

Innovation in Insurance Report

Making Claims Simple, Fast and Stress-Free

Over the past decade, venture capitalists have poured increasingly large amounts of cash into insurance-focused fintechs. Now, traditional property and casualty insurance companies need to figure out how this affects them and what to do about it.

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Publicis Sapient recently conducted a survey of 250 policy holders from the United States and Canada who all interact directly with their insurers (no brokers). Sixty-seven participants (26.8 percent) changed providers over the last year.



WHY THEY SWITCHED

(MULTIPLE REASONS WERE ACCEPTED)

Experience

100%  cited a reason pertaining to their experience with their previous carrier.

Specific reasons for switching:

- 37** for faster claims processing
- 36** for a better digital experience
- 34** for better personal service
- 32** because of a poor service experience

Values

55.2%  were looking for a carrier with different values

Specific reasons for switching:

- 23** for an organizational culture more aligned with their social values
- 25** for greater transparency and trust

Pricing

70.1%  cited pricing as a reason for switching.

Specific reasons for switching:

- 37** for lower prices
- 13** because of discounts/pricing based on data they were willing to provide
- 8** because of discounts/pricing based on their ability to reduce risks
- 8** because of alternative pricing (e.g., pay-per-mile)

Options

55.2%  were looking for new options

Specific reasons for switching:

- 23** for a broader range of products
- 18** because of referrals, insights from social media
- 10** because of a change in insurance status

PAIN POINTS

While there will always be a segment that looks for the cheapest price, insurance companies can still retain and attract prospects by offering seamless, omnichannel experiences. Great experiences could make the whole transaction less of a grudge purchase.

The 67 survey participants who took out insurance policies with new providers also revealed their biggest onboarding pain points.

34% 
Filling out forms and providing personal information

30% 
Understanding policy terms and coverage

28% 
Creating logins

28% 
Providing ID

25% 
Providing documents and evidence

22% 
Adding beneficiaries and making change

19% 
Inconsistency in communications channels (website, apps, personal contact, etc.)

18% 
Getting quotes

16% 
Providing signatures

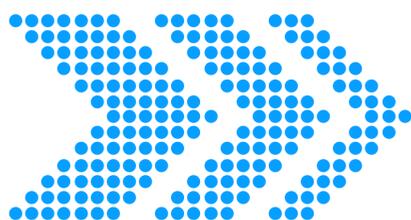
15% 
Clarifying premiums and fees

15% 
Lengthy onboarding process

13% 
Need for manual data entry

9% 
Inability to talk to a human

7% 
Poor digital experience



Participants indicated that filling out forms and providing personal information are common pain points. These sorts of problems could be solved by porting core details over using shared application program interfaces (APIs) and similar technologies.

Insurance companies don't necessarily need to race to the bottom competing in a price war. The survey results indicate that they can retain and attract customers by improving the claims process and making it clear that the insurer is doing right by them.

Prospects feel pressure to take out as much coverage up front but fear they won't be covered when the time comes. Through seamless, omnichannel experiences, insurers can communicate the scope of coverage clearly and make the claims process as painless as possible.

The time to change is now.

