Innovation
in Insurance
Report

Making Claims Simple, Fast and Stress-Free
Over the past decade, venture capitalists have poured increasingly large amounts of cash into insurance-focused fintechs. Now, traditional property and casualty insurance companies need to figure out how this affects them and what to do about it.

Publicis Sapient recently conducted a survey of 250 policy holders from the United States and Canada who all interact directly with their insurers (no brokers). Sixty-seven participants (26.8 percent) changed providers over the last year.

WHY THEY SWITCHED
(MULTIPLE REASONS WERE ACCEPTED)

<table>
<thead>
<tr>
<th>Experience</th>
<th>100% cited a reason pertaining to their experience with their previous carrier.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>55.2% were looking for a carrier with different values</td>
</tr>
<tr>
<td>Pricing</td>
<td>70.1% cited pricing as a reason for switching.</td>
</tr>
<tr>
<td>Options</td>
<td>55.2% were looking for new options</td>
</tr>
</tbody>
</table>

Specific reasons for switching:

- Experience:
  - 37 for faster claims processing
  - 36 for a better digital experience
  - 34 for better personal service
  - 32 because of a poor service experience

- Pricing:
  - 37 for lower prices
  - 13 because of discounts/pricing based on data they were willing to provide
  - 8 because of discounts/pricing based on their ability to reduce risks
  - 8 because of alternative pricing (e.g., pay-per-mile)

- Values:
  - 23 for an organizational culture more aligned with their social values
  - 25 for greater transparency and trust

- Options:
  - 23 for a broader range of products
  - 18 because of referrals, insights from social media
  - 10 because of a change in insurance status
Participants indicated that filling out forms and providing personal information are common pain points. These sorts of problems could be solved by porting core details over using shared application program interfaces (APIs) and similar technologies.

Insurance companies don’t necessarily need to race to the bottom competing in a price war. The survey results indicate that they can retain and attract customers by improving the claims process and making it clear that the insurer is doing right by them.

Prospects feel pressure to take out as much coverage up front but fear they won’t be covered when the time comes. Through seamless, omnichannel experiences, insurers can communicate the scope of coverage clearly and make the claims process as painless as possible.

The time to change is now.

“The claims process needs to be simple, fast and stress-free.”
– Survey participant
Whereas traditional financial institutions have grown since the mid-2010s, the property and casualty (P&C) insurance industry has been relatively stagnant.

Publicis Sapient’s Jason Paau, senior director of program management, and Mike Chiaramonte, senior principal, management consulting argue that’s poised to change.

Spurred by the COVID-19 pandemic, global funding into insurtech soared to all-time highs during 2021. Willis Towers Watson reported that investment reached $7.4 billion in the first half of the year.

This money does not come from any single megadeal – an acquisition valued at $5 billion or higher – but from investments across a wide range of insurance products. This steady stream of funding suggests that investors are betting on the future of innovative insurance as a whole and not just a few dominant players.

“If you look at the P&C industry holistically, it really hasn’t changed much. It certainly hasn’t experienced the exponential growth traditional financial institutions have seen in the marketplace. But insurtechs raised roughly $2.1 billion in Q1 of 2021. There’s a lot of money being invested in a wide range of insurance products across the entire value chain.”

–Mike Chiaramonte
It’s no surprise that natural disasters and subsequent insurance claims have been increasing at an alarming rate for the last half century.

Over the past few years, many high-profile insurance losses (e.g., the COVID-19 pandemic, electrical failures, severe tornadoes, stuck cargo ships, etc.) have illustrated the need to tech-enabled claims handling.

As climate change accelerates, natural disasters increase, cyberattacks grow and rare events become commonplace, insurance companies need to learn how to handle claims at scale, efficiently and effectively.

They also need to address the public’s current frustrations. Our survey shows that the biggest frustration while filing a vehicle insurance claim were delays in claims payouts (74), lack of information about claims progress (51), smaller than expected claims payouts (49), denial of claims (49) and inability to reach claims staff (46).

“There’s an increasing demand for tech-enablement of claims along with greater disasters and losses. Handling these claims efficiently and at scale is important.”

– Jason Paau
There are three opportunity swim lanes for claims innovation: the first notice of loss, dynamic claims adjustment and finally smarter claims. How do you improve the quality of the information when you’re assessing those claims?”

–Jason Paau

“We’re looking at the entire claims process from beginning to end – submission, coverage, evaluation, negotiation. They all need to be digital.”

–Mike Chiaramonte

One survey participant suggested that insurers “work to create a cohesive multichannel experience so that customers are satisfied no matter how they connect with the company.”

The simultaneous rise in claims and funding spells opportunity for insurance companies. Insurers need to transform the claims process from end to end. By teaming up with insurtechs for certain aspects of claims while modernizing their internal processes, they can elevate the experience, so claimants feel supported at this difficult time.

