



HOW ROBOTIC PROCESS
TRANSFORMATION
**DRIVES GROWTH
FOR INSURANCE**





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Imagine a process improvement that increases productivity not by 10%, or 50%, but 1,000% or more. Envision reducing claims cycle times by days or weeks, and slashing operations costs by 45% or more. Picture boosting customer satisfaction by 18% practically overnight. Is it any wonder that insurance executives faced with the need to please increasingly demanding and tech-savvy customers—while reducing the cost of operations—are more and more often turning to robotic process automation (RPA)?

“Robots,” in this context are software routines that can be programmed to use an insurance carrier’s enterprise applications to gather, read/understand, react to and execute new data entry activity according to business rules. Robots behave just like a well-trained employee. From the data center’s perspective, each robotic routine appears to be a hyper-fast user, performing keyboard and mouse-driven tasks, 24x7 with zero errors.

The concept of “robots” in an industry that relies on customer satisfaction and the “human touch” may send shivers down some spines, but in fact, RPA is ideal for many insurance processes, particularly labor-intensive ones such as applications handling, claims processing, and data entry. RPA is a transformative process that brings together human and virtual agents with customers during each process, providing a faster, more effective, and higher-quality customer experience. Any rules-based, repetitive process that draws on or feeds information to multiple data systems may

benefit from the relentless accuracy of a tireless robot that flawlessly executes to the required standard, and at a fraction of a cost of humans conducting the same work’.

RPA yields much more than cost and productivity benefits. It gives insurers a transformative and competitive edge in customer service, in an industry where customers still want to feel a human connection.

Why Robotics May Be the Next Industrial Revolution

RPA is software that integrates with any IT application or website to perform complex rules-based work. That means it can interface neatly with an insurer’s existing systems, whether they are based on Java, .Net, Citrix, web, mainframe, or SAP. Even better, it navigates through the user interface of an application in the same way a human would. RPA reproduces human decision making and data entry using a virtual keyboard and mouse, controlling applications through the existing commands of whatever legacy systems are already in place. They become, in essence, tireless virtual employees working alongside humans who handle tasks that robots can’t.

That partnership, in fact, is why RPA makes eminent sense for insurance companies. Many of these organizations are global, with complex systems, diverse language and regulatory requirements, and an absolute need for data security, accuracy, risk mitigation, and processing efficiency.



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Though the trend toward artificial intelligence and robots that learn from each interaction is receiving a lot of buzz, current capabilities in this regard do not eliminate the need for human oversight and intelligence. For the most part, insurers do not want robotic agents to decide how best to process an item; they want clearly defined and controlled procedures with tolerances and business exceptions, and experienced team members handling those exceptions.

And... they want lower service costs, greater accuracy, and faster cycle times. So, how can insurance carriers best leverage the burgeoning capabilities of RPA to attain all of these benefits without sacrificing customer trust? Here are six ways.

1. Use Robots to Focus on People

All insurers face the challenge of satisfying customers who have come to expect instant answers, personalized service, and convenient access from anywhere². Modern customers no longer have patience for paper-based applications that take days or weeks to process, or apologetic requests for more information, or processing errors that delay fulfillment. They want to compare policies and fill out forms on their phones, and to know in short order if their application or claim has been approved. If something goes wrong, they want a “real” person to handle their issue, and they don’t want to wait days for someone to work through the backlog to get to it.

RPA solves many of these issues, first through its ability to link the disparate applications, underwriting, and billing systems into one transparent system, and then by eliminating human error in processing and ensuring applicants supply all necessary information up front.

It then automatically routes the properly completed form to all the necessary systems, simultaneously and in accordance with business rules established by the insurer’s experienced processing team. A task that might take a fully-trained human ten minutes to accomplish may take a robot one or two—or less—and the robot never

forgets to send an acknowledgement to the customer, the sales representative, accounting, and any other department that requires the information. Thus, the all-important initial customer experience is accomplished quickly, smoothly, and with satisfying assurance of equally good service to come.

Of greater importance, it frees the staff that had handled such processes manually to more highly valued work that requires complex interpretation, decision-making, discretion and personalized customer interaction (best done by humans), which is so appreciated by customers.

Anywhere between three and twenty FTEs can be automated by a single robot. This depends on the speed of the systems, the complexity of the process, and the hours the robot will run. Thus, RPA can bring competitive advantage to savvy adopters by enhancing the customer experience through the speed, 24x7 responsiveness, convenience, and accuracy of RPA.

