



Transforming Claims Management with Communication and Collaboration Technology

An insurance industry thought-leadership paper on behalf of Cisco

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OVUM VIEW

Abstract

There is an insurance industry expression that a property and casualty claim file grows faster than a three year old. That speaks to the volume of paper that seems to pour into the claim file endlessly as well as to the varied number and nature of claims professionals involved with adjudicating, investigating, restoring, and resolving the claim. The claims professionals assigned to manage the claim are usually geographically dispersed, have varying degrees of expertise about the loss event, and are often handling multiple claims simultaneously.

Two other facts need to be added to the conditions delineated above:

- the marketplace is quickly transforming from a terrestrial environment to a web-enabled mobile digital media marketplace
- the number and type of web-enabled mobile devices is multiplying faster than a rabbit warren run amok.

The result is a situation crying out for property and casualty insurers to apply communications and collaboration technology to lower claim expenses while transforming the entire claims process into

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a best-of-class experience for all the stakeholders involved. The purpose of this analysis is to examine what insurers need to do to accomplish those two objectives.

Summary

- The marketplace in which property and casualty insurers are striving to conduct business and manage claims is rapidly becoming a mobile digital media marketplace or a "mobile mediasphere". Note that we will use the abbreviation P&C throughout the report, although in some regions outside North America this segment of insurance is called general or non-life insurance.
- We refer to this new marketplace as a mobile mediasphere throughout the report to accentuate the fact that insurers must operate as if they are media companies, because they create, publish, move, and share content in a similar way to media companies.
- The emerging mobile mediasphere redefines the "art of the possible" regarding how claimants, claim professionals, and service providers expect to communicate and collaborate with each other, including:
 - realtime or near-realtime speed of completing the claim transaction
 - immediate accessibility of information, regardless of whether it is structured or unstructured or the type of web-enabled mobile device they use to view (or create) the content
 - interactivity between each other on a wherever, whenever, or however basis.
- Examples of content that P&C insurance companies use, create, and consume include ACORD forms for first notice of loss (FNL), police and fire marshal reports, adjuster notes, loss scene diagrams, digitized telephone calls and video streams.
- Each type of content that claims professionals create or consume must be moved throughout some type of media such as email, IM, web conferencing, or video conferencing to enable communication or collaboration between participants adjudicating, investigating, or resolving the claim.
- At the time of FNL, P&C insurers should create two digital entities to support communication and collaboration: a dynamic list of identified claims professionals who are or will possibly be involved in managing the claim and a virtual claims community (VCC) where claims professionals, service providers, and others can "meet" to share and discuss ideas; store content such as forms, video, and pictures; and leave questions for colleagues with expertise to respond when they have an opportunity or are alerted to do so.

A NEW MOBILE DIGITAL MEDIA MARKETPLACE IS EMERGING

Mobile mediasphere

P&C insurers are facing a new marketplace that is informing how they go to market, create and distribute products, provide customer service, and manage claims: a web-enabled mobile, digital media marketplace (mobile mediasphere). It is being formed from the fusion of the traditional terrestrial marketplace, the digital marketplace, and the rapidly growing universe of web-enabled communication and collaboration (C&C) mobile devices supporting digital content creation and consumption (see Figure 1).

Figure 1: The fusion of three forces are creating a mobile mediasphere



Source: Ovum

OVUM

The "other" communication devices range from e-readers to vehicles with embedded telematics devices which send alerts when an accident has occurred, depending on certain events (e.g. airbag deployment).



Humans are the crucial driver of the mobile mediasphere

The key driver for the emergence of the mobile mediasphere is all of us. Humans are social animals with a driving need to communicate and share what they think, see, and feel. It may be somewhat of a stretch to consider the earliest cave wall drawings in Lascaux France as mankind's first use of a Facebook (wall) capability, but not that much of a stretch. The nature of communications among and between people has evolved from the invention and use of the printing press in 1450 to the Pony Express (1860) to the telegraph (1861) to the (tethered) American Bell Telephone Company (1877) to the unrelenting growth of web-enabled mobile smartphones and tablets of today throughout the globe (see Table 1).

