Transforming the Insurance Customer Experience with Business Process Automation: A Three-Tiered Approach

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Introduction

In a September 2012 article, Insurance & Technology Magazine highlighted the findings from a Wolters Kluwer Financial Services study of insurance market conduct exams. "…Fundamental processing areas within insurance companies continue to have challenges that cross claims, licensing and underwriting," according to a Wolters Kluwer statement. While the study is geared toward compliance risk and identifies the top 10 criticisms in dealing with insurance carriers, it is striking that these pain points, left unaddressed, not only involve compliance risk and associated costs, but can also impact (if not irrevocably damage) the customer experience and future revenues. But there is one other common element to these issues that reveals a silver lining. Resolving these issues is within insurers' control: they simply need to look to their business processes.

What happens when customer experiences go terribly wrong?

Do ineffective business processes or lack of integrated communications within an insurance carrier have an impact on the customer experience they offer? Does this impact affect the customer's perception of that organization? Let's take a look at a couple of real-world examples. The first example is from a consumer point of view, and the second example is from a carrier point of view. Both illustrate the impact of internal operational efficiencies on the customer experience.

Real world example 1: A consumer experience

New job, new insurance company; and for those of us who depend on monthly medication refills, that has to be part of the transition, too. This anecdote will show how a few proactive measures by one health insurance organization could have turned a potential disaster into a positive experience.

After the job transition, I went to the doctor to have a new prescription written for my normal medication and sent to the new insurance company. The doctor faxes in the prescription, the medication arrives about five days later, and I feel all is well. Fast forward three months, and it is time for refills. I call the insurance company's pharmacy service and tell the polite representative which medication I need to refill. He points out that a generic is available and asks if I am requesting the brand. At this point I think, "I always had the brand before, and I know that's what the doctor wants me to have", so I simply answer, "Yes." A few days later my medication arrives. Expecting to pay $75 as I did last time, I look at a receipt for my payment of $206.65. This must be a simple mistake.

Optimistic, I call the insurance company to explain that there has been a mistake and request a partial refund. "No sir, the co-pay is $75 if your doctor requests the brand; if you request the brand the co-pay is $206.65. There is no mistake." I answer, "But this is the same prescription as last time, and it was only $75. How could it be different now?" After a long hold, the representative explained that back in July when they first received the prescription, the pharmacist called my doctor because he had not specified the need to have the brand. The doctor clarified the need for the brand, and was told that the company would honor this request over the phone once, but going forward, the doctor needed to send in a revised prescription for future refills. The doctor never took that action.

It is now September; I asked why in three months no one ever told me. "Frankly sir, it is not our responsibility." Okay, maybe not, but imagine all the trouble a simple proactive contact from the insurance company could have alleviated. Alternatively, shouldn't the representative I spoke to when I ordered the refill have made certain that I understood the difference between "me" requesting the brand versus "my doctor" requesting the brand? I would have contacted my doctor immediately to have it corrected before it got more complicated.

The entire story is much longer, but my efforts to be refunded are ongoing. Each call seems to yield a different answer and a slightly different version of the solution tried by the last representative I spoke to. Representatives always have to write an explanation and email it to a different department to request reprocessing. Given the number of times I have explained this situation, I'm sure I could explain it better than anyone else. Could we just conference the other department in and get this straightened out?

It is very frustrating to think of the time I have invested in trying to rectify this problem, and how simple it would have been to avoid in the first place. Worse, in a few months I will need another refill, and I fear that this nightmare will begin all over again. Needless to say, this has significantly impacted my perception of my new insurance company, and made my job transition much more stressful than it needed to be.

Real world example 2: An insurance carrier point of view

Often, the insurance carriers we work with are acutely aware of the need to apply technology to improve customer-facing processes. In particular, when it can help prevent lost sales opportunities, the lines of business are hungriest for this technology. One life insurance organization's process for generating new business offered numerous opportunities to address breakdowns in the process and automate for improvement. The New Business teams had all their work (phone calls, faxes, incoming paper mail) go into a general business queue. Team members had to manually "pull" each work item from the block that was already assigned to them. After processing an item through at least four different stages, the team member would manually route the item to the next person in the queue. Beyond this team, there were other teams as well as external advisors (brokers).