2. Harness Robotic Efficiency to Human Intuition

Per the IRPA, out of every 100 steps, a human is likely to make 10 errors, even when carrying out somewhat redundant work³. Most employees hate repetitive, boring tasks; the more bored they are, the likelier they are to make mistakes or to look for another job. This contributes directly to two of the biggest challenges facing insurers today: quality issues and finding qualified staff to do the work. A robot requires no training curve, doesn’t get bored, and cannot make a mistake; it simply follows the established rules, and does it the same way every time, flagging exceptions for human eyes for further attention.

On the other hand, there is no substitute for human intelligence in analyzing data and determining the proper action for exceptions to established processes. Well defined RPA systems not only automate routine tasks; they also gather and store all that information in ways previously impossible or too cumbersome for

timely, detailed analysis. Insurers can now combine that data with analytic tools to continuously improve the customer experience and inspire lifelong loyalty. Experienced personnel can analyze trends, anticipate customer needs, spot process bottlenecks, head off fraud, and establish policies that quickly route questions to the proper group for fast resolution.



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Characteristics of an Ideal Process for Robotic Process Automation

Characteristics of an ideal candidate process

- + High volume, data entry work performed by large team
- + Heavy manual (keyboard/mouse) & screen navigation activity
- + Use of multiple applications
- + Process inputs are in digital form
- + Simple, repeatable business rules or calculations
- + Workflow enabled
- + Searching, collating or updating information
- + Output quality is critically important
- + Dramatically fluctuating volume & workload/ use of seasonal labor
- + Re-designed process that now requires system re-write or re-training of personnel

Characteristics of an unfavorable candidate process

- Unstructured inputs (e.g. voice, paper letter, faxes, images/pictures)
- Judgement/discretion needed to determine how the case is handled
- Voice output
- Re-engineering or re-write of enabling application already planned or underway

Remember: An unfavorable process end-to-end can still have parts of the process that can be automated and can still provide significant savings.

3. Improved Employee Satisfaction

While one may be concerned that robots are here to replace humans, this is simply a myth. Humans are needed to train artificial intelligence. These technologies are not independent from humans and are not able to reproduce the higher-level thinking of which humans are capable.

RPA allows employees to increase their productivity by improving their efficiency. Freeing staff to more challenging work makes much better use of human intuition and insight while helping employees grow their skills—a much more satisfying long-term career outlook than spending eight hours every day keying the same data into the same fields over and over.

4. Improve the Whole Value Chain and Customer Satisfaction, Too

RPA works best where the underlying processes are rules-based, repetitive and frequent. This is why insurers are

discovering that it can have a major impact in back-office functions such as new business applications, claims, F&A, and data entry. In areas like these, successful RPA programs can unshackle significant labor capacity while minimizing operational risk. However, RPA can also play a part in improving the entire insurance value chain, from helping the sales team conduct compliance, credit, and legal checks, to streamlining data gathering for the underwriting team, to helping policy administrators update customer data, flag non-payments, and identify premium discrepancies. In addition, RPA quickly scales up or down to accommodate seasonal peaks or unexpected market downturns, often obviating the need to hire, train, and/ or lay off staff⁴. Robots can be “trained” as they come online in their dozens or thousands, and never lose their skills during dormant periods. Refresher training consists of a simple update of the business rules.

The modern world moves at speeds unimaginable even ten years ago, producing policy owner, market, and agent expectations that insurers must meet or lose out to more innovative competitors. Processing an application or claim manually can take days, and depends on the speed and accuracy of the agent, the approval process, holidays, seasonal pressures, and sometimes the weather. RPA systems can be located in the cloud or anywhere on the planet, backed up simultaneously with 24/7/365 operations. When RPA is implemented, paperwork submitted from around the world is continuously completed, reviewed, assessed for fraud and credit risks, approved, and forwarded for action in a fraction of the time it takes the same documents to pass from hand to hand through various silos and systems.



