

Winning the Race to Digitized Claims



Executive Perspectives on the Challenges
and Strategies of Implementation



Change is difficult,

especially for organizations implementing new technology.

The anticipation of shift in roles and responsibilities, fears of job elimination, and hesitance to adapt to new processes, can be disruptive to the culture and create implementation roadblocks. Digital transformation projects, taking place in claims departments across the insurance sector, have caused many pain points for claims executives, middle managers and adjusters.

In April of 2021, Deluxe conducted a roundtable with claims executives of medium and large carriers to discuss the challenges these professionals faced, and effective strategies implemented for successful transformation. The anonymized insights from these candid discussions are shared within this brief.



What has been the biggest challenge you've faced implementing digital transformation in your claims department?

Executives highlighted **cultural acceptance of innovation** in claims handling as the most significant challenge faced during transformative projects. Three scenarios, shared by roundtable participants, offer challenges to cultural acceptance within the claims department.

- Most resistance is shown by individuals whose jobs are most impacted by digital transformation, often tenured field adjusters. These adjusters' identities may be strongly tied to traditional file handling procedures, site inspections and use of subjectivity and experience in determining claim outcomes. The transition from physical to virtual inspections, and assistance from AI, machine learning and data analytics require new skill sets within claims. Many adjusters need training and exposure to the benefits of these tools to close the knowledge gaps.
- During implementation, team leaders are tasked with the responsibility of refocusing their adjusters on task level evaluation, as they participate in the identification of those tasks, which can be digitized and automated over time. While managing claims goals, the added layer of responsibility related to analysis and implementation of new technology can distract from the traditional departmental focus, and result in friction from middle managers.
- The introductions of self-service and automation often lead to concerns about job loss or replacement. This can impede cultural acceptance of innovation among those employees most impacted by change. These concerns are real, as it is often difficult to convince the C-suite that by creating capacity, resources can be re-directed, rather than reduced.



“Culture is one of the biggest things that holds us back, not from making progress, but from making progress that everyone understands and can rally around.”

AVP Claims, Large P&C Carrier

What part of your digital strategy worked for roundtable participants?

Change management: It is imperative to engage seasoned change managers at the outset of the project to garner support, acceptance of role change and align mindsets for a smooth transition. Engage employees in the vision of the project and what the value will be and how it will be measured. Communicate the changes, the impacts, anticipated event dates and who will be affected and how.

Micro sessions: While change may impact an entire department, your company can gain greater participation and contribution from employees by breaking down department meetings into micro sessions. By engaging more deeply with those impacted by the transformation, leadership will drive better adoption. Continuation of micro sessions, in the post-implementation environment, addresses unforeseen issues, illustrates continued managerial commitment to staff impacted by the change and insures a better long-term outcome.

Vision: Address fears of job loss through consistent articulation and vision by the C-suite that resources will be reallocated to areas requiring more attention, not reduced. With the conviction that you can redistribute human resources into other areas of action for greater results, you can ease these tensions. Reallocation of resources has had success in fraud detection, investigation and recoveries. Similarly, committing more resources to customer service may increase policyholder retention and higher TNPS.



When rolling out new tech, is the goal to bring it across entire organization, or is it to start in a small area first and “land and expand?” What have been your successes?

Determine the best strategy for implementation through evaluation of the potential gains and areas where the greatest value can be achieved. Most carriers introduced innovation to a single department or team, and once fully vetted, some carriers took the ‘light switch’ approach, while others expanded slowly across departments or products.

An innovation advisor to one large carrier identified the greatest need for automated payments in auto theft claims “because nobody needs to make a payment more urgently than people who don’t have a car and have to buy one this weekend...” Once vetted, automated payments were introduced to homeowners, where total loss required equal urgency. By identifying the employees and the policyholders most likely to embrace the digital payment platform, implementation was successful.

One large carrier initially released enhancements to virtual payments within a small group of adjusters, focused on medical claim payments and one new payment option. The enhancement was vetted for one month, then the carrier “flipped the light switch” and rolled out an array of payment options across other departments. The speed of adoption has been attributed largely to COVID and the necessity to meet both employee and policyholder needs.



