Why you should invest in **insurance claims automation**

ADACTA

Claims management is crucial in any insurance company, significantly impacting operational costs and customer satisfaction. Claims automation and digital transformation initiatives allow insurers to cut costs, reduce fraud, and improve customer loyalty. This post explores the challenges and opportunities in claims management and demonstrates how software can help capitalize on the benefits of claims automation.

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Why claims management is so essential

For an insurance company, everything comes down to claims. It is the process that affects clients most directly when the insurer delivers on its commitment, and the clients get their loss compensation.

That's what makes it so essential.

A successful claims handling process must be both organised and standardised. Speed is essential. If the process takes too long, policyholders will be frustrated and unhappy. In a time when it is easier to change your insurance company than to buy a new pair of shoes, this can result in unnecessary clients losses.

Benefits of Effective Claims Management

While most insurance companies concentrate on sales as the main source of revenue, claims handling is a huge opportunity to provide benefits to clients and the organization:

- **Cost Efficiency:** Reduces operational costs by minimizing manual labor and errors.
- **Fraud Prevention:** AI and machine learning detect fraudulent claims with high accuracy, protecting the company's finances.
- **Enhanced Customer Experience:** speeds up claims processing time and resolution and improves customer satisfaction through transparency and quick service.
- **Improved Accuracy:** Reduces risk of human error in data processing.
- **Increased Productivity:** Streamlines workflows, allowing staff to focus on more complex tasks.
- **Customer Loyalty:** Provides consistent, reliable service, fostering trust and loyalty.
- **Regulatory Compliance:** Ensures processes meet legal and regulatory requirements, reducing risk.

Challenges in Claims Management

Claims handling in many insurance companies remains a manual, rigid, and complex process involving large volumes of unstructured data. This means it is slow, often taking days or even weeks for more complex claims. It is prone to errors and even fraud attempts since fraud detection is often just a matter of personal judgment. With the rise of telematics data and IoT sensors, there is also more data than ever to process.

Nobody's happy about this. Employees and customers alike are dissatisfied with the process, and the claims process's inefficiencies often drive customer churn.

Many insurance companies are attempting to solve these challenges by implementing guidelines and protocols for claim handling to speed up the process and avoid different process variations.

Expenses related to claims represent the most significant chunk of insurers' operating costs. These are the costs incurred in paying an insurance claim and the costs associated with preparing, handling, and adjusting claims. If the process is inefficient, the expenses grow quickly.

There's no doubt this is a considerable challenge.

30%

Automation can reduce the cost of a claims journey by as much as 30%

(McKinsey)

Claims automation opportunities

However, it is also an opportunity. By optimizing and automating processes involved in claims handling, we can lower costs significantly In some cases, the claims process can be digitalized and automated entirely – from accepting claims to the final payout to the customer. For some insurers, the claims handling process can be extremely complex, making it impossible to automate entirely without at least some human intervention. However, even automating one part of that process can make a critical difference in terms of money and time savings.

According to McKinsey's study on digital disruption in insurance, Automation can reduce the cost of a claims journey by as much as 30%.

With artificial intelligence, computers can take over information gathering and detailed examination of unstructured data, allowing claim handlers to focus on providing a personal touch and giving clients a superior personalized experience. This allows the insurer to position itself as a reliable partner that cares for its clients and delivers what it promised.

AI in Claims Automation

Artificial intelligence (AI) is transforming claims automation by taking over the gathering and examination of unstructured data. AI systems can quickly analyze large data sets, identify patterns, and detect anomalies, significantly reducing the time and effort required for manual processing. This allows claim handlers to focus on providing personalized service. AI also enhances efficiency, accuracy, and fraud detection, ensuring fair and swift claim processing. As a result, insurers can build trust and loyalty among their customers, positioning themselves as reliable partners who deliver on their promises.

How to automate insurance claims: A real-life scenario

Here is an intelligent automation scenario for a simple claims management process:

1. A customer submits their claim using a mobile app, online portal, e-mail, phone call, post office, or even personal visit to the insurer's office. Chatbots – automated chat algorithms – are also becoming popular to capture initial customer contact and collect basic information.

2. Data is collected and reviewed using validation algorithms and artificial intelligence. As the data is entered into the system, automatic validation checks review the policy, claimant, benefits, and service provider.

