

Integrated and Intelligent Document Processing in General Insurance



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Intelligent document processing integrated with core general insurance systems delivers more value and increased efficiency, while allowing more automated workflow to claim processing.

Changing Times for General Insurance

The Australian and New Zealand general insurance industry is undergoing significant change. Risk profiles are changing, as are customer expectations and regulations. The need to provide real-time self-fulfill requests via digital channels has become commonplace. At the same time, insurers are required to comply with any new regulations introduced by the government. In response to these changing market expectations, most insurers are in the process of digitally transforming their business operations. Long gone are the days when activities were manual and customer interaction was face-to-face, and then completed inside the agent's or insurer's walls. Many policies are now on-demand and self-fulfilled by customers through digital channels. Underwriting, pricing, and approval of an increasing number of products are now done real-time and automated. Accident sites and claims assessments are being done remotely, utilising video and images from smartphones and CCTV cameras.

This transformation journey has not been easy. Many insurers are challenged to make progress and it is not for a lack of will or talent. At the heart of the challenge is the problem of capturing, codifying, and retrieving relevant documents and data. While most document-intensive industries share this challenge, the volume of documents is far greater and far less structured in insurance. In this IDC Analyst Brief, we explore the merit of implementing an integrated document management within the general insurance market.

AT A GLANCE

KEY STATS



42% of all documents are unstructured or semi-structured, and likely, significantly higher for general insurers.



80% of insurers require manual intervention for document management in more than 40% of claims cases.



Only **24%** of financial services institutions (FSIs) have integrated intelligent document processing solutions.



Integrated approaches can potentially reduce claim-processing cycle time by **20-35%**.

KEY TAKEAWAYS

Standalone content management solutions help general insurers, but integrating document management into core processes provides a significant uplift in automating workflows and decisioning without manual intervention.

Document Management and Processing in General Insurance

Unstructured Data Challenges

A recent IDC research shows that across most industries, 42% of documents and files are unstructured or semi-structured (Source: IDC's Enterprise Content Strategies 2020 Survey). We estimate this percentage to be much higher in the insurance sector. For general insurance operations, documents such as images and audio and video recordings are highly unstructured. To make matters even more complicated, the file and document formats used are growing in number. Figure 1 illustrates the many different documents, either semi- or unstructured, in use across the general insurance value chain.

Over the years, general insurers have made some strides improving their content and document management process. For example, general insurers have initiated ad-hoc or individual projects to extract and attach metadata. They have created PDF and other advanced form solutions with electronic signatures to identify and access critical information and automate the document processing flow. And some have gone as far as using artificial intelligence (AI) to process images and using facial recognitions to identify license plates and location information. These efforts have provided some structure to otherwise unstructured documents.

While these steps have been helpful, they have been more reactive than transformational. The vast number of documents involved, and in new formats, make this a challenging proposition to do at scale.

