations and if the time is right to exploit them**
- **The hurdles facing touchless claims implementation and how to overcome them**

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Top three trends in touchless today

Most in the insurance industry would agree that the definition of a truly touchless claim is that, from the moment it is reported, a claim is not 'touched' by anyone in the organization. Algorithms are running, routing claims via assignment methodologies and if the claims meet the criteria, they proceed automatically through the checks and balances until a decision is taken and an automated payment made.

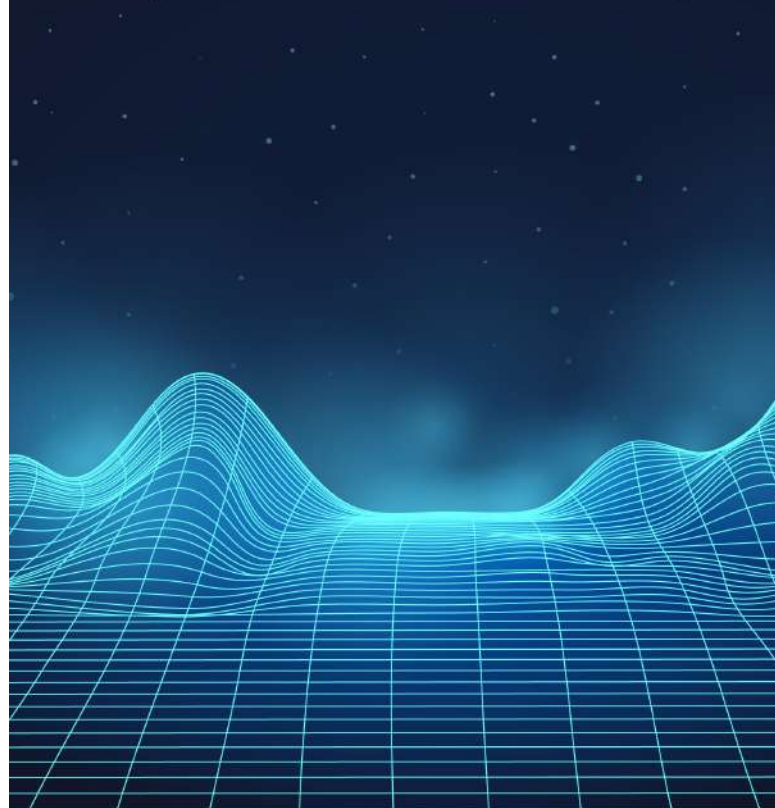
Partially touchless

However, there remain today few claims experiences that could be said to be truly touchless and most of those are applied in the personal lines space to very straightforward losses. In most cases, only part of the claim or customer service experience could be said to be truly touchless, but we are on a path to joining more of the dots than ever before.

"As an industry, we are starting conservatively in areas like glass, towing or single vehicle accidents where liability is clear" says Stephanie Behnke, VP, Claims Strategy and Business Solutions, The Hanover Insurance Group.

Paul Stachura, Chief Care Officer, State Auto Insurance adds: "Today, the industry is still lagging. Work is being expedited by carriers at different paces and in casualty it's non-existent. In property it's about what carriers are willing to forgo in terms of documentation, accuracy and modelling reliability from an efficiency standpoint."

There are, however, key areas where the touchless experience is making an impact:



FNOL

Insured portals are the key to initiating the touchless claims experience. The mobile or web app that allows customers perform first notification of loss (FNOL) without interacting directly with an agent. Some claimants are already equipped with much of the information a carrier will need to initiate the touchless claims process:

"In situations where a customer already has an estimate for repairs and has taken photos through an app, we're in a place as an industry where we can adjudicate that claim very quickly. With push to debit or ACH on the horizon, customers may be asked 'where would you like us to send your money?' during the first contact," Behnke reveals.

Stachura adds: "We're asking the consumer to take the photos of the damage, it doesn't impede the efficiency on the part of the carrier. They're seeing it on the front end."

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Customer service

Experts agree that customer-facing automated technologies need to be both intuitive to use and easy to step out of and back into the human experience. The use of chatbots to service customers is now commonplace across most customer experiences, not just in insurance, and experts agree that they have a function but that carriers should tread carefully.

“The automated dynamic is interesting. If we’re going down that path as an industry there are some [situations] that lend themselves to it but they are a supplement to human empathy,” insists David Vanalek, Claims Chief Operating Officer, Markel.

It is, however, critical to manage customer expectations. As it is becoming clear that not all claims will be fully touchless and today, hardly any are, any experience of a touchless claim is likely to color customers’ expectations going forwards. Helping them understand why one claim might glide through while another takes time and interaction is going to be vital so that the touchless experience doesn’t negatively impact a standard connected claims process.

