



Knowledge Area Review (KAR 025)

Capturing Value in P&C Claims – Product Brochure

August 2015

KAR 025: Capturing Value in P&C Claims

Report overview and sample pages

What is this report?

- ICG's 25th Knowledge Area Review (KAR), covering four significant value creation domains for value creation in P&C claims.
- Over 66 pages (samples attached) of in-depth information, drawing on the best public-domain thinking and practice globally from consulting firms, banks, academics and others.
- The authors were supported and advised by a global panel of ICG claims subject management experts.
- Priced at US\$3,750 (plus any applicable taxes) per organisation for an unlimited global license.
- Published in August 2015.

What questions does it answer?

Describes the four most significant domains for value capture

1. Customer claims interaction
2. 'Big Data' and analytics
3. Digital and technology implications
4. Claims management process and supply chain

Why buy it?

- Get smart quickly and have a more in depth understanding of capturing value in four key claims domains
- Bring yourself up-to-date and be ahead of major emerging developments.
- Align your team with the best up-to-date thinking and practice worldwide.
- Benchmark your approaches against global best practice principles using key takeaways for each chapter
- Gain access to a bibliography of over 40 articles and white papers on the subject of value creation in claims
- Save time and money in kicking off major claims value capture and improvement efforts.

Where can I buy it?

- From your local ICG affiliate or office
- From the lead author Gerry Purcell (Toronto, Canada - gerry.purcell@internalconsulting.com)
- From ICG's web [store](#).

Capturing Value in P&C Claims: Table of Contents

Section	Component	Description
1	Executive Summary	Overview of our research and findings
2	Four Value Domains in Claims	A global synthesis of evolving value opportunities in P&C claims
2a	Customer Interaction in Claims	For each different domain: <ul style="list-style-type: none"> • The key thinking from consulting firms, journals and academia as to what constitutes best practice • Examples of this best practice across different firms and industries.
2b	Implications of Big Data and Analytics in Claims	
2c	Developments in Digital and Technology in Claims	
2d	Advances in Claims Management Processes and Supply Chain	
3	Knowledge Sources	Relevant published materials for further reading

Executive Summary

Our focus for this mini-KAR is the claims environment in the property and casualty insurance industry.

In researching this functional scan, we sourced perspectives from our experience and from the best publicly available global thinking and practices from consulting firms, banks, academics, and others.

We then chose the following four value domains from within claims as the focus of this report:

