

Customer Experience The Claim Handler's Perspective



Contents

Executive summary	<u>3</u>
CEO introduction	<u>4</u>
Key findings	<u>5</u>
The role of claims handlers in enhancing customer experience	<u>8</u>
The most tedious tasks in claims handling	<u>9</u>
Challenges and opportunities across insurance lines	<u>11</u>
Regional disparities in claims handling	<u>21</u>
Professional growth and skill development	<u>23</u>
The role of technology in transforming claims handling	<u>25</u>
Conclusion	<u>27</u>
About Sprout.ai	<u>28</u>



Executive Summary

This report explores the critical but often overlooked perspective of claim handlers in the insurance sector. The challenges they face vary across different insurance lines and regions, but there is a universal recognition of the need for faster claim processing.

Claim handlers are optimistic about adopting technology to make this happen, understanding its potential to streamline tasks and improve customer satisfaction. Contrary to some narratives¹, there is a demand for technological skills development among claim handlers, reflecting a workforce ready to embrace digital transformation.

The research was conducted by Opinium between 6th March and 10th April 2024. 142 claims handlers from the UK and the Us were surveyed, across 9 different insurance lines.

1 mckinsey.com/industries/financial-services/our-insights/claims-2030-dream-or-reality





CEO Introduction

Welcome to "Customer Experience: The Claim Handler's Perspective" a Sprout.ai research report. In our <u>previous reports</u>, we looked at customers' perspectives² and insurers' perspectives³. This time, we're taking a closer look at an essential yet often overlooked group in the insurance process: claim handlers.

By exploring the claims process from the handlers' perspective, we've gained valuable insights into how to improve it across various insurance lines by region. Their insights reveal a consensus on the need for streamlined processes across the board, with a significant demand for the reduction of manual and tedious tasks through automation.

A desire for technological skills development among claims handlers indicates a workforce prepared and eager to adapt to new tools that can facilitate a more efficient and engaging claims process. Claim handlers are eager for tech solutions that can take the drudgery out of their day-to-day tasks. Contrary to some narratives, they are on board with using Al and digital tools to close this gap, speeding up claims and improving satisfaction for everyone involved.

This aligns with the broader industry's shift towards digital transformation, where the integration of technology is seen not as a threat but as an opportunity to augment human expertise and deliver better outcomes.

2 sprout.ai/research-reports/ai-and-claims-processing-what-customers-really-think/ 3 sprout.ai/research-reports/research-report-generative-ai-in-the-insurance-industry/ 4 sprout.ai/log/promise-and-performance-insurers-values-and-customer-experience/ 5 sprout.ai/research-reports/responding-to-the-expectations-of-todays-insurance-customers/ Our recent look into the UK's top insurers shows a clear intent to exceed customer expectations⁴. Despite these good intentions, there's a real gap between what's promised and the actual service delivered. For example, while customers increasingly expect quick settlements, the reality is that many wait over two weeks, with some processes stretching beyond 30 days⁵. This gap underscores a broader industry issue: the need for better, faster claims processing. At Sprout.ai, we're all about using technology to make the claims process smoother and quicker. In this report, you'll discover how and where claims handlers suggest you do that.

Roi Amir CEO, Sprout.ai





Key Findings

59%

of claims handlers believe technology will significantly impact claims processing in the next five years. **58%**

of claims handlers are eager to develop new technological skills.

35%

of motor insurance claim delays result from inadequate customer information. 30%

of health and dental insurance delays are due to approval processes, with a

59% demand for analytical tools.

30% of pet insurance claim delays

are caused by document retrieval and review.*

36%

issues, versus

of UK claims handlers report document management

in the US.

of travel insurance handlers find customer communication to be

the most tedious task.*

79%

of life insurance claim delays stem from lengthy

approval processes.

31%

of small insurance companies struggle with inadequate customer information.

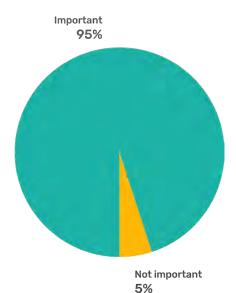
Sprout.ai can settle over 60% of claims in minutes, ensuring 98% accuracy in data capture.



Technology's growing impact

There's a strong belief among claims handlers across the board that technology will play an important role in the claims process over the next five years, with 95% of respondents agreeing. This is consistent across different countries, company sizes, and insurance lines, highlighting a universal expectation that technological advancements will drive significant improvements.

Role of technology in the next 5 years, according to claims handler



Claim Handlers are embracing automation

Contrary to common fears about automation displacing human workers, claims handlers are not only receptive to automating but also see it as an opportunity for improvement. The survey indicates a strong desire for automation in claims processing, reflecting a recognition that technology can alleviate the most tedious aspects of their roles, such as compliance, document review, and data entry, allowing them to focus on more value-adding activities.

