

fs viewpoint

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Claim to fame:

Positioning the claims function
for operational excellence



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Executive summary

Simply stated, if the customer's claims experience is a negative one, nothing else the insurer does really matters.

Recognizing that the claims process is one of the most visible to customers, insurers are focused on the claims customer experience and its role in improved service delivery.

Social media can make or break a company's reputation. When it comes to claims, one customer interaction handled badly can go viral in a matter of minutes.

Insurers today have opportunities to connect with consumers like never before.

Insurance carriers once thought that to be successful, all they needed to do was to get customers to buy their policies. In our view, this notion is outdated in today's market.

Insurers face fundamental questions about how to move forward:

- How can they leverage the most recent advancements in technology to update the claims process?
- What are large- and middle-market insurers doing to make progress?
- What steps are necessary to execute a successful claims transformation?

Based on what we see leaders doing, we recommend that insurers focus on more than just the technology.

Tying the transformation back to the overall business strategy and driving continuous improvement are keys to success. In our view, five dimensions underpin a successful claims transformation: customer experience, operating model, integrated management, advanced technology, and information and analytics.

The benefits of a successful claims transformation initiative include cost reduction, enhanced customer retention, and improved brand recognition, among others.

It's about how you can make the connection between your systems, your strategy, and your customers.

Point of view

Insurance today is no longer about getting the customer to buy a policy; it's about policyholder satisfaction and resulting customer retention.

Insurers once thought that to be successful, all they needed to do was to get customers to buy their policies. In our view, this notion is outdated in today's market.

For example:

- Our work indicates that personal lines policyholders who have had a positive claim experience are up to twice as likely to purchase additional products.
- Our clients have seen loss expense improvements in the order of 5%-15%.
- In some of our work, we have noted that better pricing accuracy from high-quality claims data can drive an improved combined ratio of 1% to 3%.

In our view, to keep pace with the changing, challenging market environment as well as the competition, insurers should invest in:

- Transforming in-house core claims legacy systems.
- Cultivating data analytic capabilities.
- Improving customer relationships across all touch points.¹

The drivers of claims transformation include the following:

- The success of claims core transformation programs has been measured and proven. Insurers know that claims transformation will deliver tangible results for both commercial and personal lines.
- Regulatory requirements such as state mandates and Medicare require insight, foresight, adaptability, and agility.
- Technological advancements beg to be exploited in the hunt for customer satisfaction and loyalty. The ability to access internal and external data, advances in mobile technology, and lower-cost voice technology provide companies with multiple opportunities to deliver enhanced customer service.
- Yesterday's innovation is today's expectation. Delivering on developments such as real-time email alerts and other technologically-enabled service upgrades is part and parcel of today's marketplace across the industry spectrum.
- Insurers should also be wary of the backlash inherent in falling behind the times. Social media's capacity to spread the word when a customer has a problem can cause unwelcome attention when a claims experience goes wrong.

¹ PwC, "Playing for keeps: How insurers can win customers, one at a time," July 2014, www.pwc.com/fsi.

We have observed both large- and middle-market players making advances in the area of claims transformation. While large insurers are leading the way, many middle-market insurers are closely following in their footsteps.

We have observed large- and middle-market insurers forging ahead, despite challenges. Many are left wondering about next steps after they complete the initial technology investment.

Large insurers are leading transformation.

- Most large insurers have already made a technology investment in new claims systems. In our view, even those who have made successful strides relatively quickly have room for improvement as they try to stay ahead of the pack and set themselves apart from the competition.
- Firms that have attempted the transformation over the past several years have often progressed only as far as getting the core system in place. But then they're left wondering, what's next? Many organizations lack a view as to how they should proceed.
- While a large majority of insurers have invested in transformation initiatives, such as core systems transformation and business process redesign, others have not started the process.

Middle-market insurers are taking similar steps.

