

The digital claims imperative

To remain in the game,
insurers must transform their
customers' experience

A DocuSign
case study.

Rising consumer expectations are shaping the future of insurance industry, and transforming the claims process is pivotal to improving the customer journey. As carriers vie to retain their clients and capture new ones, they are turning to digital technologies to streamline their claims procedures—reducing their costs and better managing their risks along the way. We walk through how digital technologies can help insurers provide a convenient, multichannel and truly satisfying customer experience.

Digital transformation: the what and the why

It's been a long time coming, but the digital transformation of the insurance industry is now in full swing. And nowhere is this more apparent than with how claims are getting processed.

As other industries have set new standards for customer service – companies like Amazon and Apple quickly leap to mind – today's digitally-immersed consumers have grown accustomed to doing business anywhere, at any time and with any device. When they file an insurance claim, those expectations are in play and they have begun to evaluate their insurers accordingly. That leaves carriers racing to ensure a positive claims experience with a whole new portfolio of digital capabilities.

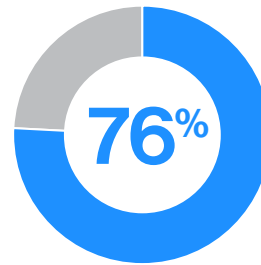
“There's an imperative for insurers to implement a digital claims strategy,” says Martina Conlon, senior vice president for research and consulting at Novarica, an advisory firm for the insurance industry.

“They need to do this to demonstrate their value to their customers. Optimizing the claims function by incorporating digital components, working through digital channels and automating the process is really important to meet their clients' expectations.”¹

Over half of carriers surveyed indicate that their firms are still using [spreadsheets and] manual processes to service customers.

Salesforce Insurance Report, 2019

The numbers bear this out. An Accenture survey of 6,000 insurance customers across 11 countries found that three out of four (76 percent) would switch providers for more personalized service.² And J.D. Power's 2018 U.S. Auto Insurance Study finds that customers prefer interacting with their insurer via a mix of online and in-person communications channels. The better the omnichannel experience, the study found, the higher the level of customer satisfaction.³



Percentage of insurance customers who would switch carriers for more personalized service.

Accenture survey of 6,000 insurance customers

New competition drives change

Protected by regulation, the size of their customer portfolios and a historical tendency for customers to stay put with their carriers, the industry was slow to respond to the newest generation of digital technologies. But new competition from insurtechs and other non-traditional carriers is changing that dynamic, and insurers now face mounting pressure to make up for lost time.

A recent report from McKinsey puts it this way: “The insurance industry is in the midst of a radical, digitally infused shake-up. Customers are embracing digital channels and technologies such as the connected car [and] smart home solutions, and artificial intelligence [is ushering in] an era of new products built on data and analytics... Insurers with pure-play digital business models, such as Lemonade in the United States, Youse in Latin America, or Nexible in Europe, are using digital applications such as chatbots to turn the process of buying a policy or filing a claim into a fast, simple and satisfying experience. This approach is a far cry from the analog, and often frustrating, processes of traditional insurers.”⁴

With competition intensifying, the report continues, “digitizing the claims function holds tremendous potential” for P&C insurers in particular.⁵

The better the omnichannel experience, the higher level of customer satisfaction.

J.D. Power 2018 Auto Insurance Study

The claims process is so pivotal because, once a policy has been written, the only time most insurance carriers come in direct contact with their customers is when they submit a claim. Yet when that happens, the contacts are frequent and intense, and will largely shape the insured's view of the carrier and willingness to do business with it going forward.

In spite of this, the process of filing a claim remains off-putting for many customers. Many insurers still require their policyholders to call, follow a variety of prompts and provide often hard-to-locate information, before allowing them to speak with someone and submit their claim. Still reliant on manual and paper-based procedures, these insurers struggle to meet their customers' expectations for rapid, convenient and more personalized service. Whether it's how they force their policyholders to fill out a claim form, obtain a damage assessment or submit a police report, these carriers still lag behind other industries in terms of digital adoption.