There was no visibility internally across the business, to determine if a new business opportunity was receiving the appropriate follow-up activity, or to respond to customer inquiries regarding status. There was also no visibility to external advisors, to keep them aware of activity with referred business. Also problematic was a lack of consistency in information across the business — clients received different information depending upon which one of the numerous silo'd systems a user was accessing at the time. Customers would not always wait indefinitely for a follow-up call or for the correct information, but would instead merely move on to another carrier, resulting in lost business.

One of the biggest bottlenecks within the New Business process was at the point where the underwriter (manually) passed a file to the New Business consultant, who would then go through the steps to determine the appropriate administrative requirements to complete the application. Aside from the fact that it was a highly manual process, the process was always subject to backlogs and delays, with files going back and forth and out to external parties such as physicians and advisors. And it was up to the consultant to manually create a reminder (Post-it Note, etc.) for any follow-up, meaning the potential for more lost business.

Aside from causing policyholder pain points, and potential regulatory risk, the technology supporting the business process did not enable the necessary agility, scalability, or accountability. Any changes to the business process took up to 18 months to implement, so it was nearly impossible to gain any speed to market for competitive advantage. Without automation capabilities, the business' only available strategy was to keep throwing people at processes to try to achieve sales targets.

Why are challenges in the insurance industry so hard to overcome?

Like any industry, insurance faces significant challenges in its quest to provide excellent customer service. Some of these challenges are universal across industries, while others are very specific to insurance. We hear carriers acknowledge that they must transform from policy and product-based to customer-based organizations, and many already have initiatives underway. Regardless, the first step in overcoming these challenges is to recognize them, and to determine the root cause. This is usually the hardest step, especially given the stress of the economic conditions we are all facing. Companies are so busy just trying to stay viable; they are constantly pressured by stakeholders and investors to bring down operational costs, and to increase revenues. Worse, they are being asked to do these things with less staff than they had before.

Three common ineffective approaches to problem solving

The conditions just described often result in management teams taking an unfortunate approach to problem resolution. Management clearly recognizes that there are issues, but they either do not have the time, the resources, or the will to actually identify the core of the problem. Therefore, management often applies quick fixes, moves on, and hopes that things will get better. There are three approaches to applying quick fixes, none of which is sufficient for true problem solving. Each approach almost always provides temporary relief, but in the long run, the problem returns and is often much more intense than originally experienced.

The "Band Aid" approach – In this approach, there is no root cause analysis of the problem. Management just treats the outward symptoms.

The "patchwork quilt" approach – In this scenario, several departments, who are all a part of a problem, work within their own silos to resolve their issues. They do not, however, address the problematic interactions with other areas. While this approach might alleviate some of the issue, it never addresses the end-to-end problem.

The internally focused "tunnel vision" approach – In this case, management might work to resolve the root cause of an issue, but they don't fully involve the customer in the resolution. Did management ask customers if the resolution helps their interaction with the organization, or did they just assume their resolution would be sufficient? Did they communicate the resolution to the customer, or did they just assume the customer would know there was a change in process? These steps are critical, and are often missed.

What are the common problems?

In our experience, problems can generally be categorized into three areas, and each area can have a significant impact on customers. Let's take a look at each area, so that we can begin to understand the impact.

Enterprise-wide challenges. When customer service issue analysis is conducted within an organization, it often focuses only on the contact center. In reality, the problems generally start at a much higher level within the organization. Unfortunately, the contact center is often charged with solving customer issues that actually have origins at the enterprise level. Clearly, there are many enterprise-wide challenges that are not addressed effectively, and there is not adequate time in this whitepaper to identify them all. However, some of the more critical areas are identified as follows to demonstrate the potential impact on the customer experience.

