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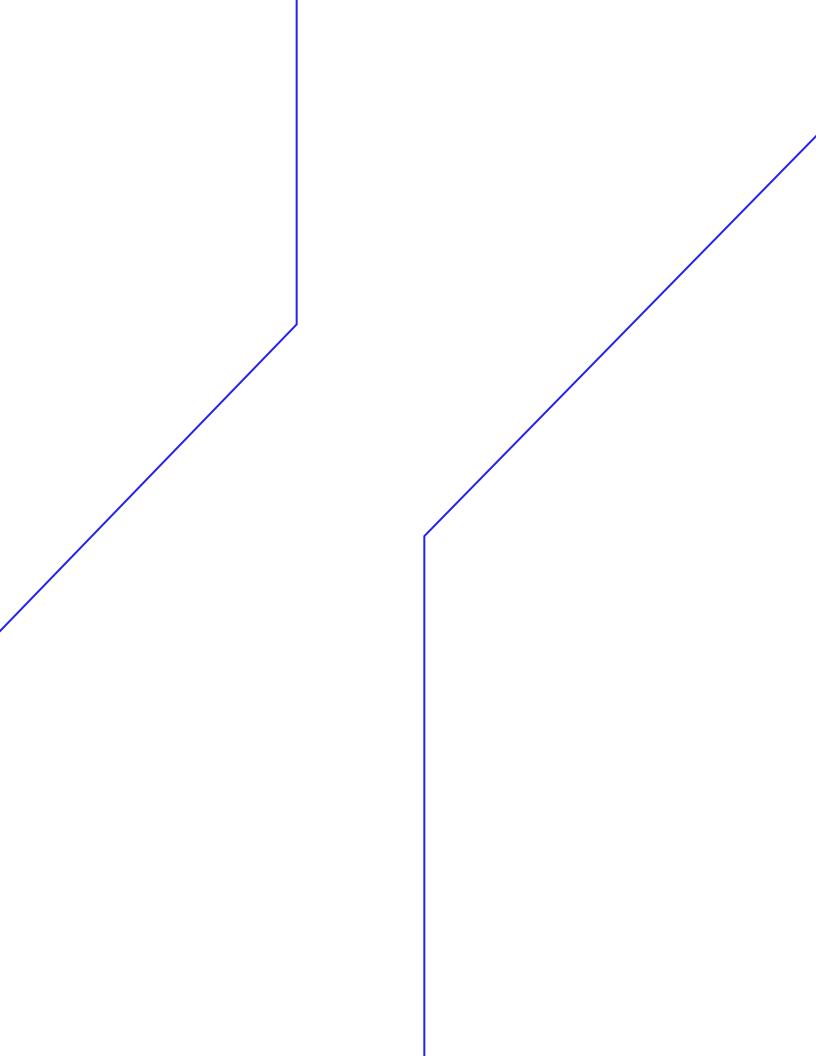
KPMG

Modernizing Claims and Enabling a Digital Ecosystem: How Insurers Can Expedite Claims Handling

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Customized product and service recommendations are delivered straight to your smartphone. You receive step-by-step updates of a shipment in transit, culminating with a photo of your package waiting on your doorstep. The digital experiences that started out in e-commerce and online banking have gone mainstream. Fueled by cloud technology, sensors, IoT networks, and high-speed connectivity, digital-first experiences have raised the bar for customer expectations across virtually every industry—including insurance.

The disruptions caused by COVID-19 have intensified these expectations at a breakneck pace. Not only did many aspects of daily life move online, but insurers, insurtechs, tech giants, and other disruptors had to reimagine what's possible when it comes to delivering a digital-first, connected insurance experience.

There's no question that digital transformation has arrived, but how can insurers balance skyrocketing customer expectations with their legacy tech stack and rising operational costs? Insurers are facing a conundrum. In this digital-first world, where should they put their focus to gain a competitive edge? And how can they get there quickly, in a way that maximizes their IT investment and gives them the flexibility needed for even more change in the future?

Claims: the insurance "moment of truth."

One of the most impactful, high-value areas to consider in the insurance life cycle is the claims process. From first notice of loss (FNOL) to successful resolution, a claim is a policyholder's greatest moment of vulnerability. It's also the best chance insurers have to influence the customer experience and differentiate their brand. Failing to deliver a superior customer experience can result in customer dissatisfaction and churn.

Claims is an area tailor-made for modernization, involving cumbersome manual tasks, disconnected systems and data sources, and complex processes and regulations. Customers want their claims resolved quickly, accurately, and with a personal touch, and so do the teams involved in making this happen who seek to minimize costs and reduce claims leakage.

Which brings us to the big dilemma insurers face: where in the claims process should they focus their IT budget and efforts? Do they prioritize a bespoke customer experience on the front end, increasing customer satisfaction, or do they focus on back-end operations to drive efficiency and reduce claims leakage?

Why not aim for both?

