TEACHING CASE – PART 1 BUSINESS PROCESS ANALYSIS AND SOLUTIONING
Banking and Insurance Domain

BPAS Team

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1. STUDENT ACTIVITY

1.1 Objective

To understand the case background in terms of domain, process and problems. The case is about claims process in Micro-Insurance products & services (MIPS Process).

1.2 Team

Case reading exercise is to be completed individually before week 3 class.

Modelling activity is to be completed in project teams during week 3 class.

Team Number: T_	Team Members (Present in class) 1. 2. 3. 4. 5. 6.

1.3 Submission

In class submission

1.4 Timeline

| Approximate time to complete task	Case reading 1.5 hrs Modelling activity 30mins
Start time	Week 2
End time	Week 3

1.5 Task

Read the case and get familiar with the
1. Business participants (Internal & External) People and Systems
2. Interactions between the business participants
3. Process steps – As-Is Process workflow diagram
4. Issues and pain point in the process - Interview Scripts

Modelling Activity – During Week 3 class

Discuss with your team and draw the As-Is resource model and collaboration model for the MIPS Claims process.

Activity 1a: As-Is Resource Model
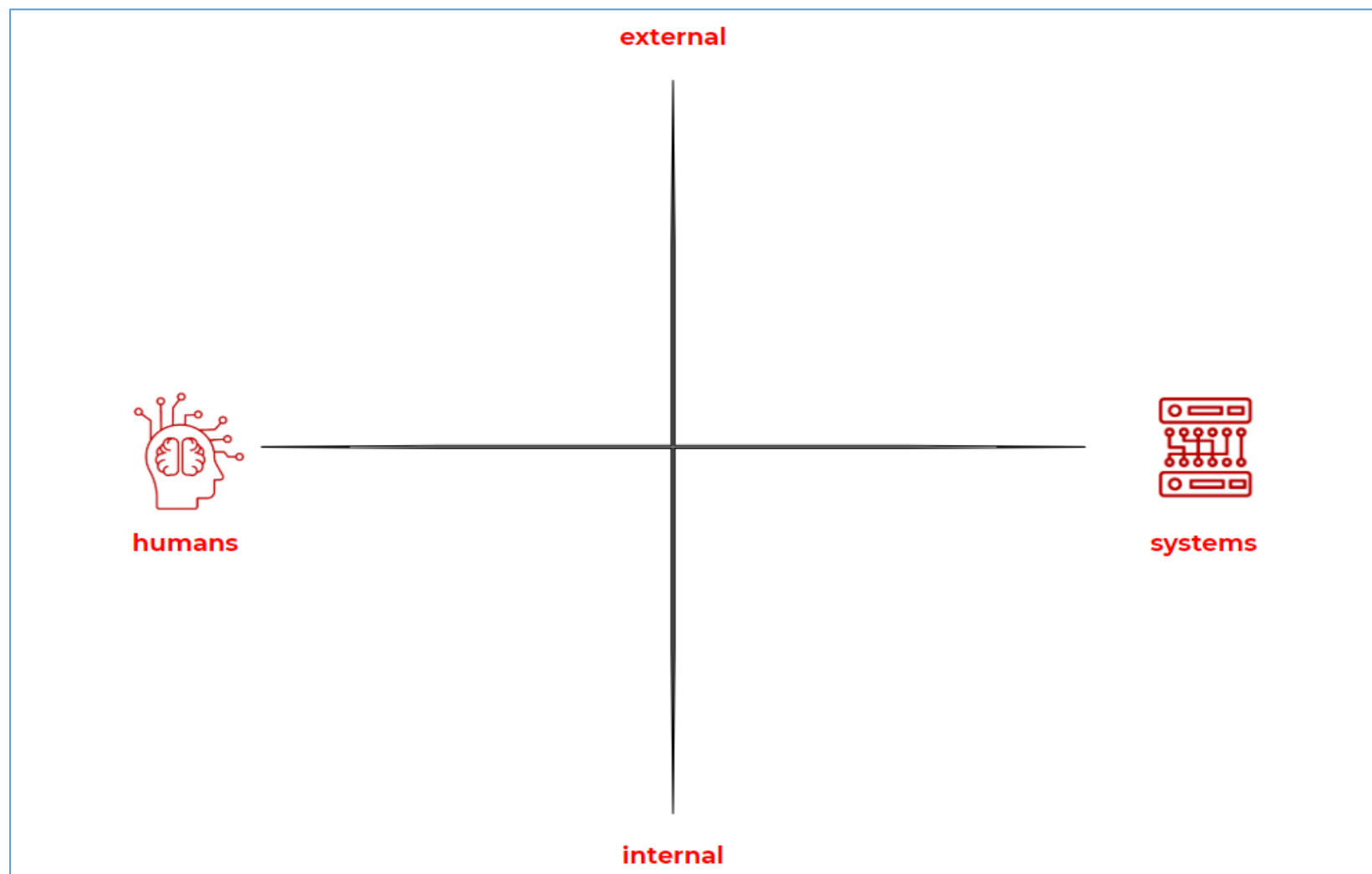
Activity 1b: As-Is Collaboration Model

