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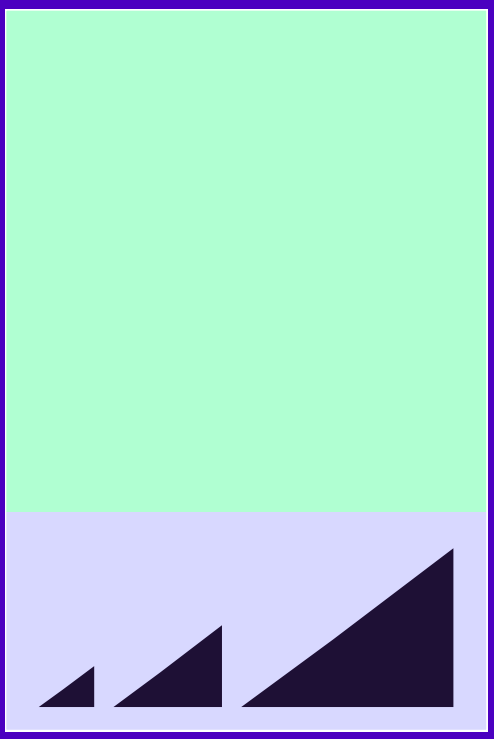
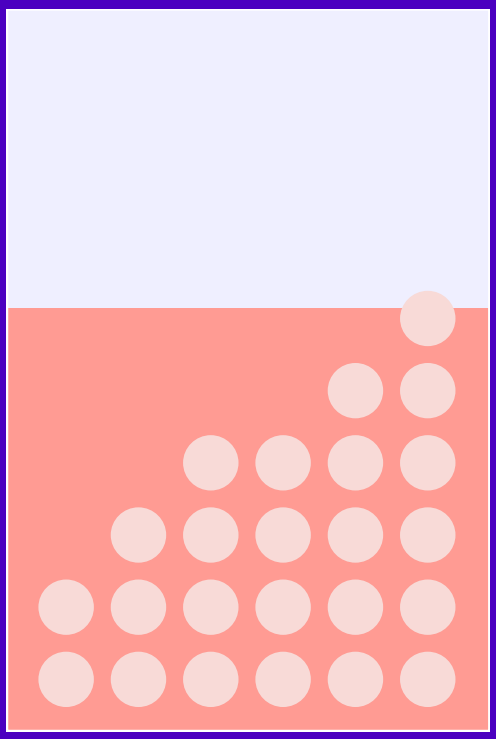
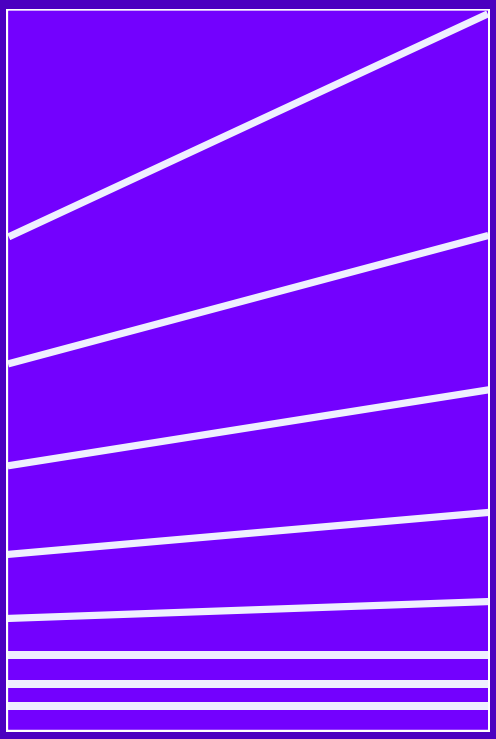
AI FOR DIGITAL AGILITY IN INSURANCE

OPTIMIZE PROCESSES AND DELIVER BETTER CUSTOMER EXPERIENCES BY ENHANCING THE FLOW OF DATA.







