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## Insuring a Digital Future with Intelligent Automation

A Guide to Digital Transformation in Insurance

**KOFAX**

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## Foreword

There is little doubt that the world is changing. With shifting customer expectations, increasingly remote workforces and business operations, and the unique challenges posed by global crises like pandemics, industries in all geographies are being reshaped by digital technology, including insurance.

The term “digital” can mean many things. For some, digital is focused on driving higher brand awareness and engagement through the sales cycle and creating a seamless, multichannel experience for ongoing servicing. For others, digitization is focused on back-end process automation and paper elimination, looking at ways of automating tasks and making better decisions while doing so. Both of these perspectives are accurate. Nobody knows what “best-in-class” looks like and “best-in-class” is constantly changing.

Insurance companies that want to lead the charge toward digital transformation are embracing intelligent automation across the business. Intelligent automation technologies such as natural language processing (NLP), virtual agents and robotic process automation (RPA) empower insurers to better handle inquiries and claims processes, creating an improved customer experience. These same technologies are also driving operational excellence through the automation of data entry and simple claims settlements. Cognitive capture, process orchestration, machine learning, analytics and RPA are transforming the back office in insurance companies by intelligently extracting data from documents, automating the transaction review process and updating core applications.

Intelligent automation delivers benefits to insurance carriers across the entire organization. Advantages include enhanced customer experience, operational cost reduction, increased process efficiency, improved time-to-process, regulatory compliance and better management and control. The combined power of the digital and human workforce enables insurance organizations to implement both short- and long-term transformation and adapt as needs evolve, all while keeping the day-to-day operations running smoothly. When it comes to digital transformation, there’s no single, perfect end state, and there is no single right way to get there. But one thing is very clear: carriers that don’t invest in intelligent automation will be left behind by those that do.



## Why Digital Transformation?

Digital transformation is fundamentally reshaping the insurance industry. More than one-third of insurers are comprehensively investing in digital technologies. If you aren't one of them, you will quickly fall behind your competitors.

Carriers across the insurance spectrum are being impacted daily by the global shift to digitization, both in business and in the marketplace. Some insurers are still reluctant to embrace full digital immersion. But others are diving head-first into an unprecedented opportunity to expand their customer reach—and market share – by appealing to “post-digital” consumers, as Accenture<sup>1</sup> calls them. Technology is now so ingrained in our lives, it has become table stakes.

This digital disruption to business-as-usual is driven by several shifting forces in the marketplace known as the four Cs: Customers, Competitors, Costs and Compliance.



**90% of insurers have a coherent long-term plan for technology innovation, and 87 % have a dedicated in-house team for digital innovation.”<sup>2</sup>**

### Customers

The fusion of social, mobile, analytics, cloud and the “Internet of Things” has given rise to a consumer culture that expects premium, seamless and personalized buying experiences—including those with their insurance companies. Customers aren't simply comparing your pricing and coverage options to those of your competitors; they're making buying decisions based on your ability to provide service, respond to inquiries, communicate and complete transactions on their preferred channels of choice.

This digital perspective is changing the way consumers around the globe interact with your business— placing them squarely in the center of every digital experience. A big part of this is the rise in mobile. Digital mobility has become the favored means for customers to

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<sup>1</sup> [Technology Vision 2020](#), Accenture

<sup>2</sup> [Digital Transformation is Remaking Insurance](#), Accenture, 2019

research product information, compare, select, and purchase products of all types. Mobile adoption increased by more than 70 percent between 2017 and 2018. Even markets with typically lower usages, such as France and Canada, have seen significant growth. It's clear customers expect to be connected 24/7, regardless of where they are.<sup>3</sup> Insurers will need to elevate the customer experience, integrating both sales and service on mobile platforms.

## Common Insurance Activities Conducted on Mobile Devices


- Requested an insurance quote
- Received a text notification from insurer
- Purchased insurance coverage
- Paid an insurance bill
- Viewed an insurance policy
- Located a local agent
- Changed personal information
- Changed coverage
- Checked the status of a claim
- Downloaded an insurance ID card
- Located a service contractor related to an insurance claim
- Filed an insurance claim



**“Insurers that create superior value stand out in three broad areas, helping them keep up with evolving customer expectations and stay a step ahead of insurgents. They excel in their core business . . . They go beyond insurance . . . They make innovation a priority.”<sup>4</sup>**

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<sup>4</sup> [Customers Know What They Want. Are Insurers Listening?](#) Bain & Company, 2018



During the next five years, 90% of insurers expect that customers will purchase most of their insurance through online and mobile apps.

80 % expect customer interactions will be substantially handled by virtual assistants.<sup>5</sup>

<sup>5</sup> [Digital Transformation is Remaking Insurance](#),  
Accenture, 2019

## Competitors

The bond between insurers and customers has been historically weak—primarily due to the stressful events in which customers need immediate assistance and expect an uncomplicated beneficial outcome. This expectation is often hindered by document-based processes and disconnected legacy systems that cause data errors and delays in service. As a result, consumers are seeking digital-first providers who can meet their needs through faster, more accurate digital capabilities.

Companies like Amazon and Walmart are leveraging the industry’s slow entry into the digital world to carve out their share of the insurance space by servicing niche customer groups. Digital platforms are enabling these competitors to move with agility, while simultaneously offering a familiar customer experience. Retail and consumer technology companies have a deep understanding of the customer experience and how to optimize it. Savvy insurers will capitalize on this data intelligence to grow and retain their customer base.

