

## **A Claims Management Perspective**

# **Elevating Claims Administration**

## *A Technology-BPO Blend Delivers Mission-Critical Results*

### **Claims In 2013 & Beyond**

The world did not end December 21, 2012 as the Maya predicted but earlier a storm called Sandy came calling on the Northeast. October 2012—Many homeowners had no idea what their insurance covers but they all want the same thing: fast response to their claims backed by excellent service. In fact, Floor Bill A-4632, filed January 14, 2013, would require insurers writing homeowners policies to provide a consumer-information brochure “written in a simple, clear, understandable, and easily readable way” explaining the hurricane deductible and providing information about flood insurance.

Assembly member Ruben Ramos explained, “This summary must include notable coverage and exclusions under the policy, so that there will be no misunderstandings when consumers need to invoke their policies. Following Sandy, many homeowners were shocked to learn some things they expected to be covered were not under their policy. It’s time for insurance companies to provide a clearer explanation.”

Mega-storms aside policyholders across the country experience mini-disasters everyday. These more routine claims underscore the urgency of expertly managing claims in 2013 and beyond.

For the insurer and certainly for the insured claims represent the moment of truth. In today’s competitive era the manner in which that promise is fulfilled has never been more crucial. Better upholding the promise to cover losses depends on the right systems and the right staff. Insurers must demonstrate agility and responsiveness like never before whether a claim comes from a Gulf Coast hurricane or a storm-felled tree in Texas Hill Country.

New claims technologies appear all the time. The Cloud’s ability to let insurers allocate insurance technology budgets to customer-facing technology gets a lot of press. Policyholders, we’re led to believe, want to deal directly with insurers through online and mobile technologies. If deep knowledge and experience and reliable technology don’t undergird these emerging technologies however harm can be done.

One other word of caution: the world may be online like never before but consumers still like to pick up the phone and talk to customer service representatives. That dictum holds implications for services and staffers. Knowledge and experience must drive technology and service.

So, what's the biggest barrier to modernizing claims technologies and services? Procrastination. All talk and no action don't forge a pragmatic course when competitors are moving forward with new technologies and services. This white paper examines why talk must lead to strategic action that assures sustainable benefits. It tells a cautionary tale. Some of today's hot new technologies are evolving and given the history of claims technology that's nothing new. Key to their success is a long-term perspective that has seen before how new technologies achieve old, cherished goals of growth, superior service, and profitability.

## **Claims Technology—From Messengers To Mobile Technologies**

In insurance's early years messengers and couriers shuttled information between insurers and policyholders. In 1891 document storage moved from pigeonhole sideboards to vertical files. Electricity brought communications that included the telegraph and later the telephone. In the early 1960s punch-card computers began to replace paper as an information storage tool. Interactive communications arrived in the form of email, smart phones, and chat support. Today's real-time electronic communications include instant messaging, Tweets, texting, and social media. New technologies such as consumer-facing technology, big data, and the cloud now bring new capabilities.

## **Consumer-Facing Technology**

Customer facing provides busy policyholders a way to use a business service anytime, anywhere. We've seen the commercial featuring the GEICO pig, Maxwell. As his airliner descends Maxwell taps away on his smartphone. When flight attendants ask him to power down his "little word game" Maxwell tells them he's just paying his insurance bill. (Technophile Maxwell has his own Facebook page.) What do we deduce? Consumer-facing technologies are so easy a pig can do it. Thus the policyholder on the go can too.

Customer-facing services rely on hardware, software, user interfaces, or applications that directly interact with customers. Properly designed a customer-facing system can bring much value to customer relationships. Customer-facing technologies make sense in an era where many insurance carriers are moving operations online. So doing lets insurers reach potential customers while enhancing service to established policyholders. New

applications let policyholders access personal account and billing information, submit claims, view quotes, and purchase new policies over the Internet.

Properly designed this customer-facing technology can save money while improving revenue generation.

## **Big Data's Attraction**

An explosion in information spews data like never before. Rename the Information Age the Information Supernova Age for ninety percent of the world's data did not exist three years ago. Social media, electronic transaction records, cell phones, and other sources pour forth a mighty stream of data holding the potential to give insurers keen insight into risks and claims. Social media—a cornucopia of confessions, comments, photographs, and videos—reveals people's travels and tribulations and tracks their activities, many of which bear on insurance claims. The woman who brags about driving home from the drunken party across town the night before wouldn't want her auto insurer to see her post.

