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Digital claims capabilities that are win-win for you and your policy holders

Managed repairs are a way to delight homeowners – and cut costs

Property and Casualty (P&C) insurers today feel like they're caught between a rock and a hard place. They need to control their claims costs because of the never-ending soft market. They also need to deliver a superior customer experience because of the tremendous market competition.

Insurers have invested heavily in digital first notice of loss (FNOL) reporting tools to reduce their adjuster and agent expenses, and make it quicker and easier to report a claim. But policyholders have been slow to adopt this new wave of tools.

A 2017 <u>JD Power</u>[1] study found that only 9% of customers chose to report their auto claim online or via an app. Only 12% of the young, tech savvy crowd use online options for claims. Most concerning was the fact that overall claim satisfaction was 16 points lower among policy holders who used digital tools, rather than the phone, to report their claim. These dismal numbers aren't because of deficiencies in the digital FNOL reporting tools. Instead, they're because most customers find their insurance policies confusing and the claim process daunting, and prefer the assistance and reassurance of a human touch.

http://www.jdpower.com/press-releases/jd-power-2017-us-auto-claims-satisfaction-study

Does this mean a digital dead end in the claims space? Far from it. But P&C insurers need to embrace technologies that address their customers' key pain points — namely, speed of settlement and transparency of the claim process, according to a 2017 report from CCC Information Services — in order to impact their satisfaction levels.

Here are the digital capabilities we recommend P&C insurance companies investigate to reduce their costs and increase their customers' satisfaction.

Automated segmentation

On average, 20%–30% of claims are complex and account for 70%–80% of a carrier's total paid losses. The remainder, mass claims, are low dollar, low complexity, and comparatively low payout.

Automated segmentation technology and rules can, without manual intervention, quickly assess whether a claim is complex or mass. The faster a complex claim is detected, the quicker it can be assigned to an adjuster for appropriate care and handling, leading to better mitigation efforts and claims outcomes. Speedy identification of a mass claim makes it easy to fast-track it through the process with less customer effort and fewer, if any, call backs into the claim department.

This approach frees up adjustors' time to focus their expertise on complex claims that have a bigger impact on the bottom line, and makes fast-tracked claim customers happier with shorter cycle times.

Digital damage inspection platforms

These are an ideal complement to a carrier's fast-track claims strategy. Allowing customers to simply take pictures of vehicle damage and submit them digitally makes the review and appraisal process much easier and far less stressful for them. No more driving to a body shop or field location just to get a written estimate!

These platforms also shave days off the average claims cycle for both drivable and repairable vehicles. For example, centralized auto desk adjusters can complete 10-12 repairable estimates a day. With drivable vehicles, the estimate can typically be completed in hours instead of days. In either case, digital capabilities get the settlement into the customer's hands quicker, and reduce possible car rental or storage fees.

From the carrier's perspective, digital photo inspections maximize field appraisers' time by allowing them to focus on high severity losses, and help validate potential total losses.

But, because some customers aren't comfortable with downloading an app to take their own digital photos, carriers should make on-demand field adjusters available and easy to schedule.

Slashing supplements

On average, 49% of repair estimates now have supplements, representing about 27% of the total estimate amount. Traditionally field re-inspections to approve or deny the damage could take a couple of days — pushing up costs, rental expenses, tying up loss adjusting resource, and delaying the claim. Now, real-time inspections apps allow body shops, carriers, and service partners to instantly gain supplement and inspection approval, with a desk review team eliminating the delays and extra costs.

Predictive modeling

Predictive modeling — which uses data captured during the FNOL and claim process, combined with historical claim outcomes — can help carriers develop insights that deliver huge cost savings and customer satisfaction benefits.

For example:

- **Segmentation models** improve claim system routing and reduce re-assignments by identifying outliers in historical data and incorporating these factors into the segmentation rules.

- **Litigation propensity models** allow early identification of claimants with a high probability of attorney involvement and possible litigation.

- **Liability models** help detect "not at fault" or "comparative negligence" claims to improve liability accuracy, investigation protocols, and recovery potential.

- **Objective injury models** help separate serious injuries from the high volume of soft tissue injuries and route them to specialized bodily injury adjusters.

- **Fraud and subrogation models** increase early detection of fraud and subrogation opportunities, and automate the referral and back-end mining for missed opportunities as the claim progresses.

A remarkable combination for claims

While the digital technology options for P&C insurance companies are seemingly endless, the carriers must effectively balance their efficiency and cost-cutting needs with customer satisfaction improvements.

In today's marketplace, this means embracing digital technologies that address their customers' top customer satisfaction drivers of speedy settlements and transparent claims processes. Automated segmentation, digital inspection platforms, and predictive modeling are the keys to addressing both parties' needs.

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