

Your Guide to
ADDING INTELLIGENCE
to Claims Processing

Two truths about claims management:

1. **The faster a claim is closed, the better the outcome.**
2. **Claims produce an incredible amount of data.**

How well the second is used to execute the first makes all the difference in a claims department's performance.

The insurance industry has long been focused on closing claims faster by chipping away at inefficiencies. Automation and machine learning have helped streamline processes, analyze claims quickly, and prioritize tasks. Straight-through processing can even automate the entire lifecycle for low-severity claims.

But many decisions are still handled the old-fashioned, manual way simply because there was no better alternative. Until now.

Artificial intelligence promises to transform the claims process with speed, insight, and value, from initial first notice of loss to final payout.

AI gives claims professionals the power to resolve claims faster than ever, unlock insights from any type of data, and deliver the kind of experience that keeps customers loyal. It can supercharge efficiencies and redefine practices with its ability to process human language, summarize complex topics, and perform analysis at lightning speed.

Claims are a high-stakes game. And with AI capabilities evolving at a breakneck pace, it can be hard to decide on the right time to jump in. To be sure, there are many uncertainties associated with AI, and it can be tempting to wait until you know more to commit to the technology.

Yet you run an even bigger risk by failing to integrate AI into your claims process. AI can boost the capabilities of claims professionals. And the competitive edge will go to those that tap into that power the fastest.

This ebook explains what AI can do for the claims process, where it can be added for maximum benefit, and how to get started now.

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WHY AUTOMATION ALONE ISN'T ENOUGH ANYMORE

Processing a claim is a significant administrative burden. The sheer complexity of handling diverse claims, adhering to complicated jurisdictional requirements, keeping track of supporting documentation, generating reports, and identifying high-cost claims can be overwhelmingly time-consuming to adjusters.

Inconsistent processes and inefficient data management sap resources across the board, slow turnaround times, and lead to a poor claims experience.

The pressure to improve efficiency is relentless as claims continue to increase in volume, severity, and cost. Here's where the pressure is coming from:

Customers. Customers today expect immediate answers to their questions. They want access to real-time updates on their claim status, prompt resolution, and clear communication throughout the process.

Data. Each claim involves a massive amount of data – an [estimated 97% of which is in an unstructured format](#). All those notes, documents, emails, photos, and more are a goldmine of information, but they can be so difficult to digest, categorize, and fold into the analysis that much of that intelligence goes unused.

Regulations. Claims are often subject to a complex web of jurisdictional requirements for timely processing and payment, with significant penalties for noncompliance. Data privacy regulations also come into play, especially with sensitive customer data.

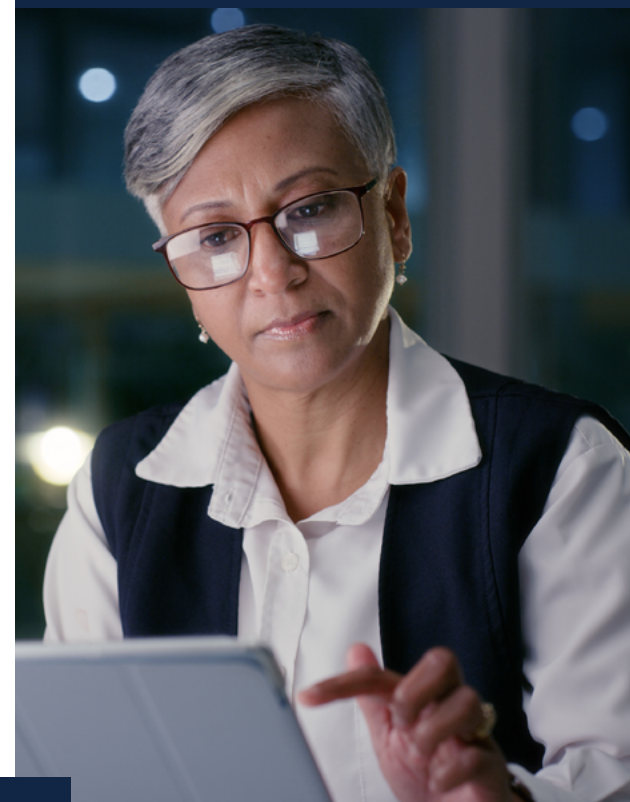
Profitability. Every delay adds to the cost of the claim. Manual processes, data-entry errors, and other inefficiencies extend the claim lifecycle and drag down the bottom line. Leakage can also occur if subrogation opportunities are missed or other errors lead to avoidable financial losses.

