

Optimizing the Cloud for P&C Insurance Claims Settlement

A Claims Technology Procurement Handbook
for Insurance Carriers



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EXECUTIVE SUMMARY

As the Property and Casualty (P&C) industry evolves and Insurance Carriers strive for efficiency gains from technology claims and purchasing deployments, procurement departments need to be aware of the variance in cloud technology partners – and the related potential business benefits.

Optimizing the Cloud for P&C Insurance Claims Settlement is a resource for procurement departments that are considering how to optimize the claims and purchasing experience for their customers, employees and partners.

In this handbook we describe key areas that P&C Insurance Carriers need to think about when moving claims estimating and processing software to the cloud including:

- Data considerations related to the ownership and management of claims data
- Technology considerations related to integration and the wider IT infrastructure
- Workforce considerations including training and support
- Pricing considerations

Within each section we highlight critical success factors. Mobile working requirements are highlighted throughout.

Implementation of new technology will require a strategy to convert new users and engage key stakeholders.

THE BENEFITS OF CLOUD COMPUTING FOR P&C INSURANCE CARRIERS

The benefits of an effective cloud-based claims processing and estimating solution can be summarized as falling into several distinct categories:

- Collaboration – The ability to increase efficiency throughout the insurance claims ecosystem
- Scalability – The ability to scale alongside the quantity and complexity of insurance claims
- Accessibility – The ability for employees to use wide ranging technologies including mobile devices
- Advancement – Continuous and iterative improvements and user experience enhancements through ongoing software development and deployment

Given the fundamental shift that cloud computing offers, organizations are naturally concerned about the potential risks from a move to the cloud.

This handbook is designed to help Insurance Carriers optimize the claims experience by understanding and prioritizing procurement decisions related to planning, testing, implementation and ongoing use of cloud-based claims estimating and processing software.

DATA CONSIDERATIONS

Insurance claims and related data are being generated at an unprecedented rate. Drastic fluctuations in claims volume and ongoing regulatory and monetary changes require an adaptable approach to data management.

DATA OWNERSHIP

Insurance Carriers should have full ownership of their data including reports, database queries, interaction through APIs and through transfers to external environments such as a data warehouse.

DATA MANAGEMENT

Managing data in the cloud should be highly automated and flexible to fit with business requirements. Successful data management will result in claims stakeholders collaborating in real-time.

CRITICAL SUCCESS FACTORS

- Accuracy – Data should be synchronized so it is always up-to-date across devices and locations. Validation of data quality and sources will increase accuracy of the claims data.
- Automation – A bi-directional data flow with Claims Management Systems will reduce data entry and human error. Notifications and queue mechanisms defined by industry and business requirements can help avoid delays and backlogs between claims stakeholders.
- Collaboration – A baseline of claims data should automatically be made available to all claims stakeholders upon claim creation. Permission to access and amend data should be clearly defined. The ability to search, sort, filter, reassign and set tasks against claims will drive efficiency throughout the claims ecosystem.

Successful data management will drive continuous performance management and extract insight for business decisions. Customized dashboards and ad hoc reporting allow Claims Executives to gauge performance of employees, partners, products and services – in addition to customer retention data.

DATA WAREHOUSING CHECKLIST

- ✓ Geographic location of the data warehouse satisfies regulation
- ✓ Cloud application hosted and backed up at a redundant site
- ✓ Security standards exceeded - including SSAE 16 compliance
- ✓ Burstable bandwidth to accommodate peak claims demand
- ✓ User controls for login handling and password control control
- ✓ System control for user authentication and activity logging
- ✓ Redundant dual Uninterrupted Power System (UPS)

TECHNOLOGY CONSIDERATIONS

Leading cloud applications are developed to be accessible and secure.

INTEGRATION WITH EXISTING TECHNOLOGY, BUSINESS SYSTEMS AND PROCESSES

Integration with major First Notice of Loss (FNOL) and Claims Management Systems (CMS) such as Accenture, Guidewire, SAP and custom in-house systems should be evident.

A well-defined application programming interface (API) should eliminate the need for a specialist third-party systems integrator.

Integration of a cloud-based claims estimating and processing solution should generally require the Insurance Carrier to dedicate one or two IT staff – with an average integration realized in 10 weeks.

DATA TECHNOLOGY VENDOR INTEGRATION CHECKLIST

- ✓ FNOL and CMS systems
- ✓ Aerial CAD applications
- ✓ Contractor applications
- ✓ Imaging applications
- ✓ Measurement devices
- ✓ Pricing applications
- ✓ Real-time weather applications
- ✓ Residential valuation applications
- ✓ Security mechanisms
- ✓ Settlement applications

CRITICAL SUCCESS FACTORS

- Planning – Business requirements for the technology integration should be clearly defined and agreed. Pilot programs are typically created before enterprise roll-out to test any assumptions and investigate workflow efficiency.
- Application Programming Interface (API) – The API is the Achilles Heel of technology integration and should be evaluated in detail. The API should be properly versioned, segregated and have backward compatibility. A release policy should be clearly explained and documented over time.
- Testing – Staging accounts are typically created for developers, QA and business analysts. Self-serve portals for API configuration and diagnosis aid development and testing cycles.
- Customization – Integration with proprietary and legacy systems should not pose difficulty. External documents and attachments should be effortlessly integrated – in any format (Excel, PDF, Word, etc.)
- Mobile – The mobile user experience should be standardized across devices (smartphone, tablet, laptop) and users should be able to seamlessly work across multiple mobile devices. Cloud applications should be accessible from the Apple iTunes Store and Google Play.