They express a keen interest in acquiring new technological skills, with 58% looking forward to developing technical competencies related to new software.

The most tedious parts of claims processing

The top 3 most tedious aspects of claims handling are reviewing and processing claims documents, compliance and reports, and data entry. These challenges are felt across various insurance lines, with specific nuances depending on the nature of the insurance.

The top 3 most tedious parts of claims processing



Demographics matter

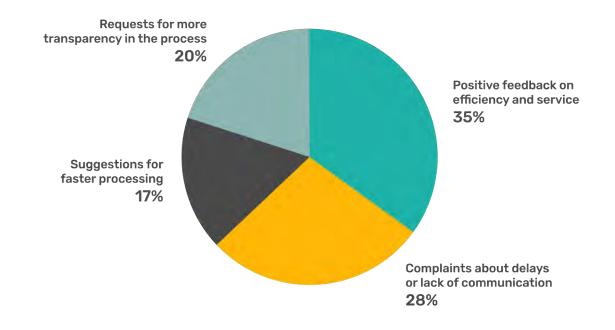
Age and regional differences impact claims handling preferences and challenges. Younger handlers prefer fast processing and are adaptable to digital tools and customer interactions. Older handlers seek efficiency, prioritising streamlined processes and comprehensive data collection. Regionally, UK handlers struggle with document management, while US handlers face challenges with customer information. There is a need for targeted improvements in both areas to enhance claims handling efficiency.

Needs vary by insurance line

Each insurance line faces unique challenges and has distinct expectations for improvement. For example, motor and health or dental insurance handlers emphasise the need for faster claims processing and more tools for data analysis. Pet insurance handlers highlight faster resolving of claims, and travel insurance handlers point to the benefits of automating the claims process for efficiency*.

What customers want, according to claims handlers

When asked about the most common feedback they receive from customers regarding the claims process, 35% of claims handlers said feedback was positive. However, faster claims resolution, automation of the claims process, lower insurance premiums, and multiple touchpoints with people were identified by claims handlers as important factors that could improve customer satisfaction.



Customer feedback, according to claims handlers



The role of claims handlers in enhancing customer experience

Claims handlers are on the frontline, not just processing claims, but also managing the emotions, expectations, and often, the financial well-being of the policyholders. They have a deep understanding of customer pain points and are invested in improving the claims process. They're looking to enhance efficiency while creating a more compassionate and supportive customer experience.

By surveying 142 claims handlers, we've gained valuable insights into their pivotal role in both the operational and experiential sides of claims processing. Addressing customer expectations while managing procedural requirements is a challenge. However, the feedback from these professionals outlines a path for making the claims process more efficient and empathetic.

Natalie, a former claims handler, highlights a common issue:

The main source of stress came from dealing with frustrated customers who were unhappy with the pace at which things were progressing⁶.

This reflects a broader sentiment that customer expectations for quick resolution often clash with the reality of claims processing timelines. She further explains the disconnect between customer expectations and procedural realities, noting the friction caused by the "first in, first out" policy. This method, though fair, can inadvertently lengthen wait times, leading to customer frustration.

It leads to an emotional strain on both the handler and the policyholder, which is exacerbated by a lack of awareness about the inherent delays in the process. A significant part of the claims handler's role involves meticulously reviewing submitted evidence.

A significant portion of my day was dedicated to reviewing the evidence submitted by policyholders.

says Natalie. This thoroughness, while crucial for accurate claim resolution, contributes to processing backlogs. Natalie adds, "the backlog typically extended back about a week from the current date," underscoring the balance between detail-oriented work and the need for timeliness—a balance echoed in our survey findings.

The insights from our comprehensive survey and the narratives from claims handlers like Natalie point us toward solutions. By embracing technology to expedite the review of evidence and devising strategies for managing customer expectations more effectively, insurers can significantly boost both satisfaction and efficiency.

This can create a claims process that is not just more efficient but also more satisfying for policyholders and claims handlers alike.

6 sprout.ai/blog/it-would-have-saved-me-hours-each-day-a-former-claims-handler-on how-sprout-ai-would-have-made-her-job-easier/