- Some middle-market property and casualty insurers see the need to transform their claims operation to keep up with leading firms, but may think that funding will be hard to get or that the program will be too complex. Still, they are moving forward with transformation.
 - Carriers are managing fairly well in their quest to keep up, despite perceived financial constraints and the complexity of transformation programs. They are using an integrated approach that is focused on business and systems transformation along with systems replacement.
-

Based on what we see leaders doing, we recommend that insurers focus on more than just the technology. Tying the transformation back to the overall business strategy and driving continuous improvement are keys to success.

Leading insurers recognize that the business case is not static over time. They tend to be on the lookout for opportunities to refresh the business case periodically to reflect changes that impact the claims function and how it works.

Leading large- and middle-market insurers are tying their successful transformations, some of which have been underway for a decade or more, back to the overall business strategy.

We have observed leading insurers using technological advancement, data analytics, and employee training to build long-term

relationships with their customers, deepen customer loyalty, cut costs, and raise revenue. And while underwriting and sales play a role in delivering on this potential, the claims function can also have a significant impact.

Figure 1: How leading insurers are progressing through transformation challenges.



Invest in technology:

- Aggressively pursue a technology-driven, customer-centric claims experience.
- Leverage technology to stay ahead of trending challenges and the competition.
- Look to infrastructure to improve claim adjusting efficiency, underwriting, finance, and actuarial effectiveness.
- Use the wealth of data and analytics to better know, understand, and serve customers in keeping with today's increasingly sophisticated marketplace, practices, and expectations.



Invest beyond technology:

Processes:

- Approach with a focus on customer service, efficiency, and effectiveness through an enhanced web presence and integrated telephony.
- Reduce risk and fraud and step up the game in capturing recoveries.
- Outsource where it makes sense to enable leadership to maintain a strict focus on the core business.

People:

- Offer specialized, focused training.
- Realize advantages of analytics through specialized skills applied to advanced technology.

In our view, a successful claims transformation requires that insurers take into account five core dimensions.

In our view, five dimensions underpin a successful claims transformation: customer experience, operating model, integrated management, advanced technology, and information and analytics.

Figure 2: The five dimensions of a successful claims transformation.



PwC has developed a framework that helps insurers focus on the five core dimensions that drive claims transformation success.



Our framework helps insurers focus on the following five dimensions to drive a successful claims transformation: customer experience, operating model, integrated management, advanced technology, and information and analytics.

Figure 3: The PwC framework for insurance claims transformation.



The benefits of a successful claims transformation initiative include cost reduction, enhanced customer retention, and improved brand recognition, among others.

Figure 4: Benefits of a successful claims transformation initiative.

Benefit category	Expense and operations management	Indemnity loss management	Other combined ratio uplift
Potential strategies	Automate manual activities. Effectively manage talent. Manage legal, medical, and other vendor costs.	Claims quality management, advanced analytics.	Improve risk screening for customer acquisition and retention.
Range of benefits	5% – 10% administrative, operating, and defense and cost containment improvements.	5% – 15% of loss and/or allocated loss adjustment expense costs.	1% – 3% improvement in combined ratio.

The benefits of a successful claims transformation include the following:

Offer superior claims and policy service. → Enhance customer retention.

- Make sure that your claims personnel have a good understanding of what customers are experiencing as they move through the claims process. All claims personnel should be able to help customers understand where they are in the process and what else to expect along the way. Don't just leave customer service to the call center.
- Offer helpful tools and features such as email alerts and interactive web applications to provide information to customers at every step in the process. This is expected today and there is no excuse for not providing it.

Distinguish the company in the marketplace. → Improve brand recognition.

- Treat every claim like your business depends on it. Social media means word-of-mouth has never been louder. Use this to your advantage.

Boost efficiency and cost savings by using internal and external information and analytics to power decision making. → Reduce costs.

- Dig into data and analytics to vet decision making. Make sure that you have the right resources mapped to data analytics. Tap into the data to drive smart choices that align with your overarching business strategy as well as customer demands.

Improve productivity and fuel continuous improvement. → Stay competitive and current.

- Don't get complacent. No matter how well things are working, there is always room for improvement. Provide incentives to help foster an environment where staff can speak freely about suggested improvements. Reward those who speak up.

Retain talented and experienced claims staff. → Cultivate a dynamic talent pipeline.