3. The customer contact channel preference is automatically determined based on the manner, FNOL, or claim registration (app, chat, portal, e-mail, phone, or ordinary mail).

4. As the claim passes preliminary checks, it is audited (technically and medically) first by self-learning algorithms and manually by a claim handler if necessary.

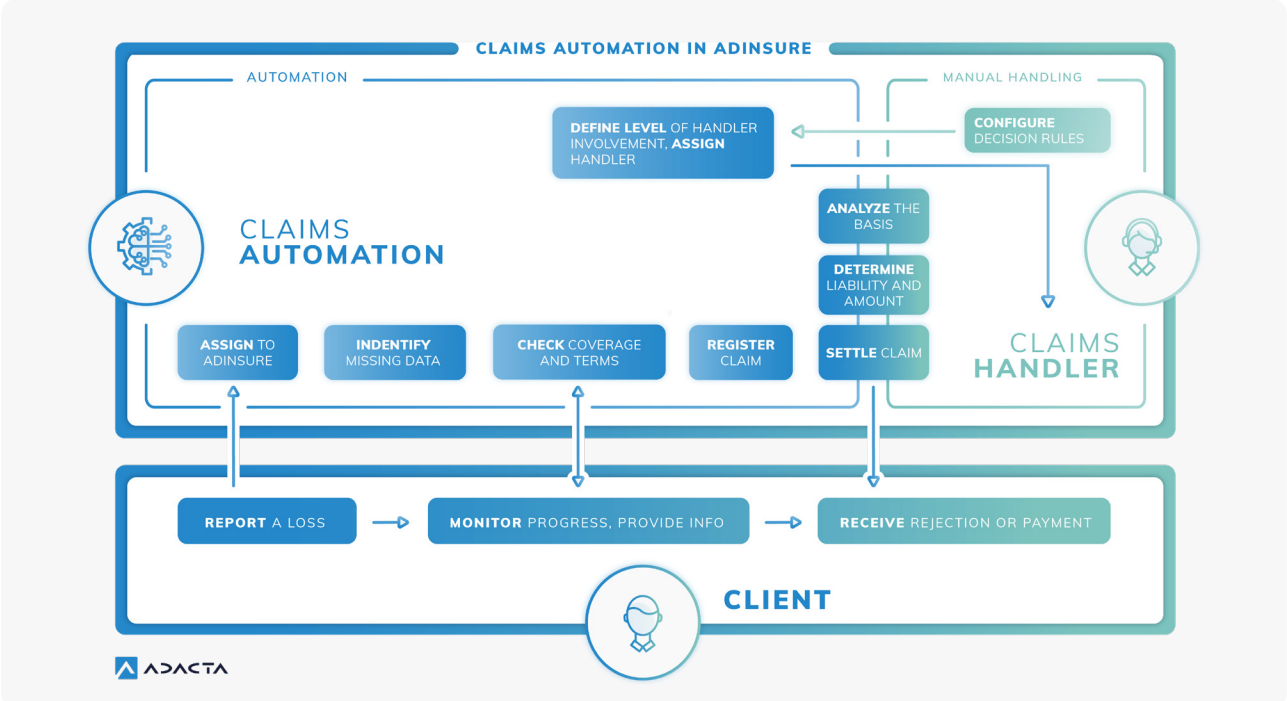
5. The claim is approved or declined, and the customer is notified automatically.

6. If the claim is approved, the payment to a provider or customer is initiated and processed automatically.

This integrated approach to claim automation delivers multiple benefits:

- **Fewer errors** through automated handling of initial customer contact and information gathering
- **Quicker claim settlements** enabled by automated validation that streamlines the entire process.
- **Clear communication that respects the customer's preferences.**
- **Fully transparent insight into claim** status while keeping the customer's private information private and secure.

This is exactly why insurers should focus on the claims management process. While the area is challenging, you can leverage the benefits of claims automation software to deliver an improved customer experience.



The 3 mandatory components of claims automation

Regardless of how you approach your automation initiative, the three key components remain the same.

1. **Integrate your core system with other systems.** Your core system is the "brain" of your claims processing automation and is vital to any automation initiative. If you want to achieve results, any other solution you use needs to integrate with your core system.

2. **Automated data analysis.** At its core, the claims management process is about analyzing unstructured and disparate data, so automating analysis will accelerate and streamline your claims management process.