 **The claims process needs to be simple, fast and stress-free.”**
–Survey participant

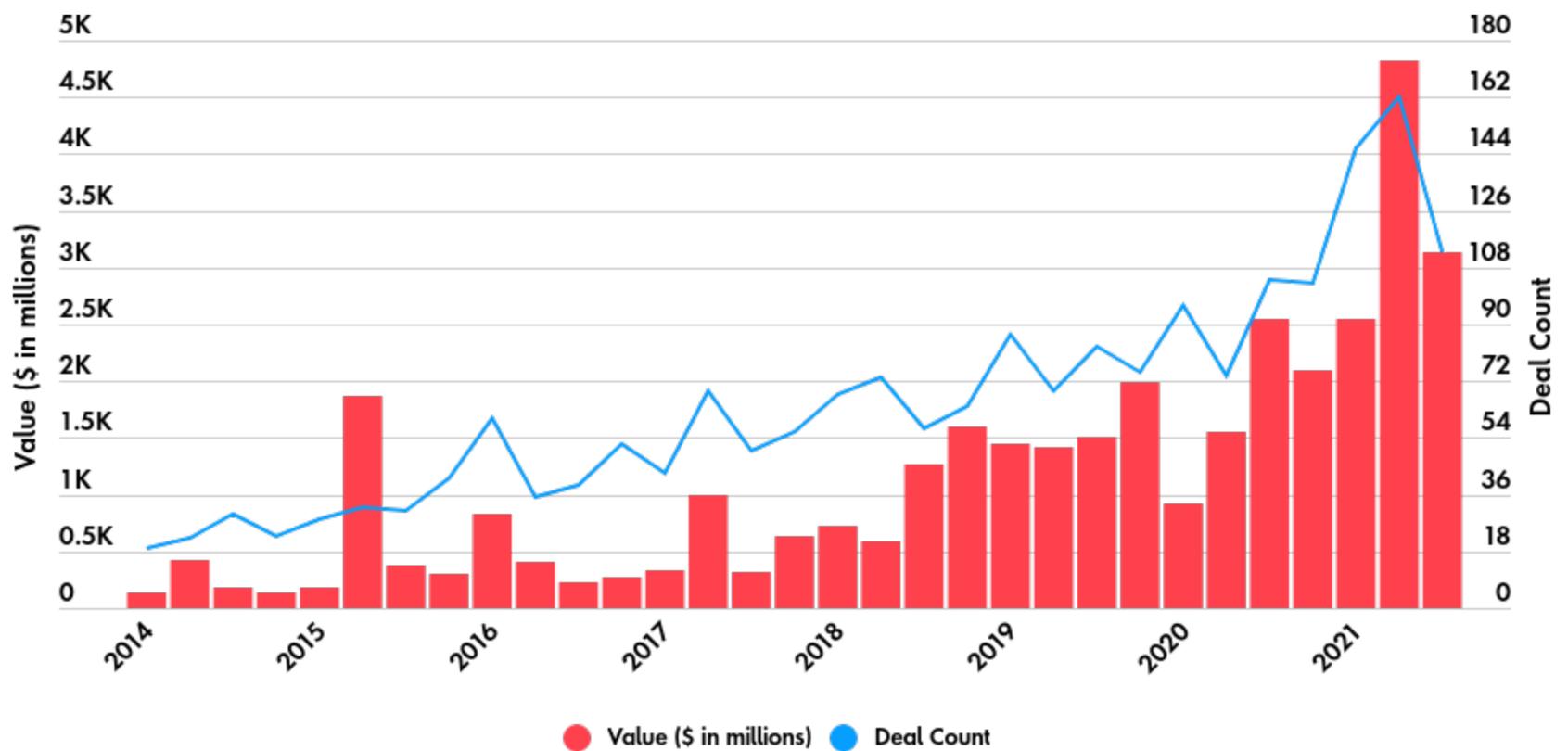
FLUSH WITH CASH: INSURANCE TECHNOLOGY

Whereas traditional financial institutions have grown since the mid-2010s, the property and casualty (P&C) insurance industry has been relatively stagnant.

Publicis Sapient's Jason Paau, senior director of program management, and Mike Chiamonte, senior principal, management consulting argue that's poised to change.

Spurred by the COVID-19 pandemic, global funding into insurtech soared to all-time highs during 2021. [Willis Towers Watson](#) reported that investment reached \$7.4 billion in the first half of the year.

Quarterly InsureTech funding volume - all stages



Source: CB Insights

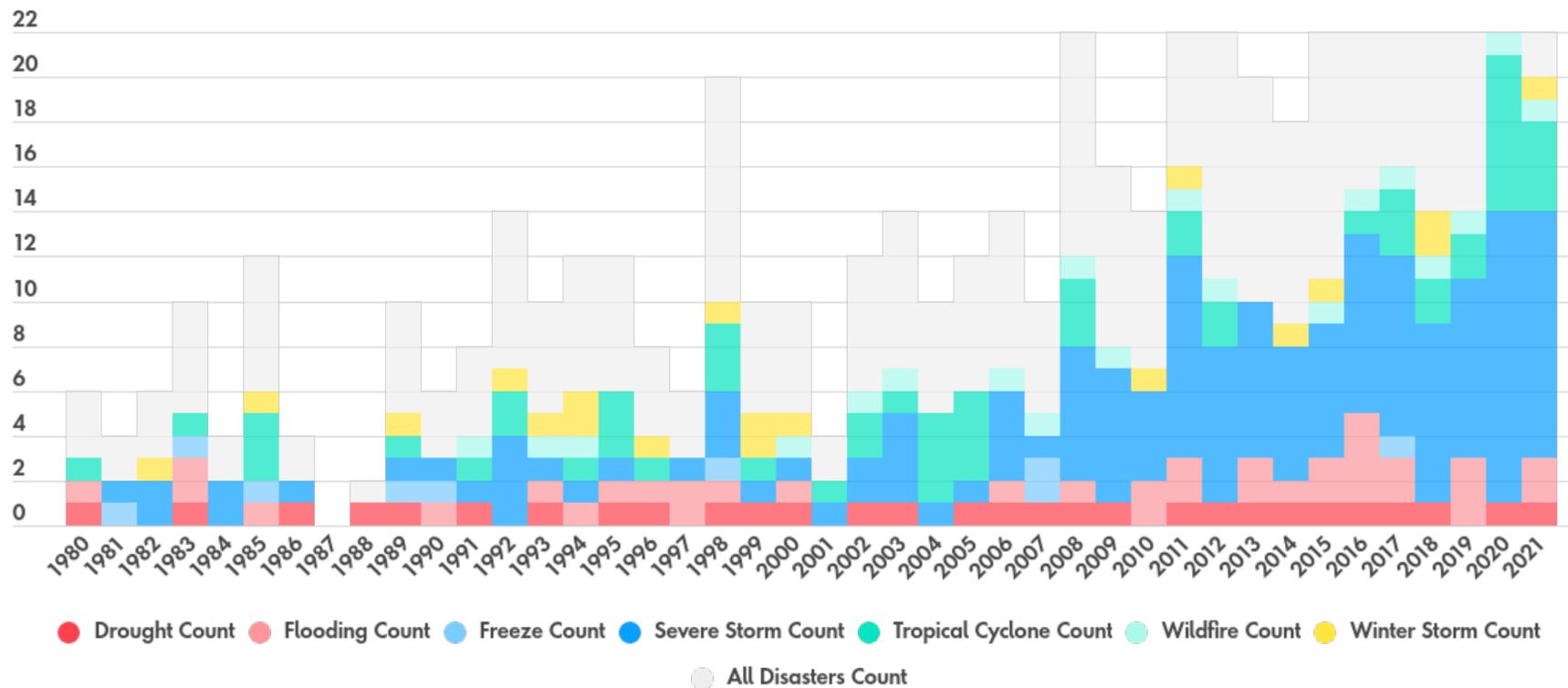
This money does not come from any single megadeal – an acquisition valued at \$5 billion or higher – but from investments across a wide range of insurance products. This steady stream of funding suggests that investors are betting on the future of innovative insurance as a whole and not just a few dominant players.

