

CELENT

TRAVELLING THE ROAD TO TOUCHLESS CLAMS

June 6, 2022

Andrew Schwartz

Aschwartz@celent.com

CONFIDENTIALITY

Our clients' industries are extremely competitive, and the maintenance of confidentiality with respect to our clients' plans and data is critical. CELENT rigorously applies internal confidentiality practices to protect the confidentiality of all client information.

Similarly, our industry is very competitive. We view our approaches and insights as proprietary and therefore look to our clients to protect our interests in our proposals, presentations, methodologies, and analytical techniques. Under no circumstances should this material be shared with any third party without the prior written consent of CELENT.

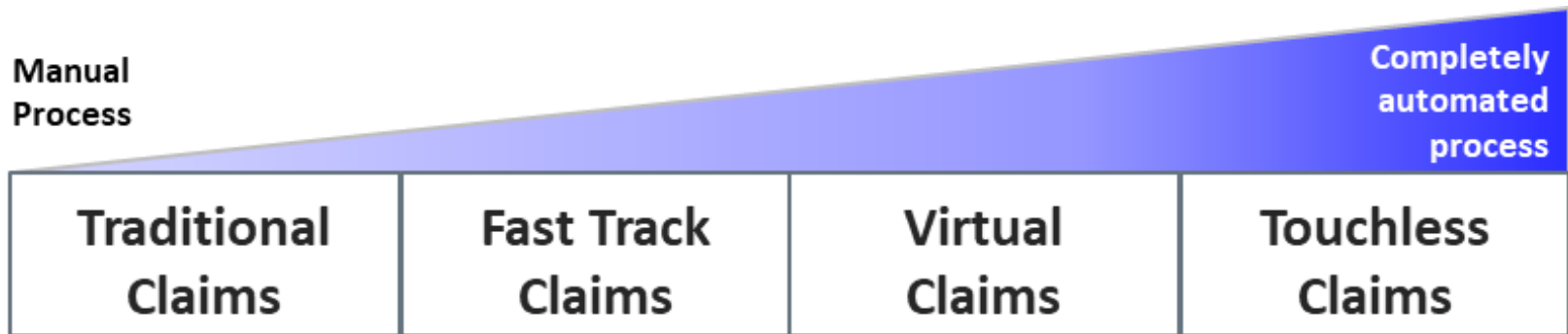
© CELENT

TOUCHLESS CLAIMS DEFINITION

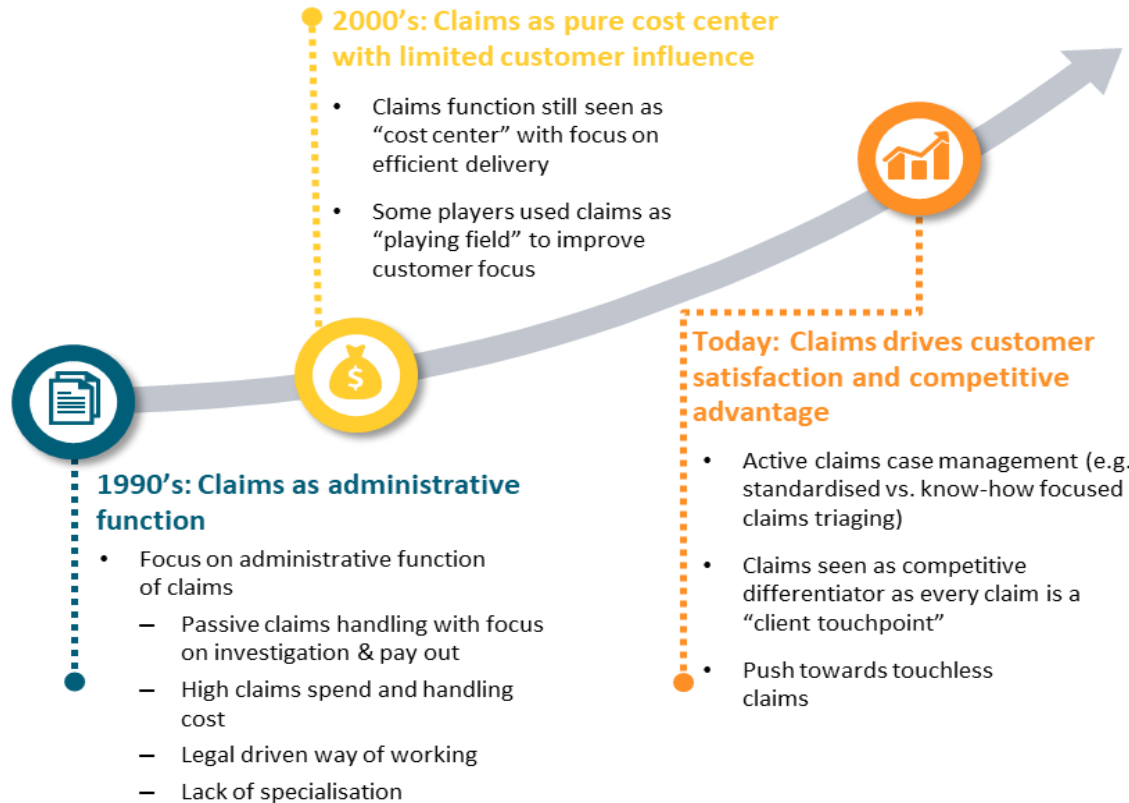
“

Celent defines touchless claims as a process that employs data from the policyholder, agent and/or AI to automate the claims workflow and handle a claim without human intervention on the insurer's end.

