



How Intelligent Process Automation is Transforming the Insurance Industry



Why This Whitepaper is Not a Waste of Your Time

The advent of intelligent process automation has put the insurance industry on the cusp of a FinTech revolution. Many financial service providers have steadfastly embraced the disruptive force of AI-powered technologies. Insurance providers, though, have been lagging in the race to transformation. In fact, their resistance to new technologies is an age-old problem.

But why are they so skeptical, in an industry that lives and dies by custom centricity and lean scalability, to adopt innovation? Considering the impact of intelligent process automation on customer experience, why do its thought leaders second-guess the constancy of change? To be fair, it is not as though the insurance industry is unaware of current trends. There is so much irrefutable proof about how automation can be a game-changer. Insurance providers would have to go out of their way to miss out on delivering tech-savvy experiences.

"The technologies of machine learning, speech recognition, and natural language understanding are reaching a nexus of capability. The end result is that we'll soon have AI assistants to help us in every aspect of our lives."

—Amy Stapleton





The truth is that some of their traditional problems continue to keep the industry from evolving. Some of them include:

Strong barriers to
market entry

Strict compliance regulations
that may vary region-wise

Inability to manage
scalability of risk portfolio

Lack of trust due to remote
customer interactions

Complacency due to
customer inertia

But the road to automation holds a lot of promises that can positively impact the way industry evolves. Some of them are:

Improved business
efficiency

Optimized back-
office resources

Reduction in cost
and risk

Increased fraud
detection

Product and service
innovation

Better customer
experience





Is it the Right Insurance Climate for Automation?

However, things have started to change in recent years. Intelligent process automation technologies such as RPA (Robotic Process Automation) are witnessing major adoption in the insurance industry. It turned out to be a perfect match too. In the paper-intensive insurance industry, there are as many low-hanging fruits as there are long-term growth benefits.

Automation solves many of the problems created by outdated legacy systems, with complex trigger mechanisms that lead to miscommunication. No longer do providers have to add a manual layer of governance to ensure that these disparate systems act in sync with each other.

"Over the next 10 years, up to 25% of full-time positions in the insurance industry may be consolidated or replaced"

McKinsey Global Institute report





Through intelligent process automation, they can optimize the time taken for documentation, analysis or verification of data that exists in silos. It also presents a cost-effective approach of complying with changing regulatory requirements. Many have already started to reap the benefits, not just in reducing operational expenses but enabling a more seamless customer service model, as well.

So, what brought about this change? What was the catalyst that finally turned industry innovators into sought-after service providers?

Intelligent process automation has been on the front line of customer engagement. It has redefined the way customers perceive service experiences. From retail and banking to media and entertainment, every industry has contributed to the change in the overall customer mindset. Customers across the globe do not have the patience anymore to wait in line to get what they want. Whether booking flight tickets, shopping for groceries or staying in touch, they expect speed, consistency, relevance, and the cherry on top – personalization. Today, customers expect a similar experience from their insurance carriers as well.

The insurance industry can also leverage the back-office benefits of cognitive automation. By automating back-end processes to handle manual administrative functions, they can improve operational efficiency, eliminate excessive costs, and enhance workforce productivity.





Automation Heat Map: Transform the Insurance Journey

Claims processing

Claims processing is a vital source of not just income, but growth too, for any insurance provider. It is where the customer realizes the value of the service. Traditionally, claims processing has been manually performed, which led to insurmountable error-prone operations.

With intelligent process automation, insurance providers can use zero-code software bots to gather and manage data from multiple documents through various systems. A single click moves huge amounts of claims-related data, which significantly increases the speed of processing and improves customer satisfaction. It also creates a self-generated audit trail for aggregation and assessment so that future claims can be smoother processed.

Underwriting

Conventionally, insurance underwriting has relied on employees to analyze piling historical data and make informed decisions. They had to mitigate risks and deliver customer value by working with disparate systems, processes, and workflows.

Intelligent process automation simplifies the underwriting experience by providing Machine Learning algorithms that collect and make sense of massive amounts of data. It can help in improving rules performance, managing straight-through-acceptance (STA) rates, and preventing application errors. By automating most of the process, underwriters can focus only on complex cases that may require manual attention.

A successful RPA initiative will free up around 20 to 30% of capacity at an enterprise level.