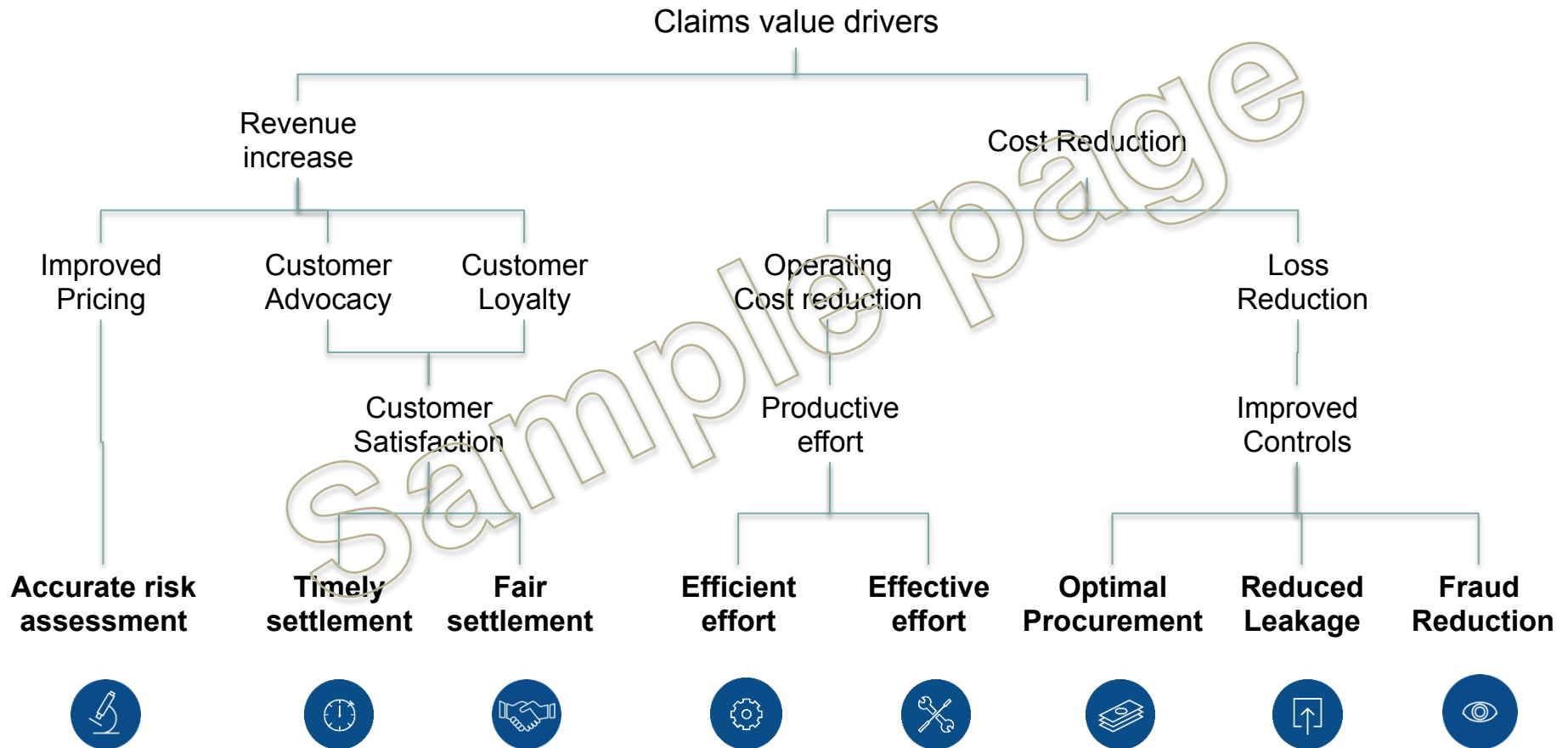
1. Customer claims interaction
2. 'Big Data' and analytics
3. Digital and technology implications
4. Claims management process and supply chain

In this short document, we provide a high level overview of each value domain, a selection of strategic and action-focused material using a consistent framework, along with examples derived from a synthesis of available information. For each section, we have also provided sources for additional reading.

In the end section, we provide a central navigation point for a large quantity of additional publicly-available thinking, evidence and experience, along with our view on how each applies to the four value domains outlined above, with clear and detailed references for further reading.

Value capture in claims is focused on 8 drivers

Illustrative



... and there are four significant domains in claims in which value is captured

Claims value domains

Customer claims interaction	The customer claims interaction provides a significant “moment of truth” opportunity to create or destroy value for the insurer; meeting customer claims outcome expectations is likely to generate advocates, while not doing so may not only lose the customer but create detractors in the market
Big Data and analytics for claims	Insurers claims activities are high up on the agenda in leveraging the technologies that help businesses make data driven decisions and achieve more favourable outcomes, along with tools and techniques to assess, synthesize and report on targeted implications
Digital implications for claims	The digital world is now enveloping the claims space, insurers need to leverage this phenomenon to meet customers’ new digital need, increase automation to improve productivity, effectiveness and efficiency
Claims Management Process & Supply Chain	“Investing in claims management can yield three kinds of returns: lower processing costs, reduced payouts, and greater customer satisfaction. Yet tradeoffs among these benefits are inevitable” ¹

When combined, a relationship between value drivers and these four value domains emerges

