# TOPICS

# Why read this ebook?

Decisions typically made by humans can now be made or enhanced using widely available AI tools. While AI promises to transform the insurance industry, implementing these technologies to enable touchless claims still has its challenges.

This ebook is based on a conversation with Duck Creek's Joe Dzigiel and insurance industry veteran Jim Murphy. You can view the webinar on demand any time you have 30 minutes to spare.
https://knowledge.friss.com/webinar-putting-the-i-in-a

# AI offers vast potential.

*What are some use cases for claims handlers?*

**CLAIMS HANDLING**

Many years ago, claims handling was mostly a manual process with a few basic rules. Simply assigning claims to the right person involved a very manual, trying process. It was time-consuming and ultimately frustrating for the consumer.

Fast forward to today. When you have a complex claim, an automated process can help ensure it gets where it needs to as quickly as possible. If a claim has some fraudulent indicators, for example, it needs to be escalated appropriately and efficiently. Providing an enhanced customer experience starts early in the process. Today's technology enables that.

Loss adjustment and satisfaction of consumers are two key areas where AI can help evolve the claims process. Communicating with claimants, negotiating a settlement and investigating are a few manual processes most carriers have. These processes consume a large amount of data, and AI offers a huge possibility to help by leading with indicators about what the data is telling you. When a claims adjustor can simplify some of these processes, they can focus on the tasks that matter.

Claim transparency greatly enhances the customer experience. Digital engagement allows consumers to communicate with us via a chatbot. We can also increase the accuracy of how claims handlers across the entire lifecycle of the claims. For example, setting the right reserves as early as possible, and settling for the right amount, both help the carrier achieve their KPIs and leaves the customer satisfied.

Carriers can continue focusing on enhancing the claim experience by providing an early estimate, connecting them with a nearby service provider and helping them understand their options to restore their damaged asset to its full value.

There's no doubt that automating customer touchpoints can cause friction, however it's clear that the right technologies, implemented the right way, can also ease some long-lived pain points. Veteran claims handlers and investigators alike appreciate the efficiencies offered by claims processing technologies.

**AUTOMATION**

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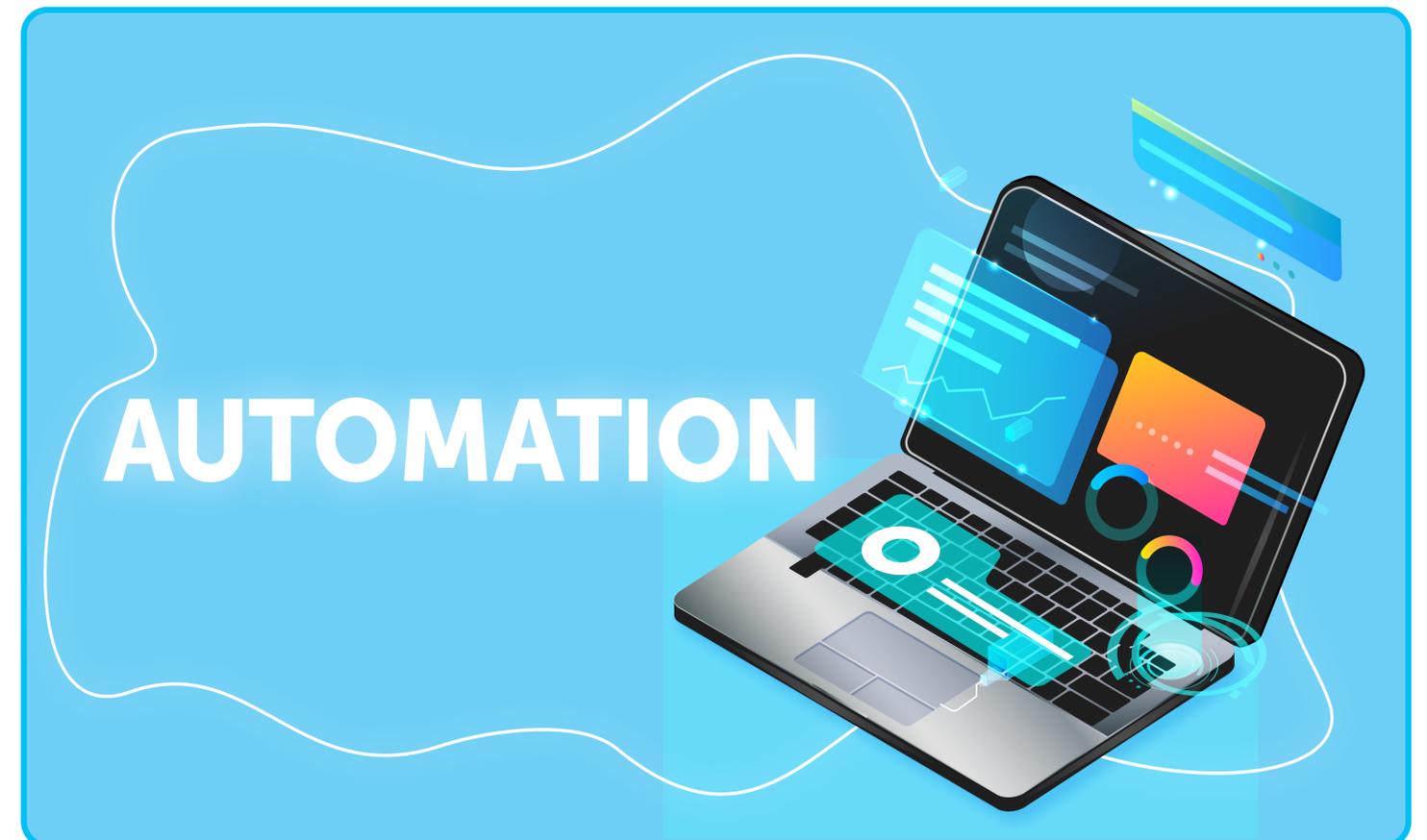
# We're ready to start using AI.
## *What are some best practices?*