- Make it known that every transaction is more than the sum of its parts. Train people and reward them for superior customer service.

Claims transformation initiatives are all but guaranteed to invite obstacles. These can be overcome with the right design, training, and focus.

Nobody said it was going to be easy. However, the following obstacles can be overcome.

Potential obstacles and methods of addressing them.

Legacy data and analytics challenges. → Design sophisticated, well-thought-out analytics.

- Know the typical stumbling blocks inherent to converting and using data from legacy systems and plan against them and around them to achieve your objectives. Enrich and remap data into modern structures during the conversion process.
-

Budgetary constraints. → Focus on return on investment.

- Don't look back. Understand and communicate the vision for growth going forward and look for the level of benefits that drive the investment.
-

Functional silos. → Use integrated processes, well-orchestrated data models, and integrated systems.

- Break the mold around functional silos. Look for cross-functional opportunities for data analytics and business processes to build a closed-loop process with actuarial, underwriting, and finance.
-

Lack of aligned, properly trained talent. → Tackle training and deploy change-focused communications.

- Align talent to the new mission, goals, and tasks. Hire, train, retain, and build a viable talent pipeline to get the job done. Focus on the transformed mission and vision of claims.
-

Insurers who fail to transform their claims process will find themselves falling further and further behind the competition as technology and customer expectations continue to evolve.

Now more than ever, businesses that don't meet expectations stand to lose real revenue, reputation, and return on investment.

We have observed insurance companies suffer the following consequences when the need for transformation is ignored:

- Outdated systems and operating models.
- Playing catch-up to no avail.
- Inability to leverage fast-changing data and technology developments and the opportunities they support.
- The end result? Poor customer relationships and retention.

There are no excuses and little recompense. Today's market is brimming with opportunity and is not very forgiving for those who fail to grasp the possibilities.

Successful claims transformation is catching on as a means to achieve customer engagement, satisfaction, and loyalty. But there is no one right way to approach this effort to ensure universal success. Each insurer should consider what makes its operations “tick” and how the transformation initiative can best be carried forward within the context of the larger business agenda. We believe that approaching the core claims transformation effort while keeping in mind the five critical elements—customer service, operating model, integrated management, advanced technology, and information and analytics—will keep your eyes on the prize and help to stake your claim on the future. Next, we'll take a deeper dive to explore what the competition is doing and how this can work for you.

Competitive intelligence

*Our observations of
industry practices.*

Based on key capabilities of future claims organizations, we have observed the following in today's marketplace.

	Insurer A	Insurer B	Insurer C
Advanced technology	<ul style="list-style-type: none"> Using a well-architected core technology platform supporting some predictive analytics with static business rules based on a decision point analysis. Fully integrated voice, mobile, and data containing all relevant contact, policy, claimant, and vendor data. Using external data sources to achieve better insights. Some integration of predictive analytics at key decision points. 	<ul style="list-style-type: none"> Adopting a plan-driven approach for loss management in order to place more focus on well-planned loss estimation, loss prevention, and risk reduction. Use of modern core claims system with business rules and calculators at major decision points. Ability to gather key data relevant to a claim into a usable format for reporting and analysis. Offline predictive analytics engines focusing on predicting longer term trends. 	<ul style="list-style-type: none"> Multiple claims systems with some process streamlining across lines of business. Reactive and disparate claims management across lines of business and locations. More focus on resolving claims efficiently and quickly rather than on customer service and overall loss control.
Customer experience	<ul style="list-style-type: none"> Staffing generally highly trained claims representatives who are high-service knowledge workers with the ability to make trade offs among loss management, expense management, and customer experience goals. Access to key claims services 24/7 through multiple channels. Appropriate allocation of resources to claims in order to manage expense, loss, and customer satisfaction. Integrated data flow among claims, actuarial, and underwriting. Automatic recognition of customers and ability to tailor services based on customer preferences. 	<ul style="list-style-type: none"> Competent claims adjusters being trained in the principles of customer service. Using electronic messaging services (email, text, etc.) to send updates and alerts to policyholders during disasters. Equipping insured with mobile applications that provide information, tips, and tools needed in the event of a claim. Providing mobile applications and/or mobile-friendly access to policy, billing, forms, and other essential information and tools. 	<ul style="list-style-type: none"> Technical claims adjusters with inconsistent customer service training. Providing agents access to enter first-notice-of-loss information directly to insurer's systems. Establishing an interface or data feed between the policy administration and claims systems, so policy information can be verified and "re-entered." Re-inspections and evaluations of loss estimates to identify areas for improvement. Conducting customer satisfaction surveys.