Customer

Branch Claims

Dispatch

Branch Payments

Courier

Headquarters
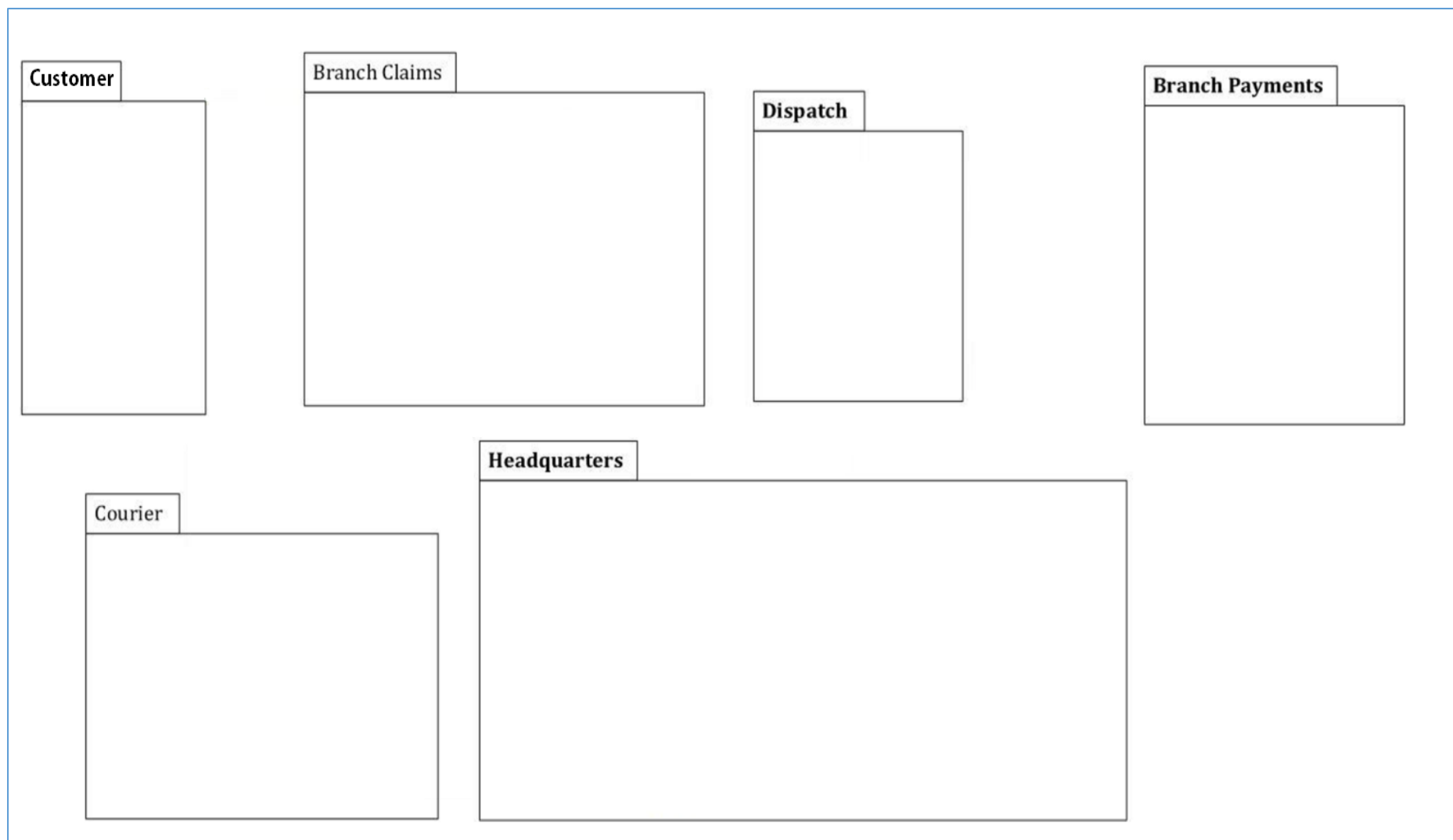
2. PROJECT DESCRIPTION

2.1 Banking & Insurance Case Study

Disclaimer*: Thi*s case-study is adapted from a real-life project. The company name and the business domain have been modified to protect confidentiality of the company. Any similarity to real company name is a coincidence.

Milestone Othello Bank (MOB) is a leading bank in Philippines and was established on 16 June 1972. It provides financial services and also has a social responsibility of promoting countryside welfare for Philippines. MOB has 15 branch offices in the country and employs a network of more than 1000 employees.

MOB's vision is to be the country's top consumer and retail bank promoting quality of life especially in the countryside through the delivery of innovative financial and insurance services for the country.

MOB's mission is to use the best technology solutions to deliver responsive and reliable financial and insurance services to our clients.

In view of its social responsibility of promoting welfare to the people in the countryside, MOB management has kick off an innovation welfare project to look into the reengineering of the Micro-Insurance Products & Services of the Bank. A Business Process Engineering (BPE) team was set up to study the current Micro-Insurance Products & Services (MIPS) process of the Bank.
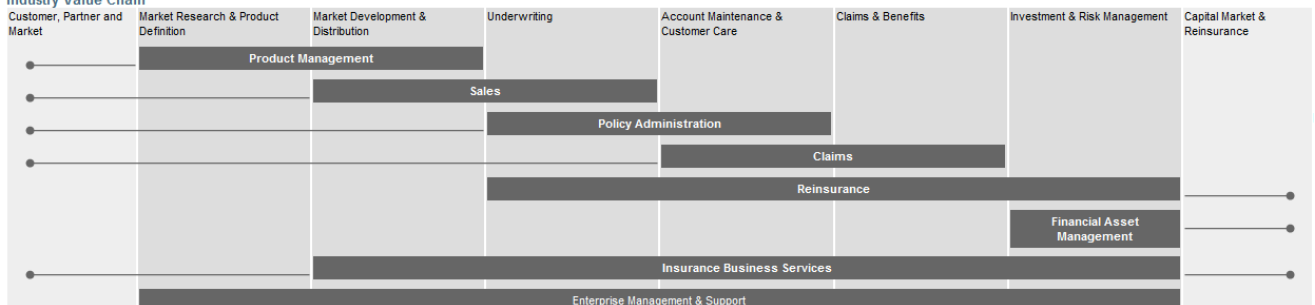
2.2 Insurance Products & Services

A preliminary study by the BPE team shows that the bank has more than 25 Micro-Insurance products & services (MIPS). The high-level Executive View of the MIPS process is similar to the SAP Insurance Industry Business Map as shown below.

Noting that the peoples' welfare was a major concern for MOB, the BPE team chose to focus on the MIPS Claims process. As based on the initial study, fifty percent of customers who have purchased MIPS were very dissatisfied with the customer service and the long claims settlement period instead of the 5 to 10 working days period as claimed by MOB.

An interview was conducted by the BPE team with the different stakeholders involved in the MIPS Claims business process. The excerpts of the interview are shown in Appendix A.

2.3 Current IT Applications

Following are the in-house customised core applications that are used at MOB for the MIPS Claims business process.

A. Branch Office Applications

Claims Entry System (CES)

This is a customised application written in Java running on a J2EE application server. It records information regarding each claim by the Claimant, claim rejection/approval and the final claim amount paid and date that the cheque was picked by the Claimant.

Claims Accounts System (CAS)
This is a customised application written in Java running on a J2EE application server. It stores information on the amount paid as claims to the Claimant.

B. Headquarters (HQ) Applications

Policy Admin System (PAS)

This is a customised application written in Microsoft .Net running on a Microsoft enterprise server. It records the following information: insured information, beneficiary information, premium payment method, payment period, insurance amount, insurance period, additional insurance amount, insurance contract termination, etc.