When evaluating what AI can do, you first need to focus on where you want to improve. Start with a clear business objective, particularly one that solves an actual business challenge. For example, you could be looking to create more intimate experiences with your insureds, or perhaps you are simply looking to lower costs.

A carrier that wants to reduce the instance of fraud, for example, can start to look at available data points and create an AI fraud model. That model will be continuously tuned throughout the scoring process to refine it. The client will ultimately achieve great results, and of course compare them to their KPIs or other metrics to ensure they are solving the challenge they set out to.

Either way, think small when you start. Focus on one process you know you can improve. It could be as simple as the initial assignment of a case to an adjustor or sending the case to a straight-through, fully automated process.

Be sure your models have enough data to work with and are not biased. If your models are over-biased on cost reduction, for example, they could lead to hurting your customer satisfaction. It's helpful for AI to be part of a larger solution. Using a combination of expert business rules and other proven technologies can help AI evolve to the point of true effectiveness.

The key to AI is iterative learning. When the machine starts working you can measure its success to ensure you are seeing the results you expect. AI improves itself, learning from its experiences, and then can be reapplied for better results.

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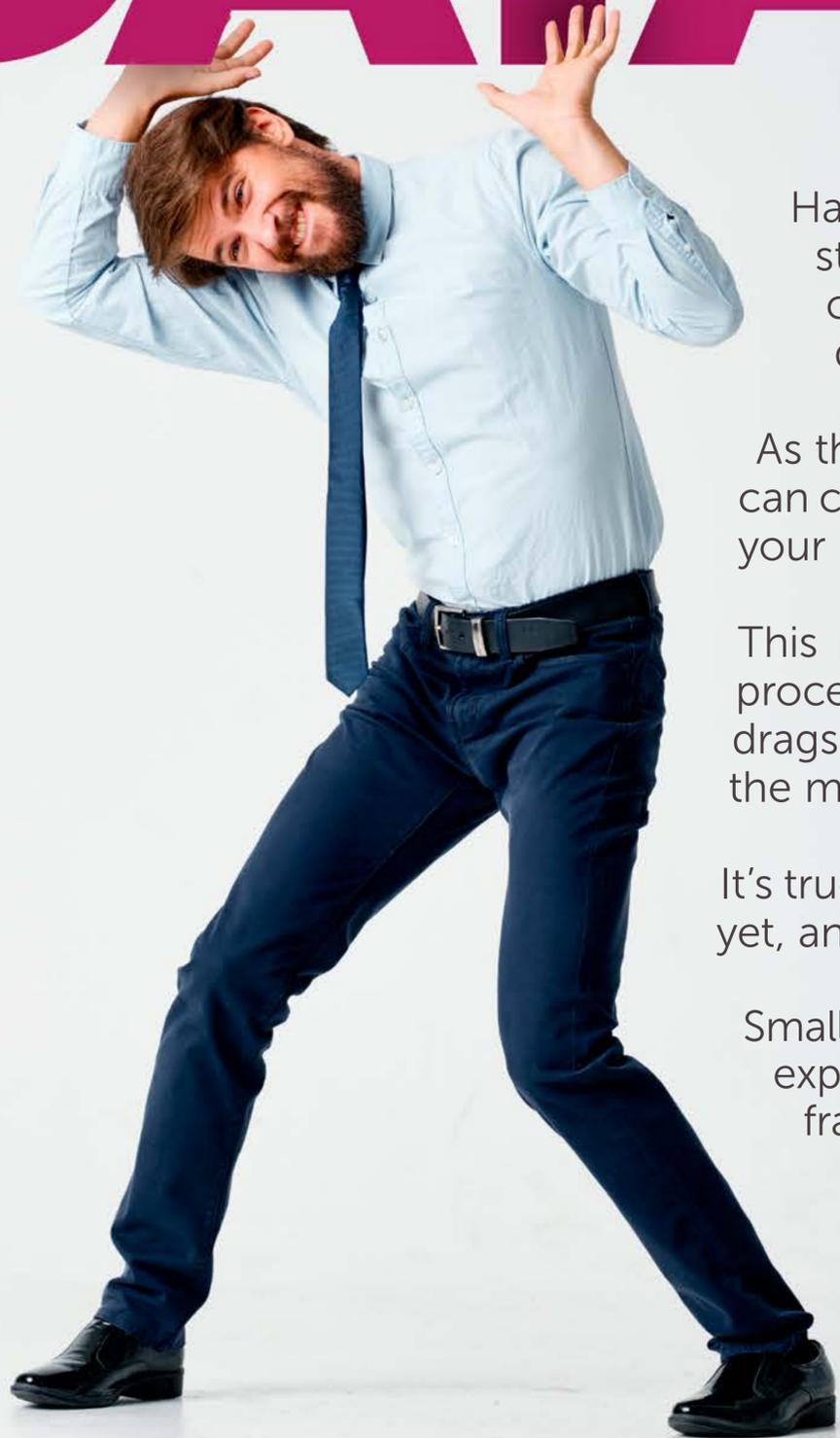
# DATA

## AI has its challenges.
### *What do you do with all this data?*

One challenge with AI relates to the enormous amount of data available. Advanced analytics can now process and augment these data sources. It can be overwhelming, and carriers often forget to start by focusing on their own core data.

Having solid data, that is yours and reflects your business, is a great place to start. Much information comes straight from your core systems, spanning claims, policy and billing. You can easily run AI models starting with this data, and as you apply additional data these models only get smarter.

As these models start to assist with processes and decision-making, you then can collect results and continue to iterate and improve both the model and how your business adopts and changes along with the consumption of analytics.

This process will provide insights into where you can eventually add more processes and enhance other business functions. You can start to predict other drags on your business and continue to improve your claims operations, and the metrics you track will prove success.

It's true that some carriers are not in a position to use AI or machine learning just yet, and that's ok.

Smaller carriers, or those that are less technologically advanced, can start using expert rules or third-party data to get the ball rolling. Scoring claims and flagging fraudulent cases in this way will help you build a model at a later date.

Once you do have usable data, especially if it's from disparate sources, you really need some sort of AI or machine learning to dig into the data and start finding trends and patterns that humans can't identify.