Additionally, the rise of InsurTech startups has been seen as a threat. However, a recent Deloitte analysis points out that insurers would be wise to tap into InsurTechs as partners in innovation. While the number of InsurTech launches has drastically dropped over the past 18 months, funding remains high, with \$2.2 billion raised in the first half of 2019. Insurers only represent one in every four dollars invested, supporting the fact that many carriers still view InsurTechs simply as vendors. Carriers should consider leveraging the technological capabilities of InsurTechs to improve customer engagement and employee productivity.<sup>6</sup>



**“Five percent of insurers rate themselves as effective in harvesting results from digitization.”<sup>7</sup>**

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<sup>6</sup> [Accelerating Insurance Innovation in the Age of InsurTech](#) - Deloitte

<sup>7</sup> [2020 Global Insurance Outlook](#), Ernst and Young

## Costs

Cost reduction and process simplification are primary drivers for insurers in transforming their operational models, especially as they relate to high volume activities such as onboarding, underwriting, claims processes and policy maintenance.

Since the cost of manual processes is much higher than digital ones, when your company implements the right digital solution to support transformation, you can realize considerable cost and efficiency improvements very quickly. Consider that insurers leveraging RPA can reduce operations handling time by an average of 40 percent.<sup>8</sup>



**The adoption of Intelligent Automation technologies such as Artificial Intelligence will continue to automate more processes. In fact, it is estimated that the premiums underwritten by AI will increase from \$1.3 billion in 2019 to \$20 billion in 2024.<sup>9</sup>**

## Compliance

Insurance regulations are complex and constantly changing. In addition, congressional and state elections produce regulatory uncertainty amongst property & casualty (P&C) insurers as they face the potential for radical change in taxation and compliance repercussions. International Financial Reporting Standard (IFRS) 17 is a top concern for insurers, as it will impact technology, data and reporting procedures. General Data Protection Regulation (GDPR) creates other challenges around data privacy.<sup>10</sup>

Legacy systems were simply not built to adapt to these frequent changes to rules and regulations established by federal agencies or each state's Department of Insurance. Automated, digital platforms make it easier for insurers to comply with regulatory guidelines, reduce employee headcount for managing compliance, mitigate risks and help maintain litigation readiness.

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<sup>8</sup> [The Automated Insurer](#), KPMG

<sup>9,10</sup> [2020 Global Insurance Outlook](#), Ernst and Young





# How Insurers Measure Up Digitally

## The current state of digitization

Despite a slow evolution, many within the insurance industry now associate “digital” with distribution, mobile, front-end capabilities and some automated processes, such as rating. Indeed, many insurers have already begun making significant investments in digital basics—for example, replacing phone conversations and paper processes with online portals and mobile apps.

Nevertheless, true digital transformation requires insurers to find ways for AI and people to work together seamlessly to amplify the best qualities of both. That includes both front- and back office-operations, as well as the broader ecosystem.

Figure 2 below shows a continuum of insurance propositions that range from “Not Digital” to “Extreme Digital.” The Not Digital status was common for most insurers several decades ago, when everything was produced through a paper-based model.

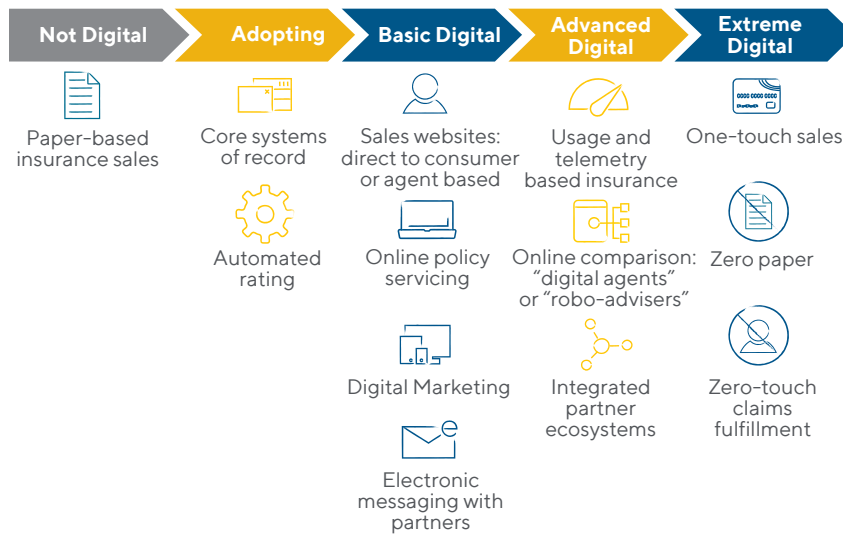


Figure 2: Digital Technology Adoption Phases for the Insurance Industry<sup>11</sup>

**“In addition to the burden of compliance, these new regulations may prevent insurers from collecting all the data they need to launch new digital products, services and experiences. Finding new and proactive ways to access relevant customer data will be essential to ensure transformation journeys keep pace.”<sup>12</sup>**


<sup>11</sup> Hunting for Extreme Digital, Celent

<sup>12</sup> [2020 Global Insurance Outlook](#), Ernst and Young

In its recent report “The Automated Insurer,” KPMG discovered that while most insurance CEOs understand the importance of automation to survival, there is still a long way to go before achieving the end-to-end intelligent automation required for success. While only one percent of CEOs reported they had not implemented artificial intelligence in the automation of business processes, a resounding 86 percent said they were only as far as a trial or limited approach within specific processes. Additionally, many traditional insurers are only experimenting with RPA and are just considering more advanced technologies such as machine learning and cognitive capture in three to five years.<sup>13</sup> Small-scale, limited efforts will not deliver the results traditional insurers need to meet modern customer expectations and compete against emerging players.