Table 1: Global forecast of numbers of smartphones and tablets, 2011–2015

(Millions of devices)	2011	2012	2013	2014	2015
Smartphones	352.6	423.5	492.1	551.4	606.4
Tablets and other mobile devices	32.9	59.7	90.8	121.9	150.1

Source: Ovum OVUM

The mobile mediasphere redefines the "art of the possible"

The inherent human need to communicate and the concomitant development of technology shaping how people communicate shift people's expectations about the "art of the possible" regarding how they interact across multiple domains from conducting business to socializing. In particular, participants impacted by a loss event – whether claimants, claim professionals, or service providers – in the mobile mediasphere will expect fast, seamless transfers of content (including voice, pictures, and video) across web-enabled mobile (and tethered) devices to one or more people simultaneously. More specifically, P&C insurers will need to prepare to conduct commerce in a mobile mediasphere which will be increasingly characterized by:

- realtime or near-realtime speed of completing a business transaction
- immediate accessibility of information (regardless of being structured or unstructured content) by the customer and the company representatives involved in a transaction (such as the claim management process)



- interactivity (wherever, whenever or however) informed by a changing mix of asynchronous and bisynchronous communications and collaboration between customers and company participants involved in a transaction
- full transparency of the processes being used and the progress being made to complete a transaction
- customers' quickness to share their opinions with family, friends, and the social networking communities they belong to about the level of satisfaction with the company, its representatives, and the overall process of initiating and resolving a claim or other important financial transactions.

P&C PROFITABILITY IS HARD TO FIND IN A TEPID ECONOMY

The soft market is not showing any signs of hardening soon

As P&C insurers prepare to compete in the mobile media digital marketplace, they are also struggling to find profitability while in the throes of a soft market. A host of articles and reports published in the insurance business press in the first quarter of 2011 are all stating that P&C insurers will continue to conduct business in a buyers market throughout the year. Even with the tragedy in Japan in March 2011 (earthquake, tsunami, and nuclear threat from some of Japan's nuclear reactors), there is still no definite agreement that the P&C market will harden.

The P&C insurance industry can not look to the consumer or corporate markets for increased premiums. The post-financial crisis recovery is tepid at best, with unemployment in North America still around 9% and unemployment in EMEA approximately 10%. Nor can P&C insurers look to a stable or improving financial market during 2011 with any high degree of certainty. The financial markets seem to be improving but world events (e.g. unrest in the Middle East, concerns about the stability of the euro, and the credit ratings of Japan) are causing economic volatility.

Transforming P&C claims management can bring bottom-line savings

P&C insurers know that streamlining or otherwise improving the claims management process will generate significant savings. Several insurance industry sources estimate that claims outflow represents approximately 70% of premium.



Table 2: Global P&C insurance industry IT spend forecast on claims management processing including call center activities, 2011–2015

\$ billion	2011	2012	2013	2014	2015
Personal P&C insurance	6.50	6.83	7.19	7.55	7.92
Commercial P&C insurance	2.79	2.93	3.08	3.24	3.39
Total P&C insurance	9.29	9.76	10.27	10.79	11.31

Source: Ovum O V U M

Moreover, Ovum forecasts that P&C insurers around the globe will invest approximately \$9 billion on IT to support claims management processing from 2011 through 2015 (see Table 2). This includes the call center activities relating to claims management. On that point, Ovum is forecasting that global P&C insurers will increase IT spend on personal lines P&C call center activities for claims from \$588 million in 2011 to \$734 million in 2015. The IT spend on commercial lines P&C call center activities for claims is forecast to grow from approximately \$250 million in 2011 to \$315 million in 2015.

Communication and collaboration (C&C) technology offers P&C insurers a path to lower loss adjustment expenses by streamlining the claims management process while simultaneously creating a better experience for claimants and the claims management professionals involved in adjudicating and resolving the loss event.