 Leading
  On par
  Lagging

Based on key capabilities of future claims organizations, we have observed the following in today's marketplace (continued).

	Insurer A	Insurer B	Insurer C
Integrated management	<ul style="list-style-type: none"> Uses integrated analysis to model future claims versus drivers of loss, customer experience, and loss-adjustment expense. Future claims outcomes are modeled based on legal trends and inputs used to settle historical claims. 	<ul style="list-style-type: none"> Loss, customer experience, and loss-adjustment expenses are managed across claim segments and lines of business. Business rules and automated measures of quality are used to establish segment-level practices that minimize unfavorable claims outcomes. 	<ul style="list-style-type: none"> Focuses on high-level practices across the claims process. Has few automated business rules, and manually documents practices. Reserve and line-of-business reviews conducted in aggregate by actuarial. Claim outcomes are aggregated.
Operating model	<ul style="list-style-type: none"> Relies on a manual planning process that uses statistical analysis to understand historical vendor and claims adjuster activity to drive future management loss, customer experience, and loss-adjustment expense strategies. Semi-closed loop process supports design of systems, staff model, quality programs, vendor management strategy, and data management strategy. Uses continuous improvement processes to update the claims process and adjuster performance. 	<ul style="list-style-type: none"> Has defined parameters for the selection and use of in-house versus out-sourced counsel. Improving internal operations by using a single source of information throughout the value chain. Uses predictive analytics for real-time claim triage and adjuster assignment. 	<ul style="list-style-type: none"> Uses quality-assurance evaluations to coach and mentor operations staff. Establishing networks with preferred vendors integrated into core claims system. Vendors evaluated using traditional manual scorecards. Rules-based or manual assignment.
Information & analytics	<ul style="list-style-type: none"> Analytics strategy driven from extensive map of decision points mapped to data sources and analytics methods designed to incorporate internal and external data. Providing scenario analysis for claims decisions at most points of the claims process. Providing close-to-real-time feedback and analysis of performance to coach adjusters, as well as to update business rules and decision frameworks. Data-driven workflow outlining tasks for claims service representatives, adjusters, and managers based on real-time data. 	<ul style="list-style-type: none"> Using third-party fraud frameworks within special investigative units, resulting in increased efficiency and accuracy by preventing, detecting, and managing claim fraud. Partnering with third-party data providers to provide real-time data (such as geospatial, workers' compensation injury reporting) that is integrated into insurer's claims operations. Using third-party vendors to manage large numbers of vendors, estimates, and invoices such as legal, medical, and auto repair. 	<ul style="list-style-type: none"> Data gathered through legacy systems with some data-quality issues. Major integration points automated, but some are manual. Employing trend analysis based on key leakage and expense metrics, and reviewing/auditing estimates to determine accuracy of claim payouts. Using static reports demonstrating trends over time that support major decision points.



Leading



On par



Lagging

A framework for response

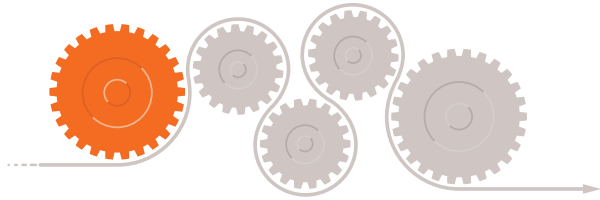
*Our recommended approach
to the issue.*

PwC has developed a framework that focuses on the following five core dimensions.

Insurers can improve the claims experience for customers by focusing on the following five core dimensions: customer experience, operating model, integrated management, advanced technology, and information and analytics.