“If you look at the P&C industry holistically, it really hasn't changed much. It certainly hasn't experienced the exponential growth traditional financial institutions have seen in the marketplace. But insurtechs raised roughly \$2.1 billion in Q1 of 2021. There's a lot of money being invested in a wide range of insurance products across the entire value chain.”

–Mike Chiamonte

It's no surprise that natural disasters and subsequent insurance claims have been increasing at an alarming rate for the last half century.

Loss events in the US (1980-2021)



Source: CB Insights

Over the past few years, many high-profile insurance losses (e.g., the COVID-19 pandemic, electrical failures, severe tornadoes, stuck cargo ships, etc.) have illustrated the need to tech-enabled claims handling.

As climate change accelerates, natural disasters increase, cyberattacks grow and rare events become commonplace, insurance companies need to learn how to handle claims at scale, efficiently and effectively.

They also need to address the public's current frustrations. Our survey shows that the biggest frustration while filing a vehicle insurance claim were delays in claims payouts (74), lack of information about claims progress (51), smaller than expected claims payouts (49), denial of claims (49) and inability to reach claims staff (46).



There's an increasing demand for tech-enablement of claims along with greater disasters and losses. Handling these claims efficiently and at scale is important."

-Jason Paau

OPPORTUNITIES FOR INNOVATION

One survey participant suggested that insurers “work to create a cohesive multichannel experience so that customers are satisfied no matter how they connect with the company.”

The simultaneous rise in claims and funding spells opportunity for insurance companies. Insurers need to transform the claims process from end to end. By teaming up with insurtechs for certain aspects of claims while modernizing their internal processes, they can elevate the experience, so claimants feel supported at this difficult time.

From the first notice of loss (FNOL) until payment delivery, the foundation for improving claims is having a complete view of the claimant with a customer data platform (CDP). By drawing on the right sources of data, insurers can better understand a claimant’s risk profile.

The next step is making sure that claimants reaching out to the provider are directed to the right point of contact – whether that be a human agent, virtual agent or prewritten explanation. Claims of greater severity and emotional impact require the empathetic touch of an actual person, whereas lesser claims may be handled in an automated or virtual manner. Behind-the-scenes engines can assist in claim triage while providing additional context to the agents.

Other technologies can detect fraud or help agents handle legitimate claims in a way that’s fair to the insurer and the insured. Insurtechs like Solera, for instance, have a huge database with average costs for fixing different car parts. This ensures that the claimant isn’t overpaying for a repair or receiving low-quality parts.

There are insurtech companies that help adjusters, or insurance claims agents, determine whether a claimant is covered. Adjusters typically need to prepare a wide range of unstructured and incompatible data manually. But technology can easily unify and clean the data so it can be analyzed rapidly by AI. If a payment is warranted, this technology can determine a reasonable offer for both claimant and insurer, and reduce lawyer involvement.

“There are three opportunity swim lanes for claims innovation: the first notice of loss, dynamic claims adjustment and finally smarter claims. How do you improve the quality of the information when you’re assessing those claims?”

–Jason Paau

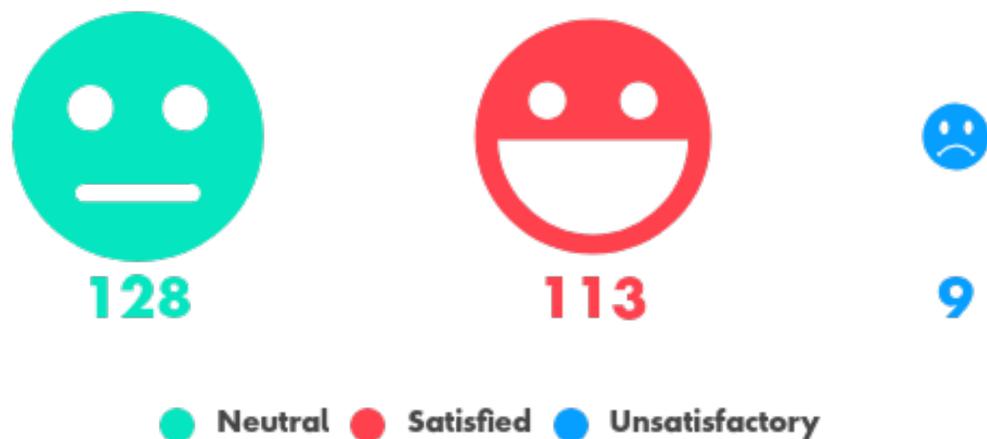
“We’re looking at the entire claims process from beginning to end – submission, coverage, evaluation, negotiation. They all need to be digital.”

–Mike Chiamonte

CUSTOMER SATISFACTION

Throughout all this transformation, it’s important for insurers to fulfill their fundamental business mandate as well: to attract and retain customers.

When asked how satisfied they were with the digital customer experiences offered by their primary insurance provider, over half of respondents felt neutral.

