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# **Connected Claims 2023:**

Frictionless, Cost Effective &  
Customer Centric

A white paper featuring insights from Amerisure, Pie Insurance and Grange Insurance - in partnership with Reuters Events and Clearspeed, an innovator in voice analytics for assessing risk of fraud

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[events.reutersevents.com/insurance/connected-claims-usa](https://events.reutersevents.com/insurance/connected-claims-usa)

## Contributors



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## Introduction

Claims leaders at the start of 2023 are leaning into blustery conditions. Amid ongoing macro-economic and geopolitical uncertainty, costs pressures are intensifying as customer satisfaction levels plunge. Frustration with claims handling, according to a 2022 survey from information technology (IT) consultants [Accenture](#) could cost the insurance industry \$170-billion over the next five years, and process inefficiencies an estimated \$160 billion. Meanwhile, consultancy Forrester sees policy lapses increasing by 20% as customers rein in spending, and the tide of 'nuclear verdicts' and fraudulent claims continues to rise.

But it is not all doom and gloom. Driven by remote working during Covid-19, the past few years have seen insurers ramp up investment in technology, while the [\\$19.8 billion poured into insurtechs in 2021](#) has secured their foothold. Indeed, the US stock market, an exacting critic, believes that insurance industry connectivity is working - "technical advancements" is the reason given by [Zacks Investment Research](#) for the sector's 9% outperformance of the rest of Wall Street in the second half of 2022.

Though purse strings will be tighter in 2023, carriers will continue to find ways to drive efficiencies. Nearly two-thirds, according to Accenture, are planning to invest \$10 million over the next three years, prioritizing AI-based applications and automation. Fraud, which costs the U.S. \$309 billion annually, according to the Coalition Against Insurance Fraud, is another reason for deploying the latest technologies.

As carriers look ahead to a difficult 2023, the industry's modernization will continue. The most successful carriers, however, will be those that put the customer at the center of their innovations to serve them in their time of need.

### Clearspeed: Technology for a Frictionless Claims Approach

Clearspeed is the market leader for identifying risk in speech. Global organizations trust our highly precise, accurate and unbiased voice analytics to fast-track low risk while also alerting to possible fraud.

Clearspeed is reshaping how organizations approach risk assessment across industries, changing the focus from finding the 'bad actor' to clearing the vast majority of good actors. Within minutes, customers can assess risk with over 97% accuracy by just asking a few questions.

When used early in the insurance claims process, the results support straight-through processing for low-risk claimants without increasing fraud. Clearspeed's technology detects risk at scale to provide an unprecedented level of confidence for paying claims quickly while alerting to possible fraud - boosting claims processing time and quickening claims payments to consumers.

Our customers and partners rely on the unique data we provide to improve their risk confidence, reduce their costs, and deliver an improved customer experience

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## Section 1: Setting expectations and streamlining process

Dissatisfaction with claims handling is real, according to Accenture's survey of 6,700 policyholders in 12 countries, and over 900 U.S.-based underwriters. It found that almost a third of claimants were not fully satisfied with their home and auto insurance claims-handling experience in the past two years, with 65% of these customers citing settlement speeds and 45% issues with the closing process.

In the current inflationary environment, with labor and supply chain issues, Barbara Brown, Vice President, Claims Operations at multi-line Grange Insurance is not that surprised. "The days of being in an accident and taking your vehicle to a repair shop on Monday and getting it back on Wednesday is not our current reality," she says. For this reason, her view is that the first step is to "set expectations for policyholders upfront right at first notice of loss (FNOL)".

While acknowledging that there may still be "pain points" on the backend, Brown stresses that Grange's business depends on the customer receiving the right method of inspection, and being guided through a consultative process with the claims adjuster.

Although a majority of Grange's customers still want a human, personal consulting experience, improvements are being achieved by streamlining process with automation technologies. "Even for technology averse folks, text alerts can be used at certain moments of truth to make processes more efficient," Brown says.

At Amerisure, a U.S.-based commercial property and casualty insurer, a digital FNOL tool now accounts for 25% to 30% of new claims submissions. According to Laurie Pierman, the group's Vice President of Claim Operations and Shared Services, the target is to increase to around 50% to 70%. Today, Pierman, who is responsible for supporting adjusters and claims handlers in the field using claims technology, has two clear priorities. The first is to strike a balance between keeping customers and employees happy by introducing tools to reduce mundane tasks so that adjusters can serve customers better.