Litigation. Litigated claims represent just [5.5% of all closed claims](#), yet they account for 65% of total paid costs. And costs continue to rise.

Fraud. About [10% of P&C insurance claims](#) are fraudulent, resulting in annual losses of \$122 billion. This cost adds \$400 - \$700 each year to premiums for the average U.S. family, which is not indefinitely sustainable.

Workforce. [Nearly a quarter of claims adjusters are expected to retire](#) over the next few years. The scarcity of deep claims technical expertise combined with notoriously high industry turnover rates creates a sizable knowledge vacuum – and puts even more strain on those that remain.

The cost of a claim can jump by 50% or more if reporting is delayed by as few as four days.



Automation versus AI

Automation	AI
Uses predefined business rules to process claims.	Interprets data, understands intricate situations, makes recommendations, and learns over time.
Analyzes structured data.	Analyzes structured and unstructured data and brings in third-party data as needed.
Detects patterns in data.	Understands patterns in data.
Automates routine workflows.	Automates complex workflows.
Needs manual intervention to assess the output and determine next steps.	Suggests next steps.

THE AI BOOST TO CLAIMS PROCESSING

A big reason AI offers so much potential for the claims industry is data. Claims involve a massive amount of data – and AI can unlock insights that have been virtually inaccessible because so much of the information is held in hard-to-analyze formats.

Today's AI excels at quickly ingesting data from any source, summarizing the results, and incorporating that information into the claims process. AI can then make precise predictions and recommend decisions for the claims team.

Not only does this accelerate claims resolution, but it produces more accurate and consistent results, improves customer interactions, and delivers more personalized service – much to the delight of claimants.

When AI takes on the tedium for the 80% of claims that are relatively routine, humans are free to do what they do best – focus on the other 20% that require empathy, experience, and judgement.



Here are nine specific ways AI will boost performance:

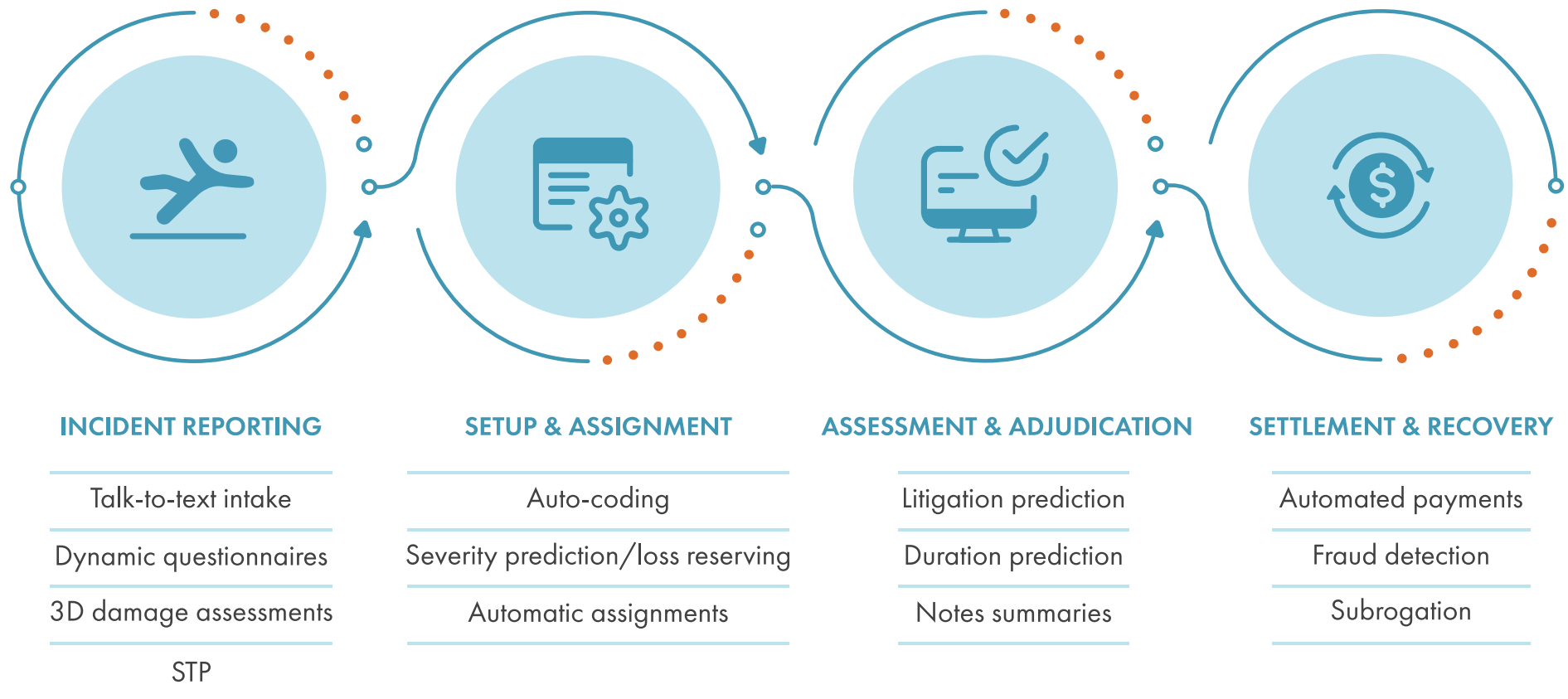
1. **Capture complete and accurate information from the start.** AI-assisted questionnaires build on previous answers and third-party data sources to guide claimants through the first notice of loss process and ensure information is both thorough and correct without being intrusive.
2. **Unlock insight from all types of data.** Today's generative AI can quickly evaluate structured data, as well as unstructured data found in notes, emails, police reports, medical records, photos, videos, and more – and instantly layer that insight into the assessment and adjudication to accurately determine outcomes, severity scores, and loss reserves.
3. **Identify potential problems for early intervention.** AI can summarize huge data sets and identify patterns too subtle for the human eye to catch potential problems early enough to change the trajectory and minimize surprises like costly “jumper” claims.
4. **Assign claims to the appropriate adjuster.** AI uses algorithms to assess the severity and complexity of each claim and prioritize accordingly. It can automatically route claims to the adjuster with the right experience, skill set, and workload. And it can help inexperienced adjusters correctly and consistently assess claims they have been assigned.
5. **Detect fraud.** AI can combat fraud by detecting abnormal patterns that humans might miss. It can spot photos submitted for multiple claims or those that were photoshopped. It can also look for associations between claims, such as a doctor writing an above-average number of prescriptions for a certain drug across patients.
6. **Forecast litigation potential.** AI can predict the likelihood of litigation by analyzing complexity, previous litigation history, and jurisdictional considerations to flag claims that need early intervention. AI can also target claims that would benefit from early settlement negotiations, identify claims in need of deeper investigation, and flag claims that may need specialized legal support.
7. **Make faster decisions about payouts.** AI can instantly evaluate a claim, determine its eligibility, and resolve issues to ensure payments are dispersed quickly and accurately. It can, for instance, analyze photos of vehicle damage, verify weather conditions via third parties, calculate an accurate repair estimate, and issue payment with little or no human involvement.
8. **Enhance customer service.** Approximately [40% of inbound claims calls](#) are for a basic status check. AI is available 24/7 and can instantly answer common customer questions about claim status, coverage, premiums, and more, saving human power for complex queries.
9. **Prioritize subrogation opportunities.** AI can analyze accident reports, liability information, and other details to identify liable parties and start the loss-recovery process. Instead of pursuing subrogation opportunities in the order they were received, AI can also evaluate the potential value and prioritize those with the highest ROI.

The Importance of a Speedy Settlement

A slow settlement is the greatest source of discontent among dissatisfied claimants. AI can shorten settlement time by accelerating processing, while enhancing customer interactions with self-service options that leverage chatbots, text messaging, digital payments, and more.

WHAT AN INTELLIGENT CLAIMS PROCESS LOOKS LIKE

AI can accelerate and elevate the claims process at every step.



Incident Reporting

AI helps get accurate and complete data at first notice of loss.

- **Talk-to-text intake.** AI-powered voice translation is especially helpful in gathering details from non-native speaking claimants.
- **Dynamic questionnaires.** AI adapts the intake questions based on previous responses and third-party input.
- **3D damage assessments.** Claimants can “paint” injuries on a 3D body model instead of describing them in words.
- **Straight-through processing.** AI can apply pre-established rules to determine if a claim can be paid instantly with little or no human interaction.

Setup and Assignment

AI helps allocate resources appropriately.