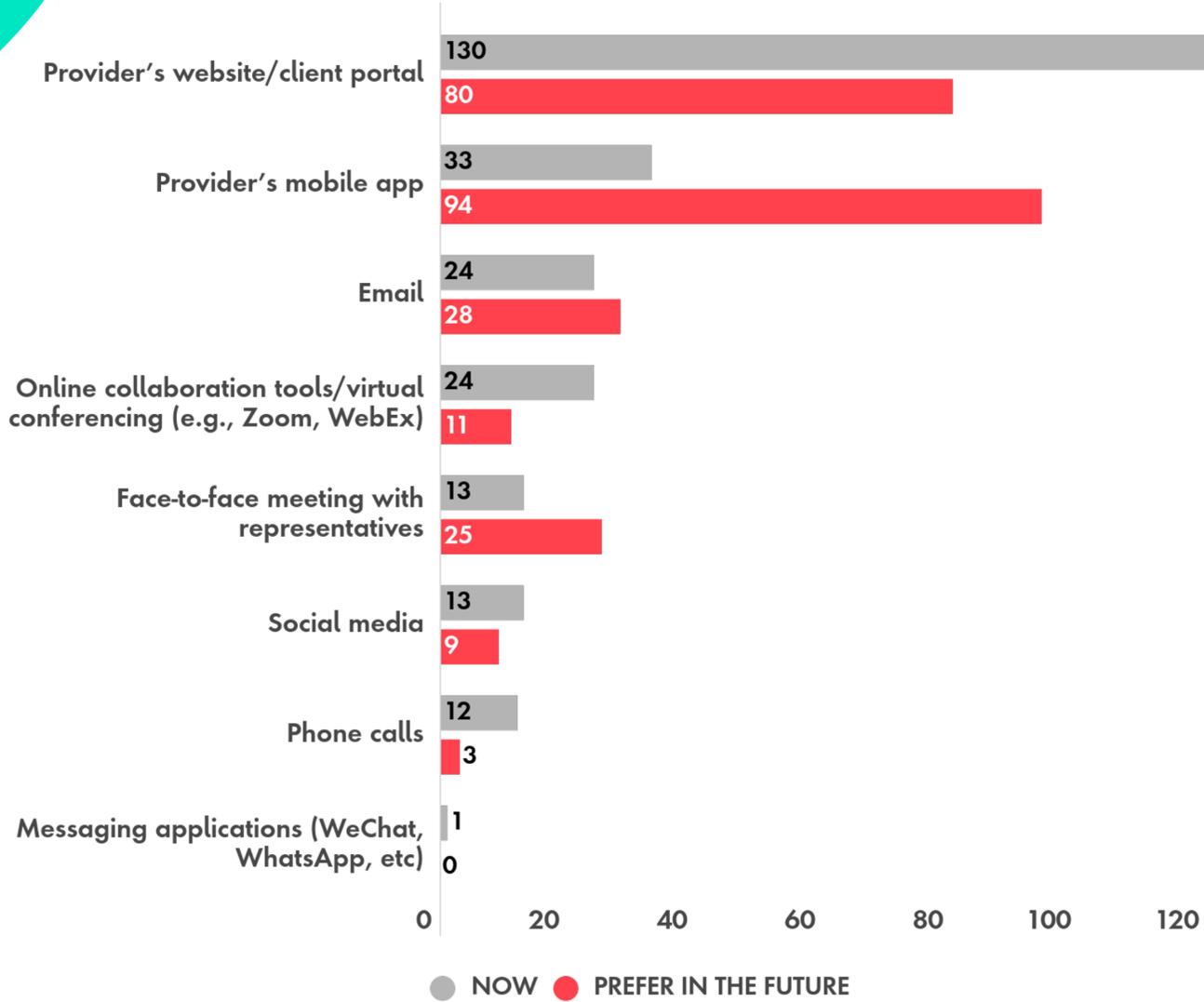


This represents an opportunity. The unsatisfied respondents are few, but almost all point to problems that can be solved through enhanced omnichannel experiences. Digital enables engagement with insurer at “moments that matter” in a timely way. The “cheapest price” will not overcome a bad claims experience.