TOUCHLESS CLAIMS STAGES

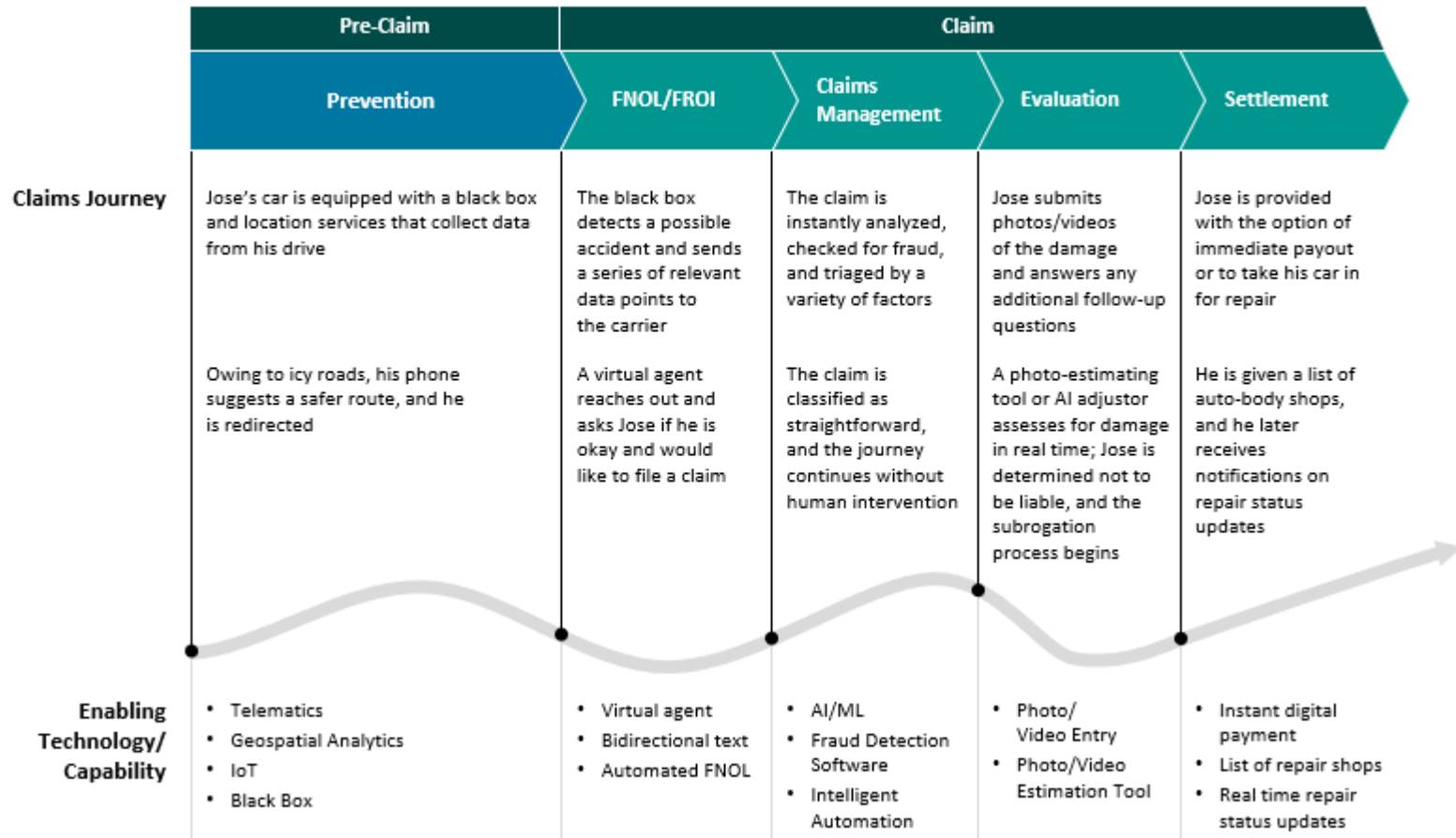


TOUCHLESS CLAIMS EVOLUTION



COMPONENTS OF A TOUCHLESS CLAIMS JOURNEY

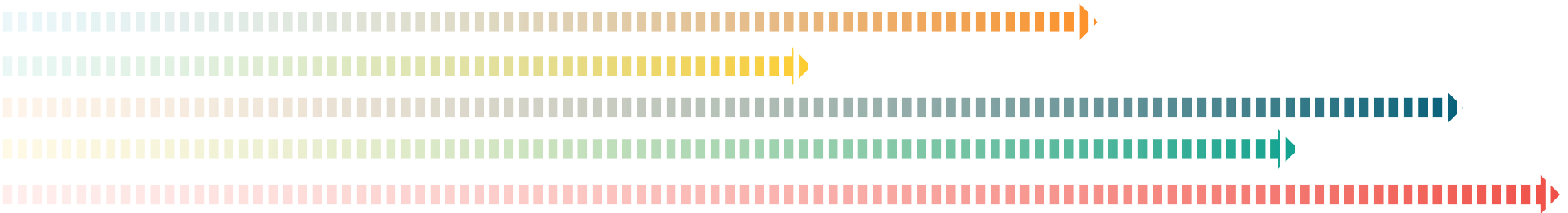
Touchless Personal Auto Claim Customer Journey



THE UNIVERSE OF TOUCHLESS CLAIMS ENABLING INSURTECHS IS FRAGMENTED AND CONTINUOUSLY EVOLVING

<h3>Aerial Inspection</h3> 	<h3>Agency Management</h3> 	<h3>Claims Management</h3> 	
<h3>Customer Communication</h3> 			
<h3>Data and Analytics</h3> 			
<h3>Esignature</h3> 	<h3>Estimation</h3> 		
<h3>Fraud Detection</h3> 		<h3>Geospatial Analytics</h3> 	
<h3>Inspection</h3> 	<h3>Payments</h3> 		<h3>Record Retrieval</h3> 
<h3>Regulatory Reporting</h3> 	<h3>Subrogation</h3> 	<h3>Telematics</h3> 	