> Customer expectations are being set, not only within the insurance industry, but by everyday digital experiences. Insurers can't ignore e-commerce or digital banking as models to aspire to, because that's what customers are expecting—and that's where the competitive advantage lies.

Deliver the best of both worlds with a modern claims experience.

Consider all the obstacles in the claims process that currently result in a poor customer experience, lengthy time to close, and increased costs. Today's claims operations teams are juggling disparate legacy systems and data sources that slow down the claims process and increase the potential for inaccurate decision-making, fraud or litigation, or losing a customer by not meeting their service expectations.

Insurers also struggle to successfully integrate new data sources from IoT, insurtechs, and telematics, a problem that will only continue to intensify as usage and popularity of these data sources grows.
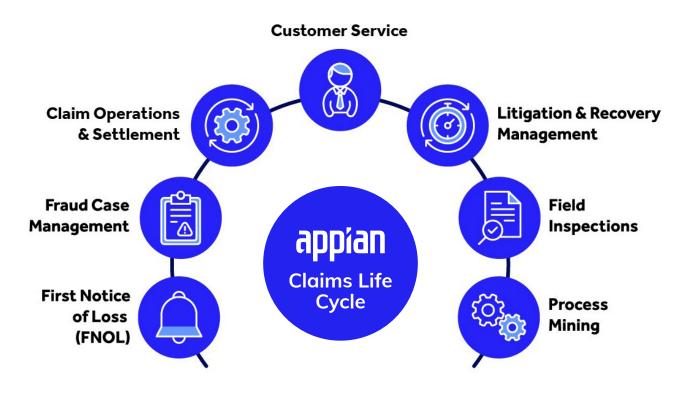
An agile, modern claims platform addresses all of these challenges and more. By delivering an intelligent, connected claims management experience, insurers can orchestrate once disparate processes—they can integrate systems and data across their entire enterprise to provide a single, 360-degree view of each claim. By providing a bridge between legacy applications and modern core administration systems, insurers can streamline claims operations to increase straight-through processing, improve the customer experience, and reduce leakage.

Claims optimization starts with a digital ecosystem.

In order to deliver a modern, digital-first claims experience, insurers need to begin with transforming their digital ecosystem. Unfortunately, most insurers today are operating with legacy systems which pose numerous obstacles to keeping up with today's regulatory, customer, and market demands.

These legacy systems also come with a huge price tag when it comes to accumulating technical debt. In addition, core modernization efforts can often take years to deploy and

Modernize your entire claims workflow—from FNOL to settlement and recovery—and enable continuous improvements with process mining capabilities.

can cost tens if not hundreds of millions of dollars along the way. Such lengthy time frames also expose insurers to the risk of obsolescence and losing market share. Furthermore, these legacy core systems lack agility and flexibility, which means if new regulations or market changes emerge, business processes, rules, and workflows can't be quickly adapted, resulting in further inefficiencies or increased costs.

Creating a digital ecosystem, however, requires more than just digitizing your existing infrastructure and service models. It requires technology that will truly enable you to remain nimble, agile, and innovative in the face of ever-evolving business demands. And this is where low-code comes in.

Bridging the gap: connecting the old with the new.

Using low-code automation, insurers don't have to toss out the old to bring in the new. Instead of embarking on costly "rip and replace" initiatives, insurers can use a low-code automation platform to unify robotic process automation (RPA), artificial intelligence (AI), intelligent document processing, data, employees, and business rules to automate even the most complex insurance processes.

By extending and unifying existing systems and data, insurers can avoid costly, time-consuming data migrations and create a single engagement layer for claims management. This, of course, can help insurers with the following:

- Accelerating the benefit realization of multiyear transformation projects.

- Reducing the payback period for core administration systems.

- Driving innovation and new technology adoption concurrently with modernization efforts.

- Increasing the volume of touchless claims and straight-through processing by integrating automation into the business workflow.

- Reducing leakage and operational costs by enhancing claims handling.

- Delivering a superior customer experience to drive loyalty and prevent churn.

Furthermore, in today's climate of high consolidation and mergers and acquisitions, low-code automation can accelerate the process of integrating dozens, even hundreds, of systems after a merger or acquisition.

Accelerate time to value.

Given the pace of change in today's business environment, speed and agility are of the utmost importance—and the insurers that will come out on top, not only today but in the future, are the ones that can embrace a digital ecosystem. They need an ecosystem that empowers both IT and business leadership to move at the speed our new reality demands—one that provides them with the toolkit they need to deliver results quickly and at a fraction of the cost required by traditional systems and development.

By looking to a modern claims solution powered by low-code, insurers can optimize and expedite the claims process and then use this foundation to scale, innovate, and grow. In doing so, they strengthen customer loyalty, reduce costs, and ultimately position themselves well for the future of insurance.

To discover how to get started delivering an agile, digital-first claims management experience, visit this page and learn more about the KPMG Insurance Claims Modernization offering, enabled by Appian. Together, we help improve the customer experience and increase operational efficiency.

About the authors.

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