INSURERS MUST OPERATE AS IF THEY ARE MEDIA COMPANIES

Insurers create, publish, move, and share content

Insurers may wonder why the inflection point in the marketplace (moving from a terrestrial marketplace to a mobile mediasphere) matters to them. The reason is because insurers create, publish, move, and share content to stakeholders within the home office and throughout the value chains which keep the company operating. Increasingly, the content is digital (or existing content is digitized whether it is a document or a telephone call from an insured about a first notice of loss) from its creation and, once published, flows to and from stakeholders' web-enabled mobile communication devices.

In the past when commerce was geographically bound (actually, held hostage to distance and time), this perspective of being a media company was not any less accurate. However, it was not the compelling imperative it is now as increasingly more people, whether clients or producers or claims management professionals, are using smartphones, tablets, video capture devices, e-readers and other web-enabled mobile communication devices to access or create content wherever, however, and whenever they want. That is why in this age of ubiquitous web-enabled mobility, insurers must learn to operate as if they were media companies (without losing the essence of their value-add to society of managing, or otherwise mitigating, risk).

Processing claims in the mediasphere requires two digital entities

P&C insurers who operate with a media mindset should create, at the time of FNL, two digital entities: the first entity is a list of claims professionals (including the customer-service representative who takes the initial first notice of loss interaction from the claimant) who are or will be involved in the claims management process and the second entity is a VCC where claimants and claims professionals can meet virtually to leave questions for a designated colleague seeking their expertise for immediate or later response; share comments with other colleagues assigned to the same claim; create or share content (e.g. video streams, pictures of the damaged or destroyed property); enter a URL linking colleagues to pertinent information relating to the claim; or otherwise communicate or collaborate. The VCC is a cloud-deployed communication and collaboration portfolio of services, solutions, and functionality.

The list should be managed as an accordion list which will grow or shrink depending on the complexity of the loss event and the numbers of stakeholders impacted by the loss event including the insured or claimant, the agent, and claims professionals (including internal legal department and outside attorneys) who are assigned to adjudication, investigation,

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restoration/remediation/rehabilitation, and settlement. In a similar manner the number and type of stakeholders invited to the VCC for communication and collaboration will also grow and shrink as progress is made from FNL to resolution. However, P&C insurers must be careful about submitting any healthcare information to the VCC unless the security and privacy can be guaranteed to comply with US Health Insurance Portability and Accountability Act of 1996 (HIPAA) rules or other government privacy laws or regulations.

P&C insurers need to create both the list and the VCC because as the claims management process moves from FNL to resolution, there will be instances where all the participants involved do not have the requisite web-enabled mobile devices to support the types or volumes of content required by different stakeholders (e.g. Adobe Flash not supported by the iPhone). Moreover, depending on where in the geographical dispersion that is generated by the loss event the claims professions are or when they want to submit content, the interaction may be best served through the VCC.

Insurers must rethink major claim components from a media perspective

Beyond establishing a dynamic list of participants and a VCC to support stakeholder interactions and function as a repository of differing kinds of content, P&C insurers operating as if they were media companies should perceive claims management as a combination of:

- a growing variety of digital content, including digitized voice, pictures, and video, as well as claims forms, adjuster notes, and reports from the police, fire marshal, and investigators (see Figure 2)
- multiple participants (see Figure 3) – claimant, insurance company employees, and external service providers – who create and/or consume claims management content and who could be located anywhere or want to access content at any time
- an increasing number of media forms used to create content, communicate, and collaborate during the claim management process between participants (see Figure 4)
- an increasing number of wireless device types (from smartphones to tablets to e-readers) with different operating systems and working on different networks with the requisite functionality to access the media and/or content used throughout the claims management process and share the content with one or more stakeholders
- apps which provide functionality enabling collaboration and management of content (regardless of device type or nature or amount of content). Potential apps for a web-enabled mobile device could range from an ACORD forms library including a FNL form for automobile, property, or general liability notice of occurrence; a "free-hand drawing tool" that enables claim adjusters or investigators to draw floor plans of

damaged buildings or diagrams of accident scenes; or a recording capability which digitizes statements taken at the accident scene and 'publishes' the statements to the claims file with a date and time stamp.