- **Auto-coding.** AI can suggest the type of event for quick validation by the adjuster or claimant.
- **Severity prediction/loss reserving.** AI uses predictive analytics and external data sources (like ODG) to assess the severity, calculate the loss reserve when claim data is added (and recalculate when it's updated), and flag any claims that suddenly escalate for immediate attention.
- **Automatic assignments.** AI uses analytics to assign the claim to the most appropriate adjuster based on skill set, workload, vacation, and other factors.

Assessment and Adjudication

AI helps predict potential problems for early intervention.

- **Litigation prediction.** AI forecasts the likelihood of litigation to settle these claims before legal action is taken.
- **Duration prediction.** AI uses analytics to shorten the claims lifecycle, reducing labor costs, lowering claims severity, and increasing customer satisfaction.
- **Notes summaries.** AI quickly summarizes adjuster notes, police reports, medical documents, and more into actionable recommendations to guide litigation depositions, claims audit reviews, and other analysis.

Settlement and Recovery

AI can identify red flags hidden in masses of data.

- **Automated payments.** AI can pay claims that meet straight-through-processing guardrails.
- **Fraud detection.** AI can sort through claims data for suspicious patterns and anomalies to identify fraud indicators like inconsistent information, excessive medical treatments, or multiple claims from the same person.
- **Subrogation.** AI can analyze accident reports, liability information, and other details to identify claims where a third party is at fault. It also can determine the likelihood of successfully recouping costs of already-paid claims to prioritize efforts.

WHAT TO LOOK FOR IN AI-ASSISTED CLAIMS SOFTWARE

The power of AI to reshape the claims process is undeniable – and that power is expanding by the minute.

Claims departments that seize this power are poised to come out on top. They will be able to close claims faster, in a more personalized manner, and with a better understanding of the underlying risks.

To create lasting business value, however, you can't nibble around the edges by buying a patchwork of software to layer on top of existing processes. Staying competitive requires a comprehensive vision of AI use – and a framework that can expand and grow as capabilities evolve.

The most advanced AI-assisted claims software offers:

Fully integrated AI. Scattering AI across pieces of the process will rob you of much of the efficiencies possible with a fully embedded solution. Look for software that boosts intelligence and efficiency at every step of the process – without requiring extra specialized resources from third parties – for seamless coordination from FNOL through final settlement.

High-quality data. AI outputs are only as good as the data they work from. Look for a prebuilt model trained on millions of claims across industries and demographics that can be easily tailored to your requirements.

A “futureproof” solution. AI models must be continually trained and refined for the best outcomes. Look for a scalable SaaS solution to meet your needs, expandable to new capabilities (like agentic AI), and capable of learning over time.

A model purpose-built for claims. Beware of generalized AI solutions. Look for software built by risk and claims experts who understand industry nuances and requirements. The solution should not only streamline the process but also accurately identify at-fault losses, fraud, and risk to enhance financial performance.

Will AI Replace You?

AI is fast becoming an indispensable copilot – skilled at offering guidance, making predictions, and accelerating action.

But will it replace claims professionals? Not likely.

As dazzling as it can be, AI works best in tandem with humans. When AI does what it does best – doing tasks that are extremely tedious or time-consuming for humans – claims professionals are free to do what they do best – providing the high-touch personal attention that makes a real difference in building stronger customer relationships.



YOUR BEST NEXT STEP IN ADDING AI TO CLAIMS PROCESSING

Artificial intelligence is no longer a future hope – it's a present necessity.

Technology and economics have now caught up with what was once only imagined. Data storage costs have dropped dramatically, making it possible to bring a variety of videos, photos, and other large datasets into the analysis.

The most immediate impact of AI in claims management is in efficiency. AI takes the work out of examining notes, documents, images, and other material, summarizing the spectrum of information, and evaluating that against all available data. It can uncover potential problems invisible to the human eye and suggest possible solutions. And it can do all that at lightning speed.

But AI is more than just a technology upgrade. It empowers humans with better information to make better decisions. Claims professionals have long needed relief to redirect their time to guiding customers through an often-stressful process with empathy and care.

By placing humans at the center of your AI transformation, you can enhance performance, improve job satisfaction – and enable the claims workforce of the future. Ultimately, AI drives a better customer experience by accelerating the speed of settlement and filling in communication gaps with on-demand assistance and personalized interactions.

Successfully harnessing this power requires a bold, comprehensive vision for rewiring your claims process by embedding AI into every step. Don't be timid. Seize this opportunity to invest in AI technology to build stronger customer relationships, retain talent, and create lasting business value that drives profitability well into the future.



ABOUT RISKCONNECT

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