REIMAGINING INSURANCE PRODUCTIVITY

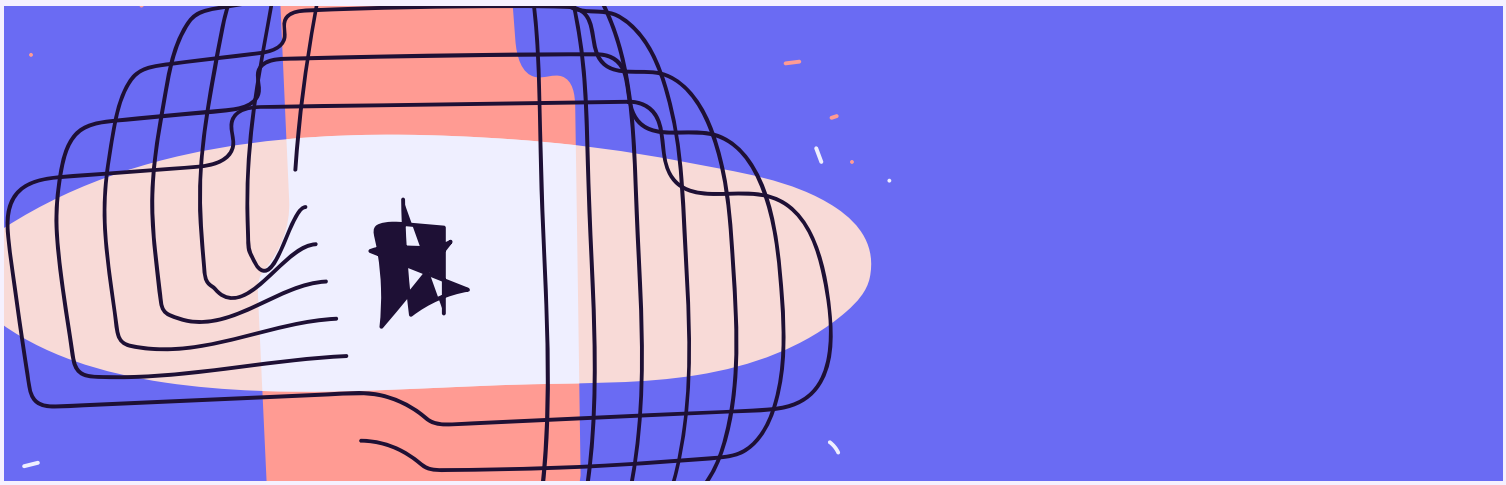
The insurance industry is faced with enormous challenges as it attempts to reimagine business models to meet the rapidly changing expectations of its customers and confront intensifying competition from new and traditional players.

Online P2P insurers with minimal brick and mortar infrastructure attack margins. The low interest rate climate limits returns on portfolios. Asymmetrical competitors like Amazon, Google, and Facebook have a trove of data they can use to offer personalized insurance products.

There was already enormous pressure to operate more efficiently, but the COVID-19 pandemic exacerbated the challenges of a high-touch service model replete with manual processes.

Physical distancing requirements have impeded new business and underwriting, highlighting dependence on paper applications. Work from home has eroded call center performance and increased cyber risk, accelerating the push for greater productivity through digital agility.

Insurers must embrace digital business practices to transform policy issuance, service, and claims to combine the best features of human and artificial intelligence. To meet modern customer expectations, all but the most complex decisions must be made by algorithms at machine speed, leaving the most complex and high-touch tasks for human staff members.



DIGITAL REVOLUTION

THE GLOBAL DIGITAL TRANSFORMATION MARKET IS EXPECTED TO GROW FROM $469B IN 2020 TO $1T BY 2025, AT A COMPOUND ANNUAL GROWTH RATE (CAGR) OF 16.5% ACCORDING TO RESEARCHANDMARKETS.COM.

The goal of digital transformation is to reimagine business operations in order to deliver a more competitive product or service. This is achieved by improving the flow of data to make use of it in real time, allowing machines to make operational decisions dynamically. This transformation is particularly challenging for a centuries-old business model built on personal relationships and high-touch service.

To understand how the forces of societal change, technology, and rapidly evolving customer expectations can affect the insurance industry, it is useful to look at how digital transformation has impacted another 100-year-old industry.

The service of delivering people to their destinations by car has been around since 1890. But just in the last decade, ride-hailing services were able to quickly disrupt the market and capture significant market share–not by changing the fundamental elements of transportation but by enabling more efficient data flow.

Instead of coordinating the touchpoints between customers and drivers manually, with a dispatcher communicating via telephone and radio, ride hailing services coordinate the touchpoints with algorithms processing data in real time. Data flows are unimpeded between all of the stakeholders.

The customer simply enters their destination into an app. Algorithms process GPS information dynamically to determine the customer's location, the nearest driver, the best route, the pickup time, the arrival time, and the cost of the trip. All of the decisions are made at machine speed and the customer gets results in seconds.

