

SPEAR

TECHNOLOGIES

Evaluating Claims Systems in 2024

It's time to evaluate your claims system. Is it still capable of fulfilling its purpose? Are upgrades to the current system worthwhile, or is it time to replace it with a more modern and efficient solution? If replacement is necessary, how do you justify the associated costs?

Is the system's functionality suitable for your customer base? While many systems can manage basic tasks like first notice of loss, not all can handle the increasingly complex aspects of claims. As claims become more intricate, functionalities enabling insurers to gather and track data and manage workflow for processes like litigation, subrogation, or fraud investigation become vital. This information is especially beneficial for insurers in specialized lines, such as workers' compensation.

Cloud-native technology, which enables companies to eliminate on-premise data centers, can significantly reduce maintenance costs. Additionally, flexible configuration, allowing end-users to make changes as needs evolve, can enhance efficiency and prevent IT departments from being overwhelmed by service requests.

Claims system evaluation and improvement rank as top priorities for P&C insurers of all sizes in 2024*. These initiatives, encompassing both core system replacements and enhancements, are expected to increase significantly over the next several years as a growing number of insurers begin to replace outdated legacy systems with cutting-edge systems built on modern architecture while exploring AI integration to enhance the claims function.

So what is it that insurers hope to gain? Let's cover some of the drivers behind these initiatives.

Executive Summary

When evaluating claims systems it's important that insurers select a solution that can handle the ever changing and increasingly complex aspects of claims, with an overall goal of improving customer experience, better managing risk, and enhancing operational efficiency. To accomplish this look beyond a system's basic capabilities and look for advanced functionality.

Essential features to insist on in a modern claims system:

- ▶ AI & Analytics
- ▶ Modern Technology
- ▶ Flexible Configuration
- ▶ Secure & Scalable
- ▶ Ease of Integration
- ▶ Vendor Reliability

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Improving Customer Experience

Advanced functionality can significantly enhance the customer experience, especially when it comes to filing and tracking claims. For an emotionally distressed insured who has recently suffered a significant loss and rarely files claims, the process can be daunting. If they encounter difficulty filing a claim or accessing relevant information through self-service options or via the assigned claims manager, their satisfaction is likely to diminish. The ability to provide round-the-clock assistance to insured individuals throughout the claims filing process, coupled with automated claims adjustment, can significantly improve the overall customer experience.

Better Management of Risk

More advanced systems with AI and deep analytics are able to provide better initial risk assessment, assisting with risk selection while improving pricing. But the real benefits are on the claims side where they can be an absolute game changer. The ability to quickly and accurately analyze large amounts of data in real-time can help adjusters triage rapidly changing conditions, identify fraudulent patterns, and provide recommendations for settlement, leading to decreased cycle times, reduced claims losses and reduced operational risk.

Increasing Operational Efficiency

The advanced functionalities of a modern claims system primarily serve the needs of business users. Customizable user dashboards and navigation features enhance user-friendliness, while workflows and business rules aid in organizing adjusters and ensuring compliance by guiding them through all necessary steps. Better operational efficiency often leads to lower operating costs.

So now that we've covered the potential gains, let's look at system functionality.

Defining Functionality

While a basic claims system may suffice for providing a reasonable customer experience and operational efficiency, adapting processes within its limitations is essential. However, for organizations with unique needs in a dynamic market, advanced functionality becomes pivotal. The capability to customize the system to align with specific processes enhances efficiency and user experience. Advanced functionality offers multiple avenues for cost-saving measures.

Basic Claims System Functionality

The basic claims system should fulfill essential functions, including handling First Notice of Loss (FNOL) while providing assignment control, scoring capabilities, and tools for effective claim management, along with alert functionalities. Additionally, it should offer a document library for form storage and information collection. Management tools for reserve management, payment processing, and vendor management are crucial. Moreover, basic reporting functionality, even if manual and requiring specialization, should be available.