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<sup>13,14</sup> [The Automated Insurer](#), KPMG



KPMG divides intelligent automation progression into five levels, ranging from small-scale/trial implementations to true transformational intelligent automation that drives the business forward.

The majority of insurers are stuck at level 2, unable to move beyond limited automation projects and not looking beyond RPA technology for cost-saving benefits.<sup>14</sup>



63% of insurance executives are using cloud-based technologies to improve operational efficiencies.<sup>15</sup>

<sup>15</sup> [Digital Transformation Remaking an Industry](#), Accenture, 2019

## Positioning for future opportunities



**Sixty percent of insurance executives are using AI technologies to improve operational processes. Half plan on using AI-based technologies to improve client-facing processes in the next 3 years.<sup>16</sup>**

By adopting advanced digital capabilities, you will see a shift in your underlying business model and realize tangible benefits from the faster, cheaper, smarter and better opportunities accessed.

Deloitte<sup>17</sup> identified 9 ways in which insurance companies can accelerate innovation:

- Leveraging a broader external ecosystem
- Maximizing talent and resources
- Experimenting with new customer acquisition models
- Dedicated capital investment
- Focusing on experimentation and entrepreneurial risk-taking
- Developing new operational models
- Establishing a customer-first lens
- Targeting new market segments
- Assessing potential InsurTech acquisitions

Analysts agree that becoming a digital insurer will no longer be about incorporating automation technologies into an organization. Instead, it will be about using them to create a broader fabric that connects customers, partners, employees and industries, and enables new insurance value propositions that expand value creation and growth.

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<sup>16</sup> [Digital Transformation Remaking an Industry](#), Accenture, 2019

<sup>17</sup> [Accelerating Insurance Innovation in the Age of InsurTech](#), Deloitte



## Creating organizational readiness

Achieving true digital transformation through intelligent automation within an insurance enterprise takes commitment. That's why the first step to ensuring success and assessing corporate readiness is to secure buy-in from key players across the organization—from C-level management to those along each touchpoint of the customer journey.

Second, it is critical to understand that an ad hoc approach to providing digital solutions doesn't equate to transformation.

**“It can be easy to think of automation as a new suite of tools that can reduce cost, improve efficiency and help deliver a better customer experience. With this mindset, executives will often push critical decisions to technology teams or siloed functions. This is a critical mistake . . . insurers need to think about intelligent automation not as a technology implementation, but as an end-to-end business transformation.”<sup>18</sup>**

You may consider establishing a dedicated “digital transformation task force” comprising members from each identified area of digital impact to bring their collective input, expertise and process ownership—as well as allocated resources—to the planning table. In that environment of collaboration, a cultural shift toward digitization and automation begins to emerge.

**“Almost eight in ten CIOs see their digital strategy as only moderately effective or worse.”<sup>19</sup>**

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<sup>18</sup> [The Automated Insurer](#), KPMG

<sup>19</sup> [Insurance Technology-Progress on Digital Strategies](#), KPMG

### At a Glance

To achieve organizational readiness:

- Gain executive-level sponsorship
- Establish innovative, cross-functional teams focused on the customer journey first and internal processes second
- Broadly communicate the vision, goals and success criteria to ensure alignment throughout the organization



# Developing a transformation plan

Once you have received the necessary buy-in from corporate leadership, established a dedicated transformation team across all levels of management and obtained committed resources for implementation, you're ready to begin building a plan for transformation.

Even the most complex plan is manageable using consistent tools and standardized steps to:

1. Map, prioritize and identify opportunities for digitization and intelligent automation
2. Assess digital maturity
3. Guide the redesign of business processes

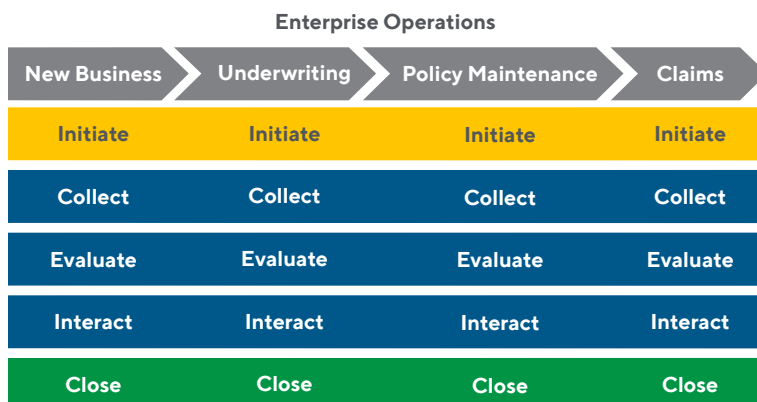
This section details each of these standardized steps.

## #1. Mapping, prioritizing and identifying opportunities

Digital transformation across multiple lines of business—from customer acquisition and underwriting to claims processing and policy maintenance—is a significant undertaking and one that many insurers do not have the resources to tackle simultaneously.

Using a Business Process Matrix (*Figure 3*) to target digital opportunities will help you begin to identify opportunities for intelligent automation within your organization by focusing on core business functions within the insurance lifecycle. These core functions can then be evaluated in light of the five common process steps that occur within each of these functions.