Customer experience



The claims customer experience establishes the expectations about how the carrier will deliver on the promise.

Claims leadership should understand the impact of the customer experience on the overall claim outcome. Based on this understanding, the claims transformation process should focus on how to use technology, process redesign, and training to improve the customer experience.

Key considerations:

- What are the defining moments during the claims process for your customers and agents?
- What technologies and processes can be used to revolutionize the claims experience?
- How should the individual customer claims experience be tailored?
- Is there a feedback loop tying information from the customer experience in claims back to underwriting and product development?

Key steps

Develop future-state claims customer experience strategy.

- Establish the overall goals, principles, and objectives for the claims customer experience to align with the overall carrier customer experience strategy.
- Conduct market analysis (surveys, focus groups, etc.) to determine how to serve the customers' desires and needs and to identify industry and cross-industry best practices.

Develop detailed experience design, complete gap analysis, and create roadmap.

- Create detailed capability analysis that includes pain points and hand offs across the customer experience, which includes pre-claim, first-notice of loss, assignment, adjudicate, settlement, close, and post-claim.
- Understand current customer experience analytics and metrics and what these indicate about existing customer experience failures.
- Develop a detailed customer experience design overall and for each claim's customer touch point.
- Create a claims customer experience roadmap.

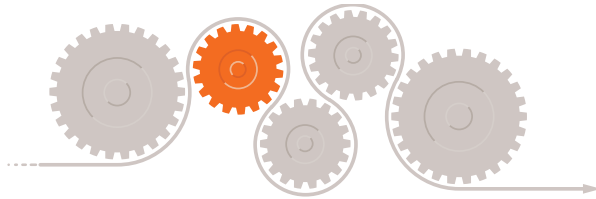
Map dependencies.

- Determine how the claims customer experience roadmap feeds the claims operating model, management strategy, technology strategy, information and analytics strategy, and the overall claims transformation program.
- Use analytics to identify and examine customer interactions at every touch point with the insurer throughout the claims process to develop customer interaction maps.
- Establish a process for continual monitoring and updating of the customer experience roadmap.

Implement improvements.

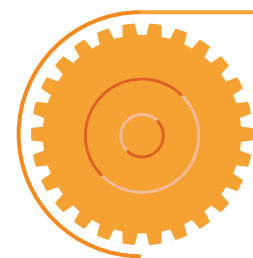
- Train claims adjusters to enhance the customer experience by acting as trusted, valued allies who represent the insurer's brand.
- Find ways to reduce the number of touch points needed with the customer. Use technology and/or new techniques to drive improvements based on feedback from customers.

Operating model



When customers interact with your company, it should feel seamless. Make sure your operating model can support that experience.

Arming the claims organization with talented individuals, streamlined processes, and advanced technology will help the carrier restore loss more quickly, defend against fraud, and enhance the claims customer experience.



Design drivers

- Business structure and features
- Organization and incentives
- Technology platform
- Operations and process

Key considerations:

- How standardized should processes be across business units? How integrated should processes be across business units?
- What are the cultural and behavioral risks associated with achieving the target operating model? How can those risks be mitigated?
- How will the operating model maintain flexibility to change over time as the organization grows and matures?

Key steps

Key considerations

Define a claims operations future state strategy.

- Establish the overall goals, principles, and objectives for the claims operations strategy.
- Understand future-state operating model guiding principles taking into account how claims interacts with other parts of the business.

Evaluate gaps and design the future state.

- Map the current people, process, technical, and data structures against the future-state strategy.
- Identify gaps and develop future-state operating model scenarios and document detailed impacts to people, processes, and technology.
- Finalize a detailed future-state operating model and develop business case.

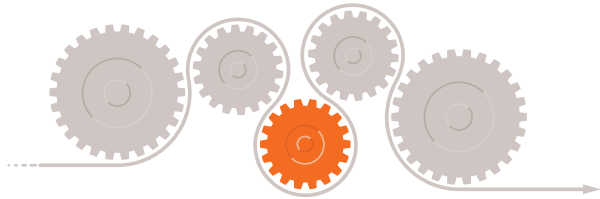
Create roadmap.