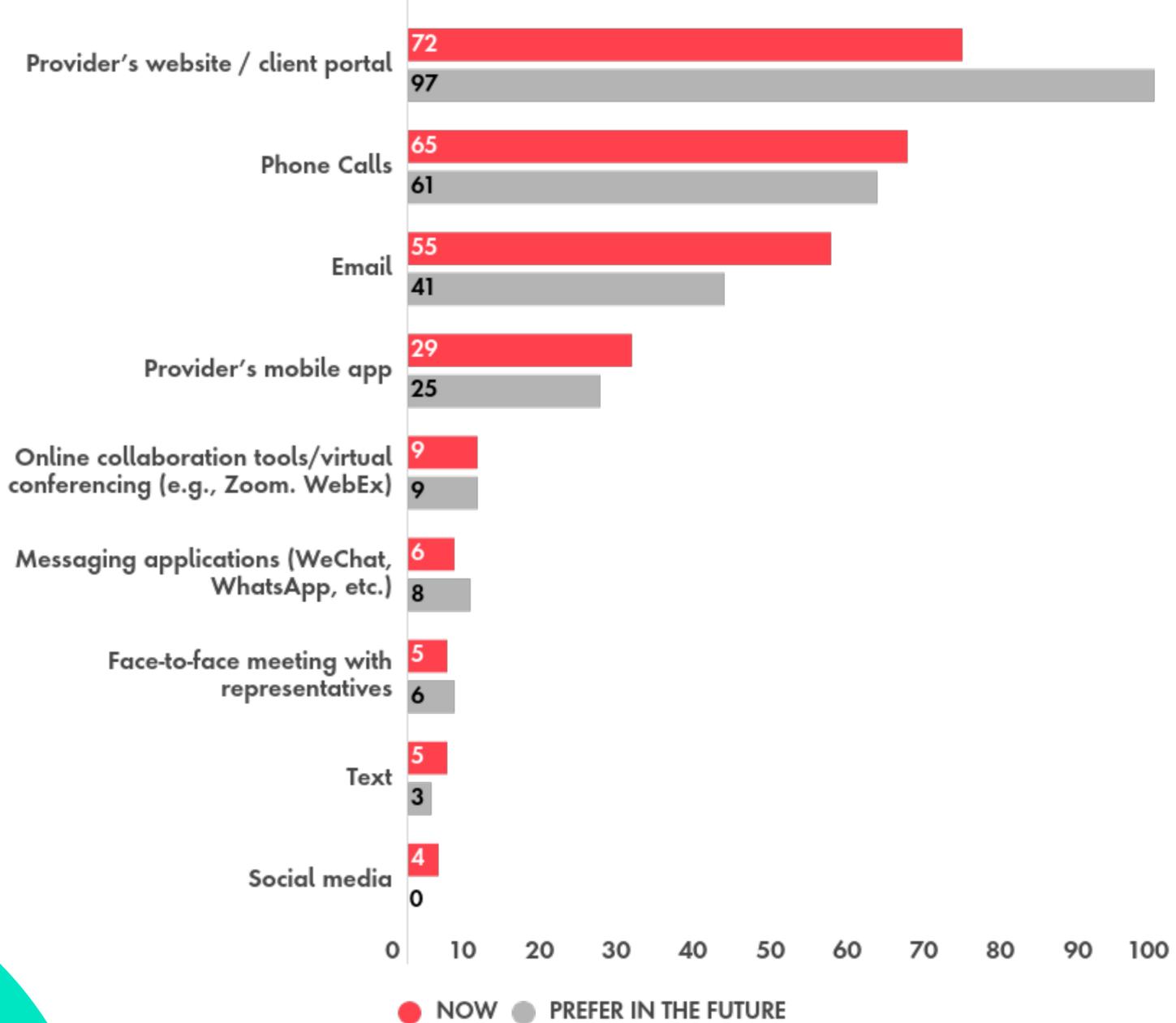
WHAT PEOPLE WANT

For a few key activities, our survey participants were asked which channel they use most to interact with their insurance provider and which channel they would prefer to use in the future.