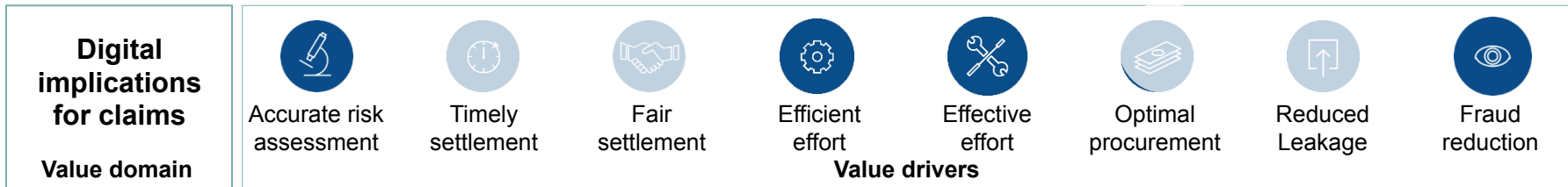
Illustrative

Claims value domains	Claims value drivers							
	Accurate risk assessment	Timely settlement	Fair settlement	Efficient effort	Effective effort	Optimal procurement	Reduced Leakage	Fraud reduction
Customer interaction								
Big data and analytics								
Digital implications								
Claims management process & supply chain								

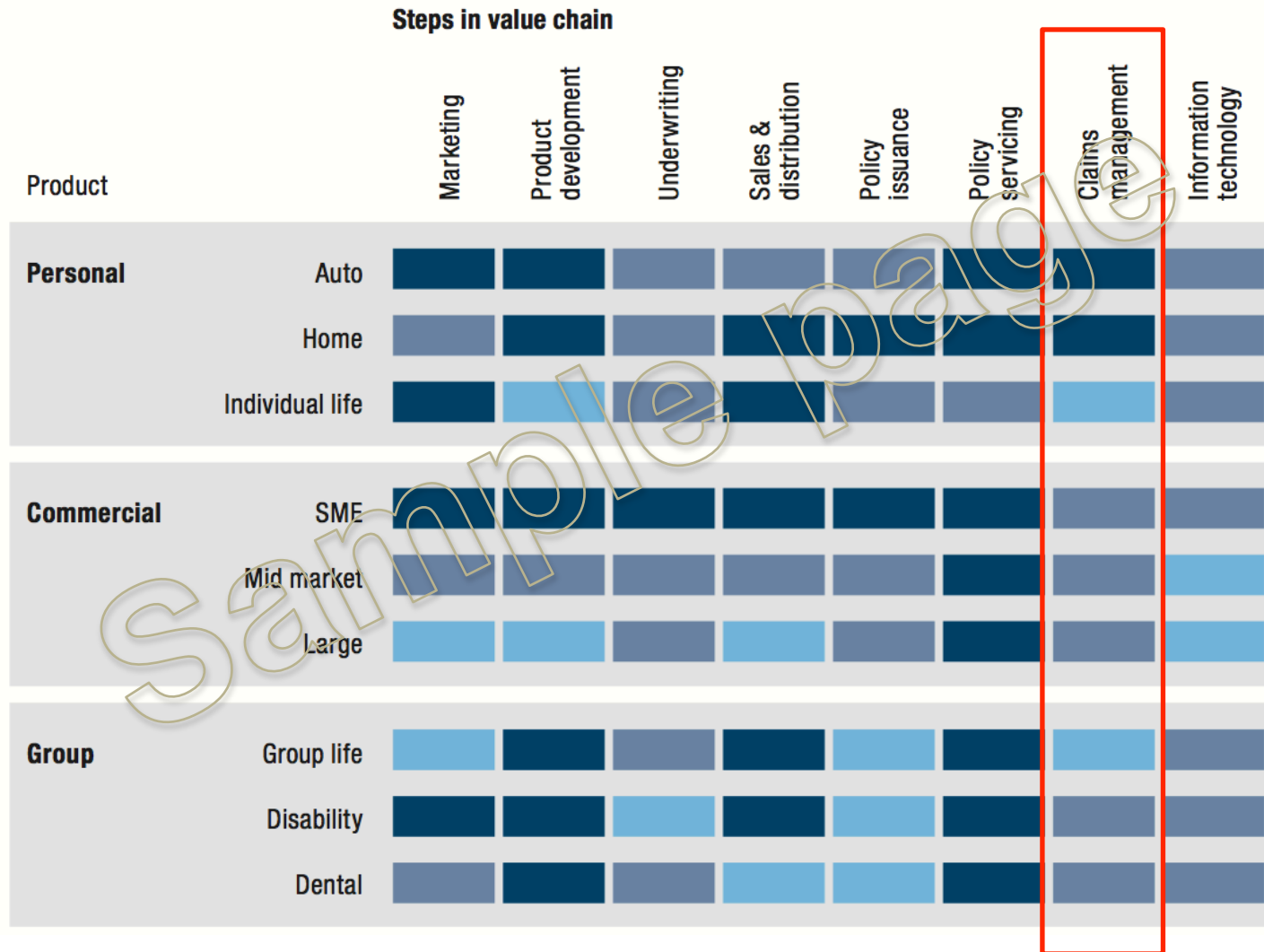
Claims Value Domain: Digital and Technology