Newly arriving is the Social Media Score. This indicator could give insurers new ways to assess risk and spot fraud. Klout, a San Francisco-based company, already provides social media analytics that measure a users' influence across social networks. The analysis crunches data from Twitter, Facebook, and Google+, and measures the size of a person's network, content created, and how people interact with that content.

Big data holds a powerful allure. "Big Insurance Data," a CELENT white paper, states that, "Modern companies are gaining significant commercial advantage by leveraging massively distributed processing power to analyze huge databases in short time periods." Big data analysis can help insurers assess how they are doing compared to benchmarks, identify hotspots, spot trends, risks, and gain insight.

In the insurance industry data warehousing ideally should provide detailed information about policyholders and their claims. Big data stored in big data warehouses can offer insurers extremely detailed insight into policyholders and their claims.

## **The Cloud**

Cloud computing gets its name from the cloud-shaped symbol representing its infrastructure in diagrams. Cloud computing services and applications open the door to more flexible, competitive, and cost-effective alternatives. The cloud lets insurers avoid outlaying funds for real estate, data centers, electricity, cooling, and other costs. For some

insurers the cloud's array of platforms, applications, networks, servers, and databases provide a fast, relatively inexpensive approach to high-value operations.

## **Mission-Critical Results**

The new technologies promise great possibilities but all technologies better deliver mission-critical results when backed by knowledge and experience. Achieving day-to-day business objectives and long-term goals in the Property & Casualty industry best take place when knowledgeable people manage key processes.

Seibels has been in the industry for 144 years and we're part of the history of claims technology. Edwin Seibels as we've seen invented the vertical file, and around 1964 our Policy Management System replaced towering stacks of paper with keypunch computer technology. Time and again we've adopted newer claims technologies to overcome challenges. Today we recognize how mature claims processing software gives insurers powerful ways to manage claims processes. Case in point, Claims Processing Expert.

## **Claims Processing Expert**

We named our solution Claims Processing Expert (CPX) because cumulative experience and expertise guided its development. Technology layered with indispensable claims expertise—that's what helps clients automate best practices and create workflows where adjusters follow proven processes without fail.

CPX reduces adjusters/examiners' administrative burden. That frees them to investigate, evaluate, and close claims. Its easy-to-read reports summarize a claim's pertinent facts—a great asset when adjusters negotiate settlements. And in an era when nothing it seems is simple, our solution helps adjusters cope with claims' increasing complexities. And there's one other advantage it provides. It conserves the best adjusters' subject matter expertise as a graying workforce retires.

A good solution should be easy to use. CPX features single sign-on, combined management reporting, combined claims summary reporting, and configurable business process/workflow management.

## **Insurance Knowledge & Experience**

A major challenge is the floundering economy, which softens the marketplace. Fraudulent claims increase as well in a soft economy. Price competition and diminishing investment

returns harm margins. Antidotes to these industry ills include mission-critical claims management and its ability to control costs. Elevating claims processes can reduce losses and expenses and spell the difference between losses or profits.

Whatever technology-service blend you choose, it must be backed by insurance and systems expertise, solid business processes, and a keen customer focus. At the bottom of the spreadsheet it comes down to people. That's why knowledgeable and experienced industry professionals must back any solutions-oriented technology and services. For certain they back our solutions and BPO services. Consider our client testimonials.

- *Accessing claim files is easy. Everything is a fingertip away.*
- *You helped us manage peak loads during a trying time.*
- *Your systems prove quite user friendly.*
- *Claims handling services are fulfilled on a timely basis. The fast response to all questions can't be beat.*
- *Facing sizeable claims we settled quickly with a favorable outcome.*
- *Your exceptional service enables us to better contain costs.*
- *The claims handling service is always a positive experience.*
- *Thanks to you we've reduced claims and overall expenses.*
- *Because your service people understand our business requirements we resolved a large and complex claim sooner rather than later.*
- *Your claims people are skilled and motivated: they were there with us at every turn in the road.*

## **Advantage BPO**

A BPO provider is an insurer's best friend. It should be as close to a full-service claim organization as possible, and its software and hardware should be state-of-art. It should offer total claims administration. Moreover it must be a technology and insurance expert and understand claims processes from all angles. Its performance should be measurable with goals that include simplifying the claim-handling experience, improving loss ratios and customer service, and decreasing loss-adjusting expenses.