Figure 3: Business Process Matrix



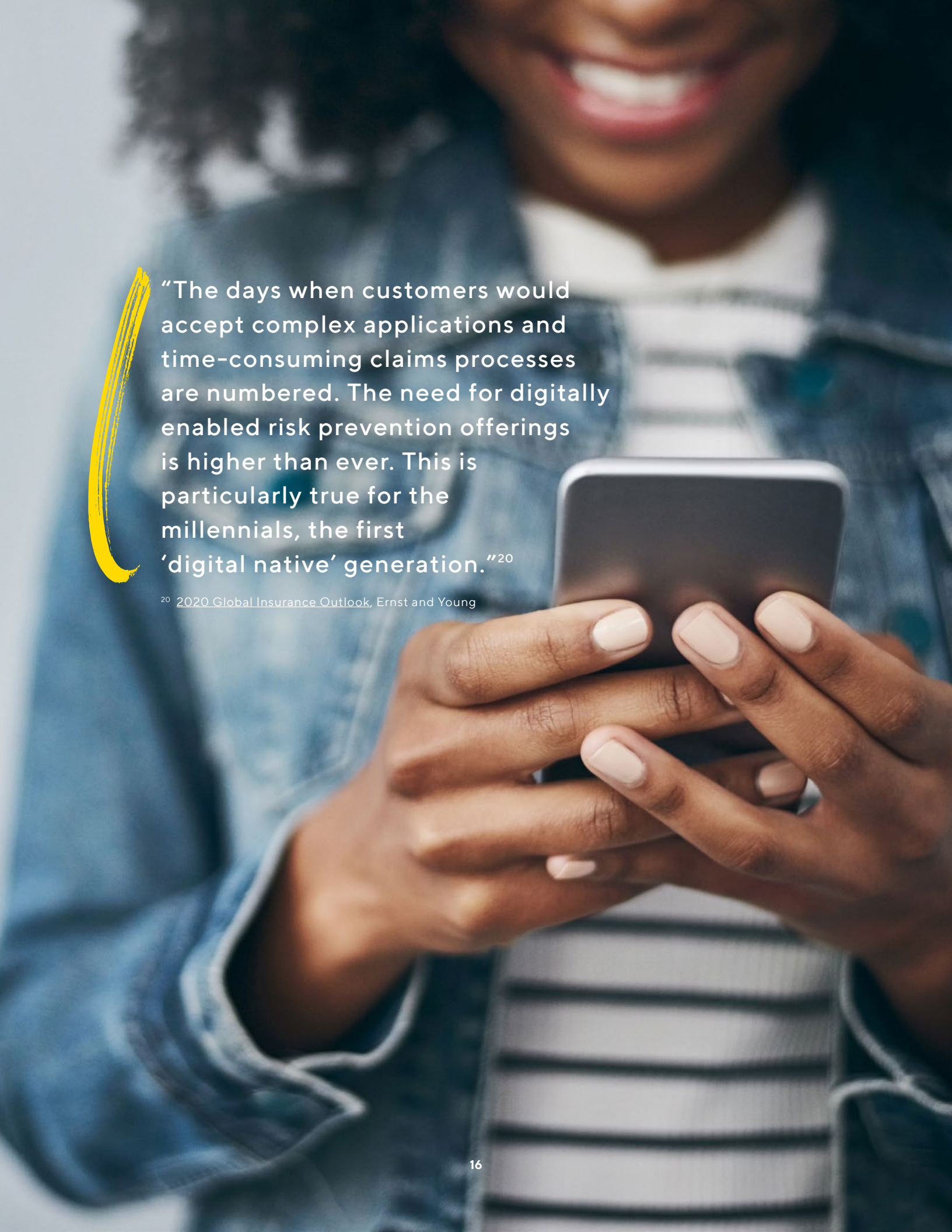
In Figure 3, the insurance policy lifecycle is represented at the top, from left to right, by the core business functions of New Business, Underwriting, Policy Maintenance and Claims. These core operational functions are supported at the corporate level by HR, Marketing and Accounting. The column under each core function lists the five common steps or phases of any business process.

Generally speaking, any business process or request has some form of trigger or event to INITIATE the process. Once a process starts, you typically COLLECT some amount of information and data so that you can EVALUATE the request and make an informed decision. Once a decision is made (and throughout the process, really) you INTERACT with the customer or process stakeholders to provide the status or outcome of the process. Finally, every process comes to a CLOSE, wherein core systems are updated and the activity is deemed complete.

You can use this Business Process Matrix to help identify automation opportunities within your organization across all stages of the insurance lifecycle and down through each process step or phase. As you move across and down the matrix identifying intelligent automation opportunities, look for intersections where:

- 1.** Your customers might make decisions about the type of company you are
- 2.** Your competition might look to see what kind of threat you might be
- 3.** You can influence how your customers and competitors view your company

In addition, be aware that the prioritization of opportunities depends on the degree to which your products and services are, or could be, digitized and how new technologies are changing the way your customers engage with non-traditional distributors.