1. *Overall customer support strategy definition* – Carriers need a clear customer support strategy. Separate teams are often responsible for different aspects of customer service, and there is no single point of accountability where all of these teams come together in the planning and execution phase. This often results in the customer experience being disjointed, and customer support being less than effective.

2. *Definition of success* – In order to provide excellent service, the carrier needs to understand how it measures success. The communication of this success must filter down to all levels of the organization, so that everyone understands their respective role in achieving success. Appropriate processes and procedures must be established to meet the success criteria, and relevant reporting elements must be put in place to determine attainment of success. Without these, the contact center has nothing to measure its effectiveness.

3. *Knowledge of roles and responsibilities* – Lack of organizational knowledge, including appropriate roles and responsibilities, often results in process redundancy and the inability to find answers to solve customer issues. Most carriers do not include organizational education in the onboarding process, and this has a serious impact, particularly for customer facing groups.

4. *Communication flow* –The success of providing excellent customer service typically reaches beyond the contact center. For example, Sales and Marketing start the process of customer outreach; PMs are then involved to onboard the customer; Legal is involved in contracts and ensuring compliance; the back office areas are involved in fulfillment. Communication gaps between these areas and the contact center can have disastrous effects on the customer experience.

5. *Business change management* – Often, changes made within the enterprise are not communicated to the contact center on a timely basis. This may result in erroneous information being passed to customers. Clearly, this can have a serious impact on customer service, and in the worst-case scenario, may even have legal implications for the carrier. This is particularly true in a highly-regulated industry like insurance.

Operational challenges experienced in the contact center. A second area of concern beyond enterprise-wide challenges is operational challenges. Over the years, we have found these operational challenges to be quite prevalent in the insurance industry. All of these challenges have a significant impact not only on the efficiency of the staff, but also on the effectiveness of the customer experience.

1. *Manual workflows and processes* – This is a major problem area. In many cases, paper flows from department to department, from the contact center to the back office, from the back office to the contact center, and on and on. Often, there is no accountability as the paper moves along. In fact, the staff in one department rarely understands what happens to the paper once it leaves their department, and they have no visibility into the end-to-end process. This makes it difficult to help a customer who just doesn't understand why their problem has not yet been resolved.

2. *Competing priorities* – In some insurance organizations, the contact center staff is responsible to both answer inquiries AND to process paperwork. Often customer service representatives (CSRs) are told that their priority is to answer phones, but all of their success metrics are actually based on the amount and accuracy of paperwork they process. Think about it, how can a CSR be successful when the prioritization message is so convoluted?

3. *Information overload* – Insurance carriers that sell and support multiple products often have different legacy systems for these products. CSRs who support the products must therefore learn how to access multiple databases to resolve issues. In addition, CSRs are inundated with daily paperwork — emails with daily changes in process and procedure, "sticky" reminder notes, and the like. Some companies try to develop SharePoint sites, where all of the training and procedural documentation can be stored in one place, but these sites are difficult to maintain and are time-consuming for CSRs to navigate. The CSR workstation and desktop is a convoluted nightmare, and this impacts customer interactions.

4. *Servicing different customers* – The insurance industry struggles with the challenge of having diverse customers. In health insurance organizations, providers and members both have unique customer support needs. Unfortunately management often develops separate support strategies to deal with these unique needs. This is a mistake, as there are several interaction points that require a consolidated view of support for both areas.

Direct customer-facing challenges. So far, we have analyzed issues and challenges that impact the customers indirectly. This section deals with challenges that have a direct impact on the customer experience.

1. *Customer expectations*

   a. *Setting expectations* – In many cases, unclear or inaccurate expectations are set for the customer by the contact center staff. For example, the CSR tells the customer that a claim will be processed in three days. However, the CSR does not know that the systems that process claims and checks have been down and claims are backed up more than a week. This erroneous expectation can have a major impact on the customers' perception of the organization.

   b. *Understanding customer expectations* – Many carriers do not have effective feedback channels for customer input. Thus, they are not accurately tracking customer expectations. Competitors who do a good job of understanding the "voice of the customer" will reap the benefits from this failure.