Claims Adjustment System (CAJ)
This is a customised application written in Microsoft VB running on a Microsoft enterprise server. It stores information regarding each claim that is handled at the HQ, and the settlement amount recommended by the HQ Claims Officer and the approval status of the claim.

2.4 Moving forward and Wish lists

MOB's management has established good partnership with a major Telecommunications Company in the country. The management has a new plan to collaborate with the Telco in making use of technology to provide banking and insurance products to customers in an efficient, innovative and responsive manner.

Below are some wish lists that MOB's management has expressed to the BPE team:

- To reuse existing IT infrastructure where and when possible
- Minimize multiple-entry and duplicate information in various systems
- Leverage the internet, social media and mobile technology
- Seamlessly integrate with external partners such as the hospitals/clinics in the context of the Claims process
- Effective utilization of technology and the insurance domain standards where possible
- Management to have access to real time information regarding the MIPS Claims process, which gives them a feel for how good the process is (e.g. number of active claims, average time taken to complete claims, amount paid through claims, etc.)

2.5 Interview Script

Below contain excerpts of the interview scripts with stakeholders by the BPE team during their study of the MIPS Claims Process.

Interview with Team of Branch Claims Service Officers (Branch CSO)	
BPE:	We are trying to understand the MIPS Claims process. Could you share with us about your role in the process?
Branch CSO1:	Our claims hours start from 8.30am to 5.30pm from Monday to Friday. When a Claimant visits the bank branch to make a claim, he will be served by one of us at the CSO counter, 1st floor. We will hand him the claim form and he will take about 30 minutes on average to fill the form.
Branch CSO2:	After the Claimant fills the form, we will create a claim request in the Claims Entry System (CES). Based on the details of the form, we will enter the following information, such as the Claimant's name, address, contact number, claim type, claim date, claim amount and insurance policy number, policy holder name, into the CES. This usually takes an average of 20 minutes and it is often quite frustrating as the Claimant's handwriting is illegible and full of spelling mistakes. Most of the time the Claimants are not able to fill the form correctly. Hence, we will have to check with the Claimant and help them amend the hardcopy form with the correct information.
BPE:	So you do spent a lot of time getting information from the Claimant. Do you collect any documents from them?
Branch CSO1:	Yes, we will need to photocopy a number of supporting documents from them and we usually spend about 10 minutes to collect and photocopy. The main documents required are the insurance policy certificate, policy holder's identification card, and claimant's identification card. We require both the policy holder ID and the claimant ID because the claimant may not be the policy holder of the insurance. The other documents which are needed are clinic receipt, hospital bill, doctor's letter, police report or death certificate, depending on the claim type. The various claim types includes Outpatient medical expenses, Hospitalization and surgical expenses, Medical expenses incurred due to accident, critical illness, permanent disability, accidental death & dismemberment.
BPE:	Are you able to remember the type documents required for each claim type?
Branch CSO2:	Of course! Micro-insurance claims are actually quite straight forward and simple. Actually we do have a guide listing the documents needed for each claim type, but as the documents required are actually quite minimal, it's all at our finger-tips.
Branch CSO3:	Only problem is, if the Claimant forget to bring the necessary supporting documents, we will have to inform the claimant that their claim request has to be rejected and tell him to come down another day to submit a new claim with the required documents.
BPE:	Won't the Claimant be unhappy of the rejection and the need of another visit to raise a new claim? Also, what is the percentage of rejections?