Digital claims transformations generate impact across all of claims' foundational key performance indicators.



Customer experience

Increase customer satisfaction score by ~20 points



Efficiency

Reduce claims expenses by 20-30%



Effectiveness

Improve claim handling accuracy*

Plus

Improved employee and intermediary satisfaction

* Improving accuracy aims at reducing both overpayments and underpayments of indemnity obligations. Next to reducing overpayments, also reducing underpayments can lead to an overall reduction of loss costs through reduced processing times, higher customer satisfaction, and lower incidence of claim disputes and litigation.

Working to transform claims

But while paper-based processes remain widespread, the majority of insurers are now working hard to transform their customers' experience by embracing a variety of new digital technologies.

One of these is mobile, and numerous carriers now encourage policyholders to file certain claims via a smartphone or similar device. Allstate and Farmers Insurance, for instance have introduced apps that allow policyholders to settle simple fender-benders without visiting an adjuster or getting an estimate. Using their smartphones, customers send their insurer photos of the vehicle to have their claim adjudicated. Directions on their phone guide them through the process, including how to take and submit pictures of the damage. Fraud deterrence features prevent the user from doctoring a photo.⁶

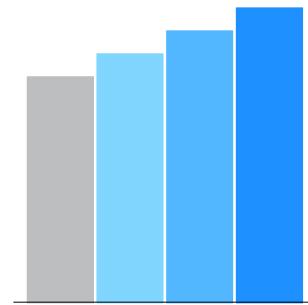
"The industry needs to be thinking about completing the entire claims process – from first-notice-of-loss all the way through settlement – as a mobile-only process," notes DocuSign vice president and insurance sales team lead Jim Sieve. "There are consumers out there right now who expect that."

Data prefill is another digital technology that's altering the claims landscape. From a policyholder's point of view, guided, prefilled forms are much easier to fill out and don't require chasing down a lot of infrequently used and often hard-to-locate information. "By providing pre filled forms to its customers," Sieve says, "a carrier sends a strong message that 'We know who you are, and we're not wasting your time. The additional information that we're asking for here is over and above what we already know about you.'"

But from the insurer's point of view, greater customer satisfaction is only one of prefill's many benefits, explains Karen Pauli, a principal at the insurance technology consulting firm Strategy Meets Action. Using data prefill also increases the accuracy of the data the insurer collects and allows it to integrate a greater variety of data sources into its underwriting process, thereby reducing its risk and increasing its profitability.⁷

To help combat fraud, insurers are also deploying identity management systems. Fraud is an increasingly acute challenge for the insurance industry that crosses all segments and lines of business. The Insurance Information Institute estimates that fraudulent healthcare claims alone cost medical insurers at least \$80 billion a year. For the property and casualty sector, fraud accounts for 10 percent of all claims-related losses – or roughly \$30 billion a year.⁸ In response, DocuSign's Sieve reports that "Many carriers have begun integrating an identity authentication framework into their claims process."

These frameworks or platforms provide various degrees of identity verification and management. For small, straight-forward claims, such as minor auto accidents, insurers are including simple ID authentications, such as text-delivered pin numbers and security question responses, as part of an automated claims adjudication process.



A digital claims process increases carrier efficiency by up to

30%

McKinsey & Co.

For larger, more complex commercial claims, Sieve says carriers are implementing more rigorous identity management systems that compare documents like driver's licenses and federally-issued identity cards against data in the insurer's own internal database.

Addressing outstanding challenges

Integrated into a seamless claims solution, these technologies and others – like electronic signatures – address the two outstanding claims processing challenges that continue to confront insurers in virtually every line of business. The first is overly long claims processing cycles that frustrate clients, increase operational costs and heighten the risk of litigation and dispute.⁹

The second is failing to provide sufficient opportunities for customer self-service, especially when dealing with relatively minor and straightforward claims. This also adds to customer inconvenience and frustration, and by forcing skilled service agents to spend time inputting basic information wastes valuable resources and significantly adds to costs.¹⁰

