



Realising operational efficiencies in claims

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Introduction



















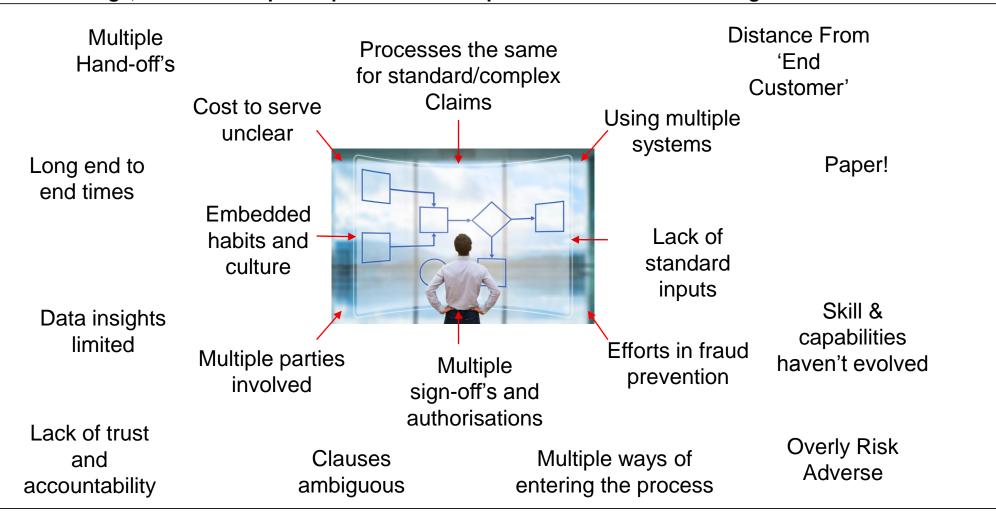






There are many challenges which create inefficiencies within London Market Claims processes

On average, UK insurers spend up to 80% of total premiums on claims handling



Op Ex levers create an outcome which significantly reduces costs but also creates high quality customer service and streamlined processes?

From

To

How



People

- · Single Points of dependency/expertise
- · Using expertise for low skilled activity
- · Lack of accountability/trust
- · Fully flexible team
- · People used for complex
- Performance Management in place
- Skills Management implemented 'focused on the future'
- KPI's and objectives in place



Process

- · Multiple hand-off's and approvals
- Manual effort
- Standard and complex claims managed in the same way
- · Long end to end time

- Straight through processing
- · Reduced end to end time
- More value add in process
- Claims payments made quicker
- · Understood cost to serve

- Revised thresholds and approvals
- Exception based process
- Process redesigned for standard/complex claims







Technology

- Unstructured inputs/outputs
- Unstructured or outdated communication channels
- Physical paper trail
- · Rekeying/duplication of data
- · Inaccurate data

- · Payments automated
- · Standard inputs/outputs
- · In built validations
- Various communication channels
- Accurate data

- Rules driven workflow
- Robotic Process Automation
- System Integration
- Machine Learning
- Artificial Intelligence
- Data Analytics



Example

Current State



OF LOSS

FIRST NOTICE

Service centre

- · Reception of client
- Setup of claim

Technical staff

- Validation of liability/ coverage
- Identification of 3rd parties

High personnel costs for service due to:

- covering peaks while delivering stable SLAs
- securing service in offpeak periods
- (3 Human error in recording and validation, diverging assessments as well as long processing times

LOSS **ASSESSMENT**

Claims service centre

Inform about status

Technical staff

- Initial indemnity decision
- Estimation of claim costs and initiation of factory reserves
- Fraud detection
- (Commission) appraisals

Highly skilled technical staff often occupied with handling 'simple' claims

- Availability of extensive data sources challenges efficiency in manual handling, logic patterns often unnoticed
- Duplication in efforts (reporting etc.)
- Diverging assessments due to different skill sets

FULFILMENT/ **REPAIR**

Claims service centre

 Inform about status Technical staff

Routing to repairers

- Validation of cost estimates and invoices
- Handling "total loss" & PI
- Negotiation and litigation