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# Incorporating AI requires investment.

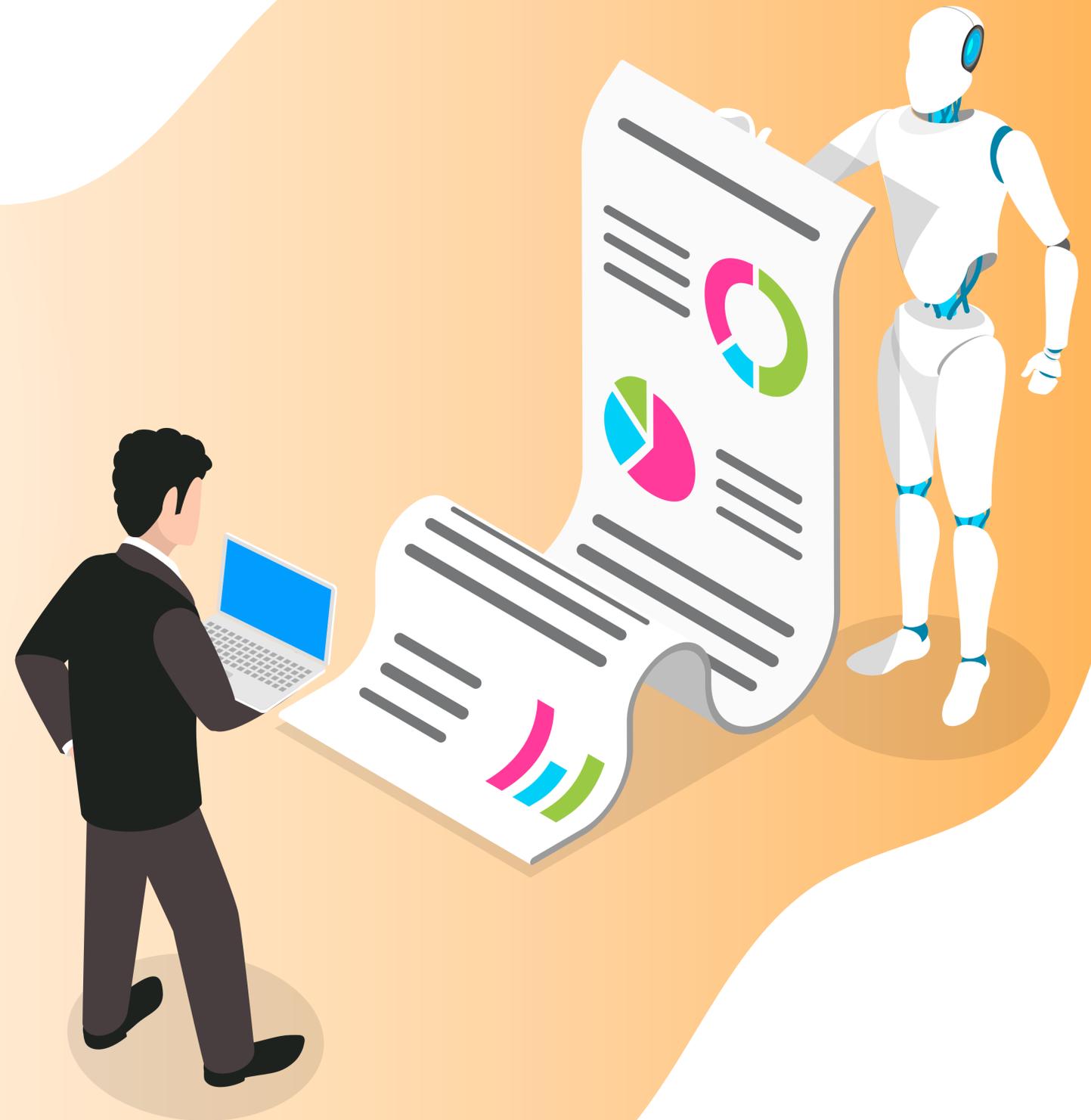## *What benefits should be expected?*

Many solution providers will give you an idea of what ROI can be provided and can work with you to provide a realistic business case. Still, it's important for a carrier to track some metrics so they can judge their actual success over time. Not all carriers have a good benchmark, and that's ok. Reporting and dashboards should still be set up before new technologies are implemented, and you should see a continuous improvement over time.