Perhaps the even bigger issue, however, is litigation management to deal with the increasing severity of claims, in particular the "crazy nuclear verdicts", which have [reportedly more than tripled](#) from \$64 million to \$214 million between 2015 and 2019. Amerisure is responding to this challenging environment by partnering with its panel counsel to reduce nuclear verdict risk by enhancing their litigation strategy. Training and being open to new approaches is key in order to succeed. "If we can better manage the litigation process by employing a resolution mind set then, we can reduce the exposure to nuclear verdict risk," she adds.

As insurers continue to think about streamlining claims experience, Brown has this advice: "The best way to improve customer satisfaction is to ensure that your adjusting team understands the why behind what we do. In the day-in, day-out of claims handling, it is important to remember the dramatic impact we are having on a person's life."

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## Section 2: Differentiated and specialized

The insurance industry has invested heavily in technology in recent years, and the costs to achieve swift, smooth and cost-controlled transactions have been high. In 2022, spend in U.S. life insurance alone is estimated at \$6bn by market research group [Insider Intelligence](#), a rise of 6.7%. However, spending now seems to be moderating, with Accenture stating that nearly two-thirds (65%) of insurance companies plan to invest around \$10 million over the next three years. AI-based applications and automation are the priorities as insurers seek cost savings and customer centricity.

As Dimitrius King, Chief Claims Officer, at six-year-old Pie Insurance, a workers compensation insurer for small businesses, sees it: "I view utilizing AI as a benefit that adds value to both our customer and the company. We're able to provide customers the coverage they need at a price that matches what they're able to afford."

Until recently, Pie Insurance used a third-party provider to administer its claims, but is now bringing that in house. King explains: "We're building our claims system with AI, data, and analytics front and center to augment the work that traditional insurance companies have people doing." Although he is of the view that "humans will always have the upper hand when it comes to handling claims" Pie's unique selling point is that, "our people are starting with the technology versus having the technology coming on top".

At Grange, customers still want a personal human touch. "A big focus for us is proving omnichannel optionality," Brown says. She also sees a trend towards greater specialization within the claims process. On a general liability property claim, for example, having a person who understands construction principles and the principles of liability within that space. "There are carriers out there that are still generalists, but I think those days are starting to go by the wayside," she says. However, as a regional carrier, Grange has the luxury of being nimble. "We are able to try new technology through small pilots just to quickly determine what works," she says.

For Amerisure's Pierman, a core strategy is to work closely with the broader cross-functional group to identify solutions that can be applied across different business units to improve the customer experience. The goal is to deliver an experience that "feels consistent to an external party versus claims doing one thing, underwriting doing something else, and it feeling disjointed".

Another competitive factor to consider is the workforce required in a fast-changing environment. At technology first, Pie Insurance King says: "We need people that can synthesize and understand what's being presented, but also still be able to ask additional questions that can add even more value. So it's really making sure that they have those critical thinking skills."

It will also be important, says Pierman, to helping employees to a point of understanding. It will also be important, says Pierman, to helping employees to a point of understanding. "When we utilize technology, data can be mined more easily and identify patterns that may require a closer look, with technology focusing on that portion of claims, our employees are able to better serve our clients and create an experience worth repeating."

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## Top tech and trends for customer-centric connected claims

Although it is early days, insurers are harnessing technology in multiple ways to improve their claims systems. Here are some of the projects:

- 1. No touch and low-touch claims.** Straight through processing is maturing and is being implemented for certain types of claims.
- 2. Document management systems** to better manage correspondence, as well as greater consistency in labelling and filing information for easy location and identification.
- 3. Voice of the customer** to understand whether an implementation is working. For example, insurers like Grange are examining social media results and running voice of the customer surveys, and paying special attention to detractors.
- 4. Voice analytics technology** that provides risk alerts based on an individual's vocal responses to fast-track low risk and identify possible fraud (see Section 3)
- 5. Automation technologies** such as photo-based technology for faster estimates, cycle times and ultimately payments in the auto space. Also RPA (robotic process automation) to govern the compliance of vendor partners.
- 6. Digital payments.** According to consultants [PwC](#), global cashless payments are set to increase by 80% between 2020 and 2025 to almost \$1.9 trillion. Recognizing this trend, many insurers are moving away from physical checks and offering a variety of digital payments solutions to settle claimants and vendors sooner. At Amerisure, for example, 75% of payments are now completed digitally.
- 7. Telematics, or black box, technology,** valued at \$2.75 billion in 2021 and predicted to reach \$12.7 billion by 2030, to monitor driving habits or home security, for example, in exchange for lower premiums.
- 8. Shift to the cloud.** The upgrade from on-premise claims systems, as well as those for policies and billing, to the cloud is taking place at various speeds. However, while [Mckinsey's](#) research is that the EBITDA run-rate impact of cloud on the insurance sector will be \$70 billion to \$110 billion by 2030, its potential is still not being realized.
- 9. Optical Character Recognition and natural language processing** to bring structured and unstructured data into consumable formats.
- 10. Multiple applications for artificial intelligence (AI) and machine learning including:**
  - AI and machine learning to identify a tone of frustration within texts that needed to be escalated and calling that to the attention of the adjuster.
  - AI to review phone calls. At Grange, the findings are being used as a resource for coaching people on the frontline, but it also means that small problems can be tweaked as they arise, to make an immediate impact on the customer experience.
  - AI to understand and analyze medical records. Prescription medication, which is a major cost to workers' compensation insurers, and continued innovation is need to ensure the right options for rehabilitation options. Also, data analytics is being harnessed in the subrogation process to assist adjusters towards faster understanding and settlement of claims.
  - AI machine learning and predictive modelling, to understand historical data so that high-risk claims are triaged to the right person.
  - AI for document review to extract relevant information, for faster, more accurate decisions, and direct empathetic contact when it's needed.