“To ensure the best customer experience everyone needs to come along on this journey together.

[Service agents] need to be educated so they can have the appropriate conversation with the consumer, for example, there’s a difference between replacing three rooms of expensive hardwood flooring versus repairing a leak under the sink,” Behnke explains.

Technological innovations to optimize touchless claims

Currently, where touchless claims technology innovation can possibly make the biggest impact is in creating back office efficiencies that ultimately result in better or swifter outcomes for customers. Recognizing these opportunities is also key to getting buy-in for further investment into touchless technologies or partnerships:

“Demonstrating how using these technologies will ultimately benefit the policyholder or drive down internal expenses so those resources can be used for other engagements are the tie that has to be explicitly stated,” Vanalek insists.

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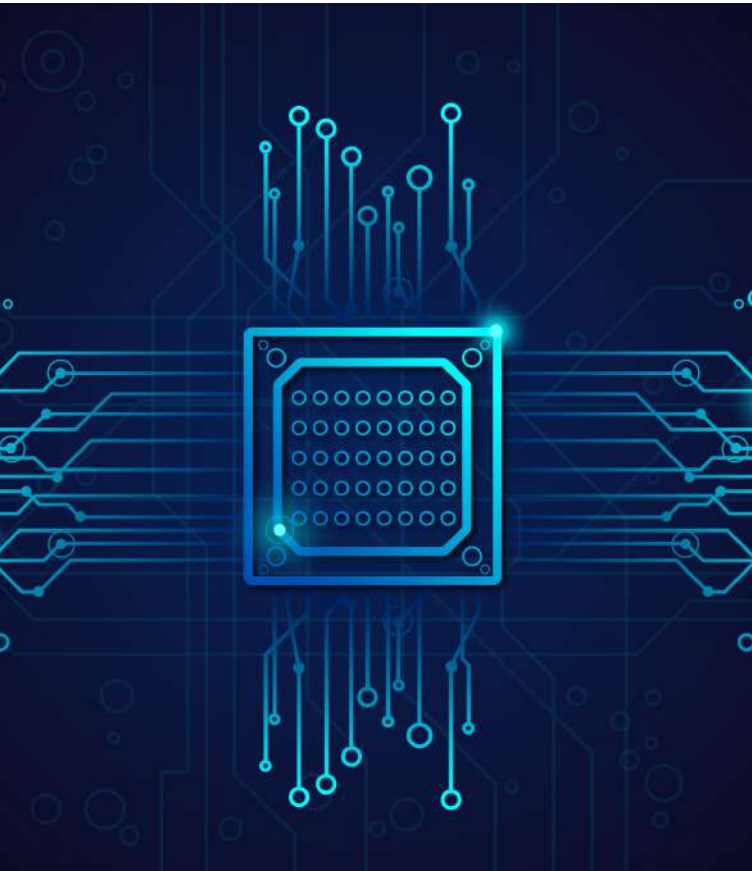
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Claims triage

"Where it's not touchless from end to end, there are avenues where some things can be triaged – low severity, high volume or the reverse. With the right workflow and approach, you can generally get the right claim to the right people using routing," Vanalek reveals.



Automated routing is becoming an important tool in triaging claims, allowing them to follow a fully touchless, partially automated or wholly interactive procedure. "It's possible to build out screening processes that scrub through files and identify if there is information that has elevated these claims to a certain level or should see them rerouted to adjusters with more sophisticated skillsets," he adds.

However, he does point out that automated triaging still has its limits and despite some carriers undertaking it in what he terms 'more sophisticated spaces' (such as professional liability) he adds: "While the technology is improving, the exceptions being thrown off are still too large at this point".

Legal viability

Despite concerns that automation can only produce touchless claims in the simplest of scenarios, Vanalek does reveal that the industry is making inroads into the more complex legal side. "For rote or homogenous claims there are elements that technology can help with. Notably though, in the legal arena, there is an insurtech that has the apparent ability to take a draft motion and technologically review it against a live updated model of California civil law. By measuring a brief up against it, one can use it to determine its likelihood of success, not just in general, but in front of a specific judge in a specific court. While amazing, the predictive capabilities are yet to be determined."

Partnering with innovators

Partnering with third parties seems to be the key to success in implementing new technologies. Few traditional insurers are set up to manage the development and deployment of new, disruptive technologies. The fact that so many third-party solutions are now API-based, so-called 'plug and play' is also making experimental implementations much more accessible.

"Finding the right vendor partners is absolutely critical. When you have a vendor partner that includes their own fraud algorithm and agrees to share data, together you can complete the picture of the risk," suggests Behnke.