This customer experience lies at the heart of the success of the ride-hailing industry. They are not using better cars or better roads. They have harnessed data to let it flow through their business and power decisions at machine speed without requiring human intervention.

FIVE KEY BENEFITS

Insurers that harness their data to accelerate digital agility delivers tangible and intangible benefits across the insurance value chain. Benefits include:

- Customer experience enhancement
- Cost reduction
- Speed to market
- Underwriting efficiency
- Claims efficiency

For example, when an insurer receives a customer's notice of loss, it presents the single best opportunity to deliver on the promise of differentiated claim service. But it can also leave a long-term negative impression on the customer if the process does not effectively advance the claim forward without the need for return phone calls. Insurance customers expect to report claims how and when they choose.

Forward-thinking insurers understand they are in the customer experience business, and how they resolve claims is just as important as the coverage itself.

Today's customer expects convenience, choice, a personalized experience, and a faster, automated service across the whole insurance journey—from purchase, to first notice of loss (FNOL), to settlement.

INSURANCE CUSTOMERS EXPECT TO REPORT CLAIMS HOW AND WHEN THEY CHOOSE

When an insurance customer or broker files a loss or damage claim with an insurer, the clock starts ticking. From that moment on, the customer's experience is defined by their interactions with personnel, by the ease with which information is gathered and shared with all stakeholders, and by how quickly the claim is processed.

How well the insurer handles that moment of truth, known as the first notice of loss (FNOL), determines how quickly and accurately the claim can be processed, and ultimately how satisfied the customer will be with the service.

Digital agility allows customers to submit information via multiple channels and receive near instant claim notification and coverage verification, promotes touchless claims adjudication for simple cases, and maximizes loss adjusting resources for more complex claims. All of this begins with the ability to distill information from customer documents and images.

DATA FUELS TRANSFORMATION

Loss runs are insurance carrier reports that show how many claims have been filed under business insurance policies. Insurance carrier underwriters and brokers require loss runs for every business they insure and use the prior claims history to help price premiums, analyze and reduce risks, and identify weaknesses.

Carriers provide loss runs in unstructured PDF and Excel formats specific to carrier templates with no industry standards. Given that an average business customer has multiple insurance policies across multiple carriers—obtaining a consistent claims view for any one business is a tedious challenge, given that the brokers need to manually convert the unstructured data into one comprehensive structured format they can analyze.

Brokers typically procure loss runs 90 days prior to the policy renewal. This is the most important milestone for controlling insurance costs and retaining clients by helping them keep losses low. Having visibility into this critical information helps reduce vulnerabilities and positively impact the bottom line for customers, agents, and carriers.

The manual nature of procuring and analyzing loss runs for any one business makes this process time consuming, expensive, and inefficient. On average, each business has 2.3 insurance policies (auto, property, general liability, workers' compensation, and more) with brokers receiving the loss runs at least twice a year. Given that there are millions of businesses in the United States, a very large number of loss runs are in circulation with millions of hours and billions of dollars spent annually by the industry.

SOLVING THE LOSS RUN CHALLENGE

OBTAINING LOSS RUNS FROM CARRIERS

Applica can accelerate the process of creating application programming interface (API) integrations between carriers, brokers, and customers by preparing unstructured loss run reports for sharing via APIs.

EXTRACTING DATA FROM LOSS RUNS

Applica can extract data accurately and at a level of granularity for each claim. Applica combines technologies that previously processed only structured or unstructured documents to create an innovative hybrid model that can automate a vast range of document types, whether scanned from paper or born-digital.

Applica can scrutinize not just unstructured plain text documents or semi-structured forms in an "either-or" capacity, but crucially can comprehend documents like loss runs in which information exists both as pure text and as parts in which the layout plays a greater role.

STANDARDIZING DATA INTO A CARRIER AGNOSTIC COMMON FORMAT

The next challenge is rationalizing different carrier formats into a common industry dataset. Different carriers have different ways of sharing claim details–policy types, claim types, payment types, and what is included or excluded in payments varies from carrier to carrier. Applica provides a comprehensive industry dataset that can be created from any carrier loss run.