- Define key transformation initiatives, sequencing, and investment requirements.
- Align with advanced technology roadmap.
- Understand organizational change management requirements.
- Diagnose technological constraints. Discard stale legacy systems and replace with updated flexible systems to gain scale and efficiency.

Implement improvements.

- Balance specialization with scale. If processes can be shared among larger groups of adjusters with specialized skills, the quality of both the claims processing and customer interaction will increase.
- Involve vendors where appropriate to deliver high-quality service to claims customers while focusing on the core business.

Integrated management



The claims function should integrate business and analytic processes and data flows with other departments in the company both bottom-up from claims and top-down throughout the enterprise.

Successful integration management requires carrier and claims leadership capable of understanding the big picture and willing to make adjustments for the greater good.

Benefits of integrated management

Faster communication	Increased profitability
Collaboration	Cost savings

Key considerations:

- Where can integration provide the most advantages or, conversely, prove the most difficult to gain support within the value chain?
- Creating a ‘single source of truth’ for the organization’s data is now merely a starting point rather than a leading practice ... where does your organization stand?
- What data infrastructure roadblocks are most likely to occur along the transformation path?

Key steps

Key considerations

Identify integration needs.

- Identify inefficiencies and disconnects from a process, data, and analytics perspective to set baseline needs.
- Understand additional needs and desires by developing an “ideal” state of value-chain process, data, and analytics integration to deliver a competitive advantage in the market.

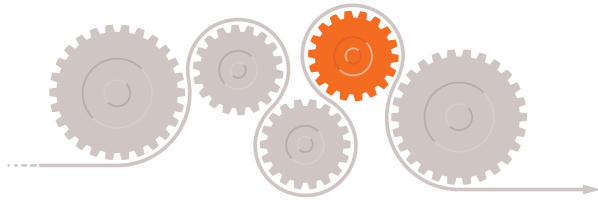
Create an integration management function.

- Understand the desired data, analytic, and process connections between claims and the other departments within the organization.
- Refine organization, process, and systems in order to meet the desired strategic vision and shut down disconnects.
- Establish key performance indicators that measure how well claims integrates with other parts of the business.
- Understand costs, prioritize the implementation timeline, pilot the program, and record the results.

Establish governance.

- Develop governance structures and team to support the continued development of integrated management.
- Incorporate into the program a goal of delivering a highly integrated claims “closed loop,” in which high-quality timely customer and claims data and analytics informs product development, pricing, underwriting, and strategic decision making.

Advanced technology



Investigate new solutions, replace outdated systems, and commit to providing customers with access to tools that use cutting-edge technology to improve their experiences.

The complexity of this objective requires a solid partnership between claims and technology leadership to implement a flexible but well integrated platform.



Key considerations:

- What is the strategy for the core claims system—modern, integrated, or component based?
- How will new web and mobile technology enhance the customer experience and claims adjuster effectiveness?
- How will data flow consistently and seamlessly across the claims data owners and external vendors?
- How will predictive analytics be integrated with the core claims process?

Key steps

Key considerations

Understand the technology landscape.

- Create an inventory of advanced technologies and package solutions.
- Use a cross-functional team to understand the broader benefits and potential business model impacts of new technology.
- Initiate a piloting process to “test and learn.”

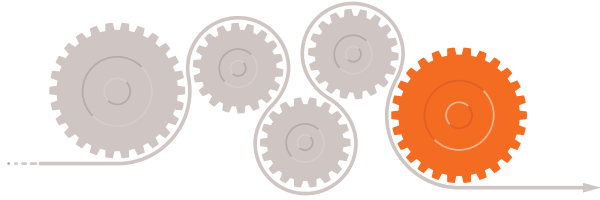
Determine the future state.

- Assess the strengths of the new technology to help ensure future business capabilities are in line with strategic vision.
- Identify costs versus benefits and buy versus build scenarios.
- Define technology roadmap through gap analysis, prioritization, and sequencing exercises.

Implement the application.