From the first notice of loss (FNOL) until payment delivery, the foundation for improving claims is having a complete view of the claimant with a customer data platform (CDP). By drawing on the right sources of data, insurers can better understand a claimant’s risk profile.

The next step is making sure that claimants reaching out to the provider are directed to the right point of contact – whether that be a human agent, virtual agent or prewritten explanation. Claims of greater severity and emotional impact require the empathetic touch of an actual person, whereas lesser claims may be handled in an automated or virtual manner. Behind-the-scenes engines can assist in claim triage while providing additional context to the agents.

Other technologies can detect fraud or help agents handle legitimate claims in a way that’s fair to the insurer and the insured. Insurtechs like Solera, for instance, have a huge database with average costs for fixing different car parts. This ensures that the claimant isn’t overpaying for a repair or receiving low-quality parts.

There are insurtech companies that help adjusters, or insurance claims agents, determine whether a claimant is covered. Adjusters typically need to prepare a wide range of unstructured and incompatible data manually. But technology can easily unify and clean the data so it can be analyzed rapidly by AI. If a payment is warranted, this technology can determine a reasonable offer for both claimant and insurer, and reduce lawyer involvement.

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Throughout all this transformation, it’s important for insurers to fulfill their fundamental business mandate as well: to attract and retain customers.

When asked how satisfied they were with the digital customer experiences offered by their primary insurance provider, over half of respondents felt neutral.

This represents an opportunity. The unsatisfactory respondents are few, but almost all point to problems that can be solved through enhanced omnichannel experiences. Digital enables engagement with insurer at “moments that matter” in a timely way. The “cheapest price” will not overcome a bad claims experience.
WHAT PEOPLE WANT

For a few key activities, our survey participants were asked which channel they use most to interact with their insurance provider and which channel they would prefer to use in the future.

**Shopping for insurance coverage/comparing prices**

<table>
<thead>
<tr>
<th>Channel</th>
<th>NOW</th>
<th>PREFER IN THE FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider’s website/client portal</td>
<td>130</td>
<td>80</td>
</tr>
<tr>
<td>Provider’s mobile app</td>
<td>84</td>
<td>94</td>
</tr>
<tr>
<td>Email</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Online collaboration tools/virtual conferencing (e.g., Zoom, WebEx)</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Face-to-face meeting with representatives</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Social media</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>Phone calls</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Messaging applications (WeChat, WhatsApp, etc.)</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

**Receiving advice/information about policy features and pricing**

<table>
<thead>
<tr>
<th>Channel</th>
<th>NOW</th>
<th>PREFER IN THE FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider’s website / client portal</td>
<td>72</td>
<td>97</td>
</tr>
<tr>
<td>Phone Calls</td>
<td>65</td>
<td>61</td>
</tr>
<tr>
<td>Email</td>
<td>55</td>
<td>41</td>
</tr>
<tr>
<td>Provider’s mobile app</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>Online collaboration tools/virtual conferencing (e.g., Zoom, WebEx)</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Messaging applications (WeChat, WhatsApp, etc.)</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Face-to-face meeting with representatives</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Text</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Social media</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>
WHAT PEOPLE WANT

Buying a policy/opening an account

<table>
<thead>
<tr>
<th>Method</th>
<th>NOW</th>
<th>PREFER IN THE FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider’s website / client portal</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>Provider’s mobile app</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Face-to-face meeting with representatives</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Provider’s mobile app/Online collaboration tools/virtual conferencing</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Phone calls</td>
<td>1</td>
<td></td>
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</table>

Filing claims

<table>
<thead>
<tr>
<th>Method</th>
<th>NOW</th>
<th>PREFER IN THE FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provider’s mobile app</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>Provider’s website/client portal</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Phone calls</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Face-to-face meeting with representatives</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
Receiving updates on claims progress

<table>
<thead>
<tr>
<th>Method</th>
<th>Preference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Text</td>
<td>61</td>
</tr>
<tr>
<td>Provider's mobile app</td>
<td>55</td>
</tr>
<tr>
<td>Email</td>
<td>47</td>
</tr>
<tr>
<td>Messaging applications (WeChat, WhatsApp, etc.)</td>
<td>46</td>
</tr>
<tr>
<td>Phone calls</td>
<td>17</td>
</tr>
<tr>
<td>Provider's website / client portal</td>
<td>15</td>
</tr>
<tr>
<td>Face-to-face meeting with representatives</td>
<td>5</td>
</tr>
<tr>
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These results show the demand for more engagement through apps, which allow the use of photos, videos and voice transcription to make gathering supporting data for a claim easier. This can also happen in real-time with an agent on the other end. However, as much as people want more out of mobile apps, people will always want a more personal touch (face-to-face/video) when it comes to more consequential moments and decisions.

In a similar line of thinking, people want to do their research on their own, but when it comes time to buying a policy/opening an account, they want to put a face to the company. They want human reassurance that they are buying the right product.