The most tedious tasks in claims handling

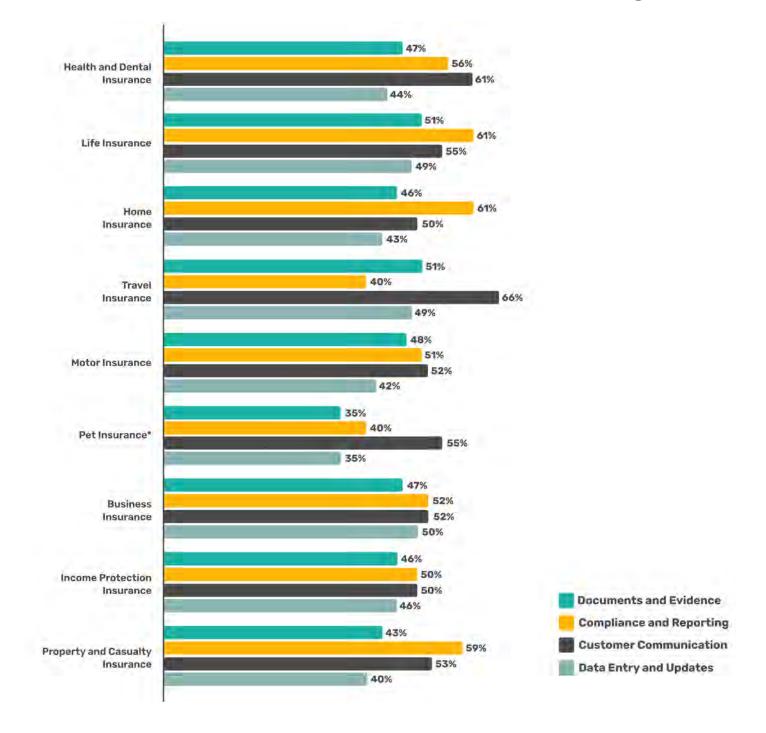
Certain tasks stand out for their complexity and the strain they put on claims handlers. This section of the report delves into the specific aspects of claims handling that are most frequently cited as tedious, offering insights into the operational and regulatory challenges faced across different insurance lines.

Compliance and reporting, along with reviewing and processing claims documents and evidence, are frequently cited as the most tedious tasks by claims handlers. For instance, in Motor insurance, the tedium peaks with 52% for customer communication and 51% for compliance and reporting, suggesting strain with customer facing duties and administrative workload. On the other hand, life insurance shows high levels of tedium in compliance and reporting (61%), but shows a similar sense of strain within customer communication (55%). Reviewing and processing claims documents and evidence is 51%.

Travel insurance, however, shifts the focus slightly with the highest tedium reported in customer communication (66%) and document handling (51%), indicating the urgent nature of travel claims and the high volume of interactions with claimants*. Home and Life insurance present the greatest challenge in compliance and reporting (both 61%), reflecting the diverse nature of home-related claims and associated regulatory requirements.

In contrast, business and income protection insurance show a more balanced distribution of tedium across tasks but still highlight significant issues within customer communication (52% and 50%) respectively and compliance (52% and 5%, respectively). Property and casualty insurance again emphasises the burden of compliance and reporting as most tedious (59%), mirroring the regulatory complexities inherent in these claims.

The most tedious tasks in claims handling



Challenges and opportunities across insurance lines

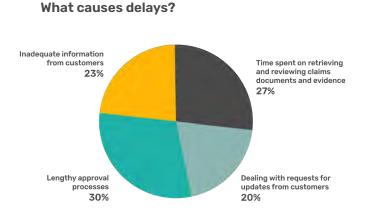
Each insurance line presents its own set of challenges and opportunities, influencing how claims are processed and how customers experience the service. Understanding these differences is key to tailoring solutions that improve efficiency and enhance customer satisfaction.





Health and dental insurance

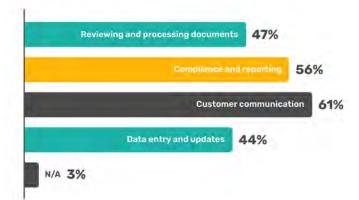
Health and dental insurance claims handlers experience delays due to lengthy approval processes (30%) and document management (27%). Customer communication (61%) and compliance (56%) are particularly tedious for handlers, reflecting the high volume of documentation and regulatory demands. Customers express a need for faster resolving of claims (38%), whilst claims handlers show a notable demand for more tools for data and analysis (55%).

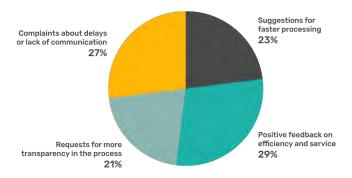


What claims handlers want



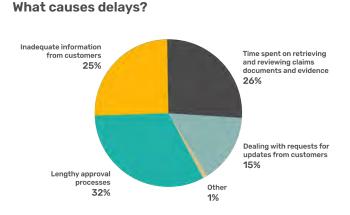
Most tedious tasks for claims handlers



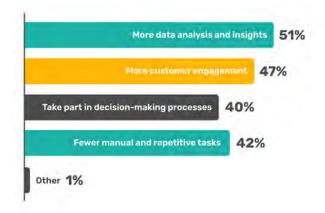


Home insurance

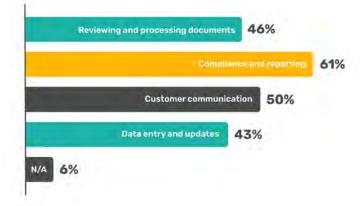
Home insurance delays are often caused by lengthy approval processes (32%) and document handling (26%). Compliance and reporting (61%) stand out as particularly burdensome, reflecting the diverse nature of home insurance claims. Handlers show a strong preference for tools that aid in data analysis (51%) and customer engagement (47%), while customer feedback calls for improvements in communication (31%).