TOUCHLESS CLAIMS TRENDS



A. Extension beyond simple claims

B. Expansion towards commercial lines

C. Emphasis on prevention

D. Focus on conveyer-belt methodology/ org buy-in

E. Behavioral economics insights are mitigating risks



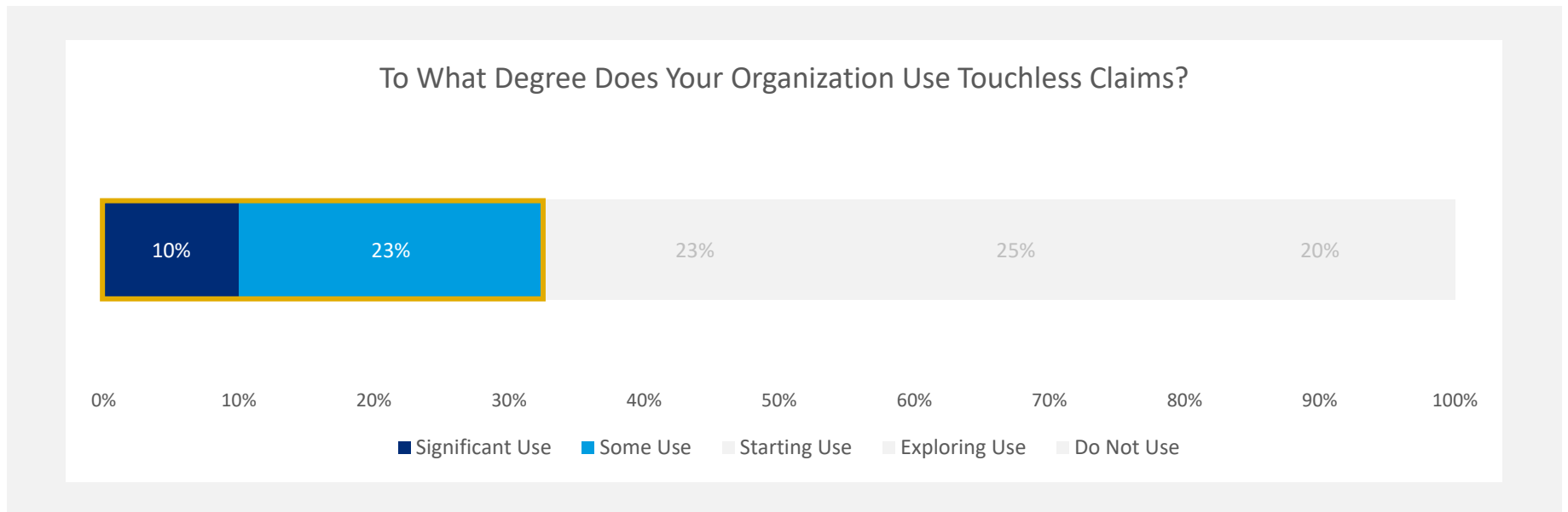
