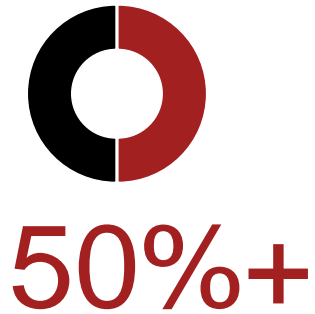

Digital claims transformation

Strategy&

2021



There's a problem in today's claims management



of claims executives don't think they have a differentiating strategy.



2 out of 3

admit they are not well prepared for current and future developments.¹

Only 3 out of 5

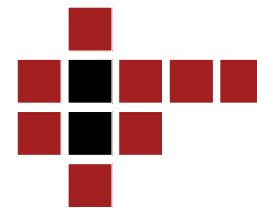


are very confident they will realize their targets.



4 out of 5

claims executives admit their overall strategy isn't well understood within their department.



8 out of 10

concede they are missing major opportunities in the market.²

In practice, claims managers often seem to do everything right, but do not achieve the desired results

Claims strategies are not automatically linked to their execution

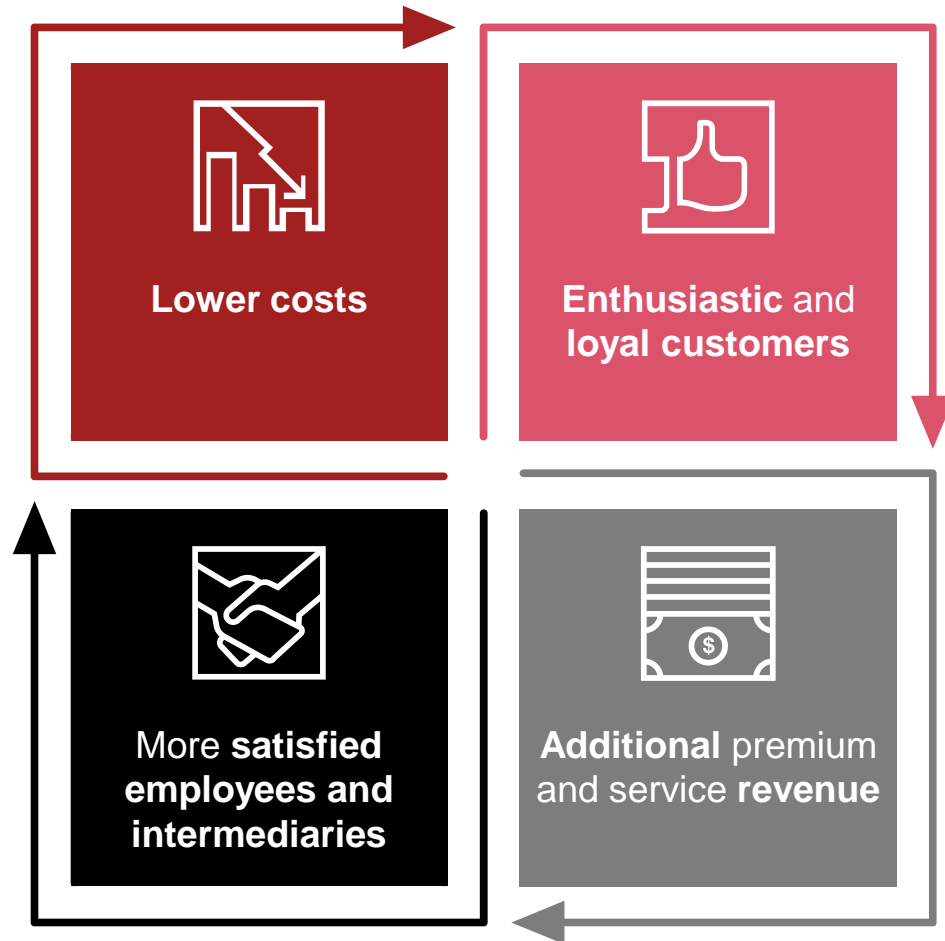


There is often a gap between what claims managers want to achieve and what they can actually do. A gap between strategy and execution.