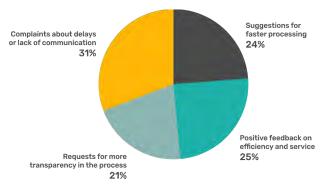


What claims handlers want



Most tedious tasks for claims handlers



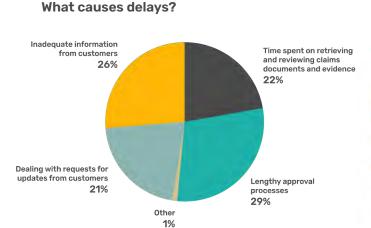




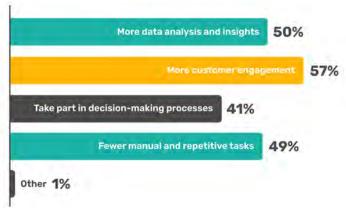


Life Insurance

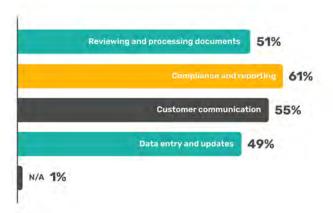
In life insurance, delays stem from lengthy approval processes (29%) and inadequate information from customers' (26%). The significant challenge for handlers is compliance and reporting (61%), followed by customer communication (55%) There's a strong desire among handlers for more engagement (57%) and more tools for data analysis and insights' (50%), aligning with customer feedback that seeks better communication and efficiency (34%) and transparency (20%).

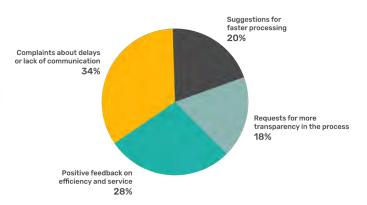


What claims handlers want



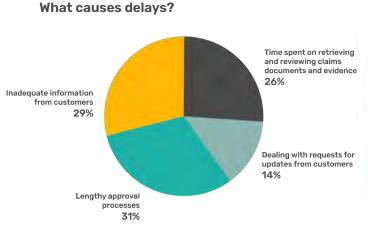






Travel Insurance*

Travel insurance handlers say delays are largely due to lengthy approval processes (31%) and inadequate customer information (29%). The most tedious tasks are customer communication (66%) and document processing (51%), underlining the urgency and complexity of travel claims, with documents in multiple languages and formats. Handlers highlight the need for more data tools and fewer repetitive tasks (both 49%), against customers' desire for less delays and more communication (31%) and more transparency (29%).

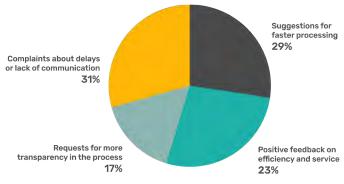


What claims handlers want



Most tedious tasks for claims handlers

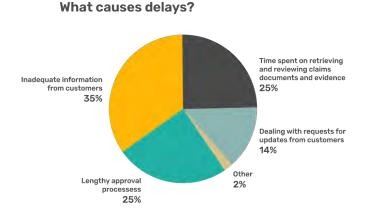




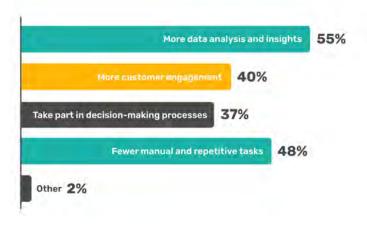


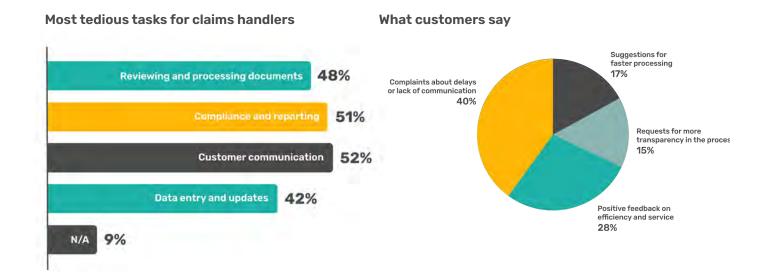
Motor Insurance

Motor insurance faces delays mainly from inadequate customer information (35%) and document review (25%). The most tedious tasks are customer communication (52%) and compliance and reporting (51%), suggesting a need for more efficient information gathering and changes to customer facing duties. Claims handlers wish for more analytical tools (55%) and fewer manual and repetitive tasks (48%). This is reflected in customer feedback that emphasises the importance of efficient service and communication, with 40% reporting delays as a major issue.