“The days when customers would accept complex applications and time-consuming claims processes are numbered. The need for digitally enabled risk prevention offerings is higher than ever. This is particularly true for the millennials, the first ‘digital native’ generation.”<sup>20</sup>

<sup>20</sup> 2020 Global Insurance Outlook, Ernst and Young



## Getting started

When developing your transformation plan, start with the customer-facing processes (or intersections in the Business Process Matrix) across all channels and lines of business that:

- Have the greatest impact on your organization's results
- Impact the largest customer bases
- Help you keep pace with or outrun competitors
- Contribute to low Net Promoter Scores (NPS)

## Finding Opportunities

Next, identify and prioritize opportunities within the front and back office processes. (See the Assessing automation maturity section of this document for more information.) You can discover high-impact, high-priority opportunities in the large back office processes with low levels of automation maturity. Such processes involve large numbers of full-time employees performing redundant manual tasks and require managing a high volume of paper documents.

**“The need for simpler digital products embedded in relevant ecosystems, coupled with instant claims payment . . . is significantly altering expectations at all phases of the customer journey.”<sup>21</sup>**


These processes often consist of:

1. High incidence of manual data entry
2. Low cognitive requirements; checking of documents for completeness and data accuracy (for example, policy change requests)
3. Redundant manual data extraction and document verification
4. High percentage of exceptions requiring knowledge worker review and decision-making

As you identify and prioritize opportunities using the Business Process Matrix, you will have a good snapshot of your entire value chain and assigned priorities. This will allow leadership to then select the best opportunities for intelligent automation and devise a roadmap for meeting your organization's strategic objectives.

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<sup>21</sup> [2020 Global Insurance Outlook](#), Ernst and Young



“Robotic process automation is more deeply embedded in claims and basic administrative processes. AI use is growing . . . these new technologies will revolutionize the customer experience across the board. In personal lines, underwriting will be seamless . . . the claims process will be streamlined dramatically. Fraud detection will be greatly enhanced.”<sup>22</sup>

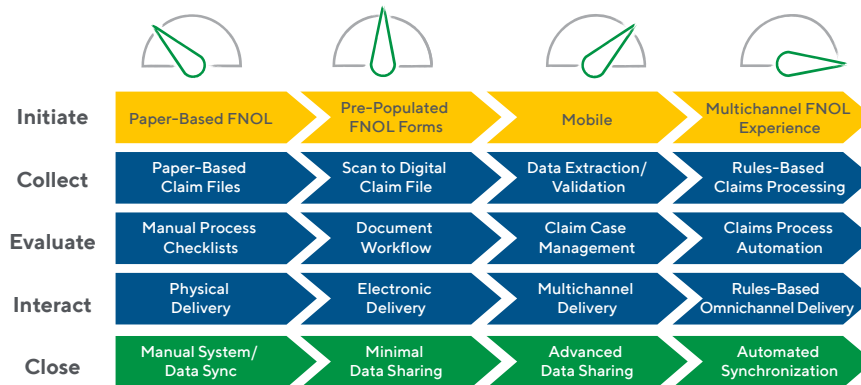
### At a Glance

- Create a model of prioritized opportunities driven by immediate customer, competitive or regulatory demands
- Assess customer experience and front and back office digital automation maturity
- Prioritize automation for short-term, high-impact wins in strategic lines of business

## #2. Assessing automation maturity

Processes for each line of business can vary widely with respect to the amount of investment in digital capabilities and thus, automation maturity. The Process Maturity Model in Figure 4 can help you measure digital maturity and its consistent competitiveness.

Figure 4: The Process Maturity Model: Claims Example



The Process Maturity Model is helpful for assessing your organization's current digital state, again using the four core business functions and five-step process within each function. The boxes to the right of the five steps represent insurance tasks that can be measured against a continuum ranging from Not Digital to Extreme Digital.

Moving from manual to full digital means:

1. Reducing paper
2. Automating processes
3. Automatically extracting and validating data  
(via cognitive capture technology)
4. Adding and connecting digital channels  
(mobile, online, email, social media, etc.)
5. Engaging the customer in self-service and proactive, personalized communications exchange
6. Integrating data between insurance systems and external sources
7. Automating regulatory compliance and audit trails
8. Analyzing processes to determine "what happened", anticipate "what could happen" and "what should be done"

Use the sample Process Maturity Model to reveal opportunities to both further digitize your customer's experience and engagement and identify opportunities to digitally transform your operating model as you advance from manual and paper-based to a fully digital and paperless environment

**“New technologies and evolving customer expectations are driving change across the industry at an ever-faster rate . . . customers are increasingly looking for more choice, flexibility and easy omni-channel interactions . . . insurers' ability to deliver on these expectations are hindered by familiar challenges such as legacy technology platforms and time-consuming, manual paper-based processes.”<sup>23</sup>**

By assessing digital maturity across your organization, you can determine which areas need improvement, prioritize the areas you want to digitize first and start developing an end-to-end digital transformation plan.

### **#3. Guiding the redesign of business processes**

Focusing solely on the front office customer experience will result in missed opportunities to enhance the customer journey, reduce costs, fend off competition and maintain compliance.

Therefore, once you decide to digitize a process, focus on the entire process from initial customer engagement all the way through policy maintenance and claims processing.