3. **Optimized data organization and connectivity.** By implementing a central repository that can connect to various data sources (such as forms, apps, and APIs) and combine them, you will eliminate redundant manual data entry and errors.

Look for automation opportunities

Once your critical components are in place, look for opportunities that deliver the most business value. The entire claims process is ripe for automation, even for companies that have already made progress. Here are some key areas:

- **AI-powered Assistants:** Advanced AI tools like ChatGPT can handle complex customer interactions, collect data, and provide real-time assistance, freeing up claim handlers for more critical tasks.
- **Fraud Detection:** AI identifies potential fraud early in the claim's lifecycle, validating data connections between claims, reoccurring events, weather conditions, and social media.
- **Customer Notifications:** Automated, proactive updates keep customers informed throughout the claims process, enhancing satisfaction and loyalty.
- **Document Processing:** Use AI to automate the extraction, classification, and validation of information from various documents, reducing manual entry and errors.
- **Predictive Analytics:** Implement predictive analytics to forecast claim volumes, identify risk patterns, and optimize resource allocation.
- **Workflow Automation:** Streamline the entire claims process with automated workflows, ensuring consistency, compliance, and efficiency from claim submission to resolution.
- **Telematics and IoT Integration:** Automate data collection from telematics and IoT devices for accurate and timely claim assessments, particularly in auto and property insurance.
- **Automated Payments:** Integrate payment systems to automate and expedite claim payouts, improving cash flow and customer satisfaction.

By focusing on these areas, insurers can significantly improve efficiency, accuracy, and customer experience.

Focus on automation, stay flexible in interactions

We have seen that automated claim processing reduces costs and accelerates payments. Personal service can boost loyalty for sensitive and emotional claims, such as car accidents or personal loss.

That is why the goal of all claim department managers should be to make claim handling automation the default while manual handling becomes the exception. Insurers should focus on finding the points where human interaction is unavoidable and automating everything else.

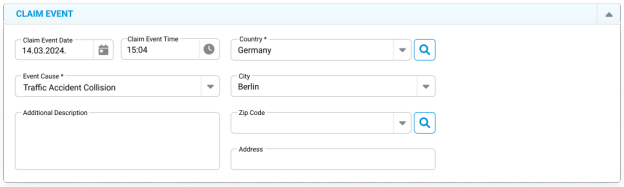
This approach results in improved customer service by freeing up claims handlers to spend more time on customer support and less time on repetitive tasks. Of course, some customers will still look for personal contact. Insurers should stay flexible in their approach to accommodate diverse policyholders. However, it is essential to find a balance between the claimant's and insurer's views to realize the real benefits of automation.

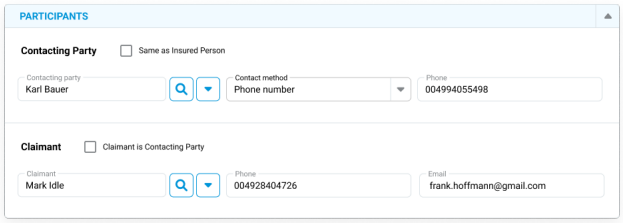
Finding the right solution

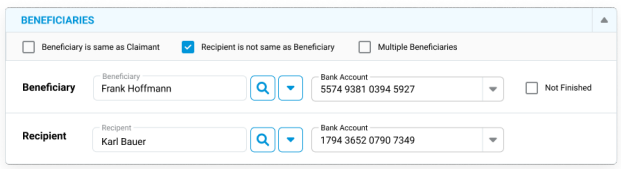
Claims departments seek new ways to increase efficiency, lower claim expenses, and increase claim accuracy. Data sets, master tables, and rules integrated into the core system can do all this. It is also important to have history tracking of system changes and detailed information for claims reporting and analysis in accordance with GDPR.

That is where AdInsure comes in. It makes claims processing efficient, unified, and accurate simply by applying claims processing guidelines to a claims management platform and automating decision-making while monitoring process efficiency. This delivers excellent client experiences and positions the insurer as a reliable, trustworthy partner.

AdInsure is designed for flexibility from the ground up and can be adjusted to fit various companies. Suppose the company already has a core legacy system and is unwilling to replace it. In that case, AdInsure can also be introduced as a support system that runs in parallel to deliver the features you want.