Branch CSO3:	Rejection of claims due to insufficient documents is about 10%. The Claimants were unhappy definitely; some even scolded us and made a big fuss when this happened. But there was nothing we could do as we were not able to proceed without the documents. A few times, we did relent and proceeded with their claim, but was soon rejected by the HQ. This unhappy conversation with the customer usually takes an average of 30 minutes and can be quite tiring. Then we will take another 5 minutes to update the CES with the rejection status and reason before closing the claim request case.
BPE:	Noted, so what do you do if the documents are complete?
Branch CSO1:	We will spend an average of 3 minutes to inform Claimant that their claim request has been filed and they will have to wait for 3 working days on the status of their claim request. But Claimants often complain that they are not getting any status from the promised 3 working days. There is nothing we can do as well, 3 working days is the policy guideline given to us to inform the Claimant. Thereafter, we will spend 5 minutes to tidy the hardcopy claim form and photocopied documents and place them in the output tray for the courier to pick them up.
BPE:	Does the courier comes every day and where does the documents go?
Branch CSO1:	The courier comes daily, at 12noon, to collect the claims documents and delivers it within 24hours, usually by next day 12noon to our Bank Headquarter (HQ) at Manila.
BPE:	Is that all for your role in the claims process?
Branch CS03:	There is more. Every 12 noon, when the courier comes to pick our claims documents for HQ, they also deliver and will leave 3 batches of claims documents from HQ. The first batch is the rejected batch due to incomplete information, which is either the hardcopy form having an error or there are insufficient supporting documents. For this, we will have to call the Claimant to inform them of claim rejection and the reason of rejection. We will also have to ask the Claimant to submit a new claim during another visit and to remind them to bring the necessary supporting documents and provide the correct information in their hardcopy form. This, similar to what I have mentioned earlier, will cause the Claimants to be unhappy and the phone conversation will take an average of 30 minutes too. After which, we will spend another 5 minutes to update the CES with the rejection status and reason before closing the claim request case.
Branch CS02:	Let me share about the second batch of claims. These are the claims that have been rejected due to disapproval from HQ. Disapproval could be due to various reasons like Insurance Policy lapse as the policy holder have not paid his daily premium, or there is invalid coverage for the claim purpose and etc. Similar to what CSO3 had mentioned, we will have to call the Claimant of the rejection due to disapproval, which usually takes about 30 minutes per call too. We will not ask him to re-submit his claim as it is not a case of insufficient documents. After which, we will spend 5 minutes to update CES with the rejection status and reason before closing the claim request case.
Branch CSO1:	The third batch of claims is the approved batch. We will spend about 5 minutes to update CES of the approval status and settlement amount indicated by HQ. At 5pm, the office dispatch uncle will help to bring the batched of approved hardcopy claims that we have completed updating in the CES from our internal dispatch out tray to the Payment officer at the Finance Department, 8th floor.

BPE:	Do you know what does the payment officer do with the claims cases?
Branch CSO1:	We are not too sure, but every afternoon at 5.20pm daily, the office dispatch uncle will bring us a batched of processed claims and payment cheques from the Finance Department. We spend about 5 minutes to call each Claimant to come down to the bank branch to collect the payment cheque from us. When the Claimant comes down to collect his cheque, we will need to get him to sign for the collection on the hardcopy form. This takes us about 10 minutes for each Claimant. Finally, we will spend an average of 5 minutes to update the payment cheque collected and collection date in the CES and close the claim request case in the CES as well. With that, we wrap up a successful claim case.
BPE:	Thank you for sharing, the session is indeed informative and it does help us to understand the MIPS Claims process.

Interview at Bank HQ with Claims Officer (HQCO) and Claims Manager (HQCM)	
BPE:	Hi, we are from the BPE team and we would like to understand your involvement in the MIPS Claims Process.
HQCO:	Every day, the courier will deliver a batch of claims request from the Bank Branch at 12 noon. However, at HQ, we only work on Mondays to Fridays. Thus we are usually very over loaded on Mondays. For each claim request, we will create a claim case in the Claims Adjustment System (CAJ). The information that we entered is based on the hardcopy claims form filled by the Claimant and Branch CSO. Their handwriting is really horrendous and there is lots of correction on the form as well. Why can't they give us a piece of neat and clean form? A claim creation usually takes us about 20 minutes, which could have been shorter if they do a better job at the branch side.
BPE:	What do you do after creating a claim case?
HQCO:	Well, we will have to check the completeness of the claim request, to ensure that the necessary documents are included. It is supposed to be a simple claim request with minimal documents to be submitted, but very often, we still have submissions with missing supporting documents. 10% of the cases have incomplete documents, it is a real waste of time and the Branch side claimed that they have done their checking! This checking takes us an average of 5 minutes.
BPE:	10%, that's quite a lot. What happens if the documents are not complete?
HQCO:	If the documents are not complete, we will update the CAJ with the incomplete reason and close the claim case. This takes us about 5 minutes for each incomplete submission. After which, we will update the hardcopy form of the rejected status and incomplete submission reason. We will tidy up the documents and place it in the output tray to be sent back to the branch. This updating of hardcopy, tidying and placing in tray takes us another 5 minutes. The Courier will pick up the documents at 12 noon daily Monday to Friday and deliver to Bank Branch by the next day 12noon.
BPE:	What happens if the documents are complete?

