



CASE STUDY: Large insurance company automates claims handling process

Challenges

- Decrease claims settlement period
- Handle 15% annual claims growth
- Reduce total cost per claim
- Remove case ownership
- Track information from external parties eg loss-adjusters, underwriters

Solution

- Integrated external partners into process
- Claims are now pooled into general work queues for allocation to next operative
- Priority escalation rules introduced and integrated
- Switch to 'push' methodology removed handlers' choice of work
- Fully automated elements of process

Results

- Claims settlement period reduced by 50%
- Increased capacity without increasing staff costs
- Windscreen claims process fully automated
- Claims process redesigned so well that the company advertises it as a feature
- Alerts provided when reports from external parties are overdue

Zarion/Global360 products

- TouchPoint2
- Execute360
- Insight360

Background

The company has over 700 staff and 50 branches and is active in general insurance, life assurance brokerage, and property management. In 2006, claims paid amounted to just over \$265 million; operating expenses shaded \$62 million; and profits were \$217 million.

Taking control of processing

The company needed to streamline processing of a high volume of low-value claims, which represented 60% of all claims.

- Claims handlers worked to a 'pull' methodology which allowed them to choose which cases to work on and in what order
- There was a high degree of case ownership, causing delays when the 'owner' was unavailable
- Removing paper from the process, thus protecting documents and freeing storage space, and a lack of focus on high-priority cases, were other concerns which led the company to implement Zarion's TouchPoint2 solution

Challenge

Delays in dealing with claims were frequent due to a high degree of 'case ownership', which meant only the assigned handler could deal with the case. In practice, this meant lower priority cases could edge out those with higher priority in the workflow.

Claims often took too long to settle.

The company's claims handling process was characterized by its 'pull' regime, in which handlers had wide latitude in choosing the claims they worked on. This often resulted in older claims with higher priority being neglected in favor of new or lower-priority claims.

External participants

Local offices and service suppliers such as motor engineers and loss adjusters needed to be better integrated into the claims process.

- Existing methods were too time-consuming
- External service suppliers were not sufficiently integrated into business processes

Performance measurement

With substantial requirements for the management of the claims process at a broad level, plus a need for management of the quality of individuals' work, Zarion faced a complex task.

- There was no way to carry out systematic quality control or quality assurance activities
- FBD claims management needed greater understanding of workloads

Solution

Zarion's solution provided efficient and effective distribution of cases to handlers.

Most claims no longer have an 'owner' and any handler can work on them. The choice of work is reduced substantially, with cases automatically assigned in a controlled workflow.

The process now works as follows:

- Claims are pooled into general work queues
- Claims that can be closed quickly are identified by the system at the start of the process.
- Claims are prioritized by business rules
- They are then allocated to the next available handler

The solution introduced tight integration between the company's two existing systems so that work done on one system is immediately reflected in the other.

The workflow system also automatically generates letters, next tasks and diary items. Problem cases trigger alerts and are escalated to an appropriate manager.

External participants

All external partners now have access to the process. Service suppliers are integrated into the process with access to the technology and the ability to drag and drop reports directly within it.

Performance measurement

- A dashboard feature was developed which yields real-time information on workloads and throughput.
- Another feature is an audit tab allowing managers to rate handler performance on a numeric scale.

Benefits

Zarion's solution took six months to implement and showed immediate business benefits.

The company's strategic aim for the project was to achieve a higher quality, much improved customer service. That aim has been achieved.

Overall cost of settling claims has been reduced, as a direct result of cutting the time to settle claims by 50% to two months.

Customer service levels can now be measured and tracked accurately. As a result, managers can reallocate resources when it becomes necessary to do so in order to meet agreed turn-around times. The productivity of claims handlers has increased substantially, in many cases by 100%. Management information has been strengthened via real-time reporting on productivity.

Operational benefits

Operational benefits have been numerous:

- Time to settle claims reduced by 50% from four months to two, leading to significant savings in cost of settlement
- Automatic tagging and distribution of work to claims handlers
- Streamlined automation of entire process, including
 - Integration of third party interactions
 - Substantial reduction in the volume of claim-related phone queries from local offices to head office
 - Significant reduction in scanning and indexing activities
 - More efficient system of communication from external service suppliers to head office
- The windscreen claims process has been fully automated.

"The benefits are huge for us. Zarion's solution gives us greater real-time management control of the claims process, automating many previously problematic processes. It also integrates third parties with our business processes more efficiently, cutting the time taken to settle claims and our capacity to handle large volumes."

Director IT & Business Processes