Several factors affect the speed at which benefits will be realized. Carriers should not be afraid to add technology slowly but surely, using metrics to prove success over time. Proven success opens the door to allow new technologies in, starting a cycle of continuous improvement.

Insurance companies can be very siloed, especially between claims and underwriting, and technologies like AI have been proven to help break down these silo walls and expose data across the organization. This can help a company become very innovative and focus on creating new products and services.

Another key benefit is consistency. Whether you use AI for payment accuracy, reserve estimation or fraud detection and referrals to SIU, you'll start to see the benefits of AI's ability to absorb and consume all those facts and provide guidance as to what those outcomes can or should be. While results can be tuned and improved over time, you'll will see a benefit right away.

*Technologies like AI have been proven to help break down silo walls between departments and expose data across the organization.*

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# Incorporating AI requires investment.

## *What benefits should be expected?*

Time is a key dimension to consider. AI helps speed up decision-making. While humans take a lot of time to process information, AI can do that nearly instantaneously. On top of speed, AI solutions can format and present information in a way such that they key highlights or next steps are already determined. The adjustor's decision-making is sped up and enhanced with key indicators. Faster cycle times result in cost reduction, which is of course a great benefit for using AI.

An understated benefit is differentiating yourself in the marketplace. With the models and insights provided by AI, you can now do things differently than your competitors. You can provide a truly delightful claim experience, with service above and beyond all else. Underlying this all is financial performance, which is an obvious and important advantage.

When a carrier becomes truly efficient and effective, their customer experience will improve exponentially and ultimately lead to profitability for the whole organization.

No matter what solutions AI offers, the most important thing you need is trust. You want your solution to provide actionable insights and understandable outputs to ensure continued adoption. The efficiencies it provides will become obvious to the organization and its customers.

*AI helps to provide a truly delightful claim experience, with service above and beyond all else.*

# Every journey needs a starting point.
*Where do carriers begin?*

Your very first step is to identify a business challenge. Using AI to solve for it then becomes quite simple, because many of these solutions are ready to use out of the box. As you start solving problems you can then look at new ways to use AI to further improve your business.

Don't think about starting with a big bang. Pick a few process areas where you think you could see some improvement. Claim assignment is an easy one, where AI can automatically determine the complexity of the claim balanced against the actual workload of the adjustors. Other areas include financials, like an enhanced ability to accurately set reserves.

Since you likely have all the information you need to do this already, the question becomes how to arrive at accurate reserves earlier in the process.

Current AI applications allow each one to do one thing very well, therefore the long-term goal is to string together several components of AI to improve your processes. When you start, don't just look at the first area. Instead, be thinking about how you can satisfy the next metric. These processes are often intertwined but have obvious individual results.

A pilot project might be a good place to start if you aren't comfortable diving straight in. This will help you see tangible results early on and help ease adoption.

AI-POWERED

# About Duck Creek Technologies

Duck Creek Technologies is a leading provider of core system solutions to the P&C and General insurance industry. By accessing Duck Creek OnDemand, the company's enterprise Software-as-a-Service solution, insurance carriers are able to navigate uncertainty and capture market opportunities faster than their competitors. Duck Creek's functionally rich solutions are available on a stand-alone basis or as a full suite, and all are available via Duck Creek OnDemand.

For more information, visit www.duckcreek.com.

**Duck Creek Technologies**

# About FRISS

FRISS is 100% focused on automated fraud and risk detection for P&C insurance companies worldwide. Their AI-powered detection solutions for underwriting, claims and SIU help 175+ insurers grow their business. FRISS detects fraud, mitigates risks and supports digital transformation. Insurers go live within 4 months, realize 10 times ROI and 80% increase in straight through processing of policy application and claims.

FRISS solutions help lower loss ratios, enable profitable portfolio growth, and improve the customer experience. For more information, please visit www.friss.com.