Too many claims representatives:

- 1 Pursue on functional claims excellence ...** and end up striving to be best-in-class at everything but mastering nothing.
- 2 Reorganize their claims organization to drive change ...** and end up constantly organizing and reorganizing.
- 3 Strive to become agile and resilient ...** and end up constantly reacting to market changes.

In our view, the digitalization of claims processing in particular offers enormous potential for the P&C insurance industry



In essence, we are talking about adding selected digital capabilities to existing claims processing activities and transforming the rather product-oriented claims organization model currently prevalent in many insurers into a service-oriented one.

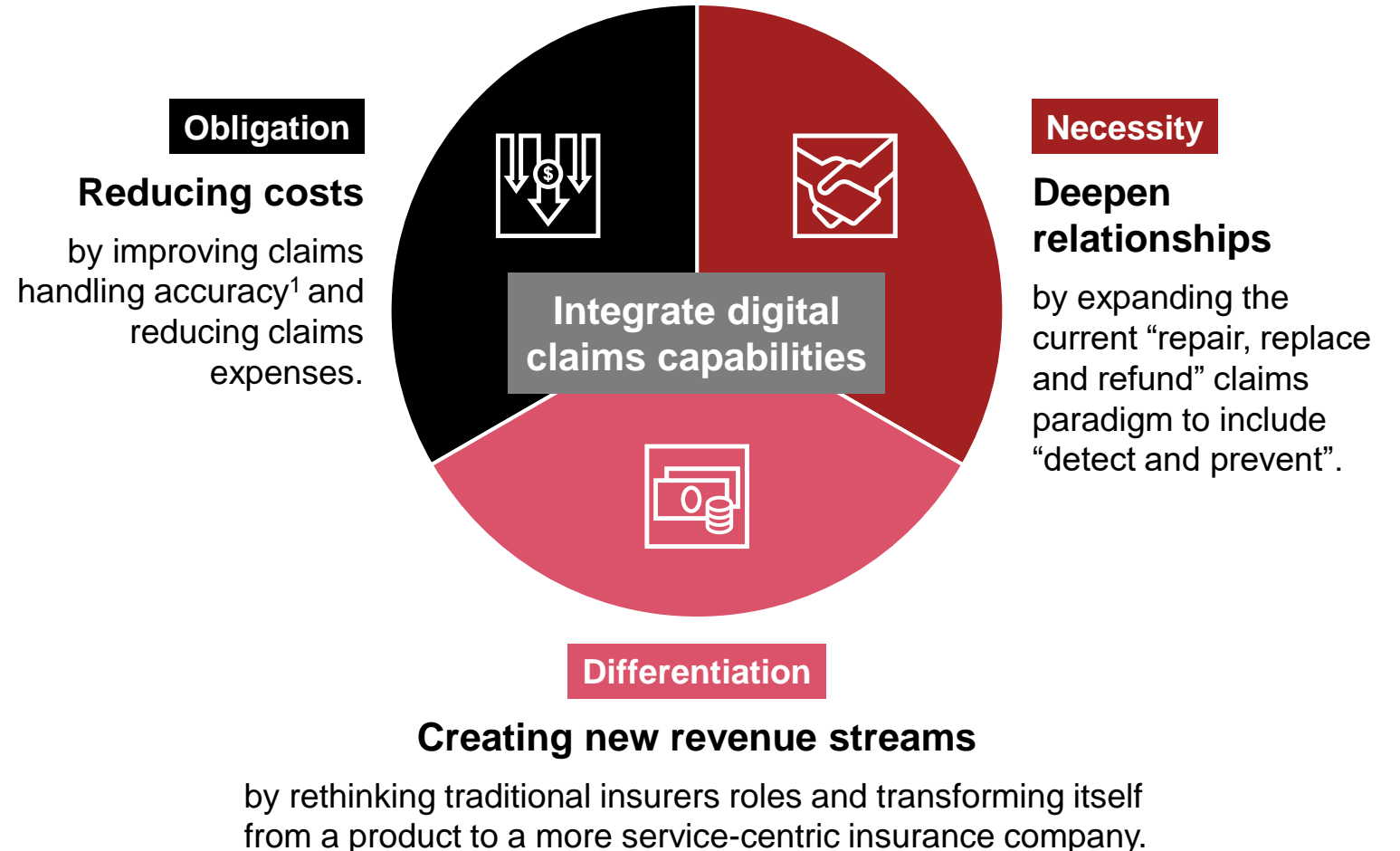
Those **insurers that successfully follow this transformation path** will certainly be among the **winners in the increasingly fierce competition** for insurance customers and can expect **a series of positive effects**.