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Roadblocks to a fully touchless experience

"We have automated individual pieces of the process but it's still few and far between," admits Josh Thompson, VP Auto & Property Claims at State Auto Insurance. There are many reasons for this and one significant challenge is dealing with the regulatory environment. Stachura notes "Some things could move faster if the regulatory environment were more adaptable. There are many issues around data privacy and consent, depending on whether there are first- or third-party participants in the process."

As the industry works together to find an answer to bringing carriers and regulators together to help move touchless claims forward, there are other hurdles that individual carriers are developing strategies to manage.

Meeting individual customer need

Not every customer or claim is going to progress smoothly through a touchless process and flexibility continues to be an important part of the experience. "The consumer is never going to want to fully escape the opportunity of having a dialogue about what is happening with their claim, particularly with more severe damage," Stachura insists.

Behnke acknowledges that there are still questions to be answered about how the technology can manage the need to move customers from an automated process to human servicing and, if necessary, back again.

Thompson continues: "There are some customers that will want different experiences.

The utopia would be that customers have resources if they want them. The biggest struggle is that we haven't [traditionally] segmented customers out that way." Clearly, carriers' next priority is to begin understanding the touchless target market.

Risk complexity

Complexity in risk falls into two broad categories. The first is the amount of moving parts, stakeholders and data involved in managing a claim – typically casualty, health and anything involving liability are deemed too complex for an end-to-end touchless treatment. "Claims are messy, and while we try to create some semblance of order out of chaos, there are only pockets of opportunity," Vanalek warns, adding that there are certainly some areas of insurance that won't be touchless for the foreseeable future.



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The second goes across all insurance sectors and involves fraud. “The industry still has to be very careful on fraud,” Stachura warns. “Tens of billions of dollars are lost to fraud. If straight-through processing is something people ultimately desire, will fraud become the cost of doing business or can we actually become more efficient in detecting it? Behnke adds: “Fraud is constantly evolving so managing indemnity is a priority.”

Thompson believes there is space for progress: “The claims process has been set up to catch the small percentage of claims that are fraudulent or have coverage issues. The others will end up in a seamless process and that will be more efficient, leading customers to view claims differently than they do today.”

Third party integration

Carriers’ reliance on third parties to process repairs as well as loss adjusting or providing legal support extends the insurance ecosystem and increases the complexity when it comes to managing touchless claims. Every party has to be able to participate in the technological food chain and that can be hit and miss. However, there are signs that partners are moving forward.

Thompson explains: “The smaller mom and pop body shops are getting swallowed up by the larger networks so there’s strong evolution there. Auto as a whole is pushing forward pretty rapidly in the technology space. Similarly, in the contractor environment for property. Infrared scans, for example, are producing more data than ever before.”

Is an end-to-end touchless claim the ultimate goal?

“I don’t think the industry is going to move to the point where even the vast majority of claims won’t have at least one touch at some point. The thing that is important to the claims experience is managing an inconvenience. It is a moment of truth when someone is looking for compassion and understanding,” Stachura claims.

That said, the groundswell towards maximizing touchless opportunities is seen as something that is definitely on the close horizon: “I suspect one of the larger carriers will force the industry’s hand. There will be someone who has the appetite for risk and will make the necessary investment,” Behnke warns.

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Just as challenger banks led the charge in the banking sector, Vanalek suggests that the largest-scale disruption might well come from start-ups, a sector that is much more attuned to taking action than established and risk-averse incumbents. "Like in blockchain where we have broad associations of carriers who have come together to talk about the best path forward, everyone wants to be present but few are willing to make the first

move. In contrast, insurtechs are full steam ahead. I would hope with some of the things that they are doing, they are able to make some changes for the broader industry to emulate."



Conclusion

The reality is that, today, all but the simplest claims are yet to fit into the end-to-end touchless claims model. However, both from a technological and insurance ecosystem point of view, the industry is very much poised to integrate touchless across a much broader range of applications in the very near future. With the biggest opportunity seemingly 'under the hood', optimizing processes and freeing up resources, carriers

can pass on the benefits of touchless integrations to customers in the form of cost savings, speed and quality of claims experience.

But experts advise caution. Even where a fully touchless experience might be a possibility, it is always important to put the customer at the heart of innovation. Locking claimants out of human interactions could prove counteractive. Instead, understanding where technology adds value, and investing accordingly, continues to be the key to successful customer experience.

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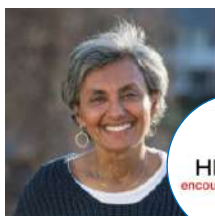
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