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THE RIPPLE EFFECT

Stories of purpose and lasting impact

A property and casualty insurer totals— then rebuilds—its auto claims process

The company's J.D. Power rankings were too low, its costs too high. Nothing less than a fully transformed digital insurance claims experience would do.

THAT SUB-PAR CLAIMS EXPERIENCE? IT WAS COSTING THE COMPANY A PREMIUM.

THE SITUATION

It's probably safe to say that no one much likes insurance claims.

For customers, it typically means something unpleasant and unexpected has happened. For insurers, it means a clock starts ticking on getting the claim settled quickly, with customer satisfaction and retention at stake. And on both sides, there's the matter of financial exposure.

This is a story about how leadership at one top US property and casualty insurer felt these pressures in its claims division especially keenly, and what it did to address them.

The insurer was feeling these pressures because its claims process was slow and cumbersome, leading not just to customer dissatisfaction, but abandonment to other providers with better service and lower costs. This was an especially public dissatisfaction, too, with the insurer consistently rated behind its peers in J.D. Power customer ratings—an important industry benchmark—even as their competitors improved.

Things weren't much better from an operational perspective, where the insurer was spending a greater percentage of its revenue on paying claims than others in the industry.

Why was this happening? Where were these pressures coming from? They were coming from both inside and outside the house.

On the outside—the customer side—there was a digital channel adoption challenge that was proving tough to figure out. Modern customers expect fast, one-stop access to comprehensive information. But since the company hadn't yet provided an easy-to-use, intuitive digital solution, its customers were calling the contact center to manage their claims. Since the claims process already involves multiple, ping-pong interactions between insured and carrier, it was easier for friction to enter the process, leading to longer cycle times... and customer dissatisfaction.

On the inside—the insurer's side—the pressures were coming from inefficiencies in both operating model and technology.

The company's legacy human systems—like call centers, in-house claim adjusters, and independent adjusters—were expensive and underperforming, with employees assigned far fewer claims per day than industry peers. Part of this lack of productivity could be chalked up to a lack of support to do the job; the company's claim handling system, for instance, had been described as “a tangled pile of spaghetti,” while existing, incrementally developed processes were creating further drag on employees.

It's not as if the leaders weren't trying to make things better—they were. They tried to increase digital channel adoption three different times by investing in new, future-oriented customer journeys, only to later find they'd been working at cross-purposes. They didn't fully understand the gaps in their tool set; they built tools for parts of a siloed organization that weren't good fits for the overall needs of the business; and they continued operating in ways that slowed the claims process.

So, despite these efforts, the company was still serving up a sluggish, fragmented claims experience—and paying both a financial and reputational premium for it.

Addressing these challenges would take a comprehensive digital transformation of the claims customer experience, one that cut across all aspects of the company's people, process, and technology systems. It would take an effort that combined multiple business disciplines in one holistic effort. And it would take years of diligent effort.

Given previous attempts, the leaders understood that such an effort might be better realized—with higher quality and lower cost if enabled by an experienced third party. So they called Deloitte, and with the organization they were able to develop a business case to invest in the transformation of their claims operation.



THE SOLVE

So began an integrated, claims transformation journey run on three rails: customer experience (CX) strategy, back-end technology enablement (enabling the new customer experience, changing the employee experience), and operating model redesign. The overall goal: to sustainably elevate both customer and associate experiences while reducing cost. The approach: reengineer both front and back ends of the claims process, along with the organizations that make them run.

It's hard to overstate the degree of change the insurer was signing up for. Success would mean breaking down entrenched organizational barriers to get people working together in ways they never had before. It would mean a complete shift to a digital-first operating model—affecting people, platforms, systems, and experiences. It would mean integrating work deliverables in new ways—applying human-centered design (HCD) to understand digital journeys, then shifting both customer and employee behaviors and ways of working.

And maybe most importantly: success would mean the insurer could, culturally, make all these changes not just happen, but stick—stick through knowledge transfer, through change management, and through collaboration models across leadership, stakeholders, and end users.

The Deloitte team, meanwhile, leaned into the working model that would make this all possible: [IndustryAdvantage™](#), bringing to bear the organization's full breadth of thinking, experience, and technology. For the claims transformation program, this meant assembling a half-dozen teams with specialties across [strategy and analytics](#), [customer and commercial strategy](#), [applied design and innovation](#), [core business operations](#), [human capital](#), and [enterprise technology and performance](#), as well as dedicated [insurance industry professionals](#).