All of the above fuse together (or should) into a robust experience for the claimant, claims professionals and service providers.

However, to return to the drivers of rethinking the claims management process from a mobile mediasphere mindset, insurers must develop this experience to primarily lower claims adjustment expenses, to better leverage the time of all the claims professionals involved, and to ensure the claimant is satisfied (as legally possible given the terms, conditions, and restrictions of the policy) with the final result.

Figure 2: Selected content generated by major activities of the claims management process



Source: Ovum



There are several points of potential collaboration in the mobile mediasphere

There are a wide variety of interaction possibilities between stakeholders during the claims management process (see Figure 3). Although the claimant is shown in the center of this figure, there will be many interactions between claims professionals which do not involve the claimant. The purpose of the figure is merely to illustrate possibilities. Moreover, some of the sections shown represent multiple participants which require their own linkages to any one or more of the stakeholders shown in the figure. For example, "service providers" encompasses a significant number of services needed to remediate or restore a property loss and/or medical professionals providing healthcare and/or rehabilitation services to any injured insureds.

Figure 3: Selected claims participants needing to communicate or collaborate during the claims management process



Source: Ovum



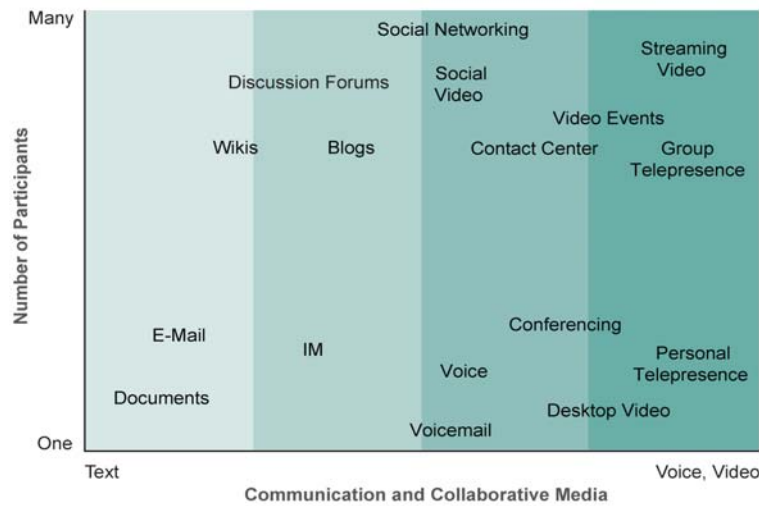
There is a growing spectrum of media used to enrich the interaction between claims management participants

There are many different potential areas of collaboration that P&C insurers should be able to support by leveraging the mobile mediasphere for claims management. Each of the following areas of collaboration, as well as other opportunities for collaboration, can use any one or more of the growing spectrum of media (see Figure 4) available to enrich the interactions between claims professionals (and the claimant, when applicable):

- adjudicating claims in the same insurance line of business (LoB) such as automobile physical damage or commercial property (e.g. claims adjusters assigned to a specific claim or claims adjusters assigned to a specific claim wanting to reach out to claims adjusters with more expertise in the functional area)
- in different LoBs, in areas such as automobile bodily injury and worker's compensation which have similar elements (e.g. relating to rehabilitation or case management), the assigned claims adjuster needs assistance
- in any LoB with insurance company professionals in non-claims areas such as underwriting or legal.

P&C insurers have to ensure they have the capabilities to support the media, content, and devices the claims professionals (and claimant) use during the claims management process for the one-to-one, one-to-many, and many-to-many interactions which will emerge during the claims process.