HQCO:	Using the Policy Admin System (PAS) system, we will check for the Claimant's insurance validity and coverage type against the submitted claims documents. Usually we reject the claim because the customer failed to pay the daily insurance premium or if the coverage is not valid for the claim request. This takes us about 20 minutes as several checks and business rules which requires decision making are involved in assessing the claims validity.
BPE:	Do you have any idea how many percent of the claims are valid? Is it easy to make a decision on the claims validity?
HQCO:	Most of the time it is relatively easy to make a decision on the claims validity by following the business rules. But there are times with exceptions and special handling of the cases is required, thus we will take a longer time to make a decision. 85% of the claims are actually valid and we will proceed to recommend a settlement amount for the claim case and update CAJ with the amount. We use the settlement guide book to help us on the decision, but the guide book is not so updated, so we have to keep our own notes on the latest settlement changes. This settlement amount decision making takes us about 15 minutes.
BPE:	Is there any control for the settlement amount that you decide? Does anyone have to check or approve your recommended settlement amount?
HQCM:	Let me share about this. When the CAJ claim case is updated with the settlement amount by our HQCO, the Claim case will be routed to me for approval. I take about 15 minutes to look through the case in the CAJ system, to determine if the case is fraudulent, before approving the case. I usually disapprove about 10% of the claim cases. If the case is fraudulent, we will inform the Fraud Department to investigate the case. The fraud investigation is not part of our MIPS process.
BPE:	Is there anything that can be done to help spot fraudulent cases at an earlier stage?
HQCM:	Although MIPS are new, I have been working in the company for 20 over years. My experience helps in sieving out fraudulent cases. For earlier detection, maybe more training to the other staff will help? Or maybe if there is more information available, it will help as well.
HQCO:	We are quite new to our job; do agree if we have more training, it will definitely help. For claims that are either invalid from our check via the PAS or disapproved by HQCM, we will update the reason and close the claim case in CAJ. It takes us an average of 8 minutes for this activity. We will then spend another 5 minutes to update the hardcopy claim form with the status and reason before placing it on the rejected trail for the Courier to pick up at 12 noon daily Monday to Friday and deliver to Bank Branch.
BPE:	What happens if the claim case is approved by HQCM?
HQCO:	For claim case that has been approved, we take about 5 minutes to update the approval acknowledgement status in CAJ and close the case. We will also take another 5 minutes to update the hardcopy form of the approval and the settlement amount, before tidying the claims documents and placing in the approval output tray for the Courier to pick up at 12 noon daily Monday to Friday and deliver to Bank Branch.

BPE:	Thank you for your time. It is indeed help for us in understanding your roles in the MIPS claims process.

Interview with the Branch Payment Officer (BPO)

BPE:	Hi, we are from the BPE team and we would like to understand your role in the MIPS Claims Process.
BPO:	Our role in the MIPS claims process is pretty straight forward. We usually receive the batch of MIPS claims around 5.10pm from the office dispatch uncle, but it is almost after office hours and there is no way we can complete the claims on the same day. For each claim, we will issue the payment cheque for the Claimant based on the written settlement amount in the hardcopy form and update the Claims Accounts System (CAS) with the Claimant information, cheque amount and cheque number. After which, we will place the claims request documents and payment cheque in the internal dispatch out tray for the dispatch uncle to bring it back to the Claims Service department. The office dispatch uncle usually picks them up daily at 5.10pm which is the time he delivers the batch claims from Claims Service department to us. That's all for our role in MIPS claims process, but our job scope is definitely more than that as we are also in charge of the payment cheques for the other claims processes in the company.
BPE:	How long does it take you to process each claim? Do you face any issues with your task of issuing the payment cheque?
BPO:	Now that you asked, we do face some issues with the legibility of the hardcopy claim form. The settlement amount is sometimes unclear and we have to clarify with the HQ side via phone. Sometimes, we will have to call the BCSO as the claimant's information on the form is also not clear. All this data entry is really time-consuming and each claim takes us about 15 minutes to process.
BPE:	Thank you for sharing. We do our best to help improve the MIPS Claims process for all of you.

3. AS-IS PROCESS MODELING

Based on the interview script, the As-Is process workflow model is drawn using Signavio.

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