Shopping for insurance coverage/comparing prices

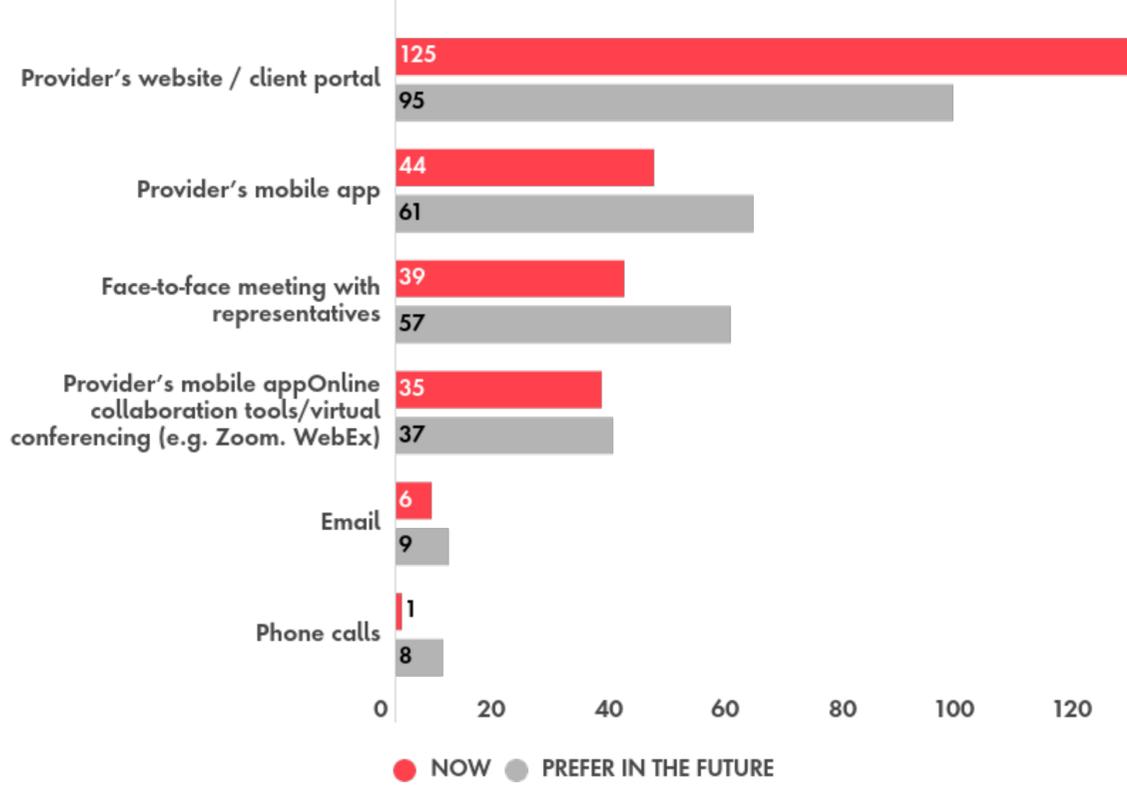


Receiving advice/information about policy features and pricing

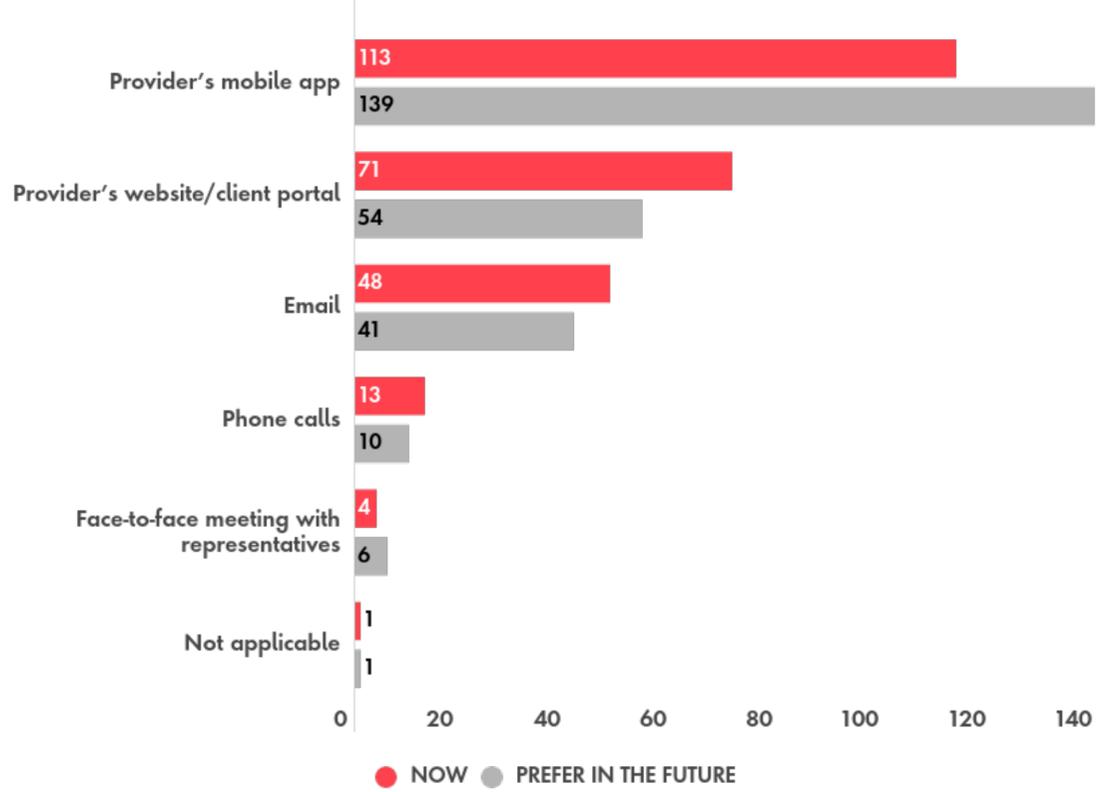


WHAT PEOPLE WANT

Buying a policy/opening an account

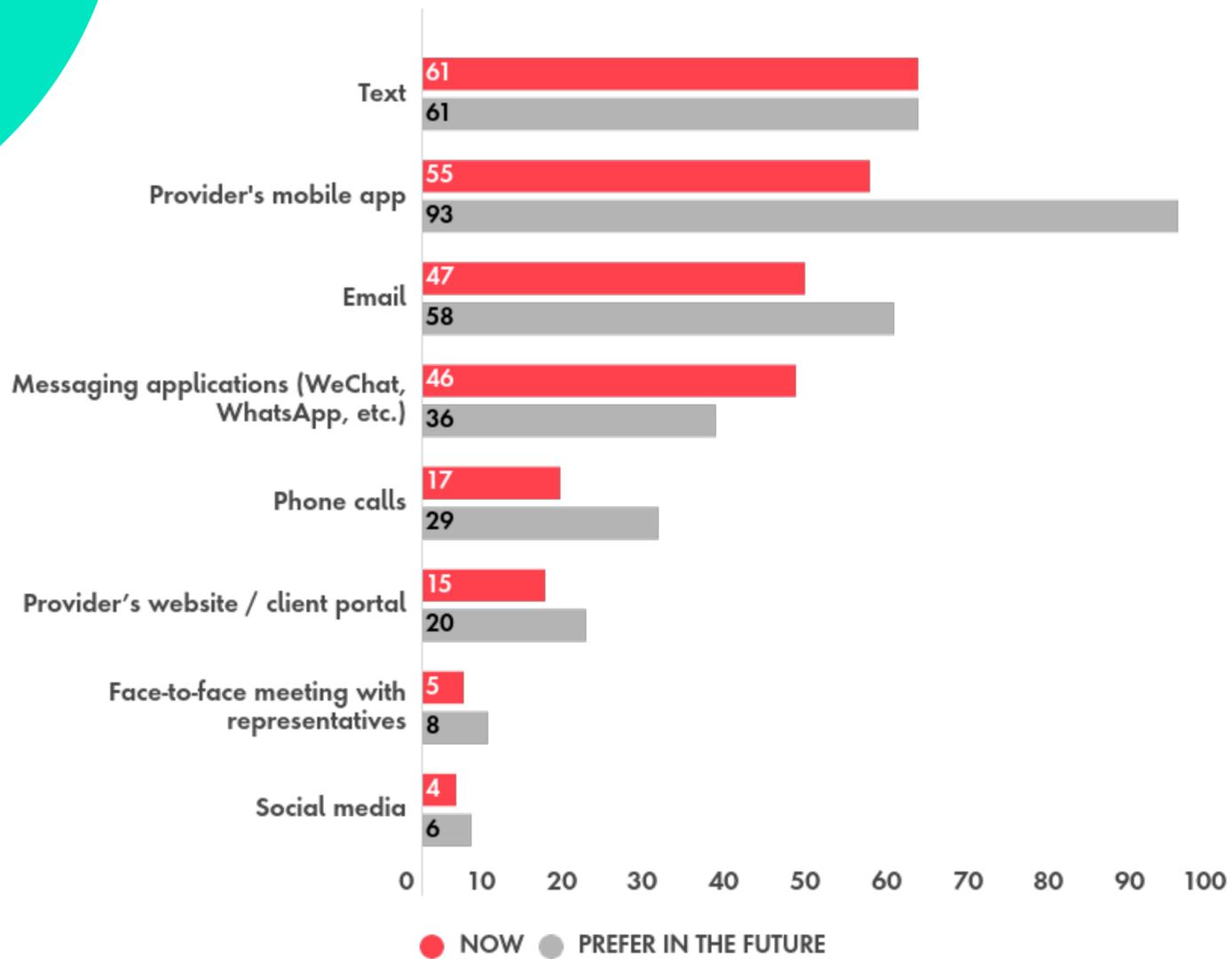


Filing claims



WHAT PEOPLE WANT

Receiving updates on claims progress



These results show the demand for more engagement through apps, which allow the use of photos, videos and voice transcription to make gathering supporting data for a claim easier. This can also happen in real-time with an agent on the other end. However, as much as people want more out of mobile apps, people will always want a more personal touch (face-to-face/video) when it comes to more consequential moments and decisions.

In a similar line of thinking, people want to do their research on their own, but when it comes time to buying a policy/opening an account, they want to put a face to the company. They want human reassurance that they are buying the right product.

"You cannot dis-intermediate all human conversation for insurance convos," Paau said. "Some people will shop around for price for what they view as 'commodity insurance,' but some people want to talk with brokers to make sure the coverage is right for their needs or maybe try to haggle a bit."

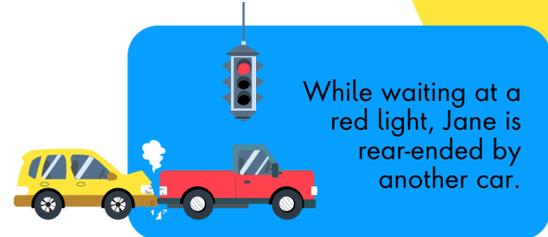
According to one survey participant, "The company should work to create a cohesive multichannel experience so that customers are satisfied no matter how they connect with the company."



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-Jason Paau

CAN YOU ENVISION THAT FUTURE?



First Notice of Loss

Because Jane drives a connected car, the vehicle's sensors have already reported data back to her insurance carrier. Armed with Jane's information, the car's information and the crash impact information from the car, a claims representative is able to proactively reach out to Jane and/or emergency help if there is potential for personal injury.

Jane is contacted by her insurance carrier through her preferred, pre-selected method of communication. After, she also sends pictures of the damage through the mobile app.