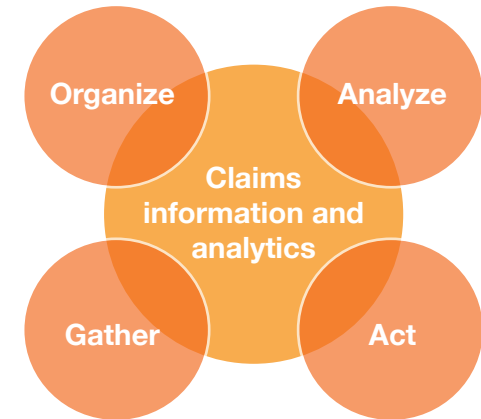
- Conduct “real life” proof-of-concept exercises as part of the overall procurement process, where practical.
- Assess problem areas periodically during implementation to adapt the build process accordingly.
- Ensure the proper resource mix (internal versus external) based on necessary skill sets.

Information & analytics



Use data analytics to develop insights about your customers and make changes in order to provide services that go beyond expectations. Recruit, train, and nurture talent to help meet this goal.

Leadership should develop an information strategy using a top-down approach by identifying the insight needed to drive key decisions rather than being constrained by current data.



Key considerations:

- How does claims support the enterprise information and analytics strategy?
- How can the claims organization best capture, understand, and transform claims data for inter-departmental uses?
- Are you attracting talent with experience in modeling claims to build your analytical capabilities?

Key steps

Key considerations

Develop strategy.

- Identify information management and analytics opportunities within the claims organization (and more broadly, if possible), and identify business needs.
- Determine how to combine the internal and external data with analytics to improve the total claim outcome.

Determine insights.

- Assess how to deliver the following:
 - Workforce analytics to better manage claims staff and vendors.
 - Fraud analytics to increase the identification of fraudulent claims.
 - Recovery analytics to improve identification and impact of recovery actions.
 - Third-party vendor analytics to identify timing or quality issues and to review and validate legal and medical spend.
 - Behavioral models to manage and increase customer satisfaction.

Enable ongoing information and analytics culture.

- Design and develop technical capabilities to support insight generation based on business and data requirements.
- Deploy data tools and hardware that ensure data quality, security, and quick generation of insights.
- Implement the analytics process and maintain governance.

Appendix

Select qualifications.

Claims management— Leading US P&C insurer

Issues

A major insurance carrier underwent an overall organizational restructuring. During that time, the client identified legacy claims technology that could not support the objectives of modernizing the claims organization through process reengineering and organizational redesign.

Approach

PwC was engaged to help with the following:

- Develop a claims strategy focused on a unified, leading practices claims process.
- Provide guidance on leading practices for commonly structured claims functions.
- Collaborate with management to provide consensus on the process and revised claims operations.
- Work with the client to assemble a roadmap and business case.
- Help initiate and implement the roadmap above by utilizing the system development life cycle methodology.
- Test and transition the technology into production.

Benefits

As a result of our work, the client benefited in the following ways:

- Improved overall loss management effectiveness and staffing efficiency within the claims organization.
 - Implemented new technology in a collaborative process across the organization.
 - Integrated new technology as part of the service-oriented architecture technology strategy.
-

*Claims legal management—
Leading US P&C insurer*

Issues	The client sought to improve its claims legal management strategy. Specifically, the client wanted to identify situations in which changes in the legal strategy would potentially yield a more effective outcome for both the carrier and the claimant.
Approach	<p>PwC was engaged to help with the following:</p> <ul style="list-style-type: none">• Identified, extracted, and mapped litigation data (such as legal bill data and claims information) to claims data.• Defined a set of key legal management decision points across the claims legal management lifecycle.• Developed predictive analytics models to use the combined claims and litigation data to help make more informed, consistent decisions at each decision point.• Helped the client design and build reporting and analytics capabilities to evaluate the effectiveness of the analytics models and overall behavior at each decision point.
Benefits	<p>The client realized the following benefits:</p> <ul style="list-style-type: none">• Increased return on investment from the following improvements:<ul style="list-style-type: none">- Selection effectiveness of legal counsel for claims management.- Effectiveness of adjuster relationship with legal counsel.- Reduced overall suit cost due to better balance of resources assigned to the case and better decision making during each case.• Improved legal counsel interaction, which facilitated customer satisfaction.• Improved the coordination, effectiveness, and efficiency of staff counsel and other internal resources versus external counsel.

