From Bottleneck to Breakthrough

How Real-Time Claims Communication Can Optimize Customer Experiences, Productivity and Profit

Introduction

U.S. insurance companies spent almost $2 billion in advertising dollars to burnish their image and support their brands in 2006 alone. But from the customer point of view, individual consumer and groups alike, the essential fact is this: *You don’t know the true character of your insurance company until you file a claim.*

Claims management is the activity that is most critical to maintaining a superior customer relationship and overall brand strength. Yet it also is one of the most complex and difficult processes to manage.

Even for the largest carriers, the business-critical activity of claims communication is often labor-intensive, ad hoc and unique to individual agents. Claims communication can hinge on manual, paper-driven processes and situation-specific projects. Quality control is almost impossible. Data capture is difficult and prone to error.

This can cause a raft of problems – including lost agent productivity, botched communications, lack of responsiveness, compliance irregularities or violations, overpayments and mishandled claims, plunging customer satisfaction, rising operational costs and greater churn in both group and individual policyholders.

Carriers today demand solutions that automate claims communication workflow and routing, improve accuracy and integrity of data, drive out unnecessary cycles and costs and reduce claims processing times. This Group 1 Software white paper examines how the automation of claims initiation, claims correspondence and data integration can enable best practices in customer communication management (CCM), and provide superior customer experiences and optimized revenues and profits.

A Multi-Billion-Dollar Drain in Profits

The claims communication process – which comprises three phases: claims initiation, claims correspondence and data integration – is riddled with inefficiency and waste. Overpayments, lost productivity, high contact center volumes, spiraling customer recruitment and retention costs, managing complex state-by-state regulatory mandates and complying with the stringent auditing requirements of Sarbanes-Oxley have cost carriers billions of dollars.
Inflexible legacy systems are partly to blame. During claims initiation, these systems lack the data aggregation, data integrity and address cleansing capabilities of contemporary solutions. The result can be inaccurate data, undeliverable documents and packages, and poor customer communication.

In claims correspondence, agents become frustrated with the poor performance and functionality of legacy document composition software. Users seeking a more agile and advanced document creation system turn to industry-standard packages such as Microsoft Word to create documents, and then print them on local devices. But this "silo" approach to claims communication can result in errors that in their turn cause compliance problems and overpayments, highly inefficient (and very costly) print and mail processes, and lapses in quality control that can seriously damage both individual customer relationships and overall brand image.

Moreover, ad hoc processes subvert the claims data integration phase. “Choosing the loop” to update claims data involves more manual entry and introduces more labor costs–and the potential for human error–into the process.

Multiple Drivers Forcing Change

Clearly, then, carriers are highly motivated to replace broken claims communication processes with a solution that improves the overall customer experience and provides a platform for ongoing process reform and business agility. This solution must deliver benefits such as:

- **Greater Responsiveness.** Carriers must swiftly respond to, and in many case resolve, claims in order to maintain customer loyalty and competitive advantage and avoid expensive and lengthy litigation.

- **Control the Cost of Loss.** In personal injury cases especially, rapid response to and resolution of claims are critically important factors in settling claims without resorting to litigation.

- **Higher Productivity.** Carriers must keep CSR-to-claims ratios competitive to both meet short-term demands for financial performance and long-term needs to scale their customer service representative resources in a cost-efficient way. Improving data accuracy also eliminates process inefficiencies through reducing the need for manual intervention.

- **Better Quality.** By ensuring consistency, completeness and accuracy of customer communication, carriers can deliver better customer service and, at a macro level, exert greater control over their brand image and identity.

- **Regulatory Compliance.** Finally, mastering claims management processes and improving data integrity are essential in an era of changing government regulations and tighter internal auditing controls.

What does such a solution look like? Ideally, it is based on flexible, forward-scaling technologies that can be integrated to support organic process reform and best practices such as customer communication management. A strategic framework that optimizes customer touch points across an organization, CCM offers communication intelligence that positively affects the three key phases of the claims communication process.

**Phase I: Optimize Claims Initiation**

At the point of initiation – via the Web, a call center or the agent’s “dashboard” – an optimized claims communication process enables a CSR to capture crucial information in real time; validate and standardize addresses (for the claimant, as well as for the accident or claim location, witnesses, and others); and access and aggregate all relevant data from multiple databases, including legacy systems.

This is the essence of customer data integration and customer data quality, two essential components of the customer intelligence of CCM that are designed to ensure that claimant information is complete and accurate.
In addition, CSRs can pinpoint critical locations about both the claim, and the best, closest and fastest means of resolving it using business geographics, a crucial customer intelligence tool. Determining the precise geocodes and performing spatial analysis – capabilities that are employed frequently in policy underwriting – can be used during the claims process to determine the best adjustor and collision center locations. They can assist in claims analysis and disaster route planning as well.