What claims handlers want

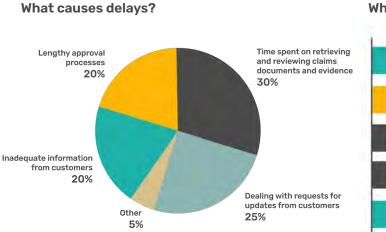




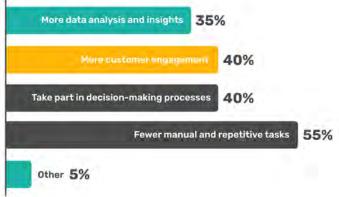
Customer Experience – The Claim Handler's Perspective

Pet Insurance*

In pet insurance, handling and reviewing documents is a significant bottleneck, causing 30% of delays, alongside customer update requests at 25%. The work is made tedious by customer communication (55%), highlighting a need for streamlined processes. Both handlers and customers indicate a desire for faster, clearer communication, with 40% of customers calling for improved transparency and processing speed.

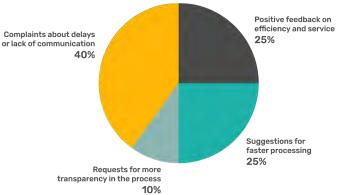


What claims handlers want



Most tedious tasks for claims handlers



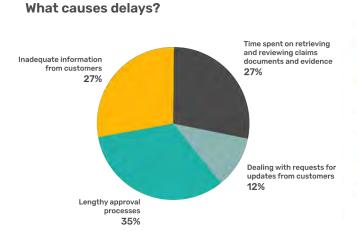




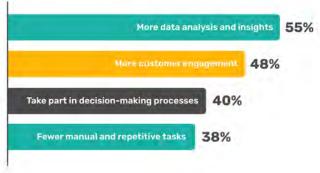


Business Insurance

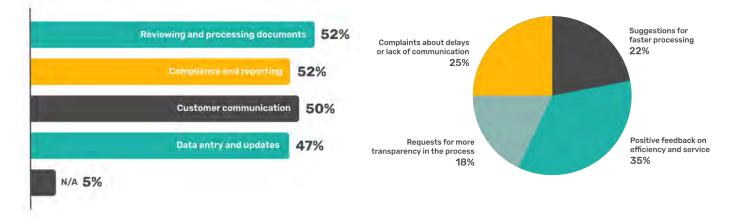
Business insurance handlers identify lengthy approval processes (35%), inadequate information and lengthy review processes (both 27%) as primary delay causes. Tedious tasks include compliance (52%) and customer communication (52%), highlighting the administrative burden. Claims handlers seek analytical tools (55%) and engagement opportunities (48%), mirrored by customers' desires for less delays and more communication (25%) and more transparent processes (22%).



What claims handlers want





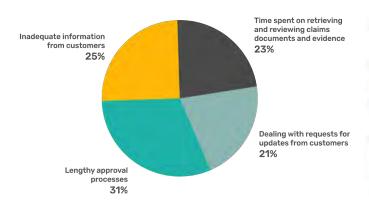


Income Protection

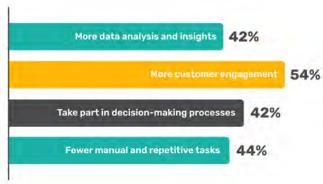
Income Protection insurance points to inadequate customer information (31%) and approval processes (25%) as delay factors. The workload is varied, with compliance (50%) and customer communication (50%)

What causes delays?

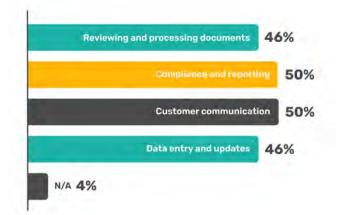
being notable challenges. Handlers value customer engagement (54%) and having fewer repetitive tasks (44%), which align with customer expectations for better service (33%) and more transparent processing (25%)

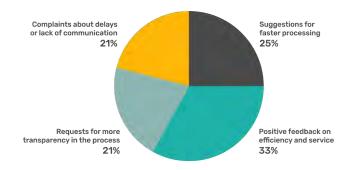


What claims handlers want



Most tedious tasks for claims handlers



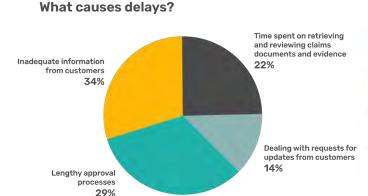




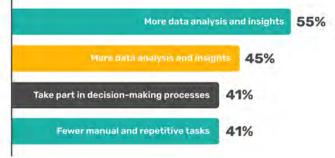


Property and casualty insurance

Property and casualty insurance faces the most delays from inadequate information provided by clients (34%) and lengthy approval processes (29%). Compliance is the most tedious task (59%), underscoring regulatory complexity. There's a clear preference among handlers for more data and insight tools (55%) and opportunities for customer engagement (45%), with customer feedback emphasizing the need for less delays and improved communication (36%) and a more efficient service (31%).

