

CLAIMS

A Customer-Centric Approach to Claims Processing



Introduction

The world continues to digitize, and customers are increasingly embracing digital channels, even for buying policies and filing claims. Customer dissatisfaction with claim processing remains one of the biggest challenges insurers and TPAs face today. According to [Salesforce](#), 56% of customers expect personalization, while 85% demand cohesive experiences. Insurers must find a way to keep up with the changing customer expectations by personalizing experience throughout the claims process.

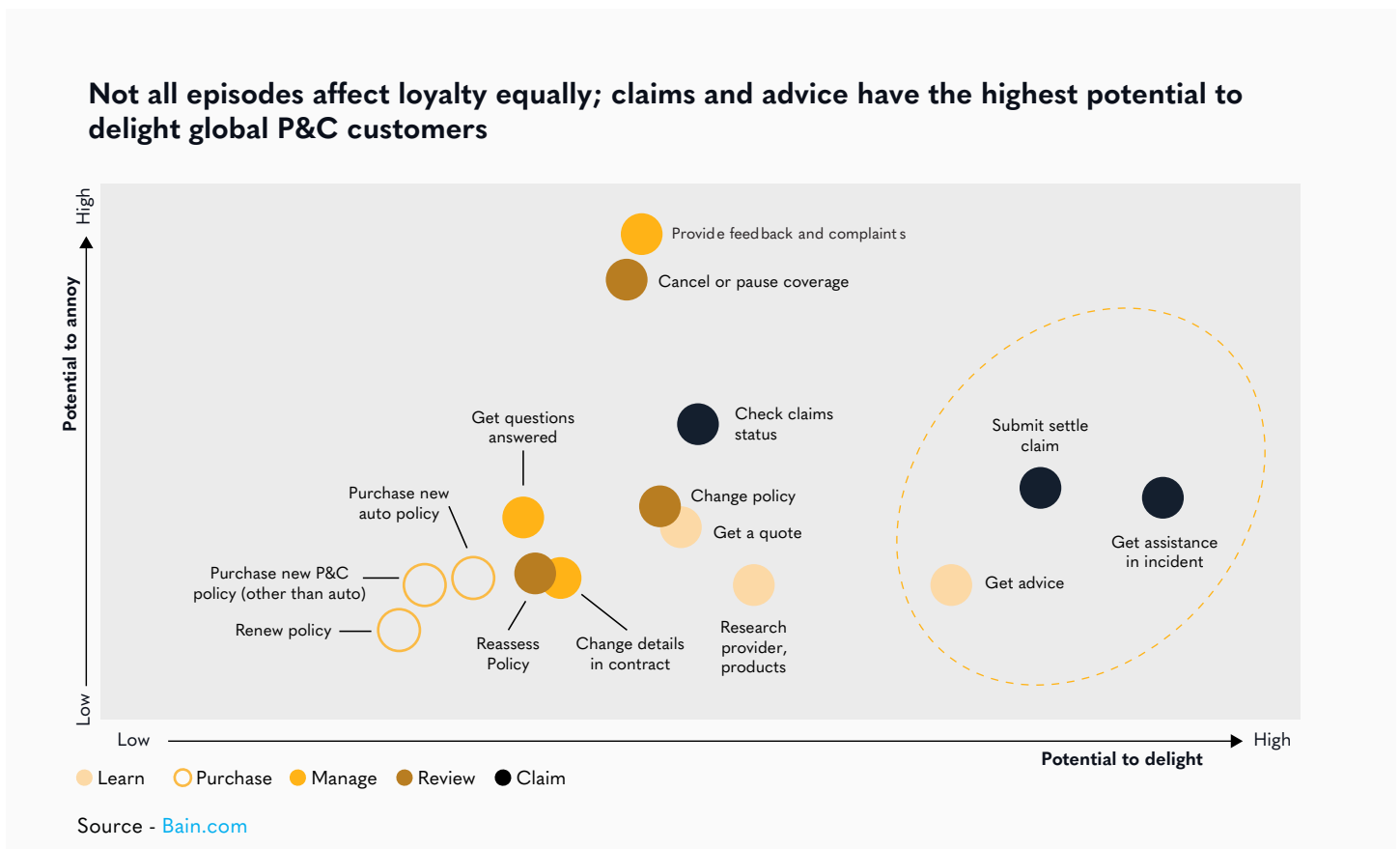
The traditional insurance claims processing methods are fraught with challenges that impact customer satisfaction. Additionally, superficial digital efforts make it more challenging for customers. According to the 2022 U.S. Claims Digital Experience Study by [J.D. Power](#), insurers are only able to meet customer expectations 34% of the time.