Figure 1: **Typical Inbound and Outbound Documents Used by General Insurers**

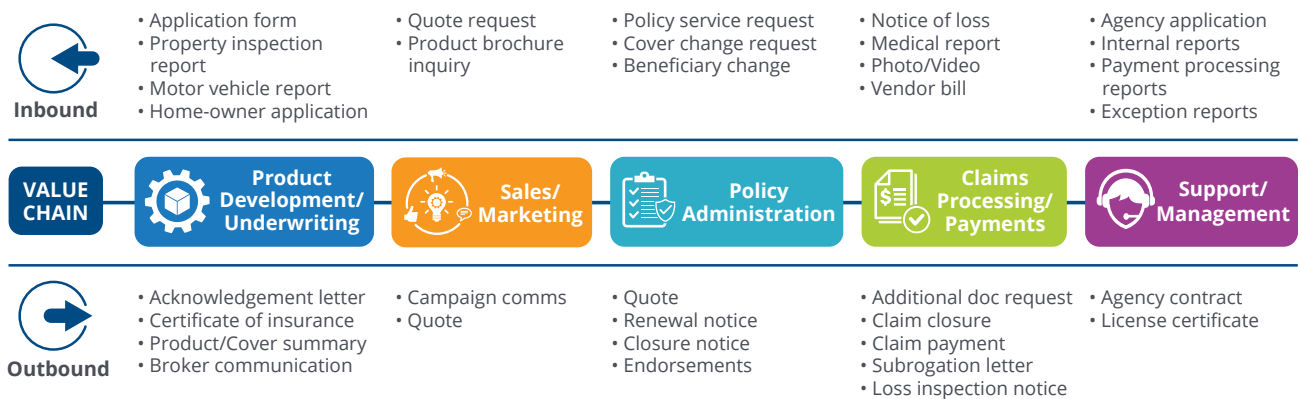
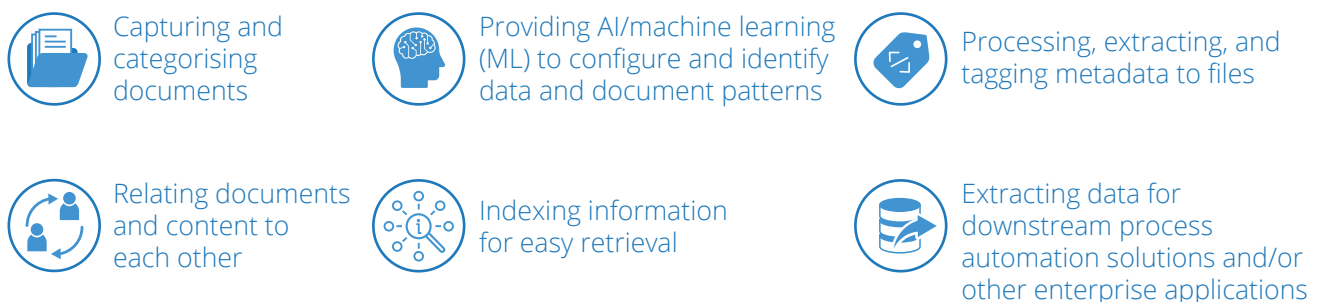


Figure Note: Documents and their use may vary by insurer and specific use case.

Source: IDC, 2021

The Integrated and Intelligent Document Processing Model

Robust document and content management help insurers in addressing the unstructured data challenges. In general, an intelligent document capture and management platform helps automate the identification of data and document patterns and determine ways to codify and index information to help manage and retrieve relevant documents when needed by:



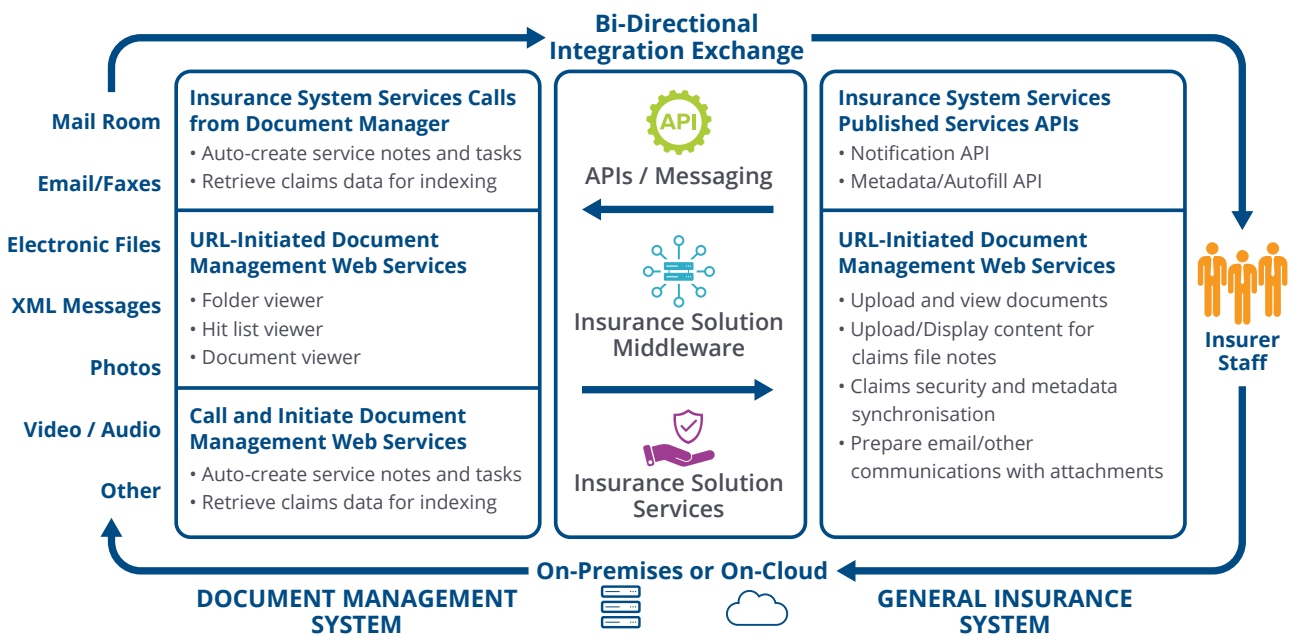
Document management systems can be purchased as a standalone system or integrated and part of a general insurance (and other industry) system. Using a standalone document management system helps insurer staff perform their jobs more easily. However, while there are efficiency gains, the processes still comprise a number of disjointed steps, navigating the activities in an insurance process flow while accessing separately the document management system to find and review related information.

