Changing claims

Technology is changing how claims are managed

by Pat Healy
InsuranceTimes

A recent study by Boston-based Celent Communications, titled *Property/Casualty Claims Technology Strategies*, decries the fact that claims is a core property/casualty insurance function, yet has until very recently been behind in technological advancements. But these advancements abound now and are allowing claims departments to work quickly, accurately and consistently. According to industry sources the technology could stand to be user-friendlier, but most accept this as an eventuality.

Celent Senior Analyst Donald Light compared the present state of claims technology to an expensive sports car.

"If I spend all this money on a Ferrari I'm going to go out on the highway and drive it at 70 miles per hour, which is the same thing I do if I already have a Toyota," he said. "So for what I'm doing it's just not worth my while unless I wanted to spend three months training for pro racecar driving. The technology is powerful, but you need trained and dedicated Information Technology professionals that can master this skill set."

In its report Celent estimates that P/C insurers will spend about $3.5 billion on new IT projects in 2004, and the company further estimates that $600 million of this will be spent on claims-related new projects, which totals at about 17 percent.

"When you get to mid-size or smaller sized insurers they might not have the resources," said Light. "But it's a continuing process and the rules engine or business management solutions of today are probably twice as easy to use now as they were two years ago, and two years from now they will probably be twice as easy. Does that mean that 100 percent of insurance companies will use these tools? No, but it's a sure and gradual expansion of the number of companies that these tools make sense for."

Among the technologies Light discussed was Cambridge, Mass.-based Pegasystems' PegaRULES Process Commander, which combines business process management with a business rules engine. He said the trend of combining different types of technologies has been a key to the recent surge in claims technology.

Mutual Fire Association

One recent example of this is Mutual Fire Insurance Association of New England recently entering into an agreement with Adesso Systems to supply its field inspectors with a mobile solution using the Adesso technology platform.

Vince Scuoteguazza, president and chief operating officer of Mutual Fire, which specializes in loss inspections, said since his field inspectors spend most of their days on the road inspecting buildings for member companies, managing the workflow had become inefficient.

"In fact, it was affecting our business both financially and operationally," said Scuoteguazza. "To better manage the information flow we used the Adesso Systems platform to build and deploy a customized business application that gathered and synchronized data with our corporate database on a daily basis."

Scuoteguazza also said the user-friendly interface made it easy to prepare reports that member companies require for each inspection.

"This endeavor built the platform that enables our inspectors to work in a disconnected environment and also set the stage to truly maximize our efficiencies by using tablet PCs or handhelds," he said. "Adesso Systems has been a great partner in helping us assimilate new technologies into our business workflows."

TeleGlass Corp.

Another company that is enthusiastic about its recent upgrade to real-time claims administration is Woburn, Mass.-based TeleGlass National Corp.

"This is clearly where our industry needs to move to," said TeleGlass Executive Vice President Ronald Lipof. "The primary goals are to provide reduced and sustainable expenses reductions for insurance carriers and to ensure the highest quality customer service experience for their policyholder."

Lipof explained how operations have gotten easier for policyholders in recent years. Where before they might have had to make three separate calls regarding claims, and on top of that had to wait to be called back by at least one of those parties, they can now do it with one call. When policyholders call their insurance carriers they will be prompted to press a number if their claims have to do with auto glass, at which point they will be connected directly to TeleGlass. While the policy-

holders are on the line TeleGlass has the proprietary technology to verify the policyholder's coverage and to schedule their repair or replacement job assignment in real-time with any auto glass shop across the country.

"On the glass shop provider side, our national system is comprised of roughly 40 of the country's largest retail auto glass chains," Lipof said. "To qualify as a premier provider in the TeleGlass national system, glass shops have to be among the most dominant in the marketplace, agree to live by industry and state regulations, and TeleGlass operating, quality and customer service standards. moreover, premier providers are contractually required to use the TeleGlass real-time scheduling and job assignment tracking technology to connect their shops with the TeleGlass customer service and operating center."

Janet Turoff, senior vice president of corporate development for Parsippany, N.J.-based GAB Robins, said she is grateful for the decrease in paperwork due to technological advances.

GAB Robins recently introduced a product called ClienTelligent 3.0, designed to give insurance and risk management professionals real-time claims information via the Web.

"Gone are the days when claim and risk managers had to keep track of paper reports, photographs, estimates, financial reports and notes related to a claim," she said. "Now, in real time, they can have everything available at the touch of a button."

Mike Mullen, vice president and chief information officer, agreed.

"Over the years we have been excited about getting people online," he said, "but the very next step is to keep them offline and push the information to them."

Black Box Recorders

Another recent development in the claims industry is the black box recorder that some automobile manufacturers have been placing in cars that, like an airplane's black box recorder, records a vehicle's spend, engine RPM and brake activity in the moments before an air bag is deployed.

David Snyder, vice president of the American Insurance Association, said it's about time this technology was available for this sector of the insurance industry.

"This black box may be opening up a whole new arena of technological advancement and this advancement would enable not only more efficient results but also more accurate and timely claims settlements than is possible today," he said. "The collection and storage of information has improved a great deal but what has lagged behind has been the application of technology to areas such as transportation."

Claims reporting is not the only area of claims technology that has improved dramatically in recent years. The Property Loss Research Bureau recently held a three-day seminar on new methods for drying water-damaged structures.

"Our new series of programs, called PLRB Explorations, aims to expose high-level claims executives to innovations in processes that will help them provide better service and reduce costs associated with claims," said Pat Harmon, assistant vice president of educational and technical services for the PLRB.

Harmon said he thinks claims technology is on the brink of a breakthrough where if you don't start swimming, you're sunk.

"I think what's next is that we're going to see some leading insurers drive this even further to immediate mitigation of loss," he said. "And to the insurers who master mitigation the future will be theirs, and insurers who don't will have greater loss severity and lower profitability." ❏