Financial services organizations must ride the next surge of digital disruption. The digital world is now enveloping the claims space, insurers need to leverage this phenomenon to meet customers' new digital need, and increase automation to improve productivity, effectiveness and efficiency

Digital	Multisided Platforms & Ecosystems	Social Media	Gamification
Digital is revolutionizing the connection and approach consumers take towards their financial services providers	The emergence of various types of platforms and ecosystems could threaten insurers all along the value chain providing other industries with an opening to build on their deeper client relationships and better control the risk object (marginalizing insurers to mere capital providers)	Digital is revolutionizing the connection and approach consumers take towards their financial services providers	<p>“Gamification” is an emerging field in the insurance industry.</p> <p>Gamification is the use of game elements and design techniques for non-game problems.</p> <p>The power of gamification is that, through the use of game elements, activities that might normally be uninteresting and even tedious become fun thereby increasing motivation.</p>



From a business perspective, **digital** opportunities exist across the value chain, and, for claims are particularly attractive in auto and home products



Opportunity: ■ High ■ Medium ■ Low

Insurers are exploring ways to link customers, agents, brokers and back offices through emerging digital channels

Illustrative

CHANNEL CHOICE



- For several years, insurers have been experimenting with new delivery channels for insurance purchases.
- South African Metropolitan Life has introduced a pilot life insurance plan named Cover2Go, which allows new customers to contract for short-term insurance simply by sending an SMS.
- AXA clients in Thailand can renew their motor policies via text messaging

CONVENIENT, CHEAP AND ADHOC

- One insurer is drafting plans for low-cost, one-day ski insurance policies. The purchase process would be extremely simple via cell phones, customers would send an internal message with a phone
- Customers would send an instant message with a photo of an ad to a number displayed on it.
- Policy changes would then be added to their phone bills

INFORMATION SHARING



- In a Facebook training initiative, 27,000 State Farm agents have created groups of “friends” to discuss new products or trade experiences about customer service and ways to handle claims more effectively
- German insurer Generali Deutschland is using a social network to share information among its brokers