Regulatory compliance

Prior to the automation era, it was taxing for audit professionals in the insurance industry to find and act upon the constantly changing regulations. They had to align the claim type to the right jurisdiction and compliance category, that too - as fast as possible.

With an automation platform, insurance providers can set up a centralized governance and tracking environment to address mandatory compliance requirements. They can customize dynamic templates to apply jurisdiction/compliance/claim-related rules. It ensures a secure and pre-defined data processing system that allows for easy extraction of data, flexibility in regulatory updates, and prevention of risks arising from non-compliance.

New business processing

While managing a policy for a new client, the execution process involves policy submission, underwriting for approval or denial, and policy implementation. It can present cumbersome and paper-intensive barriers that increase both labor costs and cycle times.

Through intelligent process automation, new-age insurance providers can speed up the entire insurance cycle for new customers, from pre-policy proposal to clearance and issuance. It accelerates the time taken to onboard, process, and support new businesses while raising the bar on data protection and compliance management, as previously mentioned. No matter the channel through which new customers interact, it is easy to automate the experience without burdening the workforce with paperwork and deep-dive analysis.



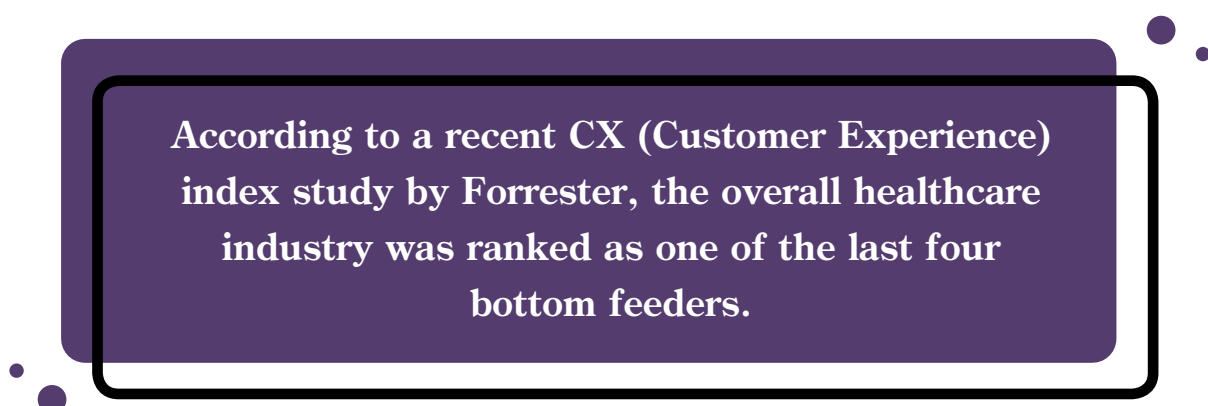


Policy administration

During policy administration, the policy holder's data should be matched with the relevant rules before validating the details to execute claims processing. It acts as a key driver of customer satisfaction – from enrolment to renewal or cancellation.

Intelligent process automation provides a customizable and rules-based environment to integrate various systems and put the moving parts transaction processing on auto-pilot mode. Using software bots that are tremendously easy to code and deploy, insurance providers can automate their entire policy administration system, with minimum human intervention. It helps them to maximize the potential of their application portfolio while supporting sales and marketing to bring in new businesses.

Customer service



According to a recent CX (Customer Experience) index study by Forrester, the overall healthcare industry was ranked as one of the last four bottom feeders.

Without a hybrid system that leverages both human and digital workforces to support customers, insurance providers may lose them to more tech-savvy competitors.

Intelligent process automation puts the power of information on the fingertips of customers and employees alike. It is why digitalizing the insurance journey is a topmost priority. When customers want to sign up, verify claims or find support, the onus is on insurance providers to make each part of the journey a memorable experience. Automation also introduces the self-service model, which simplifies how customers can find information or apply for claims.



Product and solution pricing

Pricing insurance products and solutions can be tricky because of the flexibility of requirements by each customer. Without predicting the behavior of customer segments and product groups, insurance providers are left with inefficient pricing strategies that lead to customer disloyalty and product launch failures.

Intelligent process automation enables AI-powered pricing systems that are dynamic in adapting to specific customer needs. Using a set of metrics and constraints, it makes smart pricing decisions that weigh factors such as sales profile, cost of implementation, market percentiles, and value-added gains. It also results in faster time-to-market through expert decision algorithms that come with lowered risks.

