

Modernising your Claims Operation

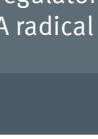
There are opportunities for the industry to re-think Claims, and make it core to the customer proposition.

In this infographic, we look at why this is the right time to invest in Claims transformation, focusing on 4 key drivers of change: Regulation, Financial, Technology and Customer.

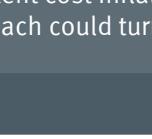
Altus
Consulting

People | Passion | Partnership

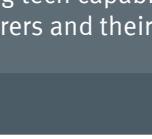
Why Now?



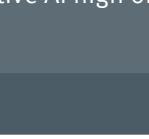
Regulation



Financial



Technology



Customer

The need to deliver meaningful change to Claims is being driven by a combination of changing customer expectations, ongoing regulatory scrutiny, persistent cost inflation, and emerging tech capabilities, with generative AI high on the agenda. A radical yet holistic approach could turn the dial for insurers and their customers.

Regulation: Claims under scrutiny

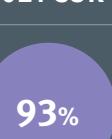
Consumer Duty:

- Ease of process at point of claim in line with Quote & Buy experience
- Ensuring "Good" customer outcomes, whilst anticipating the FCA and FOS interpretation of this across claim scenarios



FCA claims review:

- Regulator's business plan includes multi-firm work covering speed of response to claims by insurers, complaints handling, and the management of claims for vulnerable customers

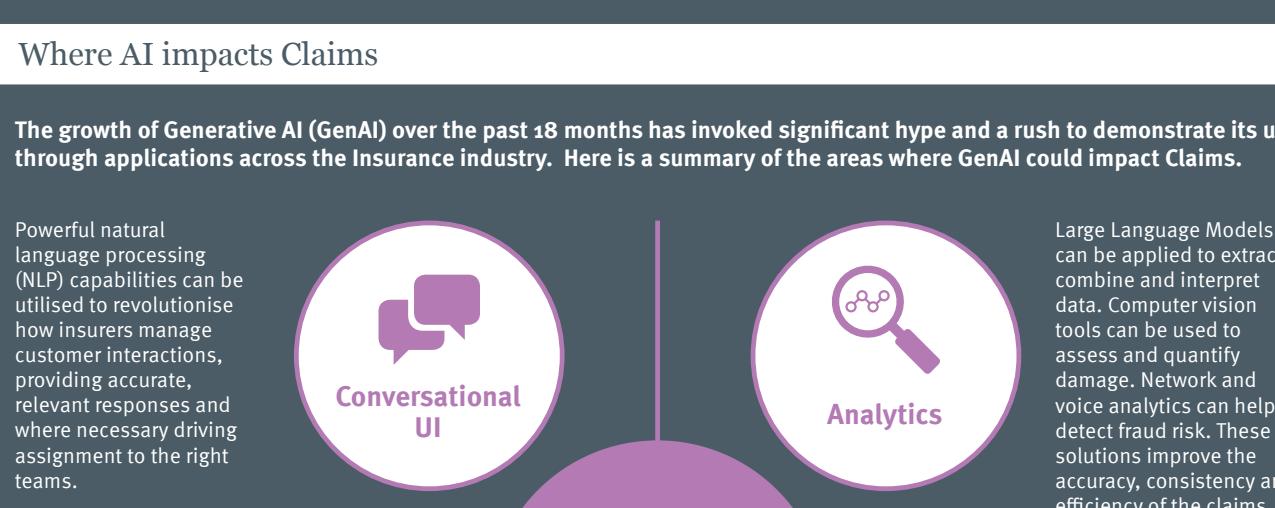


AI Regulation:

- Insurer strategies for implementing AI will need to be developed in the context of anticipated regulation and good practice
- The industry has started to respond to the likely impact of AI, with the development of the voluntary Code for the Use of AI in Claims



Innovating while facing into claims inflation



Key Drivers of Claims Inflation

- Increasing labour costs, led in part by shortages in availability
- Second hand car values
- Prolonged vehicle rentals, due to increased time taken to repair
- Delays in sourcing and increased costs of materials
- Increased costs for alternative accommodation due to delays
- Energy inflation adding to the cost of each repair



Impact

- Reduced profitability, causing internal costs pressures
- Increased focus on indemnity control and operational efficiency
- Internal tension of managing costs whilst delivering on service ambitions, Consumer Duty obligations and managing customer vulnerability



Where AI impacts Claims

The growth of Generative AI (GenAI) over the past 18 months has invoked significant hype and a rush to demonstrate its use through applications across the Insurance industry. Here is a summary of the areas where GenAI could impact Claims.

Powerful natural language processing (NLP) capabilities can be utilised to revolutionise how insurers manage customer interactions, providing accurate, relevant responses and where necessary driving assignment to the right teams.



Conversational UI

Large Language Models can be applied to extract, combine and interpret data. Computer vision tools can be used to assess and quantify damage. Network and voice analytics can help detect fraud risk. These solutions improve the accuracy, consistency and efficiency of the claims process.

AI assistants are being deployed to augment claims handlers and their processes. GenAI can be used both at this level and at a portfolio level to provide a system-driven 'deputy' view of where to focus improvement activity.



AI Assistants

As insurers move towards the use of highly configurable core and digital layer systems, we expect GenAI to reduce the time and effort required to visualise and implement changes (e.g. to claims workflow).

AI



Analytics



Speed of change

A new operating model for claims

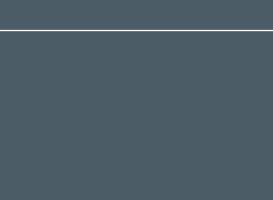
Customer

Third Party

Customer's Insurer

Legal Procedure

Portals



Service Disruption:
Next Stop
Next Claims

In our latest Insurance whitepaper, we cover the detail of the areas highlighted in this infographic, the drivers for change, key challenges and the impact on the UK Personal Lines insurance sector.

Click here to download now

Altus Consulting was founded in 2005 with the belief that Financial Services should be more accessible, more efficient, and more equitable. Today, it is recognised as a leading specialist Financial Services Management Consultancy. Our consultants provide strategic advice to businesses around the world in the Insurance, Investment, and Banking sectors. Altus Consulting is part of the global Equisoft group of businesses.

altus.co.uk

*COR data based on previous analysis produced by EY, Insurance Times and Data Lab.