Insurers and TPAs need to recognize these issues and capitalize on digital transformation. They must adopt a customer-centric strategy to modernize their claims processes and enhance customer satisfaction.

Understanding Customer-Centric Claims Management

Customer-centricity is about understanding your customers and their wants and needs. [Gartner](#) explains customer centricity as understanding customers' situations, perceptions, and expectations. Making the customer the focal point of all product, service, and experience-related decisions helps enhance customer satisfaction.

Claims is a critical phase of an insurance customer's journey. According to [Bain & Company](#), claims management is among the three critical episodes that have the potential to delight customers.



Customer-centric claims management involves leveraging digital technologies and delivering value to build relationships. It means providing a personalized experience for customers during their entire claims journey. The digital era has sparked a transforming revolution in customer expectations. Customer-centric claims management today includes:

- Personalizing the claim experience through tailored customer interactions
- Simplifying and accelerating the claims process for quick resolutions
- Equipping customers with digital tools to manage their claims easily and quickly
- Ensuring transparency and visibility into the claims lifecycle to support an efficient end-to-end claims management process
- Leveraging data and analytics insights for improved cost efficiency, fraud detection, and process improvements

These steps help in delivering an end-to-end customer-centric claims experience for faster, more accurate pay-outs and improved loss adjustment efficiency. With a customer-centric perspective, insurance companies can establish smooth claims management processes while providing ongoing support throughout the claims process.



Impact of a Customer-Centric Claims Management Approach

For the insurers, meeting customer needs with more and more levels of customization is the panacea for success in the future. Especially since risk coverage and the timely reimbursement of claims aren't the only parameters that the customers of the day are seeking. They expect insurers to help reduce and even prevent risks around their homes, vehicles, health, and finances.

A note from Bain & Company suggests that this shift came about due to the turbulence caused by the pandemic and the disruptions that bubbled up. Insurers of the future would need to go beyond risk coverage and reimbursement to providing solutions that reduce risks. In a recent survey by Bain & Company, it was found that 80% of the respondents wanted insurers to embed ESG initiatives and 59% wanted them to reward healthy living.

Top five services desired by consumers

Auto	Home	Life and Health
Rewards for safe driving	Automatic device shutoff	Rewards for healthy living
Alerts of theft or damage to parked car	Inspection services before buying a home	Health checkups or remote diagnostic
Inspection services before buying a car	Alerts of threats to home	Support to find doctor/cilnic and scheduling of appointments
Safe driving alerts	Inspection services for damages and recommendation for maintenance	Digital access to all personal health records
Car inspection reminders and incentives	Alerts of damage of unusual activity	Reminder of prevention measures

Given the shift in customer focus as seen from the data provided in the above graph, insurers will need to adopt a more customer-centric claims process that can not only result in faster claims reimbursement but also provide valuable inputs to the customers in order to reduce their risk behaviors. Some of the digital transformation initiatives would result in the following advantages:

Quality of digital engagement

Enhancing the quality of digital interaction remains critical as consumers are okay with providing more data than before and without human intervention. This leaves the communication with a human for more complex and sensitive issues.

Improved customer service

Through the above steps, insurers can provide a far more personalized experience to customers that allows them to feel that their needs are being understood and addressed. It helps build trust and loyalty over time.

Reduced costs

Automating the claims process and offering self-service options reduces processing time and operational expenses, while freeing up adjuster time to focus on more value-added service activities.

Increased efficiency

Utilizing digital tools improves accuracy in the claims filing process while increasing visibility for customers into the entire claims lifecycle.

Enhanced fraud detection capabilities

Analyzing data insights helps identify potentially fraudulent activities early for faster resolution times and better compliance.

Digital Transformation for Customer-Centric Claims

Customer-centricity is no longer an option but a must for all insurance providers to stay competitive. The emergence of digital technology in the insurance industry allows insurers to enhance CX to streamline the claims process.

Some technology options available to insurers are:

Mobile-First Solutions

Intuitive mobile apps have grown significantly in the insurance industry to provide easy access to customers. In fact, using a responsive web solution has also resulted in a higher adoption rate, given that it remains current when the policyholder needs to raise a claim. Downloading the insurer's app allows customers to quickly submit a claim directly from their smartphone or tablet without having to contact their agent. Customers can easily track the status of their claims in real-time. The app also sends personalized notifications to notify customers about each stage of the process. It helps build trust between the customer and insurer while reducing claim settlement time.

Self-Service Portals

Offering quick and easy access to information is critical for insurers. According to the [World Insurance Report 2021](#), 60% of customers rated digital channels as more convenient compared to connecting with agents. Self-service portals allow customers to easily submit documents and manage their claims without any human assistance. Clarification to frequent queries and 24/7 access to information can be provided to customers. Besides reducing tedious paperwork, self-service portals speed up the claims process significantly.