**Please raise your hand if you
agree with the following
statements:**

Most insurers are presently making use of touchless claims in at least some capacity

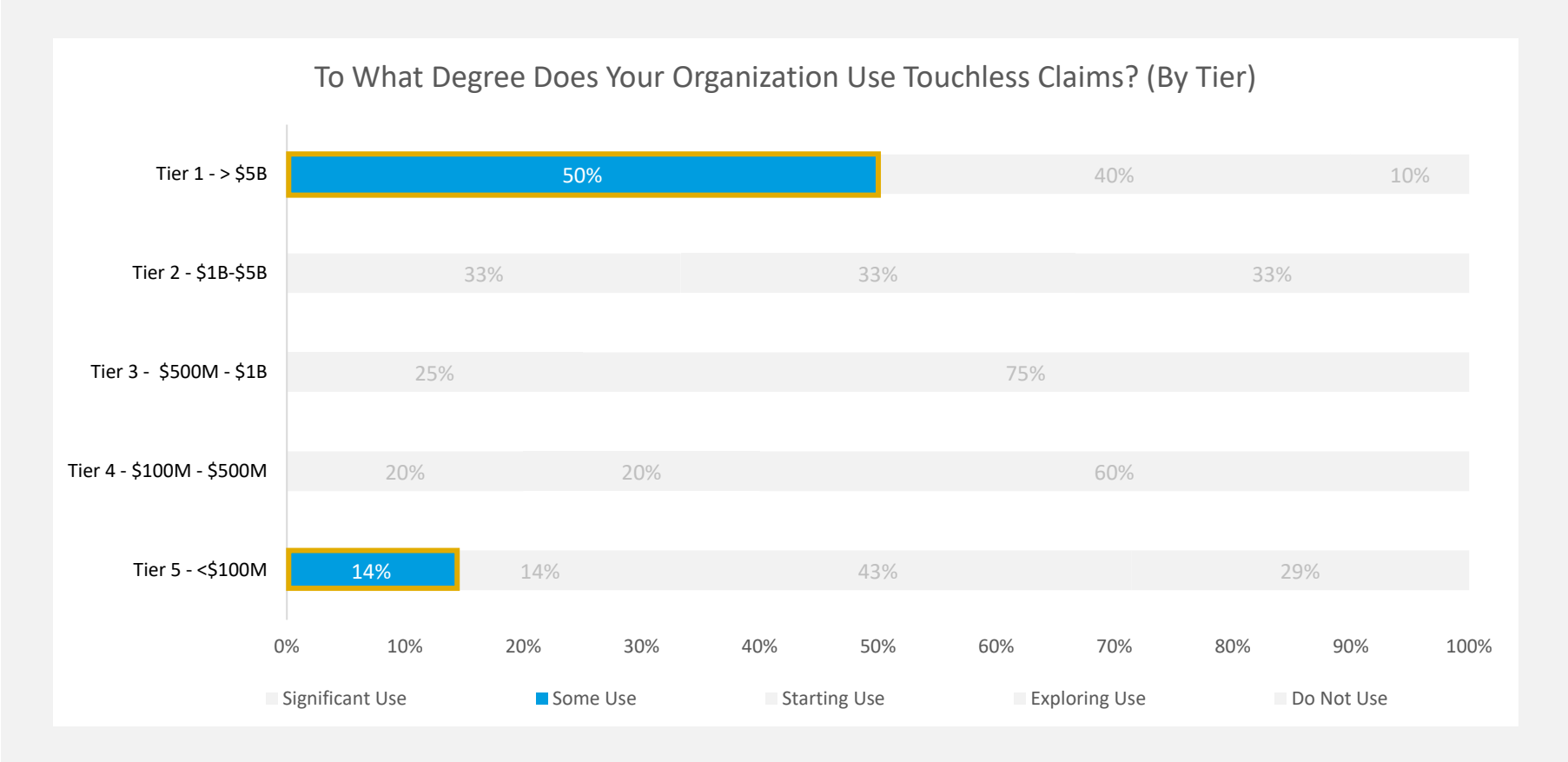
*At least 30% of claims volume
presently handled is touchless*

