Ignore Claims Processing Issues at Your Peril

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This isn’t news. What is news is that they are using potential vulnerabilities in their rivals’ claims processing to steal customers with alarming success. Consequently, any insurance company that can’t quickly and accurately service claims—the proverbial “moment of truth” in industry lingo—is at greater risk than ever of having customers lured away by another company.

To counteract this, insurance companies must do more than simply adopt a bunker mentality. By automating their claims management processes, savvy insurers can defend against traditional competitors and a host of new and aggressive challengers. Even better, the modernizations will transform information management operations to give point-of-service workers the tools they need to give policyholders what they crave most—a stellar customer experience.

Don’t risk your company’s bread and butter
Make no mistake—fears about customer “churn” and other consequences of an underperforming claims process are real. A litany of industry research portrays the threat with hard numbers. In one survey by J.D. Power and Associates, 53 percent of insurance customers who filed homeowners’ claims described themselves as less than moderately satisfied with their insurers’ claims service. In addition, 33 percent said they would be shopping for a new carrier while 10 percent had already switched carriers.

The news isn’t much better when it comes to servicing auto claims. The technology analyst firm Forrester Research estimates that one out of five U.S. auto insurance customers are on the fence regarding switching carriers. Which is another way of saying they’re willing to listen carefully to what a competitor has to say.

The high cost of low efficiency processes
As bad as uncommitted customers are for carriers, they’re not the only problems caused by a less than stellar claims process. Inefficient, paper-based claims processes are slow and require workers to manually enter claims information and route forms through the proper channels. These resource costs add up fast and eat into profits. In fact, the Insurance Information Institute found that claims costs may account for as much as $74 of every $100 earned in private passenger auto premiums. The Institute also says that in 2008, insurers spent $84 on homeowners’ claims costs and another $31 on other expenses, which means they actually lost $15 for every $100 in earned premiums.

Want another reason to lie awake at night? Insurance regulators are taking a keen interest in claims processing performance. The reason: A large percentage of the complaints they receive revolve around claims, according to the National Association of Insurance Commissioners. It says that in 2010, U.S. insurance regulators dealt with 78,000 claims and half involved issues specifically related to claims handling, including delays, denials, and unsatisfactory settlement offers.

Lose the paper weight
What makes claims processing so challenging? At the top of the list is information handling—including acquiring, managing, processing, and delivering relevant data to the myriad insurance professionals who need it. That can be extremely challenging because, the Digital Age notwithstanding, many insurance companies are still forced to handle millions of pages of paper-based documents for claims, underwriting, policy administration, and legal requirements. And these slow and error-prone processes are at the
heart of profit-sapping resource costs identified by the Insurance Information Institute. What’s worse, even if all this paper is converted to digital form, legacy systems trap much of this information in departmental “silos” that make it difficult for workgroups to easily share vital information.

Adding to this challenge is ever-growing volume of electronic documents and data that insurers also must intake, index, store, and retrieve on demand. Rather than focusing on one standard claims process, insurance firms must in effect manage and support two systems, both of which are costly and inefficient.

The answer: Lexmark’s Distributed Intelligent Capture Solution

Fortunately, insurance companies now have a new weapon for their claims processing arsenal, and it’s one that can help keep competitors at bay by improving the policyholder experience, increasing efficiency, and reducing costs. The bonus—it automates claims processing and reliably manages all types of information, whether the data originates in paper documents or as electronic data. This not-so-secret weapon is Lexmark’s Distributed Intelligent Capture Solution, which enables insurance professionals to access the claims information they need at the point-of-service.

With the Lexmark Distributed Intelligent Capture Solution, insurance professionals at headquarters or in widely distributed agency offices can scan paper documents directly into a claims processing system using a smart Lexmark multifunction printer (MFP). Alternatively, frontline workers, such as agents and claims adjusters, can use Lexmark’s related Remote Capture Solution to electronically submit forms, pictures and text directly into the process from the field via their tablets or smartphones.

The Lexmark Distributed Intelligent Capture Solution enables insurance companies to quickly and easily connect business documents and processes. This unsurpassed solution then accurately extracts critical information from hard copy documents without having to rely on barcodes, templates, or keywords. The solution validates the extracted data and passes it to claims processing systems or other applications, such as data management or financial management platforms.

Another advantage of the Lexmark Distributed Intelligent Capture Solution is it doesn’t require insurance carriers to change their current documents, forms, or business systems. In a distributed environment where information is collected from multiple locations and even in multiple languages, the Distributed Intelligent Capture Solution creates a more efficient connection between your documents, business processes, and staff.

Here’s the payoff

The Distributed Intelligent Capture Solution pays big dividends in enhanced productivity and data accuracy by:

• Reducing overall costs—the insurance staff can handle more claims in less time
• Improving customer service—because information moves more quickly into core systems, agents and adjusters can respond faster to customers queries and concerns
• Decreasing errors—manual data entries are reduced by 80 percent or more, which means fewer chances for input errors

These factors are critical for improving operational efficiency, empowering workers to be more productive and improving customer experience.

Stay a step ahead of the competition

Claims processing can be an important competitive differentiator for insurance companies. Sophisticated companies are stacking the odds in their favor by giving point-of-service workers accurate and timely information via Lexmark’s Distributed Intelligent Capture Solution.

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