AI-Powered Chatbots

Chatbots allow customers to interact with virtual agents through messaging services. They use AI algorithms to gather real-time information on the status of claims and provide quick responses to customer inquiries. Conversational chatbots can handle multiple queries at scale with minimal human involvement. Powered by Natural Language Processing (NLP) and machine learning, chatbots can understand customer requests, analyze their mood, answer simple queries, and escalate concerns to agents when needed. It helps improve the quality of customer interactions and also reduces wait times. According to a study by [Juniper Research](#), the global cost savings in the BFSI industry are estimated to reach \$7.3 billion by year-end as more companies automate answering customer queries. They can be deployed across different channels for added customer convenience.

Real-Time Communication Channels

Phone calls, live chats, in-app messaging, video calls, or interactive dashboards offer an effective way to keep customers updated on the status of their claims. Through these channels, insurers can keep them informed of the status of their claims. By automating the communication process, insurance companies can stay connected with customers in real time. They can automatically notify any changes in the status of the claim and respond to questions or concerns related to a claim from any device at any time. It ensures greater transparency throughout the claims process.

These digital technologies are transforming insurance claims management and providing customers with a more personalized service experience. A smooth claims process leads to higher customer satisfaction and loyalty in the long run.

Personalization and Proactive Communication

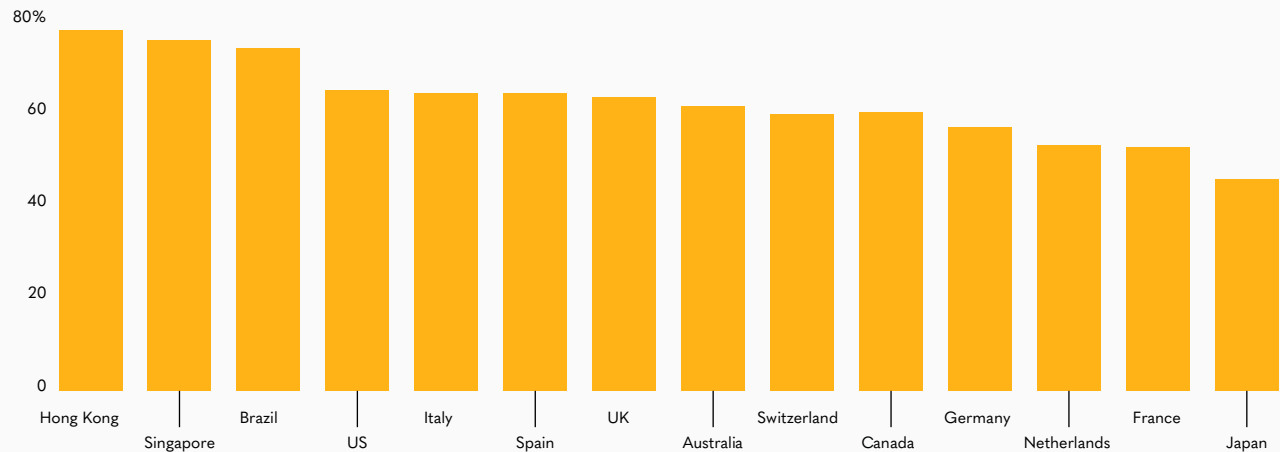
The modern insurance customer is looking for tailored experiences and values proactive communication. Offering personal recommendations based on their unique needs is crucial to capture attention. For instance, insurance companies can proactively communicate information related to upcoming severe weather conditions that could affect policyholders' homes, thus giving them time to prepare themselves to meet any exigency.

Personalization involves using customer data to tailor interactions and provide relevant information based on individual needs. It could include offering personalized recommendations for products or services, providing real-time updates about progress in settling a claim, or even proactively suggesting ways to address potential problems before they arise. By leveraging customer data to personalize interactions, insurers can create a more engaging experience that meets customers' expectations and builds trust in the insurer.

Claims management, in particular, has seen an uptick in demand for personalized service delivery to ensure customers are kept informed throughout the process. According to the Technology Vision for Insurance Claims report by [Accenture](#), 64% of customers are interested in personalized insurance services. Around 48% also expect the insurer to derive insights from data to tailor the services. Further, the [Bain Insurance Consumer Insights Survey 2022](#) results show that 50 to 80% of customers are willing to share their data with insurance providers.