In 3 years: At least 50% of claims volume handled will be touchless

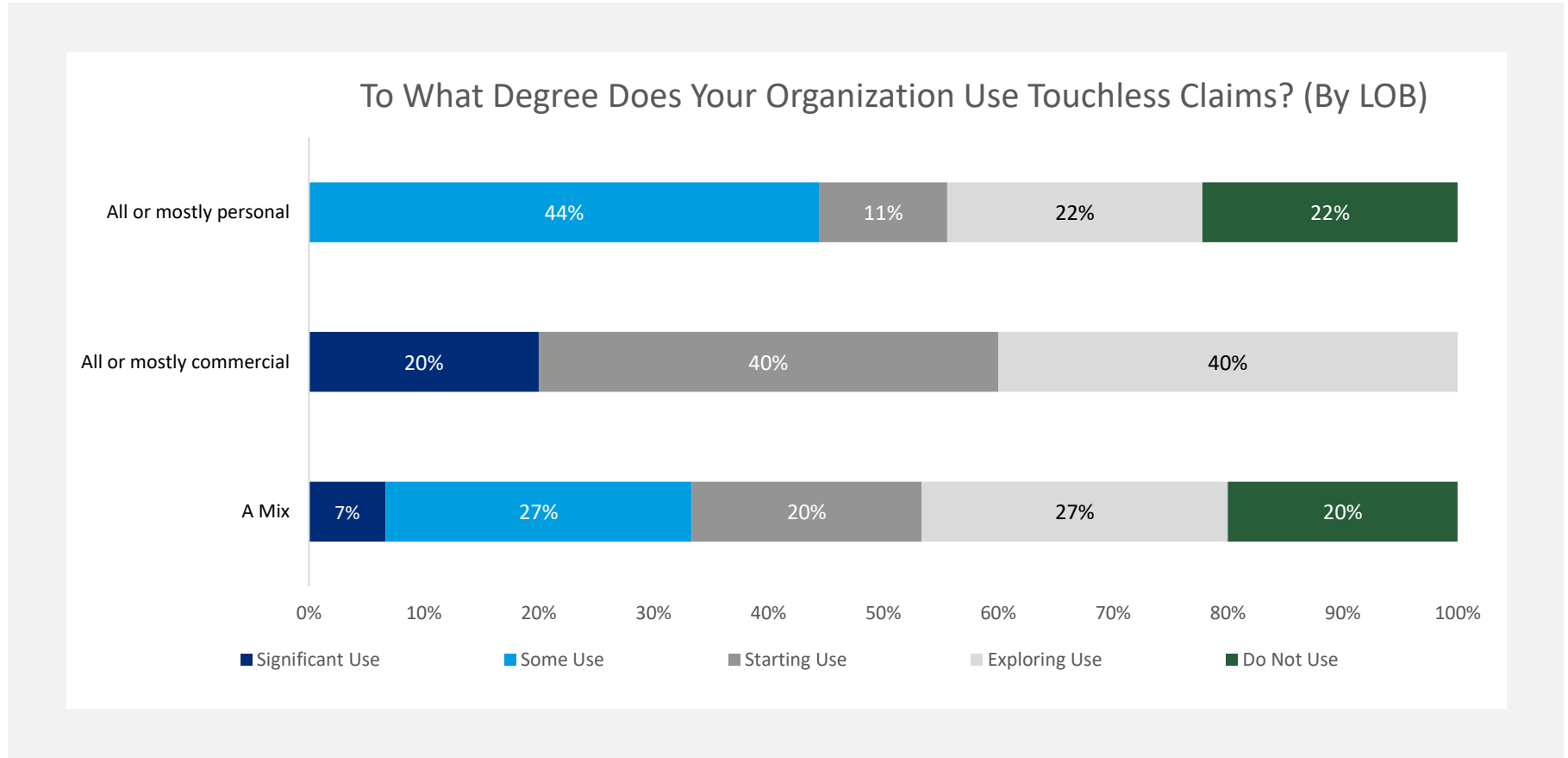
ONLY 1/3RD OF RESPONDENTS CURRENTLY USE TOUCHLESS CLAIMS



LARGER CARRIERS ARE MORE LIKELY TO BE 'TOUCHLESS'