IDC's Enterprise Content Strategies 2020 Survey revealed that 76% of FSIs have ad-hoc or standalone content management solutions. Only 24% of FSIs have or are implementing integrated solutions. The main reasons cited for using an integrated and intelligent document processing system are:

-  Improved responsiveness to customers
-  Increased customer satisfaction
-  Improved business decision making
-  Improved employee satisfaction and engagement
-  Increased visibility, auditability, and accountability

Integrating document processing with insurance solutions provides a marriage between process activities and the documents they consume and produce at each step in the process. Processes are more intelligent, and hence, activities and decisioning are more automated.

Figure 2: Document Management Integrated with Insurer Solution



Source: IDC, 2021

Reduced Development Time Using Integrated Model

Some document management vendors provide pre-built integration based on real-world implementations in insurance companies. The out-of-the-box integration templates are contextualised to core business processes. In the world of insurance, this primarily revolves around claims processing, but can be extended to underwriting and product development by identifying patterns and best practices of which document types are involved and where and how documents are used, and then embed documentation management into the insurance processes. This level of integration has the potential to significantly reduce development times for launching new products and enhance processes.

Improved Efficiency Using Integrated Model

IDC's survey on Enterprise Content Strategies also revealed that 80% of insurers still had manual interruptions for more than 40% of their claims cases due to document management workflows not being integrated.

In general insurance claims processing, when using the integrated model, all relevant information is captured, codified by claim number, consolidated, and attached to the claims case. The claims case manager no longer needs to search separately for information. This helps to automate communications between all relevant parties such as the case manager, customer, and other parties for payment authorisation, or invoking the recovery process.

Based on productivity studies investigating similar integrated approaches embedding document management into core processes, IDC estimates that claims-processing cycle times may be reduced by as much as 20%–35%, getting payments into customers' hands and recovering funds from other sources more quickly.

Figure 3: Integrating Document Processing into the General Insurance Claims Process

