

Claims Trends and the Future of Claims Management



15 OCTOBER 2018

Check out how **David Fineberg** – Head of Claims Generali UK explores this topic.

Almost every day I receive an invitation to either participate or attend a conference or to read an article related to Claims Transformation. I am sure the same is true for my colleagues in claims around the world. Are we expected to believe that the claims industry is currently undergoing a revolution? How real are the changes being discussed? Will they have an impact on claims handling at Generali GC&C? How do I stay up-to-date and maintain the competitive edge of my claims team?

Advances in technology have always afforded new opportunities but also come with challenges. I want to be ready to exploit the opportunities and adapt to the challenges, ensuring that my team has the right skills.

TOMORROW'S WORLD?

The real question for me is how familiar should I be with the use of 'RPAs', 'AI' and 'Blockchain'? Put another way, how much of what we read and hear about these new

technologies is just hype? And what will be their most significant impact? No single claims manager can provide answers to all these questions, since we inhabit such a large, disparate, and diverse industry. The management of high volume, relatively low risk “predictable” claims is different from the management of large corporate risks. My own experience is primarily in the corporate area, where customer centricity invariably refers to personal interaction with customers rather than relying on computer aided intelligence. To remain informed on areas where I have little experience, I rely on those around me, often selected precisely for their knowledge about other areas of insurance. I also try to consult those with better knowledge of the technological landscape, even if that knowledge has not necessarily been gained from within the claims environment. On a day-to-day basis, claim handling still involves excellent customer service and attention to technical excellence. However,

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customer, stakeholder, and employee expectations have never been higher. The efficient and effective management of claims is frequently marketed as a key differentiator and the lack of a good claims service is cited as the reason for the loss of an account. How then, do we respond to the disruption that AI, robotics, etc. may cause? A disruption that is predicted to re-shape our industry.

MARKET TRENDS AND THE CLAIM HANDLER OF THE FUTURE

‘New’ technologies are only part of the changes in claims management; other changes are reflected in the nature of the claims themselves. Consider for example Cyber risks that are now regularly reported on and the increase of policies specific to Cyber losses. Do these policies reflect

our changing political and social landscape? Some of these losses are allegedly instigated by nation states. Do traditional Property and Casualty policies provide coverage for these types of losses? There are also economic impacts on claim handling. In 2017, the UK government made a sudden adjustment to the so-called Ogden discount rate that applies to payouts for large personal injury claims, citing changes in the interest rate environment. This adjustment caused massive increases in case reserves and potential settlements. No-one in the industry had anticipated the potential of this change. Should the claims community have been better informed? In the social sphere we must anticipate changes, ranging from increases to life expectancy to the impact of automation in the

workplace. The explosion of Big Data, AI machine learning, and changes in everyday operating conditions - will impact the methodologies we apply to manage our losses and could disrupt the working lives of many individuals. We should also consider the risks surrounding the gathering and management of data within the claims function. Quality claims data provides better understanding of the risk and helps improve estimates of actual and potential loss. However, non-compliant data collection and archiving activity may lead to significant legal and financial consequences as a result of General Data Protection Regulations (GDPR) now in place. Environmentally we also must consider how climate change, for example, can impact our coverages and our plans for managing high volume flood or windstorm losses. Knowing the potential impact of these trends, do we require our claim handlers to have a better understanding of social, political, environmental,

economic, and technological impacts?

DISRUPTION

Change no longer seems evolutionary but is undergoing steep changes. Disruption provides the impetus for future enhancements. Numerous 'Insurtech' firms provide an example of this disruption. These are start-ups, not firms with a background in insurance, so they tend to be more agile and tailored. Allied with a traditional insurer they can be used to leverage new technologies in a non-traditional way. But they also present challenges to traditional insurers and while their methods may be chaotic, they can also innovate, break-down silos, and change cultures. We also must consider our employees resistance to this change; not because of fear regarding job security, but fear over job transition to one that requires a skill-set outside the one they currently possess. We should also take the time to discuss diversity. Not just in relation to culture and inclusion; but also in the changes in our customer

base – which presents a new variety of backgrounds each with specific needs. The claims handlers of tomorrow will need to account for a variety of new factors.

MASTERING THE BASICS

Before taking on the technological challenge, I believe we must first master the basics. These principles are directed towards the key attributes identified by customers and others as the requirements of an excellent claim service:

- Client Satisfaction
- Technical Knowledge
- Timeliness of Resolution
- Commercial Approach
- Flexibility



Enhancing these attributes does not come from leaps

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in technology but are the consequence of a professional claims management team vested in the corporate goals.

We must ensure that our claims organisation has the right level of skill and technical expertise with a willingness to be visible in the marketplace and contribute to the group value proposition.

In the UK we use the term ‘cradle to grave’ claims handling for a process that runs from meeting with customers before a loss all the way through proactive claims management. We refer to our own version of this superior claims service as our ‘boutique’ offering and we have seen positive increases in customer retention as a result of this method.

AI OR ROBOTICS IS NOT ABOUT REDUCING HEADCOUNT

Our claims team is at the start of its AI journey.

We already have robots in place that handle certain operations such as transferring claims data from one database to another.

We should consider technology as an enabler – it must be used to serve the purpose of what we want to achieve, but not at the cost of human resources. We need to examine how our human talent can best be deployed and, if necessary, redesign our organisations to support individuals in the decision-making process instead of replacing them.

ADOPTING THE RIGHT STRATEGY IN A CHANGING WORLD

Customer expectations for service and support are continuously increasing and the insurers that will be most successful are those that adapt to these new realities.

We must look beyond our own sector and even industry for improvement solutions. In corporate claims, for example, we are always looking towards the retail sector for efficiency

improvements. However, we should also look at other industries that face similar customer challenges, like hospitality.

Complex claims management often comes with numerous touchpoints between insurer and insured. This necessitates a unified view of the customer, requiring knowledge of operational, technical, and financial perspectives with an understanding that different customers require different levels of servicing. We must prioritise where the business should focus improvement efforts. We currently do this through regular networking and measurement of KPIs, including NPS scores. We can do more, by listening and remaining aware of trends, while focussing on continually improving in order to secure a successful future.