Figure 4: Selected examples of the media which can be used for communication and collaboration



Source: Cisco

OVUM

Using C&C technology to best leverage the time of claim experts

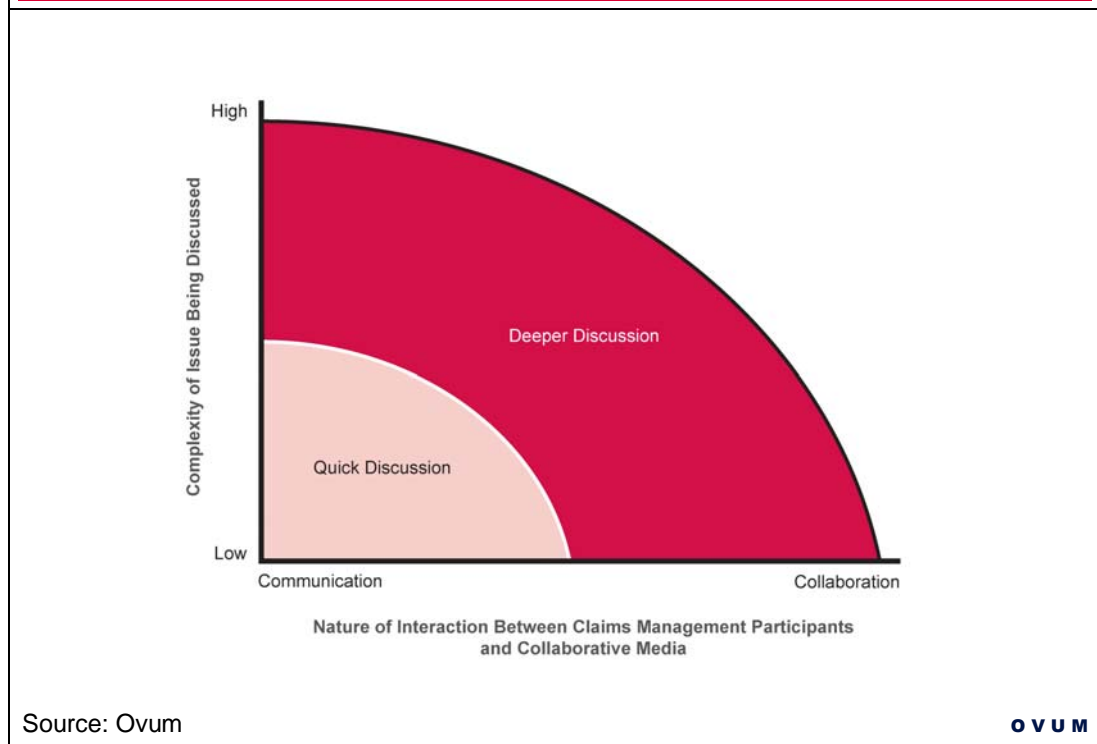
Insurers can, and do, use the services of a wide range of claims professionals (including home office claim staff, field claim staff, third-party claim adjusters, investigators), special investigative units (SIU) staff, attorneys (both insurance company legal staff and outside counsel), and service providers contracted for restoration, remediation, and/or rehabilitation. One of the major challenges for insurers is ensuring that the time of these claims professionals is used wisely. One study, done by Accenture, stated that claims adjudicators spent 44–49% of their time on non-core activities. The same study showed that field adjusters spent 41% of their time on non-core activities.

This situation represents an opportunity for insurers to apply C&C technology in such a way as to improve the amount of time claims professionals spend on moving the claim process to resolution more efficiently and more effectively. To accomplish that objective, insurers have to manage the realization that communication is not the same as collaboration. Collaboration is the process of people working towards a shared goal. This is definitely true of the claims professionals involved in

adjudicating, investigating, and resolving the claim. But it is not necessarily true of the interaction between the claimant who expects the loss to be remediated or restored (or injured people who expect to be reasonably rehabilitated) to its pre-loss condition and the insurance company. That could very well be a long discussion but may not be a collaborative one.

Insurers must apply C&C technology to support the range of quick and deeper discussions between claims management participants (see Figure 5) to best leverage the time the claims management participants have available for any one discussion. As an example, one application could be the ability to move video streams, digitized claimant calls, or witness statements from the assigned claims adjuster to the claims specialist being asked for guidance about how to proceed in the adjudication or investigation of the claim.