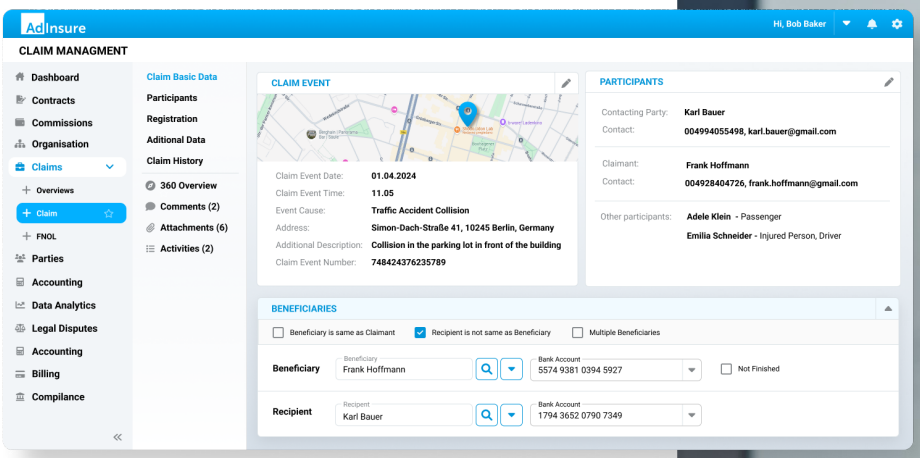


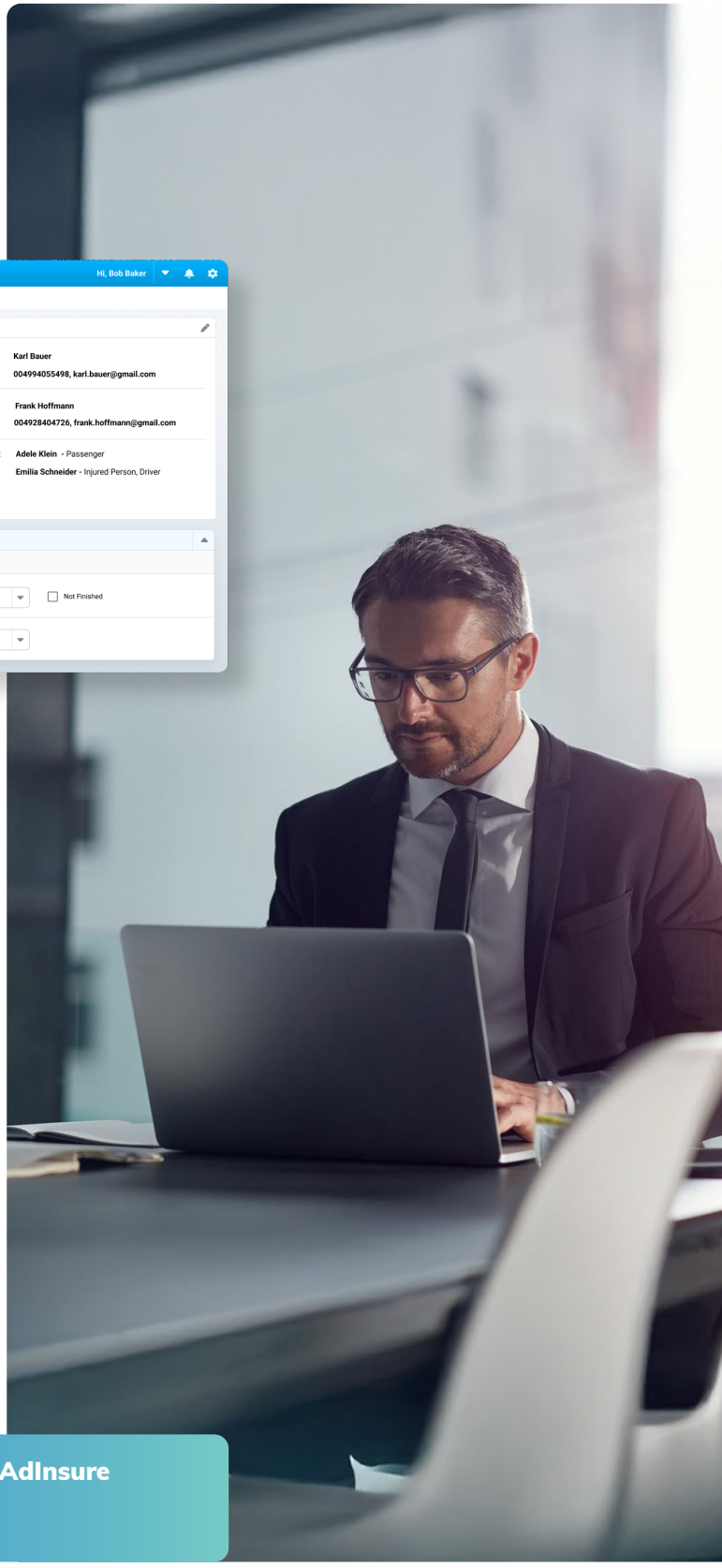


Don't hold off on automation – the time is now

Claims processes remain inflexible and complex. This makes claims process automation a huge opportunity to eliminate manual tasks and divert resources toward greater efficiencies and customer satisfaction.

However, this essential process needs to be approached holistically with a focus on delivering business value and customer loyalty. While insurers do need to keep an eye on the need for personal interaction, automation should be the rule instead of the exception. Automation of claims management is simply too large of an opportunity to let it slip by.





Today, we are looking at several factors that will drive automation efforts. First is artificial intelligence that will make it easier and easier to automate even the most complex processes. Second are new communication channels, such as chatbots, mobile apps, and others that open a clear communication channel between clients and insurers. Third is the rise in the volume of data that will impact claims processing by reducing fraud and driving operational efficiencies.

However, any advanced scenarios will require a solid foundation which you should begin building today. There is simply no way to just roll out a generic AI or big data solution into an insurance environment overnight. They need to be fine-tuned to specific processes and products before they can deliver business value.