“We incubate, we start small and then vet it out and then roll it out iteratively.”

Claims Transformation,
Large P&C Carrier



In digitizing the claims process, what top pain points do your customers, adjusters and claims representatives experience?

Roundtable participants agreed, customers continue to experience 'uncertainty' in the claims experience, regardless of the technology they interact with. Despite offers for self-service, there remains a reliance upon adjuster interaction for re-assurance. The digital channel lacks the capability to instill confidence and eliminate uncertainty the way a first-class adjuster can. This leads to a desire to speak to an adjuster or claims representative, despite how easy carriers may make the digital process.

Claims representatives and adjusters are challenged by too many non-integrated solutions. Over time, departments have introduced a series of solutions that have not been integrated with the core claims system. An adjuster may have five different systems to access separately. Often a solution, such as a texting platform or estimating software is piloted and funded, but not to the full extent that the project includes end-to-end integration with the core claims system.

“We’ve got a lot of work to do to replicate what our best adjuster does on the phone, in the digital channel.”

AVP Auto Claims Experience,
Large P&C Carrier



What obstacles or stumbling blocks have you faced attempting to digitize claim payments?

The top challenge shared by an innovation consultant to a large carrier: “Finding a payment solution that treasury, finance, IT and controls could weigh in on together.” Each department expressed unique requirements, which delayed selection and deployment. While digitization of the overall claims process reduced claim resolution to under 17 minutes, the claims payment took 5 – 10 days. The speed of resolution eventually forced the acceptance and implementation of digital payments to keep pace.

Data integration continues to be a challenge for the senior vice president of claims at a medium-size carrier. Electronic payment information received on the front end is not integrated with the back end, and retrieval and input of payment instructions is required multiple times. As a result, the carrier cannot efficiently accept and process electronic payments.

The senior vice president of claims with a medium-size carrier has experienced claimant hesitation to accept digital payments. To address this, all claims communications with the claimant include the benefits of electing digital payment for faster, convenient receipt of funds. While adoption is still a challenge, customer surveys indicate that those choosing digital payments are much happier with their payment explanation than those receiving a physical check. Hence, education remains a priority throughout the claims process.

Digital Payments Without Disruption

The challenges and pain points expressed by the roundtable participants offer a window into the real-life experiences of claims professionals managing digital transformation projects. However, digital transformation of the claims payment system can be accomplished without roadblocks and pain points. In fact, with a digital payment platform such as the Deluxe Payment Exchange® (DPX), the experience is seamless and without disruption to the carrier's back office. Let us show you why:

Easy Integration – You can experience seamless integration into core claims and accounting systems via our API, or use the DPX web portal to issue ad-hoc or one-off payments. Migrating from paper checks to digital payments requires no large infrastructure investments or changes to claims or accounting processes. With little change, comes ease of internal adoption and cultural acceptance.

Simultaneously Send Payment and Claims EOP – Each DPX payment allows you to include detailed, freeform remittance information for transactions and the EOP in the same transaction, regardless of the type of payment chosen by the claimant. Your claimant will be pleased with the level of detail and find the transition to digital payments a positive one.

Patented Security – Our innovative security features dramatically reduce risks to your claim department and, because you only need an email address to send a payment, no sensitive financial information ever changes hands. This is a win for compliance, IT and finance departments.



Deluxe, a Trusted Payments & Business Technology™ company, champions business so communities thrive. Our solutions help businesses pay, get paid, optimize and grow. For more than 100 years, Deluxe customers have relied on our solutions and platforms at all stages of their lifecycle, from start-up to maturity. Our powerful scale supports millions of small businesses, thousands of vital financial institutions and hundreds of the world's largest consumer brands, while processing more than \$2.8 trillion in annual payment volume. Our reach, scale and distribution channels position Deluxe to be our customers' most trusted business partner. To learn how we can help your business, visit us at www.deluxe.com, www.facebook.com/deluxe, www.linkedin.com/company/deluxe, or www.twitter.com/deluxe.