“You cannot dis-intermediate all human conversation for insurance convos,” Paau said. “Some people will shop around for price for what they view as ‘commodity insurance,’ but some people want to talk with brokers to make sure the coverage is right for their needs or maybe try to haggle a bit.”

According to one survey participant, “The company should work to create a cohesive multichannel experience so that customers are satisfied no matter how they connect with the company.”

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–Jason Paau
CAN YOU ENVISION THAT FUTURE?

First Notice of Loss
Because Jane drives a connected car, the vehicle's sensors have already reported data back to her insurance carrier. Armed with Jane's information, the car's information and the crash impact information from the car, a claims representative is able to proactively reach out to Jane and/or emergency help if there is potential for personal injury.

Directing Jane to the Right Agent
Jane's claim report comes in as unstructured data. It is unified, cleansed and structured so it can then be evaluated automatically using AI, voice analysis and analytics for dynamic, real-time coaching to claims adjusters. Machine learning analyzes the photos Jane submitted, based on thousands of previous images.

Through the aggregation of diverse data sets, the carrier is able to leverage a complete view of Jane. Intelligent workflows and technologies improve the speed and quality.

Dynamic Claims Adjustment
Jane's claim report comes in as unstructured data. It is unified, cleansed and The adjuster's judgement is supplemented with machine learning and process intervention. AI is also used for parsing vast amounts of claims data to support decisions without the adjuster leaving their workflow.

Smarter Claims
Car repairs can vary in cost. Access to the right data sources normalizes costs to ensure a fair claims payment and automate communications with the repair shops and claimant throughout the process. In addition, fraud management isolates analyzes complex patterns and identifies anomalous behavior by parties at each stage of the process.

Close Claims/Manage Spend
Spend management can be enhanced with digital tools focused on provider management, demand management, compliance and watch lists. A data loopback to pricing and underwriting ensures smarter policy coverage and risk.

While waiting at a red light, Jane is rear-ended by another car.

Jane is contacted by her insurance carrier through her preferred, pre-selected method of communication. After, she also sends pictures of the damage through the mobile app.

Jane gets a list of local repair shop options and costs.

After dropping off her car, Jane receives updates throughout the process as her car gets fixed.

Jane picks up her car, with the payments automatically handled by her carrier.
The foundation for improving claims is having a complete view of the customer with a CDP. By drawing on the right sources of data, insurers can better understand a customer’s risk profile and expectations.

“You have to use the insights you create,” Chiaramonte said. “How do you use the data that exists in your core systems to get insights for making better decisions?”

“Regarding CDPs, having that holistic view of customers and drawing upon the right sources of data to better understand the risk profile of an individual are essential,” Paau added. “Salesforce and Epsilon are great players in this.”

To transform the claims process, Chiaramonte and Paau encourage insurers to invest in digital solutions while leveraging data around five strategic imperatives:

**COMPOSABLE ARCHITECTURE**
Create foundational capabilities with modular technologies that can drive flexible experiences at scale.

**API STRATEGY**
Align integrations with business priorities and user journeys to support capabilities.

**DATA STRATEGY**
Identify business opportunities and establish priorities through a better understanding of capabilities and systems.

**CLOUD ENABLED**
Support resilience, scalability and flexibility.

**AUTOMATION PRINCIPLE**
Reduce operational costs by designing processes and capabilities from an automation-first perspective.

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**Jason Paau**
Senior Director, Agile Program Management
Publicis Sapient
Let’s connect

Publicis Sapient is a digital transformation partner helping leading insurance companies, and other financial services organizations, get digitally enabled, both in the way they work and the way they serve their customers. As digital pioneers with 20,000 people and 53 offices around the globe, our experience spanning technology, data sciences, consulting and customer obsession enables us to accelerate our clients’ businesses by designing products and services that put customers first. Publicis Sapient is the digital business transformation hub of Publicis Groupe.
OUR SAMPLE

175 from United States
75 from Canada

Age group

18-24 years old: 25
25-40 years old: 65
41-56 years old: 70
57-75 years old: 65
75+: 25

Net worth

$25,000 to $99,999: 50
$100,000 to $249,000: 50
$250,000 to $499,999: 50
$500,000 to $999,999: 50
$1M to $2.4M: 20
$2.5M to $4.9M: 10
$5M to $9.9M: 12
$10M to $29.9M: 6
$30M to $49.9M: 1
Over $50M: 1

211 had Auto/Motorcycle/Truck/Other Vehicle insurance
130 have a policy with a Traditional Property/Casualty insurance company
119 had Homeowner’s/Condo/Co-op/Renters Insurance
72 have a policy with a Specialty insurance company
1 person also had Flood and Windstorm insurance (from an “Other” flood form field)
113 have a policy with an Insurtech/Fintech

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Let us help you meet your customers’ expectation.
Set up an introduction to our transformation professionals.

Contact us