Phase II: Enable Real-Time Claims Correspondence

Using CCM’s production intelligence, the next-generation process of generating claims correspondence begins in “real time,” through close interaction with the subscriber at the point of initiation.

Rather than imposing an inflexible document editing system – or encouraging communications silos – next-generation claims correspondence systems integrate an easy-to-use, “what you see is what you get” industry-standard editing environment – such as Microsoft Word – into their platform.

These systems support the consistency of communication across the enterprise by creating templates of typical kinds of claims correspondence while allowing the CSR to customize documents to preserve a more personal, one-to-one relationship. They protect overall brand identity by controlling the overall quality, accuracy, organization, storage, security, tone and “look-and-feel” of outbound communication. And they can scale to support thousands of users working in distributed environments.

Importantly, they also offer significant cost savings and productivity benefits by routing claims correspondence into centralized printing resources – then by maximizing postage efficiency by commingling mail for USPS discounts, or “house-holding” mailings where appropriate. The channel intelligence of CCM enables carriers to communicate with claimants either through physical means, such as the mail, or via electronic channels.

Phase III: Close the Loop Via Claims Data Integration

Claims data integration securely closes the loop by capturing and archiving all information – in other words, enhanced customer intelligence – from claims correspondence that relates to the claim and the customer. It includes the scanning in and storing of information from paper-based claims and the integration of that stored data with back-office systems. Through electronic document and output management solutions, agents, supervisors, adjustors and customers can securely access the data over the Web based on predetermined business rules. Intelligent workflow capabilities maximize document routing efficiency.

More Satisfaction, Productivity and Profit

The benefits of an end-to-end, integrated real-time claims communication solution can impact carrier organizations from business unit managers to marketing, operations and legal operations to the C-level suite. They include:

- **Greater customer satisfaction** through offering swifter response, superior service quality and highly accurate, more readable customer communication.

- **Greater agent/CSR efficiency and productivity** by simplifying and standardizing customer communication; eliminating manual processes and the need for redundant data entry; providing a flexible user interface and secure, distributed infrastructure that supports distributed and home-based contact center agents; and improved data access and storage capabilities and integration with back-office and enterprise applications.

- **Greater profitability** by reducing claims cycles and controlling the cost of losses; reducing costs of processing, store, printing and mailing (by slashing the amount of returned mail and increasing postal discounts received); retaining existing customers through superior...
service – thus controlling marketing expenses – while
 gaining a keener understanding of their needs;
 accelerating the time-to-market for new products; and
 supporting and enhancing their brand image.

Case Study: Greater Productivity, and Better Claims
Communication, Through Real-Time Claims Communication

The health insurance division of one of the largest life insurance
companies in the U.S. recently confronted four key claims
communication challenges: create more effective and consistent
communication, streamline the document creation process, integrate
it with business process workflow and back-office systems and
replace an aging document management and correspondence
creation system.

By adopting a best-in-class customer communication management
solution from Group 1 Software, Inc., this insurance firm has
overcome those challenges and created an emerging enterprise-
wide standard for claims communication. The company has
simplified processes, created consistent and more accurate claims
communication, and improved productivity for both end-users and
programmers.

Solution templates consolidated the number of correspondence types
by 42 percent. Master templates create documents that are consistent
in their presentation and bear the brand and look-and-feel of the
company’s multiple business units. Claims communication is more
accurate, with less manual typing required and the solution’s
integration with back-office data and applications. It’s more personal
because agents can create documents in real-time while still speaking
to claimants. And it is higher in quality, because documents can be
locked for management review before they’re sent to claimants.

The solution is transparent to contact center agents, who can
generate documents automatically through their CRM application,
or simply by satisfying their workflow requirement. It’s used directly
by more highly trained users, such as policy services personnel and
underwriters. Because it enables non-technical users to design and
generate documents, it has relieved a significant burden from the
company’s technical staff. And enables the company to insert Meta
data into documents to expedite or control workflow.

Harnessing the Power of Customer
Communication Management

In an era of higher costs, consumer empowerment and subscriber
churn, insurance carriers must improve customer data accuracy and
integrity, drive unnecessary costs and manual activities out of
claims communication processes, and present clear, straightforward
and understandable information to consumers.

Harnessing the power of customer communication management
can have a profoundly positive impact on claims management
productivity, the overall customer experience (and – through
that – on branding, customer loyalty and retention) and to the
carrier’s top and bottom lines. CCM’s communication
intelligence optimizes the flow of the mailstream: the
documents (electronic and physical) and packages that flow
within and between carriers and policyholders every day.

Group 1 Software, Inc. provides end-to-end technology, design
and process solutions for best-in-class claims correspondence
and information management for insurance carriers. We can tell
you more about what your organization needs to do to align
subscriber communication with your overall goal of improving
customer relationships. Contact us today.