Directing Jane to the Right Agent

Jane's claim report comes in as unstructured data. It is unified, cleansed and structured so it can then be evaluated automatically using AI, voice analysis and analytics for dynamic, real-time coaching to claims adjusters. Machine learning analyzes the photos Jane submitted, based on thousands of previous images.

Through the aggregation of diverse data sets, the carrier is able to leverage a complete view of Jane. Intelligent workflows and technologies improve the speed and quality.

Jane gets a list of local repair shop options and costs.

Dynamic Claims Adjustment

Jane's claim report comes in as unstructured data. It is unified, cleansed and The adjuster's judgement is supplemented with machine learning and process intervention. AI is also used for parsing vast amounts of claims data to support decisions without the adjuster leaving their workflow.

After dropping off her car, Jane receives updates throughout the process as her car gets fixed.

Smarter Claims

Car repairs can vary in cost. Access to the right data sources normalizes costs to ensure a fair claims payment and automate communications with the repair shops and claimant throughout the process. In addition, fraud management isolates analyzes complex patterns and identifies anomalous behavior by parties at each stage of the process.

Jane picks up her car, with the payments automatically handled by her carrier.

Close Claims/Manage Spend

Spend management can be enhanced with digital tools focused on provider management, demand management, compliance and watch lists. A data loopback to pricing and underwriting ensures smarter policy coverage and risk.

STEPPING INTO THE FUTURE

The foundation for improving claims is having a complete view of the customer with a CDP. By drawing on the right sources of data, insurers can better understand a customer's risk profile and expectations.

"You have to use the insights you create," Chiaramonte said. "How do you use the data that exists in your core systems to get insights for making better decisions?"