PARTNER NETWORKS

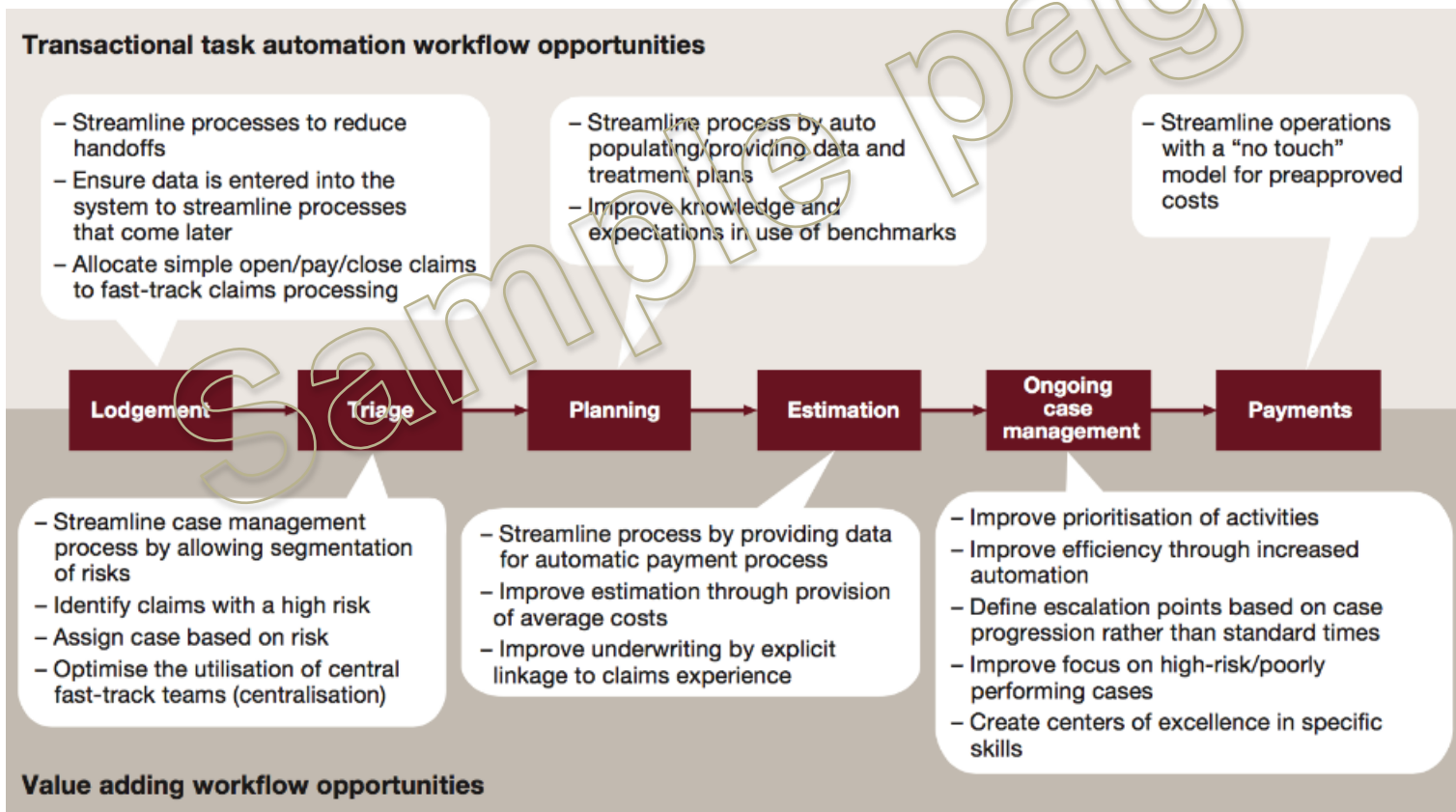


- The vehicle repair company Motorcare has created a wide-ranging digital network that connects insurers to its 800 garages in Germany
- It has processed some 140,000 claims and reduced repair costs by up to 20 percent

Focus on high-value activities for claims staff with investment in automation

To get the most out of practices such as benchmarking and risk segmentation, frontline claims staff should have easy access to data. Although many new initiatives can be implemented within existing systems, the real value-adding changes may require further investment in data storage and analytical capability.

Despite its potential cost, process automation can substantially enhance decision making and increase efficiency (see figure below). By automating low-value activities, companies free up staff to focus on work that can cut costs and increase levels of control.



We are on the brink of a revolution in robotics, which will significantly impact both high- and low-skill labour markets

INNOVATIONS IN ROBOTICS

- A new generation of more sophisticated robots is becoming commercially available, with greater mobility, dexterity, flexibility, and adaptability, as well as the ability to learn from and interact with humans.
 - They have high-definition machine vision and advanced image recognition software that allows them to position objects precisely for delicate operations and to discern a part in a pile.
 - They can move faster and more precisely, and some are made from lighter, softer materials.
 - Many insurers still rely on legions of low-skill workers (often in developing countries) to do work that involves precise operations on irregular objects, such as completing documents, preparing and processing transactions, etc.
 - Many of these tasks are now being automated by “robot” software.
- Advances in artificial intelligence, combined with improved sensors, are making it possible for robots to make complex judgments and learn how to execute tasks on their own, enabling them to manage well in uncertain or fluid situations.
 - Many advanced robots can also communicate with one another and work together on shared tasks. Some advanced robots are designed to be simple, small, and inexpensive, while having the ability to be networked together and work in teams. These distributed, or “swarm,” robots could eventually be used for dangerous tasks such as search and rescue operations.
 - One important feature is that robots do not have to take a physical form, they apply in virtual form as well, and are now being applied in back office processing units, large and small.