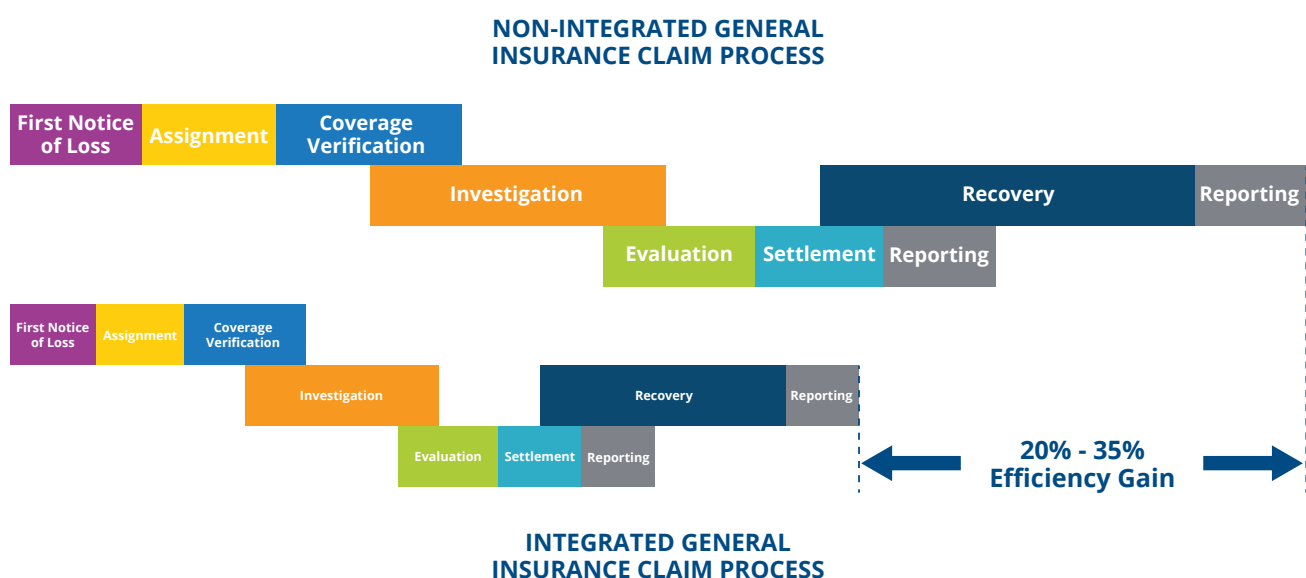


Figure Note: Efficiency gains are estimates only and will vary based on a variety of factors such as system, skill level, and claim type.

Source: IDC, 2021

General insurance processes become more intelligent, more automated, and more efficient while improving the customer experience. This is true not only for claims processing, but also for other general insurance processes.

Benefits of an Integrated Model

By integrating document processing into core insurance workflows, a much larger percentage of insurance processing can be automated, improving efficiency throughout the insurance value chain for both the insurer and its customers. Benefits include:

- Accelerating new product and process development
- Providing a complete view of information assets, and improving access and control for employees, customers, agents and brokers
- Significantly lowering operating cost via increasing intelligent automation, and reducing physical touch points and manual costs
- Progressing digital transformation (DX) and improving customer experience
- Extending and enhancing core insurance systems value by better utilising legacy policy administration systems (PAS)
- Keeping highly sensitive information more secure, compliant, and auditable

Challenges

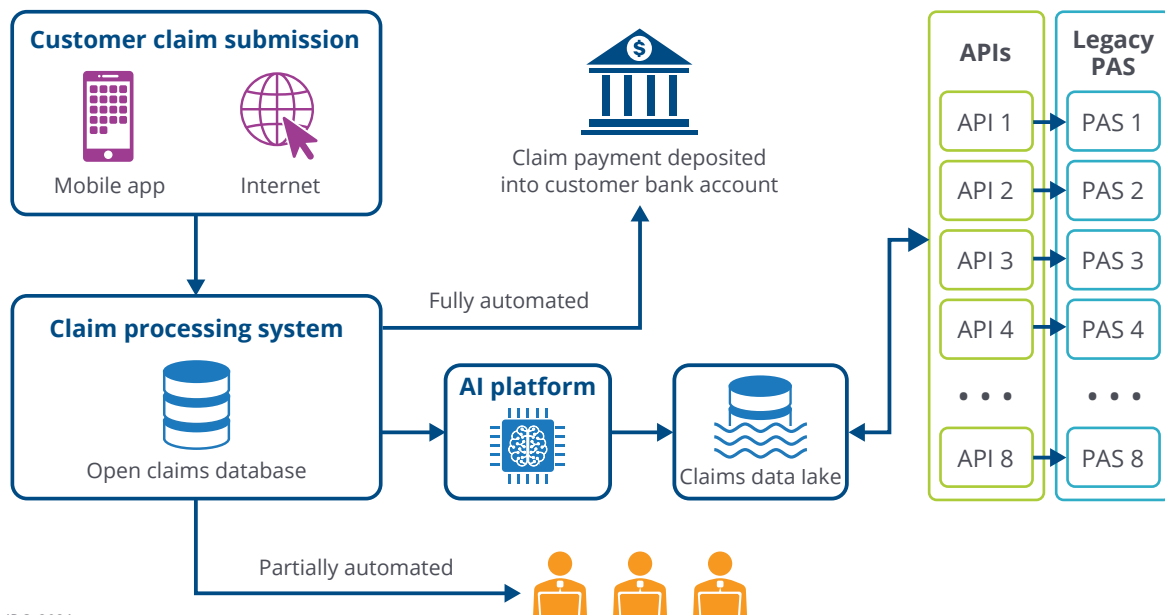
IDC's survey on Enterprise Content Strategies presents a number of challenges companies face when implementing and orchestrating document management with core processes. The major challenges cited include:

- Resources diverted to other IT or DX initiatives
- Lack of agreement prioritising documents
- Sheer volume of content

For financial services including insurance, the inability to integrate disparate legacy applications was also cited as a major inhibitor. The difficulty results from legacy PAS and claims systems that must be kept active for policies sold long ago that are still active. The legacy systems only processed structured data; unstructured data was managed manually. Additionally, multiple PAS often contained conflicting schemes for indexing customers, policies, and claims, making it impossible for processes to provide an unambiguous outcome without human intervention.

To address legacy concerns and get the full benefits of integrating and orchestrating document management into the general insurance claims process, insurers have had to normalise data across multiple PAS. Attempts to achieve this within the legacy PAS were mostly unsuccessful. Methods to automate decision making during claims processing required the creation of a claims data lake and use of real-time methods to analyse PAS, customer, policy, and claims codes to ensure correct process flow, decisioning, and updated financial information.

Figure 4: **Claims Data Lake for Integrating Document Management**



Source: IDC, 2021

Closing Thoughts

Most insurers struggle in achieving an integrated and intelligent document process management, resulting in wasted time, incomplete tasks, and poor customer service.

Robust content management systems provide improved accessibility and management of documents over ad-hoc approaches. This helps insurer staff perform their jobs with less manual effort needed to search for relevant documents.

Utilising a general insurance solution that already has document process management integrated will further significantly reduce the implementation effort, reduce ongoing development costs, and deliver processes that are more intelligent and automated, often significantly improving efficiency.

While standalone content management is a help to general insurers, an integrated and intelligent approach provides many more benefits and should be considered instead. Fortunately, several general insurance vendors provide integrated document management solutions for general insurers to consider.

Integrating document processes management into the claims process puts payments into customers' hands more quickly, and when it is needed most.



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Recognising insurers are drowning in content overload dealing with systems that do not integrate, Hyland, a global leader in content management and Duck Creek, world's leading SaaS platform for general insurance join forces to deliver the benefits of intelligent process automation to the insurance industry. Through the Duck Creek integration, Hyland's ECM solution, OnBase, which organises all content surrounding a specific claim in a tabbed folder interface with supporting documents is just a click away!

The OnBase Accelerator for Duck Creek offers content services capabilities including capture, content management, and customer communications management from within the Duck Creek Platform across Policy, Billing, and Claims. Such documents are instantly accessible from Duck Creek, improving decision-making and eliminating needs for searching through multiple applications, shared files and paper records. Duck Creek and Hyland's integrated approach significantly reduces implementation risks for insurers and provides them with a holistic view of their information, enabling acceleration of processes and enhancing experiences for their customers and employees.

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About the Analyst

Steve Shipley is an Adjunct CIO for IDC Financial Insights in the Asia/Pacific region. He brings extensive Financial Services business and technology design and delivery experience to IDC's research and consulting practices, being a corporate IT consultant, well known for successfully structuring and delivering major change programs, including digital transformation, bank mergers and divestitures, core banking, and cross-industry payment programs with complex data integration and governance requirements.



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