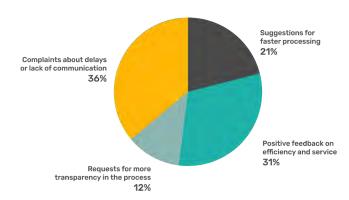


What claims handlers want



Most tedious tasks for claims handlers



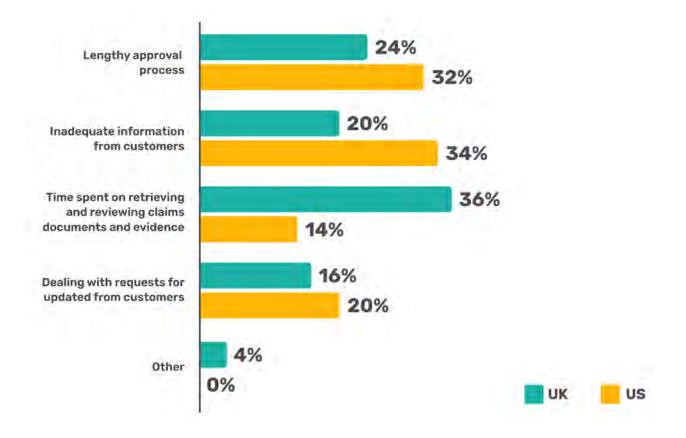


Regional disparities in claims handling between the UK and US

A closer look at how location affects the claims handling process reveals distinct patterns that suggest areas for targeted improvement and adaptation.

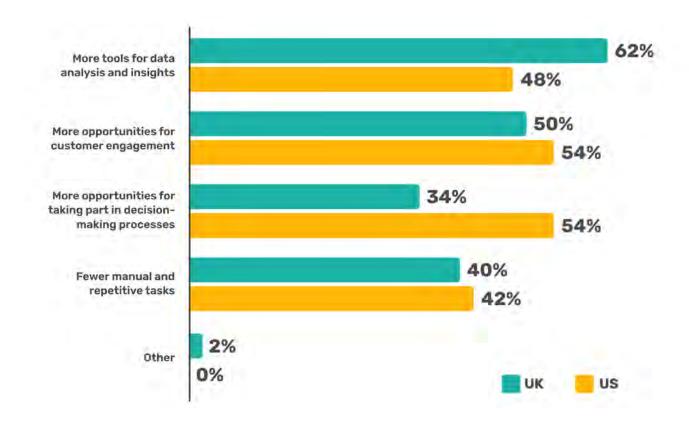
In terms of document management, a notable disparity exists between the UK and the US. Claims handlers in the UK report more issues with the time spent on retrieving and reviewing claims documents and evidence, with 36% finding it problematic compared to only 14% in the US. This difference suggests that document management practices or accessibility might be less efficient in the UK, underscoring a potential need for improved systems or processes to enhance document handling.

The issue of receiving inadequate information from customers is more pronounced in the US, where 34% of claims handlers report it as a challenge, in contrast to 20% in the UK. This discrepancy may reflect cultural or systemic differences in how claims information is communicated or collected between the two regions, indicating a possible area for focused communication training or system adjustments to improve information gathering in the US.



What causes delays? US vs UK

Preferences for technological tools and workflow efficiency also vary by region. UK employees express a stronger preference for more tools for data analysis and insights (62%) and show significant interest in reducing manual and repetitive tasks (40%). This suggests a widespread recognition of the value technology brings to their work and a desire for more efficient workflows. Conversely, claims handlers in the US display a greater inclination towards being involved in decision-making processes (54%) and seek more opportunities for customer engagement (54%). These preferences indicate a desire for a more inclusive work environment and closer relationships with customers.