5. Drive Improvement without IT Disruption

Because RPA is capable of seamlessly linking to existing systems, deploying automation can take as little as four weeks for simpler processes, and produce return on investment quickly, usually within a year⁵. There are no hard-and-fast rules as to which parts of an industry process model will definitely suit robotics, but in the insurance industry, RPA returns the highest benefit when there is:

- A processing environment with interfaces between different systems that require some exchange of data, possibly with some rules-based variation in the process steps required
- An environment that requires consolidating information from multiple systems where writing an interface for a data warehouse solution is too time-consuming and/or costly, or is not justified based on the expected lifecycle of one or more of the systems

- A process where data needs to be validated using an external source (probably online)
- A process where data must be pulled from multiple systems/sites and made available to an agent in a consolidated form (e.g., claims)
- A process that is high-volume, workflow enabled, labor intensive, and input is digital

Low-volume processes with unstructured inputs such as voice, letters, or faxes and that require human judgment for handling each case are unsuited to RPA. However, RPA can be instrumental in solving multi-system complexity and diversity in systems that are poorly or not yet integrated, but which must meet industry compliance or policyholder servicing demands. Being system agnostic, RPA requires no elaborate technology upgrades or heavy IT intervention, just a good platform for accessing data, monitoring the robotics, and passing work between people and robots. A good process transformation provider experienced with RPA will

have a team that works with the insurer's operations staff to establish business rules and monitor the system 24/7, making changes as required to accommodate unforeseen circumstances or applications updates, etc.

A keen focus on the customer experience enables better outcomes in RPA deployments. All processes should be analyzed and redesigned to provide an excellent customer experience at the lowest cost with the greatest efficiency. One proven methodology for deploying RPA uses an A3 approach: Assess, Automate, and Accelerate.



Modern customers love speed.



Step 1: Assess the Landscape

- Understand the “As Is”
- Design robotic subjectivity tables and decision matrixes
- Create a technology-enabled manual process design
- Create business requirement documents (BRDs) for automation and platform development

Step 2: Automate the Exceptions

- Automated decisions and governances expose exceptions in processes, data, and native tools
- Exception data is analyzed to provide and prioritize process improvement and exception automation opportunities

Step 3: Accelerate the Process

- Establish platform-enabled prioritization of tasks that bring accuracy, repeatability, and efficiency to the process
- Utilize intuitive platforms to create a single, common-user interface reducing inefficient ‘swivel seating’
- Institute Six Sigma Lean management

Once suitable processes are identified, implementation teams can leverage the operations know-how of existing process teams to write the business rules, test and refine the new robots, and ensure that each stage of the process is complete before an application or claim moves to the next.

The increased accuracy provided by RPA leads directly to faster approvals and higher customer satisfaction.

6. Improve Governance and Compliance

Automating billing setup and processing and enabling quick, seamless purchase of underwritten policies takes a huge load off operations and customer service teams. But in addition to lower costs and greater efficiency in core functions, RPA also drives better compliance, audits, governance, and security. Robotic processing necessarily documents every transaction and all the rules pertaining to it, providing transparency to auditors and consistency to analytics. It also facilitates timely reporting to managers and executives at all levels. Its built-in workflows not only enhance processing efficiency by enforcing rules and routing tasks to appropriate agents; it also

safeguards data from unauthorized human eyes and provides detailed audit trails regarding data access and flow.

Because the number and functionality of robots within the processing environment is so flexible, insurers can use RPA to adapt automated processes to local regulations and customs, extending their reach into formerly difficult locales without degrading control structures.

Get Ready to Grow

RPA is a solution whose time has come. The “do more with less” mentality that drives so many business decisions has brought automation to the forefront of consideration when enterprises evaluate solutions for process improvement. Insurers seeking innovative solutions that deliver the highest value and return on investment are increasingly looking for expertise in robotics and analytics from process transformation providers, viewing these two solution areas as critical drivers of expansion. Adding automation to new contracts increased from 7% in 2008–12 to 15% in 2013–14 and will continue to grow as the technology matures⁶.



Do more with less.



Per Everest Group, RPA in insurance process management can yield 15-45% incremental cost reductions to business operations⁷. Yet slashing costs is only one of the benefits RPA delivers. Freeing FTEs to higher-value work enables insurers to service more customers, dig into analytics that help drive more informed business decisions, and staff business projects that have been on hold for years for lack of personnel. Companies can put more resources into understanding customer needs and expectations, which in turn leads to market innovations that produce highly satisfied, loyal customers.

Growth, therefore, is the ultimate byproduct of RPA, not an incidental spike in claims efficiency or applications processed, but a steady, long-term improvement of the customer experience that burnishes the company's brand and continuously expands its customer base. For insurers, it is the perfect bridge between technological efficiency and the human insight that customers crave.

Sources:

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