A digital claims process, according to McKinsey, can increase carrier efficiency by as much as 30 percent.¹¹ Breaking this down further, McKinsey calculates that insurers offering best-in-class customer experiences:

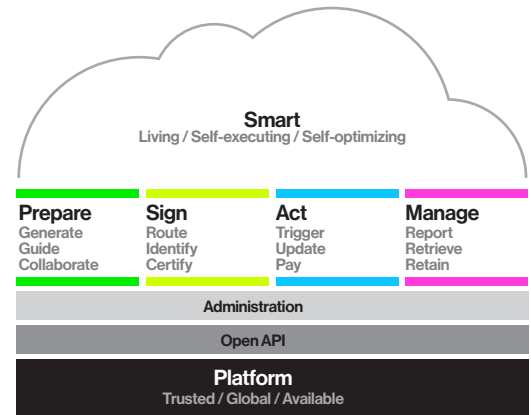
- Grow their premiums three percent faster than their line-of-business average¹²
- Are 80 percent more likely to retain customers¹³
- Have a two percent lower average expense ratio¹⁴

How DocuSign can help

Conditioned by their experience with other industries, consumers today expect to be able to conduct business with their insurance carrier wherever, whenever and however they want. For insurers, this means providing a claims process that can be initiated on a smartphone or tablet, followed up with a phone call or on a website, and makes use of prefilled forms that are easy to complete and can be signed, submitted and verified online.

The DocuSign solution meets all of these requirements. It provides a modern 'system of agreement platform' that automates each phase of the claim life cycle beginning with preparing the necessary documents to settle the claim. Those documents are then signed electronically in a legally valid manner, tracked and managed, enabling the insurer to ensure that the terms are fulfilled and the outcomes reported. The original documents are then stored, so they can be referenced and reused as needed.

With a paper-based process, it can take insurers days or even weeks to obtain the necessary signatures to finalize a settlement. Using DocuSign's system of agreement, this is whittled down to hours and even minutes. The process can be initiated with a mobile device and



A modern “system of agreement platform” automates each phase of the claim life cycle.

is carried out securely, using a variety of authentication techniques to verify the claimant's identity. Throughout the process, federal and state laws and regulations are complied with automatically.

Insurers that have deployed the DocuSign solution have experienced an 85 percent reduction in document completion times and a 100 percent drop in document error rates. Workflows are automated, increasing operational efficiencies and making workloads more manageable for employees. On average, insurers save \$17 to \$25 *per document* by digitizing their transactions. In use at over 600 insurance companies, the DocuSign platform has become the industry's *de facto* standard for digital business processes.

"DocuSign hits on everything," says Eric Eisenman, global head of customer claims operations at AIG, a DocuSign customer. Over the years, the 90 year-old insurer has accumulated millions of paper-based forms, adding thousands of new forms to its stockpile each day. "Every form that's introduced adds costs and complexity to our process," Eisenman explains. "DocuSign is helping us change that by moving to a digital process that relies on digital forms, allowing us to accurately capture data in a secure way. "DocuSign," he adds, "is also helping us reduce our risk with automated signature authentication, so we know that a document has been sent to the right person and we're not exposing data to the wrong party. [The process] improves the customer experience, takes costs out and makes employees lives easier, so [they're] able to service customers better and solve problems faster."¹⁵

Digitize your claims and policy management process today.
Contact us to learn how we can help.

85%
reduction in document
completion times.

100%
drop in document error rates.

\$17-25
average savings per document
by digitizing transactions.

"DocuSign is helping us change... by moving to a digital process that relies on digital forms, allowing us to accurately capture data in a secure way."

Eric Eisenman
Global Head of Customer Claims Operations
AIG

Notes

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About DocuSign

DocuSign helps organizations connect and automate how they prepare, sign, act on, and manage agreements. As part of the DocuSign Agreement Cloud, DocuSign offers eSignature: the world's #1 way to sign electronically on practically any device, from almost anywhere, at any time. Today, more than 475,000 customers and hundreds of millions of users in over 180 countries use DocuSign to accelerate the process of doing business and to simplify people's lives.

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