Claims automation is a foundational process that should be a big part of any digital transformation project. That's why the time to act is now.

Optimize Your Claims Management with AdInsure

LEARN MORE

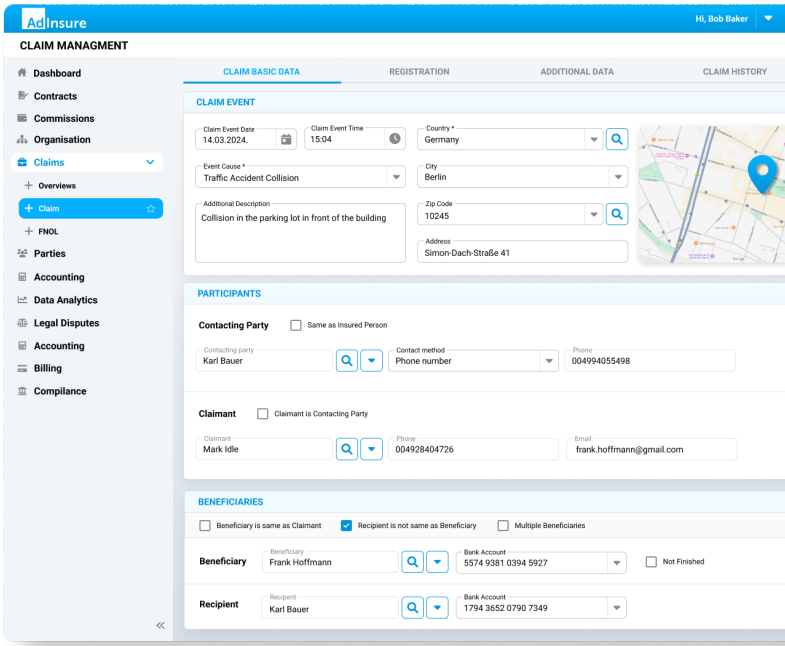
ABOUT ADINSURE FOR CLAIMS —

AdInsure Claims

AdInsure Claims is a comprehensive, end-to-end insurance claims management solution designed to optimize the entire claims lifecycle — from First Notice of Loss (FNOL) to settlement, including recoveries and reinsurance. Advanced automation and configurable claims workflows enhance efficiency, reduce operational costs, improve customer expectations, and empower insurers to make data-driven decisions across all P&C lines of business.

Find out more:

https://www.adacta-fintech.com/solutions-claims



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Adacta is a leading software provider for the insurance industry. Its award-winning insurance platform – AdInsure – provides life and non-life insurers with a future-proof way to streamline their operations and processes. Since 1989, Adacta has spent decades helping insurance organizations grow their digital capabilities and drive increased profit. Their mission is simple: Empower tomorrow's industry leaders to realise their potential through technology.

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