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## Section 3: Routing out fraud and the future of corporate

The Coalition Against Insurance Fraud puts the cost of fraud to U.S. businesses and consumers at \$309 billion annually. Indeed, carriers spend significant time and energy preventing data breaches, investigating property fraud and uncovering identity theft. Meanwhile, customers demand frictionless, fast experiences but they also value security.

In the insurance context, says Alex Martin, CEO & Founder of voice analytics firm Clearspeed, "there's a trade off between the speed at which you process the adjudication or screening of a claim, and risk of fraud that you want to absorb."

### Speed, efficiency and silencing fraud with voice

A relative newcomer to the insurance industry, Clearspeed's voice analytics technology has roots in U.S. government security, and was designed to address the tension between speed and security. In addition to the significant gains in customer experience and efficiency, early adopters are also seeing bottom-line benefits. An auto insurer in the Americas, for example, has saved close to million dollars in fraud losses during a pilot with a special investigation unit (SIU) focused on high-risk claims. Among the wins for a UK-based insurer includes claims processing times slashed from 22 to 5 days, while a US firm saw five-star customer experience ratings across the board. Some of advantages of using voice analytics include:

- Unbiased: Questions are asked in an automated fashion, the same way every time.
- User friendly: People don't need to understand the complexities of written statements, so it can work for demographics across the world
- The data is non-biometric in nature

At Pie, Chief Claims Officer King is focused on identifying patterns and anomalies in the claims data that may indicate fraudulent activities. Grange too is working on predictive and preventative models to address fraud with a technology partner. It also has an in-house investigation unit deployed to keep abreast of industry developments.

Though good corporate governance may not eliminate fraud altogether, Brown believes robust checks and balances can make it easier to identify and report.

Pressure to prove good corporate governance is very much on the [insurance industry's roadmap](#) at the start of 2023. An executive committee of the National Association of Insurance Commissioners (NAIC) has recently proposed a working group to develop a new law. This would require annual collection of information of insurers' corporate governance practices, rather than the current requirement of every three to five years.

With the growth in insurtech and data driven insights, Brown cannot stress the importance of good governance. "We're seeing more and more data in everything we do and we need to ensure that it's consumed in a way that addresses privacy concerns and protects our policyholders."

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## Conclusion

In 2023, insurance carriers and insurtechs will face multi-layered challenges. Some will be better prepared than others. In fact, a criticism from the [2023 Insurance Outlook](#) from consultants Deloitte is that carriers have “frequently taken a piecemeal approach to technology modernization”, and have been “driven by shorter-term budget and feasibility considerations rather than achieving longer-term competitiveness through improved customer experience”. So, despite the industry’s heavy investment in technology in recent years, carriers have a lot more to do. As funding dries up, insurtechs too will have to prove their relevance or face the exit.

From the transition to cloud and realizing its potential to radical innovations with AI and analytics, or combating costly litigation and fraud, the industry faces a raft of competing priorities. At a time of uncertainty and change, prioritizing technology on what moves the needle the most in claims will be vital. However, while return on investment is a prerequisite, a focus on hard costs at the expense of customer satisfaction may not be.

So what does the future of claims look like? Brown sees it like this: “It is when technology fuses with human ingenuity, and human touch. It is when the claims representative has vast amounts of data at their fingertips that can be harnessed to provide the information and exceptional service to a very diverse customer base.” In short, it will be connected.

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