A true digital transformation of claims addresses three key dimensions of success

What exactly needs to change?

The transformation in the insurance industry is in full swing. One of the reasons for this is the concrete experiences of customers with companies such as Amazon or Zappos and the significantly higher service expectations they have of their insurance company as well.

From the policyholder's point of view, the claim in the sense of the so-called **"moment of truth"** plays a **central role**. It is precisely here that **the service promise made "back then" must be fulfilled quickly, simply and without complications.**

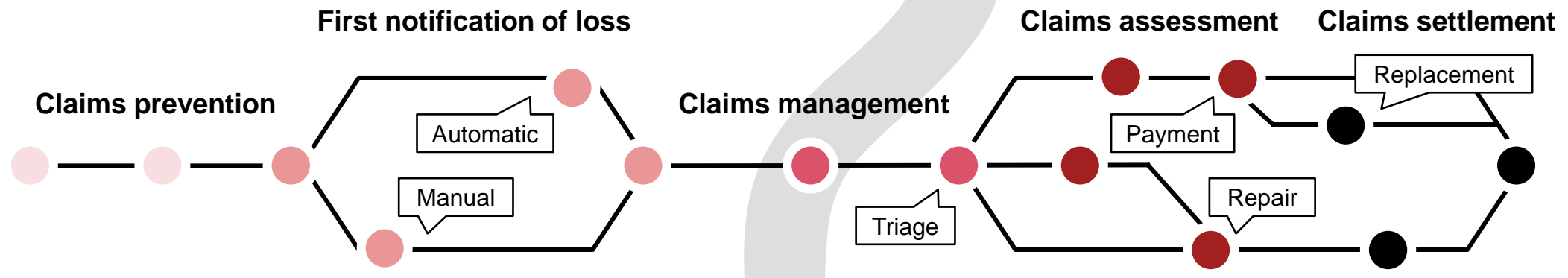


The ideal starting point for the digital transformation are claims journeys¹

Where to start?

From the customer's point of view, they would certainly like to have a claim caused by them settled as simply, quickly and completely as possible. But wouldn't it be even better if the insurer (or its partners) succeeded in ensuring that a claim does not occur in the first place?

Accordingly, "our" claims journey precisely does not begin with the "usual" first notice of loss (FNOL), but beforehand with the supporting services for claims prevention. If, despite preventive measures, a claim nevertheless occurs, the familiar steps of claims management, claims assessment and settlement, and finally claims settlement follow.



If we now look at the technologies currently available and the large number of innovative start-ups and new developments, it quickly becomes clear what promising opportunities the digitalization of the claims process in particular offers from the customer's point of view and for the insurance company and its partners. In the following, we would like to briefly present some of these possibilities with the help of concrete examples.

Sharing the benefits of a healthy living

Digital claims prevention

The customer-oriented insurer of tomorrow no longer exclusively settles claims. Rather, it actively motivates and supports its customers in making the right decisions to avoid claims or risky situations. The result is a clear win-win situation in which customers are rewarded for prudent action (e.g. via lower premiums) and the insurer itself has fewer claims and thus lower costs.

South African insurer **Vitality**, can serve a good example for this transformation, as it has begun to transform itself from a traditional product- to a more service-centric insurance company by motivating its customers developing customized health plans, setting individual health goals, tracking their progress towards achieving their goals and ultimately rewarding them for living healthier lives.¹

Delighting customers with smart digital FNOL solutions

Digital first notification of loss (FNOL)

Metromile's user-friendly, dynamic digital FNOL flow offers 24/7/365 access to critical services and allow insurance customers to file claims digitally via web or mobile. Customers can easily tap and click REPORT (Metromile's dynamic FNOL solution) to capture their policyholder information, loss details, and information from other parties involved. REPORT tracks with each customer's unique claim, generating subsequent FNOL questions based on real time responses. Users can upload photos and documentation directly from their desktop or mobile device.