PERSONAL LINES IS THE MOST FREQUENT USE-CASE OF TOUCHLESS CLAIMS



TOUCHLESS CLAIMS TODAY VS 3 YEARS

Volume of Touchless Claims Today

17%

Average

4%

Commercial

11%

Personal

24%

Mix

Volume of Touchless Claims in 3 Years

33%

Average

13%

Commercial

36%

Personal

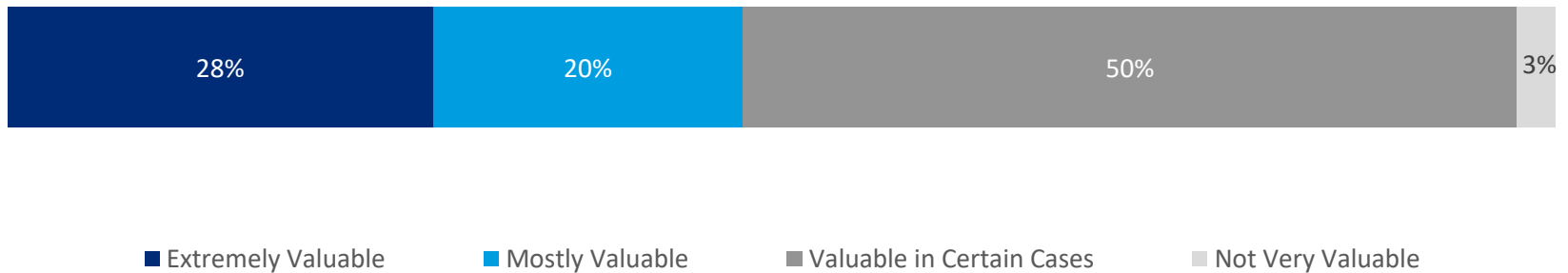
30%

Mix



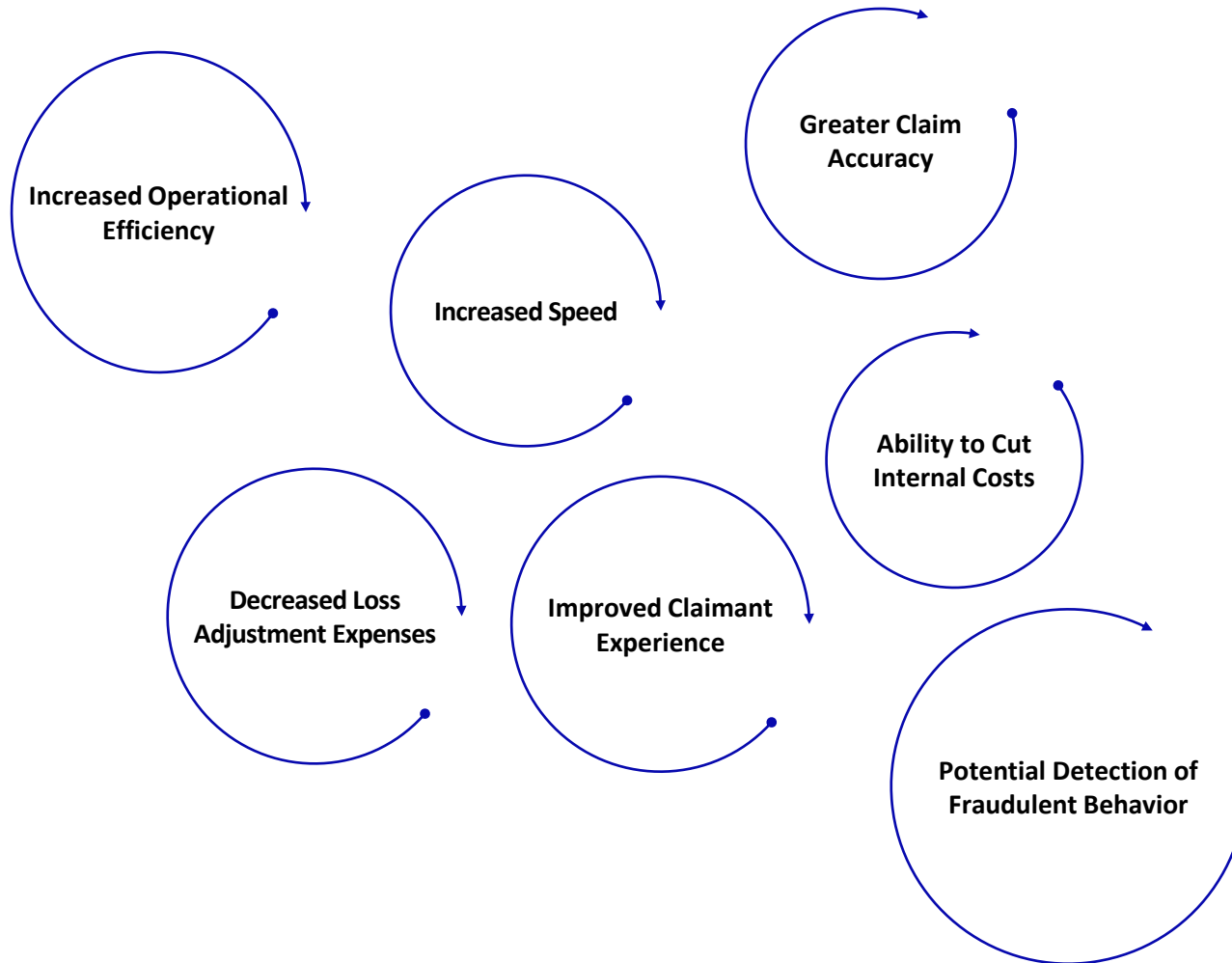
YET IT'S CLEAR INSURERS BELIEVE TOUCHLESS CLAIMS IS VALUABLE

What is Your Overall Perceived Value from Touchless Claims?



WHY IS THERE SUCH A BIG DIFFERENCE BETWEEN PERCEIVED VALUE AND USE?