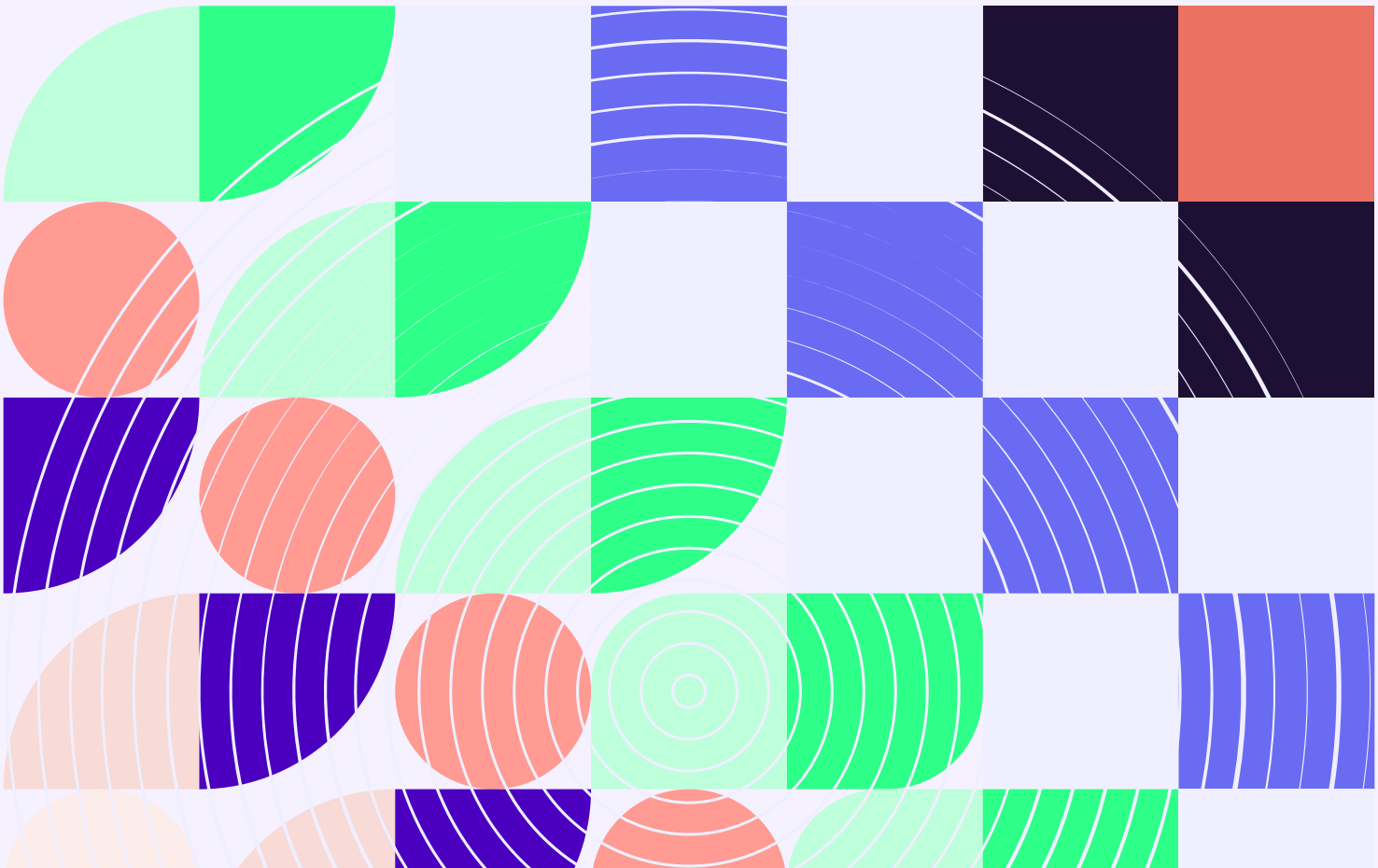
INTELLIGENT DOCUMENT PROCESSING

The Goal: Touchless Claims

- No claims adjuster is involved in the process
- Technology is used to report the claim and capture damage or invoices
- Algorithms determine if the claim meets pre-approved criteria and is automatically paid without human intervention
- Customers exhibit rapid reduction in claims satisfaction when they have to speak with more than one person

Insurers must capture and process any document at any point of the insurance lifecycle: customer onboarding, underwriting, policy analysis, reinsurance, claims, subrogation, legal disputes, and more.

Digital agility requires the ability to efficiently handle all documents in any format, no matter how or where customers provide them.



LEARN HOW TO TAKE YOUR INSURANCE OPERATIONS TO THE NEXT LEVEL

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