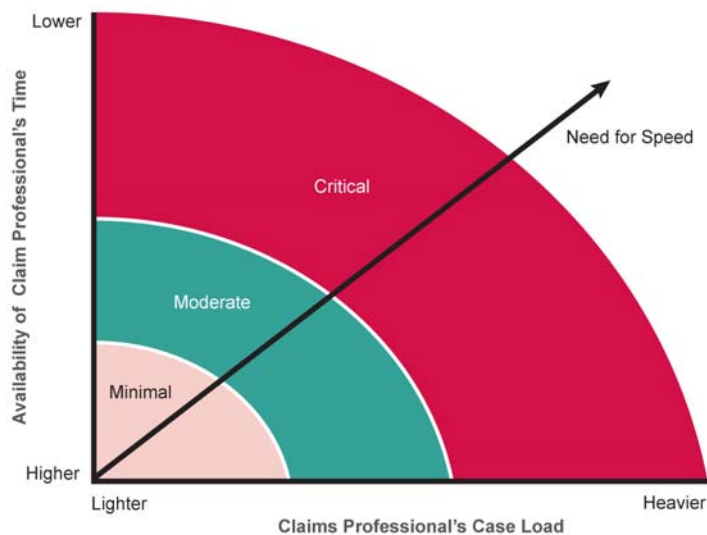
Figure 5: Complex claims require deeper discussion and more collaboration



Moreover, insurers must also integrate C&C applications in combination with information technology. Specifically, insurers should have a system to determine how much time a claims professional being asked to collaborate might have to give a colleague, based on the claims

professional's total case load and availability of time (see Figure 6). The insurer should also fold in the level of expertise and work style (including whether the person prefers text, visuals, sound, or a combination) of the claims professional being asked to collaborate. This could drive the nature of content that the claims professional will share with their colleagues and possibly whether the communication and collaboration would be best done face-to-face, through web-enabled mobile devices, in telepresence facilities, or in the VCC.

Figure 6: Need for communication and collaboration speed between claims professionals managing a loss event



Source: Ovum

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CONCLUSIONS

There are several benefits from managing claims from a media perspective

Insurers will realize several benefits for their company, claimants, and claims professionals involved in the claims management process if they operate as if they were a media company. By weaving web-enabled mobile communication and collaboration technology into the traditional claims management processes, insurers will be in a position to:

- positively impact the insurance company's financial flow from the impact of the loss event (e.g. faster movement of more complete information to sharpen reserving and make decisions quicker regarding settlement, negotiation or litigation for instances of possible fraud)
- meet or exceed customer (e.g. claimant) expectations regarding the resolution of the claim by keeping the claimant informed about the process of the adjudication and resolution process (which reduces customer frustration or concern)
- minimize claimant opportunity costs by ensuring the claimant does not have to invest significant time working through claims processes and with claims professionals to fill out similar forms or answering similar questions multiple times during the claims adjudication process
- provide claims professionals with the devices and data needed when required to effectively and efficiently accomplish their tasks during the claims management process
- identify where to improve underwriting requirements faster using ideas from claims professionals involved in adjudicating, investigating, and resolving the claim during the claims management process
- identify market areas which can be better served with new insurance products with information or ideas generated during the claim management process.

P&C insurers must consider the who and how of claims management interactions

The role of the stakeholder in the claims management process establishes the context of the content as well as the communication and collaboration functionality needed by the stakeholder. The challenges for P&C insurers include:



- understanding that the context could – and does – change for each stakeholder as the claims management process progresses from FNL to resolution
- creating the capabilities to manage the above understanding
- supporting a widening array of web-enabled mobile devices, expanding media ecosystem and varying forms of content to effectively and efficiently move the claims process from FNL to resolution, all in a secure and rules-driven environment
- creating and managing both the dynamic list of claims professionals involved in the claims management process as well as the VCC, including its functionality and ability to support a wide array of devices, content, and media
- preparing now for the younger generational cohorts who are already living in the mobile mediasphere. These include personal lines claimants, new hires as claim management professionals, and any commercial lines clients who are more accepting of mobile media because their business leverages the mobile mediasphere.



APPENDIX

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