Benefits of Touchless Claims



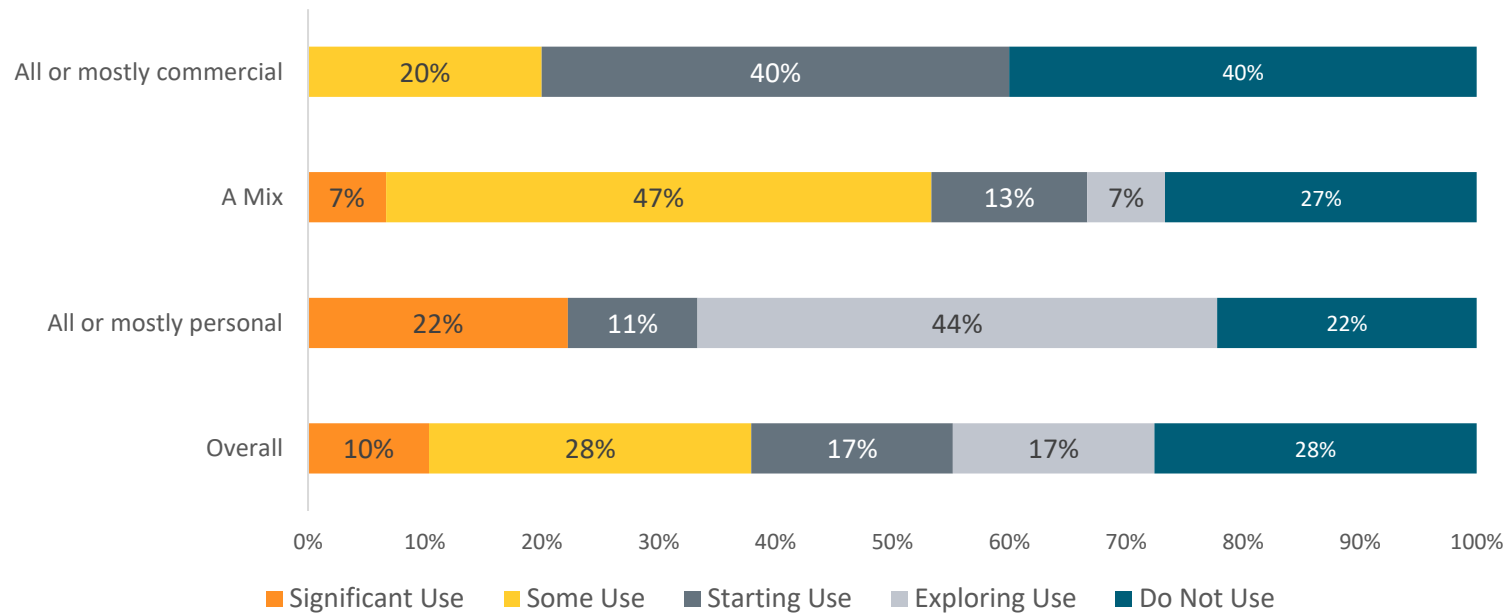
BARRIERS TO THE ADOPTION OF TOUCHLESS CLAIMS

Rank the Biggest Perceived Barrier to the Adoption of Touchless Claims (1= Biggest Barrier, 8= Smallest Barrier)

Barrier	Overall	Executive Role	Non-Executive Role
Difficulty Integrating With Legacy Core Systems	3.1	2.6	3.6
Concern AI Won't Value Claims Accurately	3.6	4.0	3.1
Concern About Increased Fraudulent Behavior	3.7	4.1	3.0
Cost to Implement	3.9	3.7	4.1
Technology is Not Ready for Scaled Implementation	4.7	3.9	5.2
Lack of Organizational Buy-In	4.8	4.8	5.5
Potential Impact on Staffing Levels and People	5.7	6.2	4.8
Failure to Close Claims With No Payment	7.4	7.6	6.9

USE OF INSURTECHS

How would you characterize your use of insurtechs in the claims process?



STRATEGIES FOR INSURERS TO **OVERCOME** TOUCHLESS CLAIMS HURDLES

	Hurdle	Key perspectives
1	DIFFICULTY INTEGRATING WITH LEGACY CORE SYSTEMS	<ul style="list-style-type: none"> • Replacement of core system • Use of claims workstation to wrap legacy core systems • Layer that is wrapped around can allow carrier to implement business rules
2	CONCERN ABOUT FRAUDULANT BEHAVIOR	<ul style="list-style-type: none"> • Define the touchless claims threshold • Start small and in specific lines of business • Begin dialogue between leadership and staff to understand and address concerns
3	SKEPTICISM AI WILL PROPERLY VALUE CLAIMS	<ul style="list-style-type: none"> • Leverage ecosystem of insurtechs and claims point solutions • Recognize and understand limitations (i.e. estimation tools and interior damage) • Enable consistent feedback loop that always AI to optimize
4	CLAIMS STAFF BUY-IN	<ul style="list-style-type: none"> • Redefine value proposition of claims adjuster • Educate staff on claims procedure • ‘Completely Touchless’ isn’t always the goal • Take and share customer satisfaction metrics

QUALIFICATIONS, ASSUMPTIONS, AND LIMITING CONDITIONS

This report is for the exclusive use of the CELENT client named herein. This report is not intended for general circulation or publication, nor is it to be reproduced, quoted, or distributed for any purpose without the prior written permission of CELENT. There are no third-party beneficiaries with respect to this report, and CELENT does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information. The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. CELENT accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events, or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties. In addition, this report does not represent legal, medical, accounting, safety, or other specialized advice. For any such advice, CELENT recommends seeking and obtaining advice from a qualified professional.

Thank you.

Andrew Schwartz
Aschwartz@celent.com