Many consumers are open to sharing their data with insurers

Percentage of customers willing to share personal, health, financial, or home security data with their insurance provider, 2022



Source - [Bain.com](#)

Proactive communication involves taking the initiative to reach out to customers with relevant information, updates, or advice that will help them effectively manage their claims. It can include sending updates throughout the process, helpful reminders of deadlines, or sharing a list of documents needed for processing, and guidance on any additional steps. By proactively engaging with customers throughout the process, insurers are better able to meet customer expectations and provide a positive experience even in challenging situations.

By leveraging personalization and proactive communication, insurers can create a more customer-centric approach to claims management that meets customers' needs and builds trust in the insurer. Such strategies improve customer satisfaction and foster loyalty in an increasingly competitive market.

Empowering Customers through Self-Service

Self-service options are becoming increasingly popular among insurers looking to provide customers with an efficient and convenient claims management process. Customers feel empowered to make decisions that best suit their needs by taking control of the entire process. The new generation of insurance customers demand self-service as the first point of assistance by their insurer. According to [Salesforce](#), 39% of millennials prefer finding answers to their queries through FAQs instead of contacting customer service teams.

A customer-centric approach to self-service gives customers access to all relevant details about their claims. It allows them to track progress without contacting a customer service representative. The popular self-service options that insurance companies can use are:



Self-service portals

These are specially designed portals with customer-centric functions. Customers can access information on their claim status, review and update documents, and submit requests for additional support or help.

The additional transparency offered by self-service solutions helps build trust by keeping customers well-informed throughout the claims process. It boosts customer satisfaction and loyalty by providing them with the convenience, speed, and transparency they seek when managing their claims.



Mobile apps

Smartphone apps enable customers to access information about their claims through their smartphones easily. They can view the progress of their claim and receive notifications when changes occur.



Online tracking

Providing the option for online monitoring allows customers to check the status of their claim in real time from any device with an internet connection. It helps them to understand the claims process better, allowing them to track the status of their claim and make informed decisions.



Leveraging Data Analytics and AI

Data analytics and artificial intelligence (AI) are being deployed to understand customer preferences, predict needs, and optimize claims management processes. Understanding customers' past behaviors through AI-driven approaches can help insurance organizations anticipate potential claims issues. Predictive analytics provides a more seamless experience for customers as insurers can resolve concerns before they arise and proactively address customer needs.

AI is also being used to automate claims processing, helping to reduce time spent on manual tasks. Claims automation can enable faster processing times, lower costs, and fewer errors, resulting in higher customer satisfaction. AI-enabled fraud detection systems can detect patterns in large datasets that reveal fraudulent activities quickly and accurately. It enables timely preventative measures against fraudulent claims.

Overcoming Challenges and Best Practices

The implementation of customer-centric claims management can be a daunting task, and organizations must confront numerous challenges along the way. Here are the best practices and strategies to help your organization overcome these challenges and successfully embrace a customer-centric approach.

Data Privacy

One of the biggest obstacles when it comes to implementing customer-centric claims management is keeping sensitive customer data secure. Insurance organizations must ensure that their customers' personal information is securely collected. It must be stored and used in compliance with all applicable laws and regulations. They need to establish policies for handling customer data, such as an appropriate retention period or security protocols for data sharing.

System Integration

The need for seamless data sharing makes system integration a key part of the customer-centric claims management process. To ensure successful integration, organizations should focus on the following:

- Establishing clear objectives for the integration process
- Identifying and addressing any existing system incompatibilities
- Developing unified standards for data sharing and uniform processes
- Testing all integrations thoroughly before going live

Change Management

Effective change management is essential in order to ensure that customer-centric claims management is properly embraced by all stakeholders within the organization. Change management activities need to include adequate training and support for staff, as well as communication plans to develop a customer-centric culture. Additionally, it is important to consider how the organization can measure the success of customer-centric claims management and assess whether it is meeting its objectives.





The Future of Customer-Centric Claims

Emerging technology trends are steering the insurance industry towards becoming more customer-centric. Artificial intelligence (AI) and machine learning can help to automate insurance claims processes and create a more efficient customer experience. AI is being used for streamlining the claims process, including document extraction, data entry automation, analytics of large datasets, and advanced fraud detection. AI can learn from data patterns to accurately predict potential losses or risks associated with a particular policyholder. It allows insurers to offer more customized coverage options in such cases.

Conclusion

The future of the insurance industry predicated on moving away from the traditional perspective that its only task is to cover risks and reimburse claims on time. They need to adopt a more solution-centric approach with a much broader role that combines personalized service including advice and managing a partner ecosystem. And the data points that this ecosystem provides would define the right set of interventions. This is where AI-led claims processing comes into play as it can potentially boost the levels of customer service to a point where trust becomes the driving force that links the insurer with the insured.