



Press Clipping

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Making a claim on transformation

Bill Safran, Vizolution, explains how breaking down the claims process and focusing on each step can allow insurers to provide the best possible customer journey to perhaps give them a competitive edge.



As customer journeys go, the claims journey is undoubtedly one of the most complex, frustrating and painful. It usually involves multiple parties, complex documentation, compliance requirements, convoluted workflows and the need for immediacy at certain points in the journey. The process has traditionally involved a significant element of human interaction, paper and post. As with all customer journeys, the more complex it is, the more opportunities there are for delays, breaks and failures. The impact of a poor customer journey is magnified as the emotion attached to a claims process is often high, with customers frequently in distress, or even crisis, during the claims process. What's clear from this is that the quality of the claims process is intrinsically linked to customer satisfaction and retention rates.

In an industry facing many challenges in terms of downward pressures on profit margins, a lack of perceived differentiation and easy switching, insurers have been left searching for ways to differentiate themselves and secure a long term competitive advantage. With the claims process representing a substantial 'moment of truth' that will impact on customer satisfaction and significantly influence whether a customer stays with the insurer at the point of renewal, the emphasis for many insurers is on the claims process.

This emphasis on the customer experience has been supported by a McKinsey motor insurance study that identified the top factors in customer satisfaction as employee courtesy, employee knowledge, transparency, ease of process and speed of claim settlement. Surprisingly, the notable omission here is the lack of financial factors such as settlement amount. This illustrates the importance of the customer experience in the claims journey for customers.

While the consumer is, and should be, the central tenant of a customer journey; the claims process has an additional layer of complexity with a plethora of partners - assessors, mechanics, doctors etc. - that all need to be included in the loop. A solution that excludes them will in all likelihood not achieve the objective of offering the customer a simple and seamless customer journey.

A single source of truth

So, what does today's claims journey look like? To offer a truly transformed claims process that delivers on a promise of a frictionless customer journey, insurers need to connect the dots and create a single source of truth. They need to bring together channels, partners, documents and processes into a central point that is managed by an intelligent workflow that engages with the right partners and parties, at the right time in the process.

Insurers now have the ability to allow customers to start the claims process through a channel of their choice and then move them seamlessly along the claims path, requesting and providing information online. That process can alert customers when they need to action an item or review and sign documentation.

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Similarly, third parties can join the process at the relevant time and access a pre-defined selection of relevant information that will allow them to complete their part in the process. Indeed, best in class insurers have actively integrated third parties into the process. For example, allowing mechanics to upload a report and trigger the next stage in the workflow, without requiring the journey to be paused while the mechanic report is requested, waited for, received and finally shared.

The business benefits of creating a single source of truth, or single customer view, are clear and significant. As the process is automated and handled online, the need for paper and manual processes is removed. Through the careful management of permissions, all the relevant parties can see only what they need to see to complete the process, while documentation is transferred between parties electronically, making email, and especially time-inefficient post or fax, redundant. This in turn delivers both the cost savings, reduced time to claim and customer service benefits that insurers are striving for.

It's all very well understanding the art of the possible, but how can insurers achieve it?

Reimagining the claims journey

Successful customer experiences start with a blank sheet of paper. They ignore the restrictions of legacy systems and internal processes that often block the path to a seamless customer journey. Breaking the claims journey down on a granular level allows you to reconstruct the journey from a customer's perspective. For example, we know that customers arrive at the claims process through a plethora of channels, from email and telephone to Twitter and Facebook. How do you then move them from that channel into the process? Are there points in the process that create delays or force customers into channels that they don't want to use, such as having to wait for documentation in the post or send it back? Are you forcing customers to carry out their journey at your convenience, during your operating hours? Once you have identified these delays and fractures in the journey you can start to find solutions that are simple and intuitive for the customer.

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Leveraging technology

There is no doubt that technology can enable improved customer journeys that not only deliver improved customer satisfaction and provide a point of differentiation, but also reduce costs. However, insurers should not fall into the trap of ‘tech for tech’s sake’. The customer journey should always be the starting point rather than the technology itself. By placing the customer at the heart of the transformation and using technology as the enabler rather than the driver, insurers will secure a better outcome that delivers on a promise of a better experience rather than delivering an inward focused solution that fails to meet objectives.

Visibility

A common cause of friction in a customer journey is confusion and lack of clarity. This can create multiple customer queries, breaks in the customer journey and a lack of trust. On the flipside, providing a way for customers (and third parties) to see at which stage the claims process is and where the next action lies, while also providing alerts to the relevant parties, can provide the customer with confidence that their journey is progressing efficiently.

Measurement – If you can’t measure it, you can’t improve it

Any successful customer journey is built on a solid foundation of metrics that measure the entire journey. Again, metrics should be viewed from a customer perspective and not from an inward-looking channel approach. For example, call centre measurement is centred around measurements such as average call handling

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time (AHT), but this can deliver a narrow and misleading view of the customer journey. While AHT tells an organisation how quickly an agent has dealt with a customer, it doesn’t measure the effectiveness of the call; whether a customer’s query was resolved on the first call, or whether the customer had to call back a number of times. A myopic focus on a single measure, e.g. AHT, leads to distorted results, where a customer needing to make two 9-minute calls is better than having everything resolved in one 10-minute call. Similarly, measures need to take into account if the customer has previously used another channel to try and solve their issue, but have been forced to change channels, probably against their will, in order to reach a successful outcome.

To achieve an effective claims journey, insurers therefore need to measure the effectiveness of the journey overall. While channel-level metrics are interested in understanding a single measure, focusing exclusively on siloed channels can often be misleading and impacts the overall effectiveness of the customer experience.

Looking to the future

The rewards for insurers are clear and have been demonstrated in other European markets. For example, in the German P&C market there has been a direct correlation between providing a best in class customer experience and subsequent profitability. In fact, these companies generated 2-4 times more growth in new business and about 30% higher profitability than organisations with an inconsistent focus.

What is abundantly clear is that a transformed claims process is both possible and necessary in today’s brave new world. Organisations such as Apple and Amazon are setting the customer experience benchmark by customers measuring their experience across all sectors. Customers now expect, and indeed demand, journeys that are faster, more efficient and most importantly, in their control. Smart insurers are already using market conditions to their advantage and breaking free, leaving others to compete on traditional terms (i.e. price) while they build a long term competitive advantage through customer experience. ●

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