**Tip: Consider using your digital maturity assessments of the front office customer experience and back office processing in your Process Maturity Model as factors when assigning priorities for digitization on your Business Process Matrix.**

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<sup>23</sup> [The Automated Insurer](#), KPMG

## Get the big picture

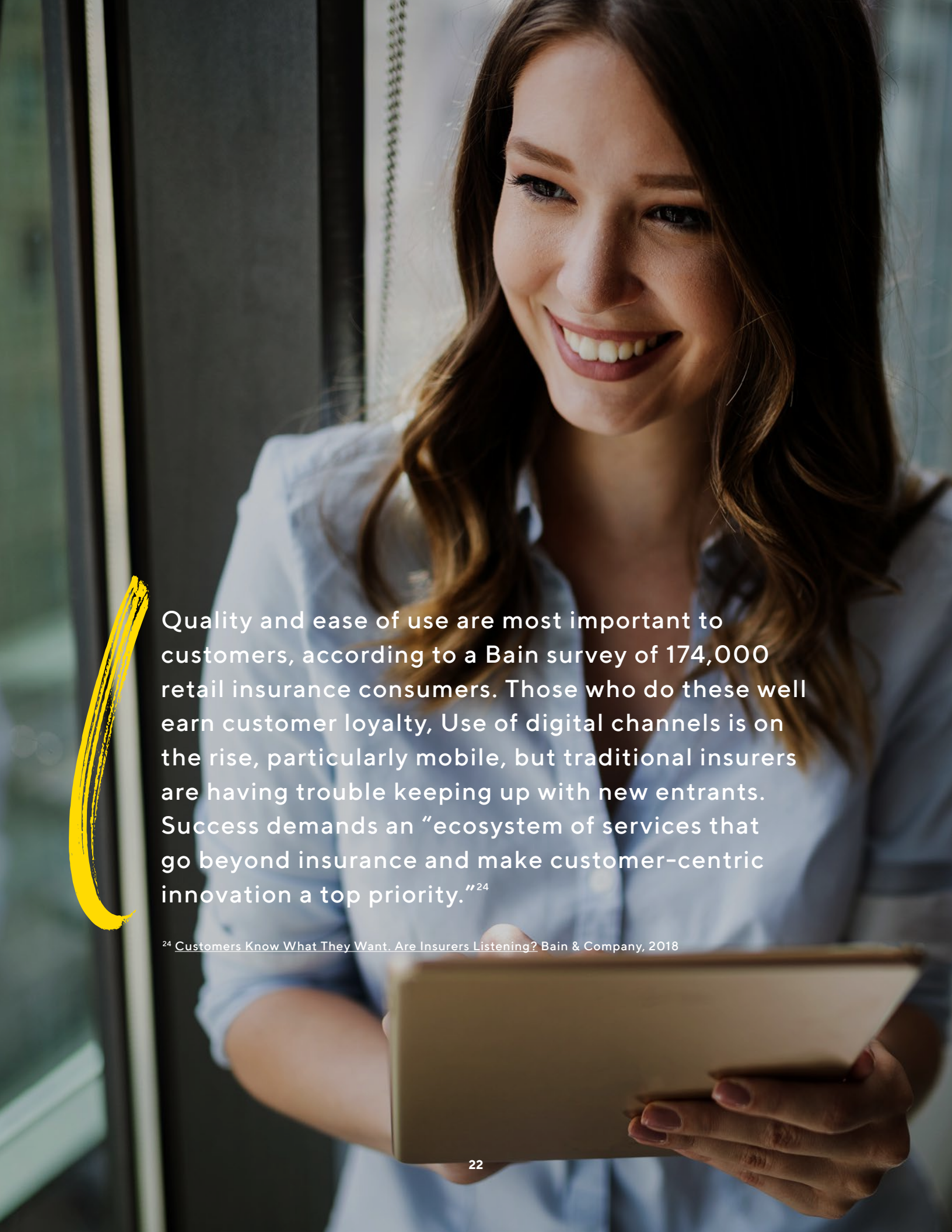
But before adding a digital solution to any business process, it is vital to have a clear, big-picture perspective on your long-term automation needs throughout the enterprise. Zero in on the entire process: from customer engagement and communications to product lines, market requirements, regulation and compliance, online and mobile channels, collaboration strategy and future vision.

Once you've reached a company-wide consensus of your transformation priorities, the next step is to consider the best digital options for getting there. For example:

**Mobile Capture**—Allows policyholders to apply for insurance policies or initiate claims anytime and anywhere. Conversely, claims adjusters can use mobile capture to send in forms, reports and images for each submitted claim. Through multichannel document capture and intelligent OCR, mobile application and claims processing is significantly expedited, and manual data entry errors and postal costs are eliminated.

**Process Intelligence**—Manages and directs your business processes from marketing, sales and distribution to claims/policy process. Unlike traditional analytics, which simply shows what happened in the past, real-time and actionable process intelligence not only helps you understand and remedy bottlenecks in your business workflows in real time, but also provides unique understanding of how the “way” your process flows impacts your key business metrics.

**Customer Communications Management**—Strengthens customer relationships by enabling timely communications such as claims notifications, policy briefs and coverage descriptions, explanation of benefits and other relevant information. Essential functionality includes near-real time tracking and status updates, alerts and personalized communications to customers—so your employees can stay focused on other business tasks.



Quality and ease of use are most important to customers, according to a Bain survey of 174,000 retail insurance consumers. Those who do these well earn customer loyalty. Use of digital channels is on the rise, particularly mobile, but traditional insurers are having trouble keeping up with new entrants. Success demands an “ecosystem of services that go beyond insurance and make customer-centric innovation a top priority.”<sup>24</sup>


<sup>24</sup> [Customers Know What They Want. Are Insurers Listening?](#) Bain & Company, 2018

**Robotic Process Automation (RPA)**—Eliminates the manual, repetitive tasks that reduce productivity and result in costly errors. RPA mimics the same tasks your employees do: collecting and integrating data among external websites, portals or various desktop applications. You can use RPA to improve customer engagement activities such as price matching, coverage comparisons and customer call center experiences, as well as streamlining the claims process and ensuring regulatory compliance.