Claims property strategy— Leading US P&C insurer

Issues

The newly appointed leadership team of the claims function for a leading US insurance carrier wanted to transform its claims function, including organization, systems, analytics, and process. The client had initially identified a set of potential opportunities but requested help in validating the impact of those opportunities and exploring additional opportunities.

Approach

PwC was engaged to help with the following:

- Conduct line-of-business leadership workshops to evaluate the costs, benefits, and impacts of the ideas developed internally.
- Conduct site visits for financial and organizational analyses in order to identify key gaps between existing claims capabilities and the desired leading practices.
- Work with line-of-business leadership to develop transformation plans that address people, process, technology, and advanced analytics.
- Work with the finance and actuarial groups to develop a business case and roadmap that would be supported by leadership.
- Provide guidance on leading practices specific to claims in the particular line of business.

Benefits

As a result of our work, the client benefited in the following ways:

- Strong positive return on investment (return exceeded the cost to implement the roadmap).
 - Improved team building and collaboration in the claims function.
 - Improved collaboration among claims, actuarial, underwriting, and finance.
-

*Claims legal management—
Leading US P&C insurer*

Issues	A major carrier wanted to improve its legal management and reserving process. Specifically, the client was interested in improving forecast accuracy and effectiveness in order to enhance claims legal management practices. Additionally, the carrier wanted to review claims reserving practices, the linkages between incurred but not reported reserves, and overall defense and cost containment.
Approach	<p>PwC was engaged to help with the following:</p> <ul style="list-style-type: none">• Reviewed and advised on the potential structural drivers of legal spend.• Advised the actuarial group on industry leading practices during development of an innovative reserving blueprint.• Advised on methods to collaborate with and govern the claims, actuarial, and underwriting functions.• Profiled loss reserving and claim legal spend data.• Profiled claims-system information and flow in order to identify gaps and data redundancies.• Used information gathered in profiling and advised the client to help key stakeholders reconcile to statutory reports.• Reviewed legal-spend and indemnity-paid data to help develop potential litigation cost savings strategies.• Engaged actuarial subject matter specialists to share working knowledge and industry trends on actuarial operating models.
Benefits	The client identified legal savings opportunities totaling approximately 6% of legal spend.

Claims strategy—Leading US commercial lines carrier

Issues

A leading US commercial lines carrier wanted to transform the claims function. The client sought advice on how to develop a claims strategy that addressed the development of leading practices across organization and people, processes, technology, and advanced analytics.

Approach

PwC was engaged to help with the following:

- Collaborated with the client to develop a vision and blueprint based on leading practices and functional capabilities that were aligned with an overall enterprise strategy.
- Conducted site visits in order to identify existing claims capabilities.
- Developed a leading practices future-state vision and blueprint for claims linked to the overall carrier strategy.
- Worked with the client to develop transformation plans for each claims function that addressed the organization's people, processes, technology, and advanced analytics.
- Consolidated these overall transformation plans into an overall claims transformation roadmap to deliver the future-state vision and blueprint.
- Provided guidance on leading practices specific to costing and industry benchmarking.

Benefits

PwC's work helped the client realize the following benefits:

- Identified savings of approximately 1.5% of total paid losses and approximately 3% of loss adjustment expenses.
 - Recognized an increase in customer satisfaction through focus on core claims processes.
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*To have a deeper conversation,
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PwC serves multinational financial institutions across banking and capital markets, insurance, asset management, hedge funds, private equity, payments, and financial technology. As a result, PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances. We help address business issues from client impact to product design, and from go-to-market strategy to human capital, across all dimensions of the organization.

PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms in 157 countries with more than 184,000 people. We're committed to delivering quality in assurance, tax, and advisory services.

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"Claim to fame: Positioning the claims function for operational excellence," PwC FS Viewpoint, July 2014, www.pwc.com/fsi.

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PM-14-0111/DH-14-0097