2. *Clear communication channels* – In the insurance industry, many organizations utilize insurance CSRs/agencies to sell products. In several cases, customers are not properly educated about whether to call the insurance CSR, or the customer service group, and under what circumstances. This often results in customer confusion, and ineffective customer support.

3. *Consistency/transparency across customer access channels* – While customer service organizations still conduct the majority of their business via the telephone, more carriers are beginning to offer alternative access channels. Providing self-service channels, for instance, has become a major initiative to reduce operational costs. Interactive voice response (IVR) systems have also been in existence for quite some time, and speech is becoming more common. Email correspondence and web portals directed to the contact center are becoming more prevalent, as well. Having multiple access channels, though, creates challenges.

   a. *Consistency* – It is imperative that the customer experience is as consistent as possible across all channels, and that the information obtained across the board is accurate.

   b. *Transparency* – Having information that shows the success of the customer experience across all channels is critical. When did a customer resolve their issue, and in which channel? When did the customer have to escalate from one channel to another channel, and why? These are critical questions that need to be answered to develop an effective support strategy and relevant success metrics. Tracking the attainment of these metrics by being able to understand the customer experience across channels is therefore a requirement.

How can we begin to address the problems?

Now that we know some of the more common problems, how do we begin to address them — finding the root cause, and developing the proper resolutions? This requires a strong commitment within the organization, starting with senior management. The commitment involves prioritizing the big issues, getting the right team in place to address them, time, dedication, perseverance. So what is the high-level process to start to address these challenges? This section summarizes the steps required.

1. *Document the current process, including communication flows* – This step requires gathering the information from the relevant resources, and then documenting the end to end process, including current metrics. The participants in this step should also begin looking for gaps in the process.

2. *Identify where the process intersects with other processes* – This step is critical to determine how changes made in this process will impact other processes. Taking this step at this time avoids the ineffective problem-solving approaches discussed earlier (e.g., the patch work quilt approach).

3. *Objectively analyze the current process* – This step includes reviewing existing systems used in the process, redundant steps, SLAs, escalations, and customer impact.

4. *Start to develop the plan to address the current issues* – This includes evaluating how the gaps can be addressed, and documenting what seemingly extraneous activities may be impacted (e.g., training, customer education, interactions with other processes, etc.)

5. *If appropriate, look for the right technology and partner* – If technology can help make the process more effective, the right solution, and the readiness to adopt that solution, will need to be evaluated in this step.

6. *Post-change calibration* – This involves a culture of CI (continuous improvement). An effective process will need to be flexible enough to adapt to certain business change.

Can technology help?

Over the years, as we have conducted our contact center analysis engagements, we have often found that technology is one of the major problems insurance carriers face; it is often an inhibitor to addressing significant issues. Disparate systems, legacy data structures, ineffective contact center platforms, and the like often create rather than solve problems. But imagine IF technology could actually help in this process. Is that possible? We are about to find out. Let's consider the same three areas where we originally identified specific problems — the enterprise, the contact center, and the customer:

Technology for the enterprise

Several of the enterprise-level concerns discussed in this paper are a function of strategic decision making and management communication, yet most can be successfully addressed with the right technology solutions.

Knowledge. Carriers often have volumes of implicit organizational knowledge stuffed into the heads of long-timers and subject matter experts. To improve the business processes that impact the customer experience, those processes should be captured and explicitly represented. Once captured, processes should then be implemented in a standard, repeatable way in order to measure performance and, ideally, to create a cycle of continuous improvement. Further, the processes themselves should be automated in a technology solution that supports a high degree of guided work to reduce training and get employees on-boarded and productive faster. For example, automation can guide work via well-defined, flexible business rules, role-based user interfaces and process initiation based on spotted keywords.