By deploying RPA, a leading consultancy firm was able to save **4500** hours of monthly productivity while reaching almost **85%** accuracy improvement.





Automation Readiness: Make Preparation Count

There is no denying that intelligent process automation is here to stay in the competitive race to customer acquisition and retention. Several industry leaders and emerging start-ups are already keeping pace by embracing transformation.

However, before embarking on the journey to automation - especially if it is for the first time - there are a few pointers to consider:

Analyze and identify possible areas of automation, instead of going all-in

Start with small steps to clearly define objectives

Focus on hybrid processes

Align the scope of work to desired outcomes

"Automation applied to an inefficient operation will magnify the inefficiency."

—Bill Gates



There are Six Factors to Consider Before Automation:

1. Cost savings vs Budget Allocation

One of the most crucial questions to ask prior to taking the automation journey is how long the road to ROI is likely to be. Does it justify the cost of technology implementation, workforce training, and customer awareness marketing? Is there a case for immediate cost benefits or is there room for significant savings over time? Calculating the ROI of automation can be based on the cost efficiency that rises from optimization of the human workforce, reduction in process bottlenecks, and decrease in human errors.

2. Linking the Business Case with Technology Readiness

The business case for automation must be linked with intricacies of technology integration. Can the software bots work alongside legacy systems, or do they require new platforms to manage their deliverables? Does the data exist in sources that can be tapped via automation? Automating repetitive tasks, gathering external data, increasing workforce productivity, and creating better customer experiences may be the desired outcomes, but it is essential to assess the readiness of internal systems and customer-facing applications.

3. A Cohesive Strategy that is Built to Last

The success of intelligent process automation depends on the clarity and soundness of the strategy behind it. Hence, insurance providers must be fully aware of elements such as the scope of automation coverage, deployment schedule, post-implementation governance model, and culture readiness before flagging off the journey. Despite the predictable cost savings structure, insurance providers may not realize the benefits of automation unless they have an agile and lean process to manage the software bots and monitor the progress. There is a growing strategic need for a command center to oversee the performance of interdependencies and outcomes.

A report estimates an 80% reduction in turnaround time for service deliveries in business units where insurers apply RPA.



4. Data Privacy and Security Against Risks

Security and privacy are of utmost importance while automating the collection, analysis, and flow of insurance-related data of customers. Insurance providers must empower their internal systems and external applications with enterprise-grade data security. Audit trails of personal data must be in place for transparency of communication. Automation can also enable standardized and customized metrics and gap analysis to meet changing regulatory standards while identifying and preventing future risks.

5. Automation for the People

Intelligent process automation is a key driver of organization-wide digital transformation. But it must not be ignored that people are its key assets. It is imperative for the organization to carry the message to them through business leaders and project owners. Along the transformative curve, automation has a big cultural impact on the workforce, as well. Unless they are ready to embrace new technologies by upskilling/reskilling, even the strongest automation strategy can become dormant. Given the likely magnitude and pace of change, it is critical to nurture the mindsets of the workforce responsible for executing it.

6. Choosing the Right Vendor

There is so much hype around intelligent process automation that selecting the right vendor has become just as hard as executing the right strategy. Every vendor may talk a big game about delivering value through their automation solutions, but how many can showcase recent case studies? Was their technology developed in-house – with stringent documentation, or packaged offsite - without any clarity of development or maintenance? How flexible are they in accommodating any change in deployment or support? How strong are their in-premise execution capabilities? Choosing an intelligent automation vendor is not about picking a risk mitigation partner. It is rather about finding a co-creator of digital transformation.





Final Thoughts

According to a recent Gartner report, the insurance industry ranks in the higher echelons of adopters, along with banks and telecoms, of intelligent process automation. In hindsight, it could not have happened to an industry that is more in need of speed, resilience, and flexibility! With an intuitive and cognitive system, automation can truly reinvent the insurance journey – giving the industry the boost it needs to meet the demands of the customers of today.

Intelligent automation is certainly a big part of the next generation workforce that will determine how customers purchase insurance.





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Ramesh Babu is a Senior Manager in Aspire Systems with 16 years of experience in IT industry. A data science leader with proven expertise in AI/ML, IoT, and Intelligent Process Automation, Ramesh has been a spearhead in major RPA implementations, projects, and programs with F500 companies.



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