Difficulty to optimally route

Cack of transparency and

Human errors can lead to

additional costs

demand to repair workshops

control in invoice validation

formal litigations, incurring

SETTLEMENT/ **CLOSURE**

Claims service centre

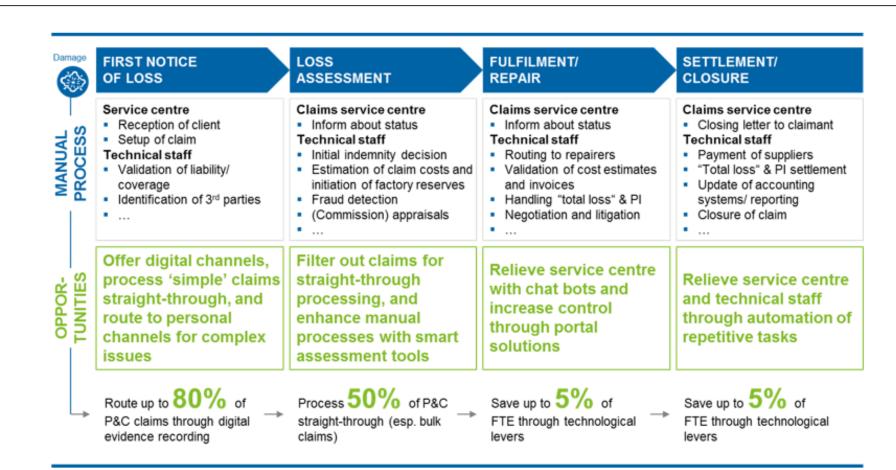
· Closing letter to claimant Technical staff

- Payment of suppliers
- "Total loss" & PI settlement
- Update of accounting systems/ reporting
- Closure of claim
- ...
- Manual handling of repetitive 'easy' tasks

CHALLENGES

Example

Future State



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Classification: Confidential

How to Automate Intelligently

Various automation solutions are available to insurers with different levels of intelligence embedded. Automation is most successful where the business need is clearly understood and the right automation tools / solutions are adopted. One size does not necessarily fit all

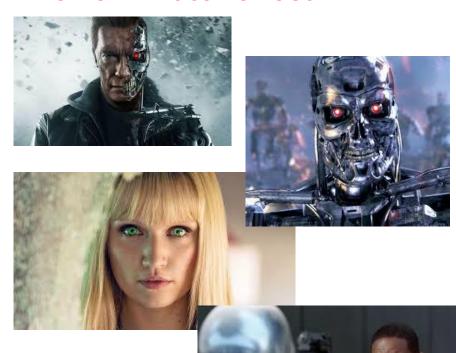
Workflow	Rules driven workflow	 Continued Investments in BPM, and optimising workflow, streamlining integrations to core systems and minimising handoffs 	> Core system replacement and streamlining
	Paperless office	 Increasing investment in driving out paper usage across the enterprise – Inbound & Outbound Visualisation techniques to put paper based checks on screen 	 Digitisation Optical Character Recognition Natural Language Processing Big Data / unstructured data storage
	Optimized workflow & Self service modelling	 RPA / other workflow now proven, and investments focused on scaling across value chain Self service portals being developed across processes to speed up and improve tasks and process management 	 RPA CoE Development Workflow managers such as Robotics, Unify and Prophet Process Controller Open source being leveraged to develop self service capability
Cognitive	Machine Learning 4	 Adding a "brain" to a system or process to disrupt business models, and create new growth opportunities 	 Chatbots Prescriptive Analytics / Next Best Action Increased use of external data sources Alternate pricing models
e Automation	Artificial Intelligence	 New cognitive modelling and decisioning will constantly evolve Focus is on driving continuous improvement to algorithmic design and execution 	> E2E Automation – Straight Through Processing
Cognitiv	Incremental Value	3.65	

Introducing Automation comes with many challenges and misconceptions....

- Business Case
- Scalability
- Capability Internal vs. fully managed service
- Ongoing maintenance
- Short term vs. Long term
- 'It's just a macro'
- Tactical vs. strategic
- Automating inefficient processes
- What's the 'right' answer
- System Implementation vs. automation
- People impacts

And most common.....

The Terminator effect.....





Realising operational efficiencies in claims

Key Takeaway

An approach to achieving an optimized process is the lean methodology, ESSA (eliminate, **simplify**, **standardize**, **automate**)

We never want to **automate** something that could be **simplified**, or in some cases, completely eliminated!

Q&A



Questions

- I. How do you remove simple and standard claims processes, that only require a light or no touch, to free up resources to focus on complex claims?
- 2. How can technologies such as RPA and intelligent automation improve claims operational efficiencies and client service? What are the practical challenges that need to be addressed?