Communication and collaboration. Like other industries, carriers are finding that a process that begins in the contact center often traverses other departments. Disparate systems typically "break" the process, rendering the part of the process addressed in the contact center invisible to the knowledge worker looped in to provide expertise, and vice versa. Instead of two resources fully empowered to assist the customer, there are none. The customer experiences delays, or worse, forgotten follow-ups. Depending upon the type of process, the customer can get frustrated and seek a quote for a new policy elsewhere. The customer might also immediately post on their social network of choice, discouraging anyone in their network from doing business with the same carrier. Or they may suffer in silence, but good luck with any up-sell or cross-sell attempts in the future. To bridge the chasm between the contact center and the rest of the organization, consider technology solutions that help staff to "get on the same page" because they are on the same platform. Ideally, this platform would be one that provides advanced communications and collaboration features for contact center CSRs and business users, and visibility into business process status and information to provide customers the answers they need.

Agility. Business change management must happen at a rapid pace in today's carrier environment. It is critical that systems supporting core business processes provide the flexibility to adapt quickly to changing business and regulatory requirements. However, agility and modernization to support changing business conditions should not mean "rip and replace." Technology solutions that lock carriers into proprietary hardware or software, or that require vendor services and consulting for process change or time-consuming integrations, simply will not keep up with today's carrier environment. Any solution should fit easily into the existing technology environment while allowing a carrier to leverage its investment in core systems. Open, standards-based and service-oriented architecture with support for web-services, APIs and other configurable, out-of-the-box integration tools should be the standard for technology decisions. Technology that allows rapid updates of business processes and immediate, automated deployment of those changes should always be a factor, to avoid instances of

compliance exposure. The ideal solution would actually reduce the business dependency on IT for every change. Business users should be able to achieve application modification with intuitive, graphical process design environments where they visually lay out the appropriate process flow.

Technology for the contact center

Manual processes. Critical business processes are often still completed by passing documents and file folders from department to department, manually typing in information from those documents, or copying and pasting between multiple different applications. There are so many opportunities to digitize, both documents and processes, and advanced technology solutions can support communications plus the automation of document-centric business processes. Be sure to also consider solutions where process automation includes the ability to easily source data from multiple other systems (e.g., policy or claims management, legacy databases, etc.) without custom integrations, to avoid CSRs having to manually type or copy/paste. The right solution will enable reduced process cycle times, and reduced errors and re-work. CSRs should have automated reminders for pending due dates and work should be automatically "pushed" to the right CSR at the right time. Work items should be tailored to a CSR's specific task, include customer data and phone numbers to initiate a call with a single click, and have that call (and any associated recording) as part of the customer case record. Escalations and exception reporting to managers should also be part of the solution to ensure that the process remains intact through completion.

Visibility and accountability. We have heard more than one carrier comment that it seems as if their processes disappear into a "black hole" where supervisors and managers have little or no visibility into what is happening at any stage of the process. Any technology solution should provide the same granular level of visibility for process work as it does for contact center communication interactions: How long is the average handle time for a given work item? How many work items does a CSR or workgroup have pending? What is the status of a policy application, claim, etc.? Who was the last to handle the work item? Supervisors, managers and authorized CSRs should also have the ability to re-assign work or transfer a call with the same simplicity as forwarding an email.

Competing priorities. Along with clear strategic objectives and goals from management, technology can enable increased productivity both for communications interactions and for document-centric processes. Solutions that leverage the power of proven contact center technologies such as skills-based routing, rule-based prioritization, and user presence can speed the right kind of work to the right person when they are available. This kind of automation removes the subjective element and reduces human latency.