"Regarding CDPs, having that holistic view of customers and drawing upon the right sources of data to better understand the risk profile of an individual are essential," Paau added. "Salesforce and Epsilon are great players in this."

To transform the claims process, Chiaramonte and Paau encourage insurers to invest in digital solutions while leveraging data around five strategic imperatives:



COMPOSABLE ARCHITECTURE

Create foundational capabilities with modular technologies that can drive flexible experiences at scale.



API STRATEGY

Align integrations with business priorities and user journeys to support capabilities.



DATA STRATEGY

Identify business opportunities and establish priorities through a better understanding of capabilities and systems.



CLOUD ENABLED

Support resilience, scalability and flexibility.



AUTOMATION PRINCIPLE

Reduce operational costs by designing processes and capabilities from an automation-first perspective.



Jason Paau

Senior Director, Agile Program Management
Publicis Sapient

[Let's connect](#)



Publicis Sapient is a digital transformation partner partner helping leading insurance companies, and other financial services organizations, get digitally enabled, both in the way they work and the way they serve their customers. As digital pioneers with 20,000 people and 53 offices around the globe, our experience spanning technology, data sciences, consulting and customer obsession enables us to accelerate our clients' businesses by designing products and services that put customers first. Publicis Sapient is the digital business transformation hub of Publicis Groupe.

OUR SAMPLE



175
from United States



162

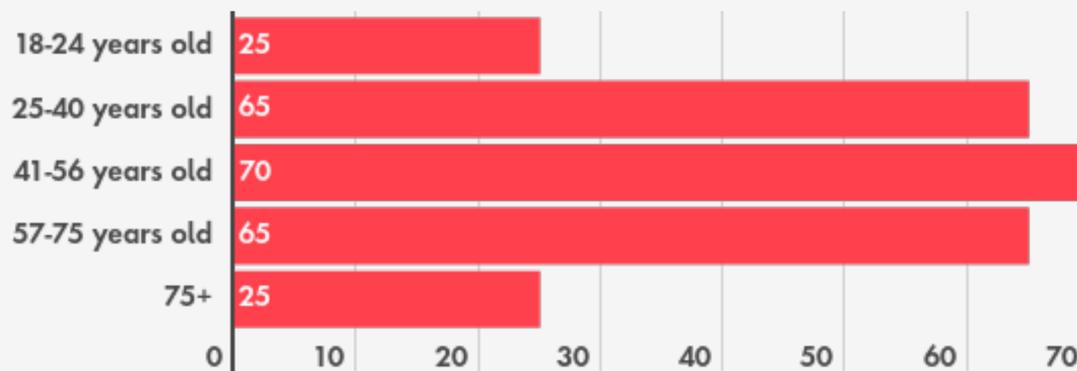


75
from Canada

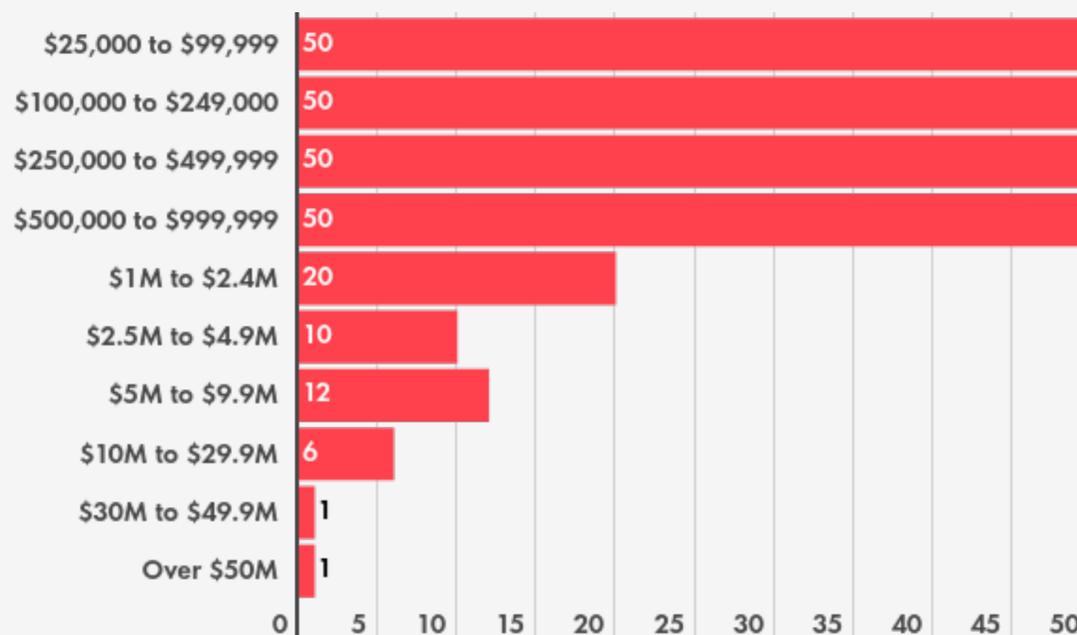


88

Age group



Net worth



211
had Auto/Motorcycle/Truck/Other Vehicle insurance



130
have a policy with a Traditional Property/Casualty insurance company



119
had Homeowner's/Condo/Co-op/Renters Insurance



72
have a policy with a Specialty insurance company



1
person also had Flood and Windstorm insurance (from an "Other" free form field)



113
have a policy with an Insurtech/Fintech

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Let us help you meet your customers' expectation.
Set up an introduction to our transformation professionals.

Contact us