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Technical Functionality

The back end of the system, although unseen by users, significantly contributes to its usability. A configuration tool should enable insurers to make minor modifications without requiring extensive coding, complemented by the ability to define business rules outside of the code. Seamless integration with other systems is essential for managing internal and external data sources effectively. Workflow capabilities are vital, as without them, the system merely acts as a data repository. Security is paramount, as even minor breaches can lead to substantial financial losses. Initial implementation, ongoing maintenance, and adaptability to the dynamic insurance environment are crucial. Cloud-enabled solutions, exemplified by Microsoft Azure and AWS, are increasingly favored for their ability to replace on-premise data centers and achieve significant cost savings.

Advanced Functionality

The distinguishing factor between top-tier solutions and others lies in their embrace of modern technology, particularly Artificial Intelligence (AI) and Advanced Analytics. These tools revolutionize the claims process by introducing functionalities like chatbots that assist claimants round the clock, ensuring the prompt submission of necessary information and confirmation of claim filings. AI enables the system to identify the type and severity of a claim swiftly, directing it to the appropriate adjuster for expedited processing, including faster First Notice of Loss (FNOL).

Moreover, AI aids adjusters in managing claims by simplifying data retrieval, flagging emerging complexities such as potential litigation, and offering recommendations. It automates correspondence with claimants and vendors, reducing response times and expediting claim resolutions while simultaneously predicting fraud likelihood and identifying subrogation opportunities. Furthermore, advanced reporting capabilities allow for rapid analysis of vast datasets, identifying patterns and anomalies with ease. By generating reports from natural language queries, users are spared the complexity of Boolean logic strings, presenting findings in intuitive visual dashboards for enhanced usability.

To summarize

When you evaluate a claims system you should focus on those with modern features and functionality. Features to insist on, along with a summary of benefits:

AI & Analytics: Real-time insights and conversational Business Intelligence (BI) assist users in making informed decisions, while interactive dashboards and reports enhance clarity and facilitate data-driven actions.

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Modern Technology: Innovative features that support continuous updates ensure the system remains up to date, while cloud-native architecture reduces expenses and enhances adaptability to changing requirements.

Flexible Configuration: Support for Low Code/No Code enables users to respond to market changes without dependency on IT departments or vendors, promoting agility and reducing time-to-market.

Secure & Scalable: Enterprise-grade security measures prevent data breaches, while a reliable cloud environment ensures continuous updates and dynamic demand-based scaling matches evolving needs in real-time, ensuring system reliability and scalability.

Ease of Integration: Plug & Play Interfaces simplify integration without extensive customization, APIs enable seamless connectivity, and Extensible Data Structure ensures uninterrupted data flow, reducing integration complexities and enhancing interoperability.

Vendor Reliability: Partnering with a reliable core system vendor ensures responsiveness to needs, industry expertise, and technical experience, fostering trust and long-term success.

Prioritizing these features ensures that the claims system meets the demands of modern insurance practices, enhances operational efficiency, and delivers an exceptional user experience.

To see first-hand how your organization could be benefiting from SpearClaims™, our winning claims system built by industry experts on a modern no code/low code platform that delivers the power of built-in AI and Analytics while lowering your total cost of ownership, [Schedule a Demo](#).

To discover how Spear's solutions are accessible to insurers of all sizes, [Request Pricing](#).

*According to Celent's 2023 P&C CIO Budgets and Priorities survey

About Spear Technologies

Spear Technologies is a leading provider of core software solutions systems for the P&C insurance industry. Spear's cutting-edge software solutions empower insurer organizations with unprecedented speed, control, and results. Spear's latest solutions take advantage of the low-code Microsoft Power Platform™ and incorporate AI, data analytics and intelligent automation to achieve better results. Spear's cloud-based policy, billing, claims, and portal solutions enable organizations to easily configure their systems to align with their unique and ever-changing business needs. For more information about Spear Technologies visit www.spear-tech.com.

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