Information overload. With multiple legacy and other core business systems, the idea of another application seems counter-intuitive, unless that application can serve as a process orchestration layer. That layer would present information from multiple systems in "custom" role-based interfaces that your organization defines and configures. Modern technology solutions should easily bring together information from multiple systems into a single work item, or enable a user to access a third-party system directly, while tracking task and process time. Ideally, users should receive work in a familiar way, then only have to deal with the work that relates to their role or task, and move on to the next bit of work.

Servicing different stakeholders. For carriers to effectively deal with the wide variety of participants in their business processes (end consumer segments, providers, CSRs, brokers, and other third parties), they should consider a technology solution that could address the unique needs of each. At the same time, they should look for opportunities to consolidate support. Multichannel strategy, business process automation, extending to external/mobile users, document management… all are required elements to ensure that each customer stakeholder can effectively interact with the organization to meet their unique needs.

Technology for the customer

Policyholder expectations. It's important to focus on both sides of policyholder expectations. For your employees to correctly set expectations, they need visibility into a particular process regardless of where that process currently "lives." Technology should support process service levels, with automated actions and escalations before a due date or follow-up date is missed. If a CSR is taking a policyholder call related to the status of the claim they initiated two days before, the CSR must provide an answer. They should be able to reference not only the correct FNOL information, but also to look up current status of the claim, even though the process itself may have moved beyond the contact center. Even better, the CSR could advise the policyholders that they will receive automated notifications on the channel of their choice (email, SMS, etc.) with status updates as the claim progresses.

On the opposite side of the customer equation, a clear understanding of policyholder expectations is essential. It's important to do more than "listen to the voice of the customer"; it's essential to understand customer expectations in context. A technology solution should be able to provide all necessary context of a customer, their recent interactions, and cases or processes, so that any satisfaction metric has real data behind it. The right technology platform will be able to intelligently collect relevant information and deliver it in a single view to the right resource when needed, without expensive and time-consuming custom integrations.

Clear and consistent communication channels. An insurance carrier's multichannel strategy is only as good as the customer experience it delivers. When the end consumer encounters exceptional service in the voice channel, only to have a frustrating experience when next interacting with your organization on the web…guess which experience leaves a lasting impression? Many insurance carriers wrestle with these

issues because their multi-channel strategy relies on different technology for different channels. This "silo'd" approach to multi-channel is no longer necessary, as there are technology platforms that support multiple interaction channels (phone, email, chat, SMS, etc.) from a single platform. And, the right technology solution enables you to effortlessly weave multichannel communications interactions into your business processes because communications and process applications alike are sourced from the same platform. Similarly with self-service options, when a technology platform supports IVR or other self-service channels as well as process automation, a customer can initiate a self-service interaction (send me a hard copy of my policy) but trigger a process for a policy review, based on their account verification. Proactive communications demonstrate to policyholders that they are more than an invoice, and this outreach should be fully supported by any technology solution.

A word on mobile. It's no longer a question of whether policyholders want to communicate with your organization via mobile device — it's only a question of what the experience is like when they do. For insurance carriers to successfully implement a mobile strategy that delivers an exceptional customer experience, they need to be able to rapidly deploy customer service applications on multiple mobile operating systems, devices and social media websites. More importantly, carriers need to be able to link the mobile customer directly to the contact center in the channel of their choice and supply contextual information to the CSR. Any customer-facing business process must be suited for customer interaction on mobile devices.

Conclusion

If the statement cited earlier in this paper is true, and insurance carriers are in the process of transforming from policy-oriented to customer-oriented organizations, technology alone will not assure that transformation. But advances in technology can help to make a consumer-oriented vision a reality for carriers. There are technology solutions available that can address enterprise, contact center, and policyholder needs from a common platform that enables an insurance carrier to turn the customer experience into a competitive weapon. Any technology solution should enable a carrier to respond faster to policyholder inquiries, solve policyholders' issues quickly and correctly and do so consistently, with transparency across all channels and processes. Opportunities to turn customer pain points into exceptional experiences that deliver increased loyalty and wallet share might be hiding in plain sight. When you consider your organization's business processes — what do you see?

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