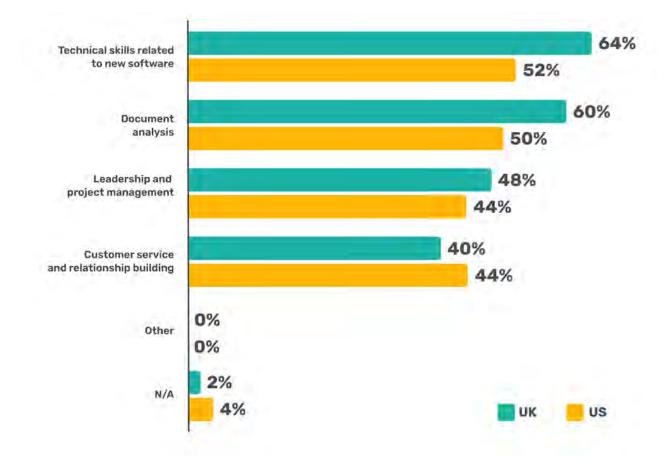


What do claims handlers want? US vs UK



Customer feedback further highlights regional differences in expectations. UK customers are more likely to suggest faster processing (22%) than their US counterparts (12%), which may reflect higher expectations for speed or systemic differences in claims processing between the countries. In contrast, the US sees a greater demand for transparency in the claims process (24%), suggesting that American customers place a high value on understanding how their claims are being handled.

There are distinct regional priorities in professional growth areas. UK handler's show a preference for technical skills related to new software (64%) and document analysis (60%), suggesting a keen interest in leveraging technology and analytical capabilities to enhance efficiency and effectiveness in their roles. This inclination points towards a proactive approach in adapting to digital transformations within the insurance industry. On the other hand, US claims handlers show a balanced interest across customer service and relationship building (44%) and leadership and project management (44%), indicating a desire for skills that support both interpersonal effectiveness and the ability to oversee and drive projects to completion.



Priorities for professional growth - UK vs US



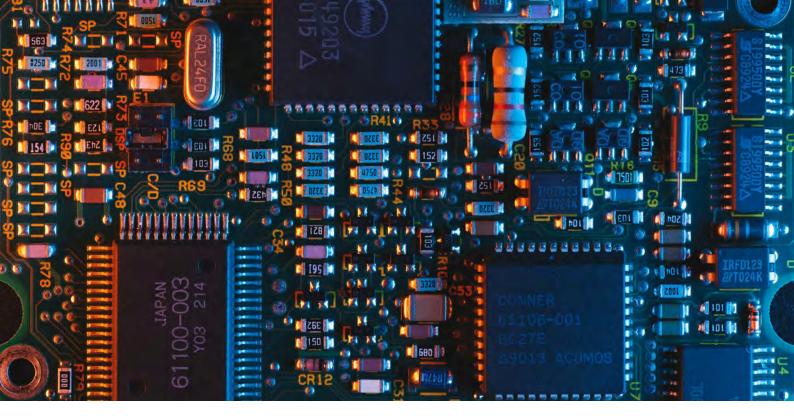
Age*

Claims handlers aged 18 to 40 show a higher tolerance for tasks involving customer communication and reviewing and processing documents and evidence. This adaptability might stem from a greater digital literacy or a more flexible approach to repetitive tasks, which are increasingly prevalent in modern workflows. This tolerance is supported by the common feedback that those ages 18-40 receive, the most common of which is positive feedback on efficiency and service (39%). Meanwhile they also seek more opportunities for customer engagement (55%)

On the other hand, individuals in the older age group, those 41 and above, display less patience for the bureaucratic hurdles Inadequate information from customers and dealing with requests and updates from customers. Their feedback suggests a preference for more streamlined and direct processes, emphasising the importance of clear and comprehensive data collection right from the start of the claims process. This could reflect years of experience dealing with the inefficiencies of traditional systems and a desire for a more optimised approach to handling claims.

When it comes to what these age groups want, the younger claims handlers show a balanced interest in acquiring more tools for data analysis and insights (55%) and seeking more opportunities for customer engagement (55%). This indicates a value placed on the integration of technology in their work and a strong inclination towards roles that offer interactive elements, aligning with a broader trend of seeking work that is both technologically engaging and personally fulfilling.

Conversely, the older age group also shows a preference for more tools for data analysis and insights (56%), underscoring the universal appeal of technology in enhancing job efficiency. However, their interest in customer engagement opportunities is significantly lower (44%), possibly reflecting a shift in job roles or priorities that focus more on data management and analysis over direct customer interactions as they progress in their careers.



The role of technology in transforming claims handling

The insight that claims handlers find customer communication tedious, most likely due to its focus on process updates, reveals a misalignment between the potential for meaningful interaction and the reality of current practices. This frustration points to a need to evolve customer interactions from routine, administrative updates to richer, value-added conversations. Speeding up the claims process effectively addresses this issue by reducing the need for constant, repetitive updates. Instead claims handlers are afforded the bandwidth to engage in more meaningful interactions with customers.