Acknowledgements

This report is the 25th in ICG's series of Knowledge Area Reviews, each of which provides a comprehensive perspective on global best practice in a different business area and/or function.

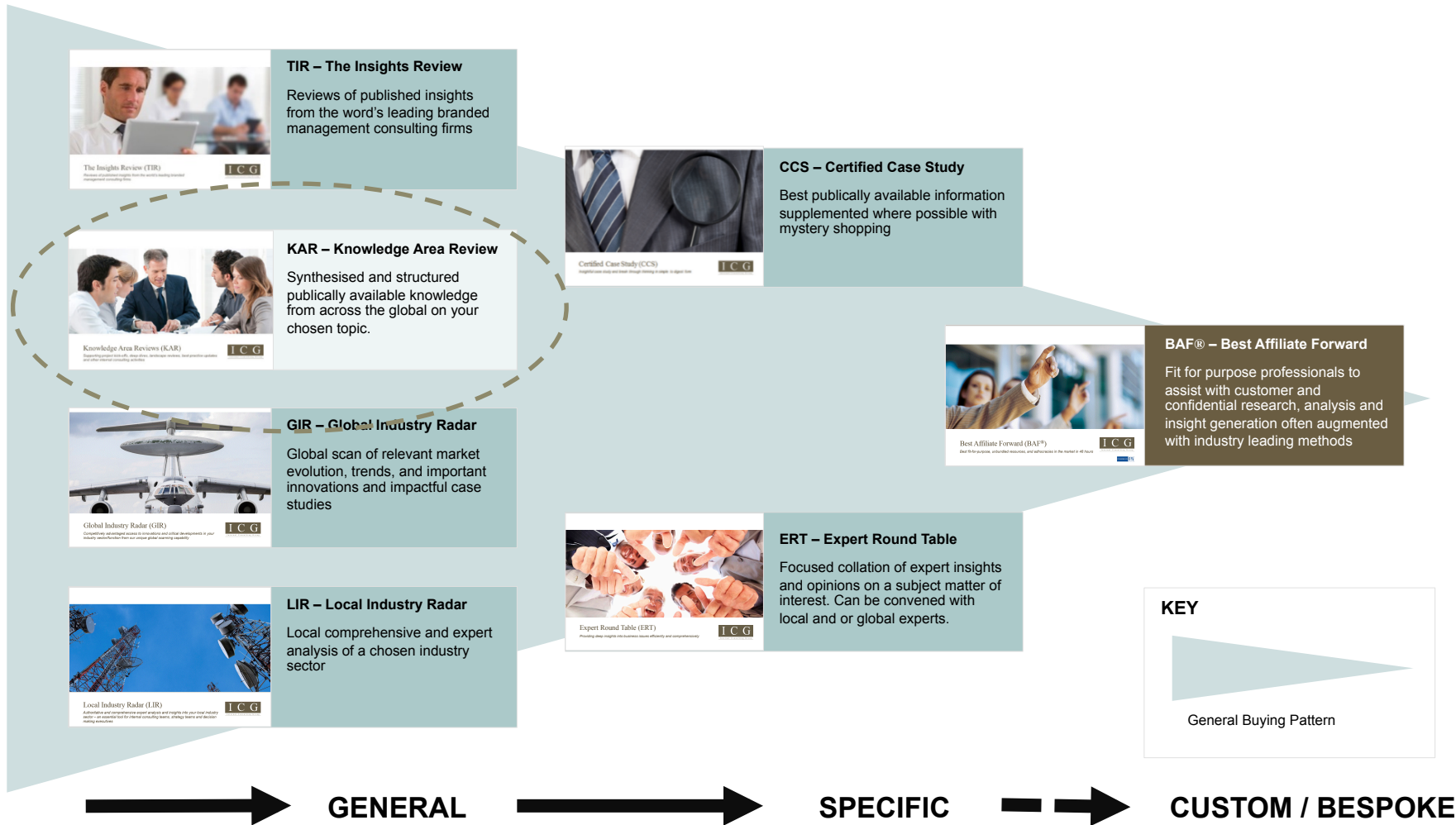
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