These teams were clustered into three integrated workstreams—business operations, experience and design, and technical delivery—and managed via [agile methodology](#). (With a twist: The Deloitte teams sequenced the workstreams so that each informed the other using

integrated workstreams that reduced knowledge transfer gaps and time—new operating model shaping experience; operating model plus experience guiding technology).

This, plus the tight collaboration model established with the insurer, meant that each decision was made with human-centric considerations—an early effort was a comprehensive [Voice of the Customer](#) assessment—and that each team included company experts. (Meanwhile, Deloitte's team members, spanning five time zones, enabled near round-the-clock progress on what would prove to be a four-year effort.)

Together, the blended teams developed a new, modernized, end-to-end digital claims experience for the insurer—starting with auto. On the back end, both customers and employees could benefit from foundational (if unseen) enhancements to the claims operating model and solution architecture; on the front end, they'd appreciate the streamlined efficiency of digital claims filing, photo estimation, and field service management.

Of particular value in the new experience: a cloud-based feature that solved the most trying issues for all parties—keeping track of what was happening in the claim, keeping track of communications between the insurer and the insured/claimant, and the next steps that ricochet between different channels during the claims process.

Where before a company adjuster and all the supporting teams would need to piece together a claims story by navigating multiple screens and external applications, now they had a single source of truth—the same one customers saw—with all claim progress and communication history on a single screen. Unlocking this capability—an industry first, facilitated by Converge by Deloitte™ Insurance Growth Suite—was a big turning point for the combined teams, in part because it also made over a dozen other use cases possible.

ALL CLAIMS COMMS ACROSS ALL CHANNELS IN ONE PLACE? AN INDUSTRY FIRST!

THE IMPACT

Though work continues on the claims transformation overall, the insurer's auto line of business has been successfully transformed, proving out Deloitte's ability to pinpoint and address industry-specific, multifaceted customer needs in a complex technical and business environment.

Meanwhile, the new auto claims process is serving as a blueprint for improvements in other business lines and already producing significant, positive impacts for the insurer's employees, customers, and broader community stakeholders.

Employees are enjoying newly defined roles and streamlined processes, which together have drastically reduced time-intensive manual work (no more hunting for disparate pieces of information and switching among applications) and allowed employees to spend more time working with customers to get claims resolved quickly. How quickly? There's been a 3-day reduction in cycle times for total loss claims. And, in a win-win scenario, these operational efficiencies have had a bottom-line effect, as seen in the reduction of \$40 million in expenses.

Customers are experiencing a radical shift in the auto claims process, with a net-new, intuitive digital platform for filing and tracking both the status of a claim and the services available to them, including the communications hub for keeping claims streamlined and transparent. How radical is the shift? There's been a 12-point increase in digital claims adoption, with the customer experience overall garnering a 92% positive feedback rate. The insurer was also awarded a No. 1 ranking by a third-party ratings agency specializing in benchmarking digital experiences, based on an independent survey showing that two-thirds of the insurer's customers found claims were resolved more quickly than expected.

Overall, the transformation has made for a more profitable and sustainable insurer, which stabilizes job security and has a general, knock-on positive effect on the community. By replacing its outmoded technology and processes with a new, digitally enabled, scalable model, the company has mitigated the risk of being priced out of markets and laid the foundation for future growth. How robust? Improvements included wide-scale remediation of technical debt, including taking more than 10,000 custom rules out of the core claims platform, while an API-first approach facilitated creation of 50+ platform APIs that have launched a savings trajectory of up to \$80 million over five years.

So while it's probably still safe to say that no one wants to have an insurance claim, it's also safe to say that the process with this insurer has objectively improved. To wit, and in a final footnote: the operational efficiencies, enhanced employee satisfaction, and high-quality customer experience brought about by the transformation to date have turned around the insurer's J.D. Power rankings, placing it in the top quartile where the company wanted to be.



MILLIONS IN SAVINGS. A NO. 1 RANKING. AND JUST GETTING STARTED.

LET'S CONNECT.

Do these challenges sound familiar?

Learn more about Deloitte **IndustryAdvantage™**



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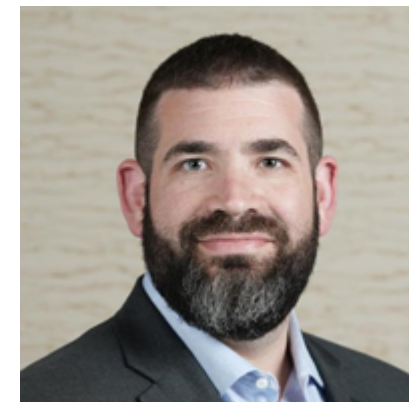
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