Support from the cloud partner should be evident throughout the integration process and once the application has been deployed to the production environment.

IMPACT ON THE IT INFRASTRUCTURE

Cloud applications are designed to minimize the impact on the Insurance Carrier's IT infrastructure. Dedicated or powerful end-user machines should not be necessary.

A dedicated staging environment that is hosted on the technology vendor's servers will avoid straining the Insurance Carriers IT infrastructure.

CRITICAL SUCCESS FACTORS

- Scalability – Cloud applications should efficiently and effectively scale across users, teams and geographies. Scalability should not have any constraints – data or performance.
- Financing – Insurance Carriers should not be responsible for incremental infrastructure necessary to support customer growth.

WORKFORCE CONSIDERATIONS

Efficiency gains for employees and partners such as process improvements, mobile working, enhanced accuracy and overall speed should result from cloud-based claims technology deployments.

Implementation of new technology will require a strategy to convert new users and engage key stakeholders.

Typically, test pilot groups are formed and utilized that include claims specialists and a cross-section of claims stakeholders before rolling out the cloud solution across the organization.

A trend related to successful deployments is the emergence of an internal champion with the ability and authority to drive the technology implementation.

EMPLOYEE IMPACT: TECHNOLOGY ADOPTION

Training and support will define the success of technology adoption.

In general, end-user training for cloud-based claims estimating and processing software should not be required beyond two to three days. Minimal specific training and support should be required for mobile use.

CRITICAL SUCCESS FACTORS

- Training – specific training programs for system functionality, workflow and application training should be evident. Remote/online training capabilities should help minimize training costs. Value-added services such as the cloud technology partner working alongside adjusters or appraisers in the field should be investigated.
- Support – Response and success rates should be explicitly defined by a service level agreement. A defined tracking system and process should distinguish business critical and non-critical incidents and related support. Initial incident reports should be generated for the Insurance Carrier in minutes. Follow-up reports and defined target times to resolve each incident should follow the initial incident report in minutes and hours respectively.

Support, learning and training should be interlinked to continually improve the claims experience.

PRICING CONSIDERATIONS

Cloud-based applications generally have ‘pay-as-you go’ pricing models that are based on activity and/or usage.

Software licensing approaches with pricing based on specific users, devices or locations should be avoided.

CRITICAL SUCCESS FACTORS

- Customization – Pricing should be flexible with customization options such as billing based on claim number and Insurance Carrier defined business rules. Electronic billing should effortlessly fit with Insurance Carrier systems and requirements.
- Flexibility – License transfers to new users should not increase costs – even when transferred outside of Insurance Carrier organizations.
- Control – Pricing should be predictable. All future core software updates should be provided to the Insurance Carrier at no additional charge. Supplementary software modules to the core application and analytics may be introduced as premium options. Mobile use of cloud applications should not typically incur an additional cost.

CONCLUSION

Symbility Solutions believes that adoption of cloud-based claims estimating and processing in the P&C Insurance industry will be a key driver of efficiency gains.

Automation will reduce data entry and human error. Real-time collaboration, process improvements and an enhanced user experience will advance the claims estimating and processing workflow. Accuracy and accessibility of claims data across devices and locations will boost productivity and improve the overall experience for the insured.

Developing a process and methodology to evaluate cloud-based applications will be unique to each Insurance Carrier.

We firmly believe that the issues around cloud technology partner selection should be raised and dealt with in a transparent, open and honest matter.

As purchasing teams plan and evaluate technology vendors – specific attention should be paid to the fundamental differences that exist in the marketplace including data ownership and management, technology integration, workforce adoption and pricing.

Through thorough investigation and evaluation, Insurance Carriers should be able to develop strategies that will increase the benefits of shifting their claims experience to the cloud.

ABOUT SYMBILITY SOLUTIONS

Symbility Solutions® (TSX.V: SY) is a global provider of cloud-based and smartphone/tablet-enabled claims technology for the property and casualty and health insurance industries.

Designed to be flexible and easy-to-use, Symbility Solutions' two product suites, Symbility Property™ and Symbility Health™, empower insurers to collaborate across the entire claims processing workflow and reduce costs while delivering a market-leading claims experience.

The Symbility Property platform offers the best cloud-based solution to process property insurance claims. Symbility's technology is a well-architected, thin-client offering with an elegant and easy-to-use GUI, and robust workflow support. Symbility provides efficiency gains during the claim settlement process that result in materials savings for insurance companies.

Software licensing approaches with pricing based on specific users, devices or locations should be avoided.