Automating claims processing using AI¹

Automated claims management

MotionsClouds goal is to streamline and automate claims processing utilizing AI image recognition technologies and deep learning technologies.

Accordingly, MotionsCloud provides three main modules (1) an easy-to-use self-service mobile web app that enables customers to interact with their insurer fast and easily in the case of a claim (FNOL). (2) an AI pre-assessment claims platform for claims managers, using image recognition and deep learning algorithms to substitute manual claims analyzing activities and (3) a live video inspection module for claims managers and customers where both parties are connected and to get the claims done remotely without traveling or any waste of time.

Creating maximum transparency for all parties involved in the claims process with the help of binding claims schedules



Monday, 1-7-2021

We have received your claim.

Your claim number is 000.000.000.01.



We are currently checking your claim.

We are checking whether your claim is insured by us and will be reimbursed by us. We will inform you about the result of our check as soon as possible. If we need further information or documents from you, we will inform you immediately.



Repair

Should you wish to send invoices or estimates to us, please do so Email: claim@insurance.com, please indicate the damage number 000.000.000.01.

Wednesday, 3-7-2021

Company XYZ will contact you by phone today to arrange an appointment for a claims inspection.

Thursday, 4-7-2021

Company XYZ has informed us that they have arranged an on-site appointment with you for Friday, 5-7-2021 at 12.00 noon.

Friday, 5-7-2021

Company XYZ has informed us that the on-site appointment has taken place and there are **no abnormalities**.

Friday, 5-7-2021

The claim was settled by us today in the full amount of 1,000 EUR and transferred to you.
A written confirmation will be sent to them by mail today.

Helping customers when they need help the most

Digital loss assessment and repair¹

What's the opportunity?

Few things are more disruptive to your life than a car accident. In particular, dealing with the paperwork and process that follows. Claims adjusters must use a variety of devices to get their daily jobs done. From laptops to digital cameras, the act of creating a claim is a bit of juggling act. They also spend most of their time inputting information inside of their car, which doubles as their office. Already shaken up by the accident, when the customer can't see what's going on, they become even more anxious. What if we could remove a frustrating step full of paperwork and waiting and replace it with a much more personal touch? What advancements in wearable technology could we use to make the entire process more efficient and more ... human?

How did it do?

Even for the most experienced adjuster, the process could take up to 50 minutes to document the damage to the vehicle. With a virtual Claims Assist, the process takes around 20 minutes, regardless of the level of the agent's experience. Agents can issue an estimate and a check digitally before leaving the customer's location.

“I need to spend more time with my customer to ease their confusion and frustration, and **less time doing paperwork in my car.**”

Claims adjuster



1.

Cutting the claims process from 50 to 20 minutes



2.

Digital capture of damage and vehicle identification



3.

Suggested parts based on damage



4.

Video conference with repair shop

Actively influencing the customer's behavior at the time of the accident

Digital loss assessment and repair

With the EasyClaim-App, the time required for claims processing is reduced from several weeks to just a few hours. Via smartphone, tablet or computer with internet access, information as well as pictures of the damage are transferred to **ControlExpert**¹ and within just a few hours the customer or claimant knows what the damage cost. Whether he prefers a fictitious settlement or opts for a direct repair in a workshop, the customer chooses directly in the application.

Settling claims “real-time”, in less than three minutes

Automated claims settlement

Consider, for example, the claims experience by **Lemonade**, an insurance startup that is driven by artificial intelligence and behavioral economics with an actual valuation of more than \$2 billion which processes simple claims and issues payments in as little as three minutes (via their AI-powered app).

Your Strategy& experts for digital claims transformations



Tim Braasch

Partner

+49 171 149 7118

tim.braasch
@strategyand.de.pwc.com



Katharina Zimmermann

Manager

+49 151 5716 5790

katharina.a.zimmermann
@strategyand.de.pwc.com



Sebastian Busch

Senior Associate

+49 151 5716 5778

sebastian.busch
@strategyand.de.pwc.com

Thank you

strategyand.pwc.com

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