**Process Orchestration** - Automates routine workflows and streamlines case management processes for better compliance, decision-making, ad-hoc activity and process visibility. Automates internal and external communications (such as missing document notifications, etc.) and sends status notifications as processes reach specific milestones.

Points to consider when you review and redesign processes:

- Study the customer engagement journey and the potential impact process changes may have on your customers
- Look for redundancy and manual verification—often in processes related to compliance and underwriting
- Find opportunities for eliminating data entry, metadata extraction, verification and manual document processing
- Integrate systems of engagement with systems of record and external data sources
- Leverage opportunities to digitally engage customers by enabling self-service
- Use customer data to provide personalized offers and communications
- Facilitate back office collaboration and decision-making
- Design dashboards for your customers, as well as for continuous improvement and compliance purposes



**“Customer expectations of value are evolving from basic needs (good products at fair prices) to transaction-related attributes (on-demand, ease of use, simple and intuitive) to higher-level traits that emphasize engagement and affiliation.”<sup>25</sup>**

<sup>25</sup> [Customers Know What They Want. Are Insurers Listening?](#) Bain & Company, 2018


## Results

Process redesign should result in your customers being able to enter less data and receive process confirmations and alerts from an automated platform. In addition, customers should experience near real-time communication that allows for self-service and support from any channel.

Designing business insight into process improvement and compliance initiatives can also provide your company with the competitive advantage of being able to make better-informed business decisions, as well as ensure regulatory compliance. Digital process and data analytics allow you to both proactively discover and address customer-related issues and mitigate the risks of non-compliant operational processes.

Automated processes provide:

- The digital experience customers expect
- Real-time customer engagement and personalized communications
- The opportunity for frictionless communications and processing
- Advanced process management and back office collaboration
- Seamless integration of business rules into processes that ensure compliance and provide an audit trail
- Process analysis and continuous process improvement



**“The harsh reality is that most insurance companies still don’t consistently deliver the value their customers are seeking. They don’t manage to differentiate themselves and often end up competing on price, with products that, in the eyes of consumers, look more and more like commodities. Small wonder then that an increasing number of consumers shop for policies at aggregator sites, or that InsurTechs and other newcomers to the industry are gaining traction in the marketplace.”<sup>26</sup>**

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<sup>26</sup> [Customers Know What They Want. Are Insurers Listening?](#) Bain & Company, 2018





“On average, the share of digitally active customers has increased more than 60 percent in the last four years. Mobile adoption has increased more than 70 percent just in the last year. Across markets, customers are open to using new technologies, including voice-controlled assistants.”<sup>27</sup>

<sup>27</sup> [Customers Know What They Want. Are Insurers Listening?](#)  
Bain & Company, 2018



## Creating a digital environment

As your company takes the first step in its journey to digital transformation, competing with digital competitors, and improving customer experiences and operating models, you may face some hurdles when assessing how to evolve quickly.

One way to navigate these potential hurdles—particularly those related to gaps in technology and internal skills—is to align with skilled technology partners who can identify ways to automate quickly without having to perform wholesale system replacement.

### 1. Modernize existing core systems

The growth of unstructured information, regulations and new customer channels and systems of engagement has required organizations to resolve disconnects between information, processes and business applications.

Insurers, underwriters and agents all must process documents and data using disparate, disconnected systems. Manual processing and interventions can be eliminated by integrating the right mix of intelligent automation technologies with existing systems and taking advantage of the digital workforce to connect to internal and external information systems—such as document management, enterprise content management (ECM), business process management (BPM) and customer communications management systems.

When possible, use flexible software platforms instead of rewriting or substituting legacy architecture.

The collaboration and dynamic communication capabilities that intelligent automation offers can provide customers with a personalized, seamless and secure digital engagement.

Bottom line: the more you implement flexible software platforms, the faster you will see a digital transformation.



“Change is inevitable, and your technology solutions must be able to work together – not only for greater efficiency internally, but more importantly, to deliver the best customer experiences.”<sup>28</sup>

## Advantages of intelligent automation

Intelligent automation can be leveraged across multiple business units, either in a dedicated manner or as a shared service across multiple lines of business. For example, in a shared service environment, documents from multiple lines of business can be sent to an intelligent document capture engine to classify and index them, as well as to extract data. Extracted data can then be returned to the appropriate core insurance system for each line of business.

When considering an intelligent automation solution, make sure to select a flexible, scalable and proven architecture that can:

- Configure across the lines of business, such as P&C and Life
- Integrate with architecture that is already in place and usable to meet digital system requirements

## 2. Partner for success

As insurers address challenges with existing operating models, they must choose successful partners who help build and execute on a digitization roadmap.

True digital transformation requires initiatives that transform insurers’ operating models and the customer experience, and introduce new, innovative products. In addition to hiring to address skills gaps, insurers must acquire and/or work with experienced technology partners to compete and make intelligent automation a reality sooner rather than later.

Choosing a strategic technology partner at the start of your intelligent automation journey is an important first step in building and implementing a digital environment that fits each phase of your digital roadmap.