With 59% of claims handlers viewing technology as very important for the future and 36% deeming it somewhat important, there's a consensus on the pivotal role technology will play. Furthermore, 58% express a desire to develop technical skills related to new software, highlighting claim handlers' readiness to embrace technological advancements. This enthusiasm is contrary to the common narrative of fear towards technology displacing human roles within the industry. Instead, it underscores a recognition of technology as an enabler that can augment their work and improve outcomes for customers.

At the heart of this shift towards a tech-driven approach is the potential to address some of the most persistent challenges in claims processing. Key among these are the tedious tasks of compliance and document handling, which can significantly impede efficiency and detract from the customer experience. By adopting automation, insurance companies can streamline these processes, enhance data analysis capabilities, improve engagement, and, crucially, enhance satisfaction for both claims handlers and customers.

Sprout.ai not only addresses the immediate challenges of claims processing and compliance but also paves the way for a more efficient, engaging, and secure future for insurers.

How Sprout.ai works for claims handlers

Powered by AI, it delivers fast and accurate claims decisions, enabling insurers to provide superior service to their customers. Here's how Sprout.ai's solutions directly address the industry's challenges:

Speeding up claim processing

With the capability to settle over 60% of claims in minutes, Sprout.ai drastically reduces the wait times that have traditionally frustrated policyholders.

In life and health insurance, for example, Sprout.ai condenses complex medical records into brief summaries, enabling quick assessment by claims handlers. Additionally, it analyses policy coverage details, ensuring claims compliance with policy terms.

Instant evidence verification

Sprout.ai addresses the challenge of incomplete or incorrect customer information by instantly verifying evidence as it's submitted. This allows for immediate feedback to the customer on any discrepancies or missing details, significantly reducing backand-forth communication and speeding up the entire process.

Ensuring thoroughness

Missing crucial details in claims can lead to errors and dissatisfaction. Sprout.ai's technology ensures thoroughness with a 97% accuracy rate, capturing the nuances and specifics of each claim.

In pet or dental insurance claims for example, Sprout.ai simplifies data management through automated processing. It extracts data from receipts and invoices, reducing manual entry and minimising errors.

Freeing up time for customers

By automating document processing, auto adjudication, data extraction, summarisation of data and policy coverage checking, Sprout.ai allows claims handlers to devote more time to exceptional, empathetic customer service, and helping people during difficult times.

Uniformity across insurance lines

The configurable nature of Sprout.ai's engine ensures that its benefits can be uniformly applied across different insurance lines, addressing specific challenges and streamlining processes industry-wide.

Simple integration

Sprout.ai integrates easily into existing processes. It's simple to connect it to claims management system and policy administration systems. This removes the complexities often associated with adopting new technologies, making it easier for companies to transition.





Conclusion

Both claim handlers and customers benefit from technological advances that streamline operations and enhance service. Claim handlers are looking for technology that frees them from repetitive tasks, such as updating customers about when their claim will be resolved, and instead allows more time for quality customer service. Sprout.ai not only speeds up claims processing so that claims can be processed in real time but also ensures accuracy. This will redefine the role of the claims handler in a number of ways that this research shows both they and their customers want.

Fewer tedious tasks

A notable benefit of AI is the significant reduction in tedious tasks for claims handlers, particularly in responding to frequent updates requests. This change allows handlers to allocate more time to meaningful customer interactions and other high-value activities, enhancing job satisfaction and efficiency.

Enhanced decision-making and analytical skills

Claims handlers will need to use analytical skills to navigate insights provided by AI systems. This will require ongoing training, preparing handlers for the nuances of AI-supported claims processes.

Increased focus on customer relationships

With AI automating routine tasks like document processing, claims handlers can redirect their focus towards customer service. This promises to boost the customer experience, as handlers will be more accessible to resolve concerns and offer personalised support, merging the roles of claims handling with customer relationship management.

Collaboration with AI for personalised claims handling

Al will enable claims handlers to customise the claims process to each customer's unique preferences, blending human insight with Al's precision to elevate customer satisfaction.

Proactive fraud detection and prevention

Al tools will assist in the early detection of fraud, requiring claims handlers to interpret Al data, conduct investigations, and make decisive actions. This role will blend investigative skills with ethical considerations.

Continuous learning

To keep pace with AI and automation advancements, claims handlers will need to embrace continuous learning to master new technologies and industry trends.

About Sprout.ai

Sprout.ai is an award-winning technology solution for the insurance industry that has partnered with some of the world's major insurance companies and TPAs.

adjudication philosophy to assist the claim handler and conclude claims in near real-time. Claims handlers have more time to spend with customers and provide that all-important human touch and empathy.

policies and applies the insurance carrier

With the vision to make every claim better, Sprout.ai uses ground-breaking AI products to enable insurers to make every claim easy, fast and accurate. It extracts and enhances relevant claims data, cross-checks this with

Used by world-leading insurers



MetLife





What can Sprout.ai do for you?



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