

Insurers' Claim Operations Facing Challenges to Attract, Retain Top Talent

August 20, 2015

Claim officers believe technology will make their operations more customer-friendly, effective

ARLINGTON, Va.--(BUSINESS WIRE)--Aug. 20, 2015-- Over three-quarters (76%) of claim officers at U.S. property & casualty (P&C) insurance companies say attracting and retaining top talent is their primary business challenge, according to global professional services company Towers Watson's (NASDAQ: TW) [P&C Claim Officer Survey](#). The survey looked at some of the key issues facing the claim industry today, plus technology's impact on claim adjudication, with a focus on metrics, data, analytics and applications.

"As analytics and new technologies become more central to effective claim operations, traditional talent needs will broaden to reflect new priorities," said Frank Ramsay, Towers Watson's North American Claim Management practice lead. "Claim supervisors who understand how to leverage analytics and utilize consumer-friendly technologies will generate greater value for their claim departments. The ones who grasp both technology and talent will be best equipped for managing claim adjudication."

Claim officers cited effective implementation of data capture, metrics and analytics (72%) and expense management (66%) as their next most pressing business issues. "Survey participants indicated they're clearly aware claim data capture and technology infrastructure are significant approaches to achieving better claim results and customer service; in fact, 44% ranked these two areas the first- or second-most important means to achieve these outcomes."

Most respondents expect to address their industry challenges by employing better metrics and analytics (83%), and with a renewed focus on proactive claim handling and effective supervision (69%). "Improved use of metrics and analytics can help identify claims that pose the risk of higher loss or allocated loss adjustment expenses (ALAE). Used properly, they can be connected to loss cost and ALAE, and leveraged as a risk management tool," said Ramsay.

The P&C carriers noted they understand the importance of more sophisticated analytics, with nearly three in five (59%) saying it's an emerging trend changing the landscape of claim operations internally; only expense management ranked higher (66%). The insurers said leveraging models to project loss potential at the individual claim level for case reserving and actuarial analyses is their best opportunity to enhance claim analytics and predictive models. They also conveyed optimism around leveraging claim analytics to provide more objective and consistent guidance at key decision points, such as whether to pursue litigation or settle a claim, for enhancing claim processes and procedures.

Despite recognizing that claim analytics offers a sizable opportunity, insurers ranked it the least significant of five choices when considering future enhancements to claim organizations in achieving better claim outcomes and customer service. "This discrepancy between knowing the importance and opportunity analytics provides and the willingness to incorporate it into future enhancements must change if insurers are truly committed to more precise claim settlement processes," said Ramsay.

Insurers expressed confidence that currently available technology could produce significant breakthroughs in claim adjudication over the next five years. They see promise in better use of electronic media to communicate with policyholders and claimants, and the use of mobile technologies to quickly and efficiently convey pictures of damage estimates to claim adjusters.

"Based on the survey findings, claim officers need to put more emphasis on talent attraction and retention, and data collection efforts," said Ramsay. "Greater focus is needed on the value of talent who can build technologically advanced claim departments, and data that provide the compass to direct claim officers in the right direction. This, in turn, will help insurers modernize their operations to deliver more targeted claim settlement, business focus, expense management and, ultimately, profitability."

About the Survey

This is the tenth installment of Towers Watson's P&C Claim Officer Survey. Twenty-nine CCOs participated in the survey, which ran from March 31 to May 6, 2015. Respondent demographics represent a good cross section of the U.S. market, comparable to prior surveys. Small, midsize and large carriers are roughly equally represented. About two-thirds of responding companies are predominantly commercial lines carriers, with the rest split between a mix and predominantly personal lines.

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Towers Watson
Josh Wozman, +1 703-258-7670
josh.wozman@towerswatson.com