And catastrophe management gives BPO services a coveted stamp of authenticity. In our case, a dedicated 15,000-square-foot Catastrophe Operations Center supports our BPO services. Catastrophe Management services include 85 examiner workstations on standby (phone, computers, & dual monitors), event-staffing capabilities, and a call center and 50 workstations on standby. Overseeing and supporting our CatMan services is a dedicated catastrophe director, an annual catastrophe plan review, and a network of

catastrophe adjusting firms. The goal is to anticipate all scenarios and to always have a well-thought-out response.

Finally, a BPO provider worth its salt operates by a charter. Six principles should underlie a well-respected BPO provider's services:

1. Maximize use of product specialists' in-depth knowledge
2. Communicate with clients to ensure it meets their requirements
3. Integrate technology to provide the highest service level
4. Tailor products to meet client's requirements
5. Adhere to best practices
6. Hold itself accountable to a quality commitment

We've seen how our BPO gives insurers strategic capabilities. BPO supports back-office operations with a combination of experience and technology. Our BPO services provide crucial support in vital areas: Financial Services • Marketing Assistance • Policy Administration • Claims Administration • Customer Service Center • Billing & Collections • Accounting & Reporting • Rating & Underwriting.

The ability to seize growth opportunities, to quickly introduce new products and penetrate new markets, and the ability to introduce new technologies elevate insurers above the competition.

BPO's advantages include:

- Cost reductions—Attained through process improvements, reengineering, and technologies that reduce and control administrative and other costs; eliminate office space as well
- Core business focus—With back office operations taken care of, management concentrates on core business
- Outside expertise—No need to recruit and train personnel with BPO experts onboard
- Meeting customer demands—Provide flexible, scalable services to meet the customers' changing requirements
- Revenue increase—BPO frees companies to concentrate on increasing sales and market share, developing new products
- Enhancing customer satisfaction—Customer relationship techniques and software can accelerate claims handling to mutually favorable outcomes

## **Putting The Blend To Work**

A well-advised blend of insurance, technology, and BPO services positions an insurer for growth. The cumulative effect is reflected in enhanced customer satisfaction and well-oiled operations. It's no coincidence that direct written premium increases.

Seibels opened its doors in 1869. Over 144 years we've pioneered more than a few insurance technology innovations. We've seen the benefits they deliver. The Mayans failed to predict the end of the world but we can predict with assurance that a technology-BPO blend elevates claims administration in 2013 and beyond. And mission-critical results will always be a claims asset. Hurricanes and routine accidents will always make life risky but better managing claims does much to take the unwarranted risk out of insurance.

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### **Seibels Claims**

Seibels Claims Solutions Inc. offers the P&C industry total claims administration. As technology and insurance experts, we understand claims processes from all angles. We realize, too, that costs rise when claims remain open unnecessarily. We work to simplify the claims handling experience, improve loss ratios and customer service, and decrease loss-adjusting expenses.

With regional and national skills, we're experienced at serving diverse carriers and risk managers. We build products that reduce claims handling time and costs. Flexible and adaptable, we tailor services—bundled or unbundled—to meet your objectives.

### **Seibels BPO**

We can help you capitalize on growth opportunities and quickly introduce new products and technologies. We have decades of outsourcing experience under our belt. Our advanced software lets you capitalize on growth possibilities and more easily launch new products. Arrive in new markets fast and with force. We can support your back-office operations with a combination of experience and technology. Among our BPO services you'll find the following:

- Financial Services
- Claims Administration
- Accounting & Reporting
- Marketing Assistance
- Customer Service Center
- Rating & Underwriting
- Policy Administration
- Billing & Collections

### **About Seibels**

Seibels Insurance Technology & Services  
White Paper

Founded in 1869 as E. W. Seibels & Company, Seibels grew into a prominent insurance group known for information management innovations. Today, its insurance professionals deliver solutions-oriented property and casualty insurance technology and services. Its greatest strengths are insurance and systems expertise, business processes, and customer focus. For more information, visit [www.seibels.com](http://www.seibels.com).