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<sup>28</sup> The Insurance CIO’s Guide to Building an Agile Communications Strategy, Oracle



**“On the L&A side, insurers should continue to replatform existing core applications from legacy systems to more modern environments to ensure they are adaptable for digital capabilities. For P&C . . . carriers should look to initiate or continue their core system transformation efforts utilizing vendor packages as the base. Carriers should look for options where digital capabilities are embedded within the core system. Cloud can provide carriers with added agility and flexibility . . . insurers should look to augment their delivery capabilities using the cloud.”<sup>29</sup>**

<sup>29</sup> [2020 Insurance Outlook](#), Deloitte, 2019



## Summary: Benefits of Digitally Transforming Operations with Intelligent Automation

Although many insurers have invested in document automation systems to update and upgrade their digital capabilities, a complete omnichannel interface remains rare among insurance providers. Alternatively, insurers need to refrain from creating new architectural silos and introducing complexity that can reduce their ability to seamlessly service and satisfy customers across all products and services.

### At a glance

- Use industry-leading partners with expertise integrating into existing insurance systems
- Look for partners with intelligent automation that can be leveraged across the enterprise
- Consider partners with a successful track record of collaboration and on-time project delivery

Intelligent automation delivers substantial cost savings and return on investment. It is estimated that a software robot can cost as little as one-third the price of an offshore full-time employee (FTE) and roughly one-fifth the cost of an onshore FTE. Over time, the savings can add up to more than ten times the original cost of implementation. However, the main driver behind IA is not a reduction in headcount. In fact, IA technology frees up human workers to devote more time to strategic, value-added tasks. The benefits of IA go well beyond cost savings, improving productivity and performance, employee satisfaction, scalability, quality, reliability and auditability.<sup>30</sup>

End-to-end digital transformation provides customizable, easy-to-configure digital experiences that help insurers meet shifting customer expectations. An advanced, flexible intelligent automation platform enables more efficient end-to-end processing- reducing costs and freeing resources across the insurance enterprise.

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<sup>30</sup> [The Automated Insurer](#), KPMG



## How Digital Transformation Impacts Market Drivers

In the Why digital transformation? section of this paper, we identified the four main market drivers of digital transformation—customers, competitors, costs and compliance. Below are examples of how digital transformation positively impacts these four drivers:

### Customers

Through strategic capital investments in digitization, many insurers are reporting tangible business benefits that include increased customer acquisition and retention, new sales and cross-selling opportunities, and reduced servicing costs and claims payouts.

[Safe-Guard](#) wanted to create a more efficient customer journey by reducing the amount of paper and touch points in the sales and claims processes. The insurer leveraged intelligent automation technology to capture and scan paper documents without manual intervention. Paper documents, emails and faxes are automatically identified by document type and sent to a work queue for an existing claim or contract. The insurer also uses advanced analytics to identify ways to improve the overall contract and claims handling process. IA technologies power the company's mobile app, enabling customers to take photos of documents and securely share them for processing. As a result of intelligent automation, Safe-Guard achieved a 75 percent reduction in adjudication times, a 25 percent reduction in calls from customers trying to check on the status of their claim and a 15 percent increase in customer satisfaction.

### Competitors

Insurers with digitally integrated channels and systems can compete better with traditional carriers, as well as non-traditional distributors. These digital platforms provide the enhanced levels of engagement, customer experience and rapid response times insurers need to gain a competitive edge. An investment in digital is an investment in customer loyalty, as digital customers have proven to be less likely to switch to a competitor and more likely to buy and use more products and services.

## Costs

The data is clear—measurable cost savings and efficiency gains occur when insurers adopt digital operating models. Less manual effort translates into reduced errors, less redundancy in data and document verification, and fewer full-time employees (FTE).

The underwriting function has emerged as a primary driver of growth and profitability. New data sources, better analytic tools and more automated systems are giving insurers expanded options for improving underwriting quality and productivity across lines of business.

A [specialist insurer](#) providing workers' compensation coverage was struggling with legacy systems and manual business processes. The company used RPA and AI technology to build smart software robots used for manual tasks in HR, finance and communications. In all, the insurer has launched 25 robots across 8 departments, saving 2,000 hours of work annually (including 120 hours of high-paid work). A claim that typically took 26 days to process now takes between 24 and 48 hours.

## Compliance

Digital processing and automation allow insurance providers to incorporate business rules and use data sources to ensure regulatory compliance. In all cases, digital processing provides the visibility and audit trail needed for reference in the event of an audit or suspicious activity. This is where robotic process automation (RPA) can come into play. With the help of RPA technology, the core system can capture business rules and interpret data sources to process, trigger responses and communicate compliance to current regulations.

A large [European insurance company](#) turned to intelligent automation to streamline the processing of medical investigation reports. The IA implementation delivered an 80 percent reduction in the time required to process a report and enabled the insurer to deploy 15 employees to other departments that demand more creativity and strategic thinking. Report processing is now standardized with the risk of human error greatly reduced.



## Looking Ahead

To thrive in post-digital world, insurers will need to focus on creating a human-centric, end-to-end digital experience that serves customers where they are and on their terms. Intelligent automation enables them to reimagine customer journeys, enhance operations and deliver the personalized experiences that customers seek. Achieving the right balance between human workers and their digital colleagues will also help insurers be more resilient in uncertain times and consistently exceed customer expectations. With intelligent automation, you can begin working like the digitally enabled company of tomorrow, today.

Ready to take the next step and digitally transform your operations with intelligent automation? We can help you boost efficiency and reduce costs with a digital transformation strategy designed to suit your specific and unique business requirements.

**Call us at +1-949-727-1733, or simply [fill out this form](#).**





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