

# STOP YOUR SWIVELING:

## Robotic Process Automation for Property & Casualty and Life Insurers

Push past human limits with better accuracy at lower cost.



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# It's Time for Property & Casualty and Life to Embrace Digital Process Improvement

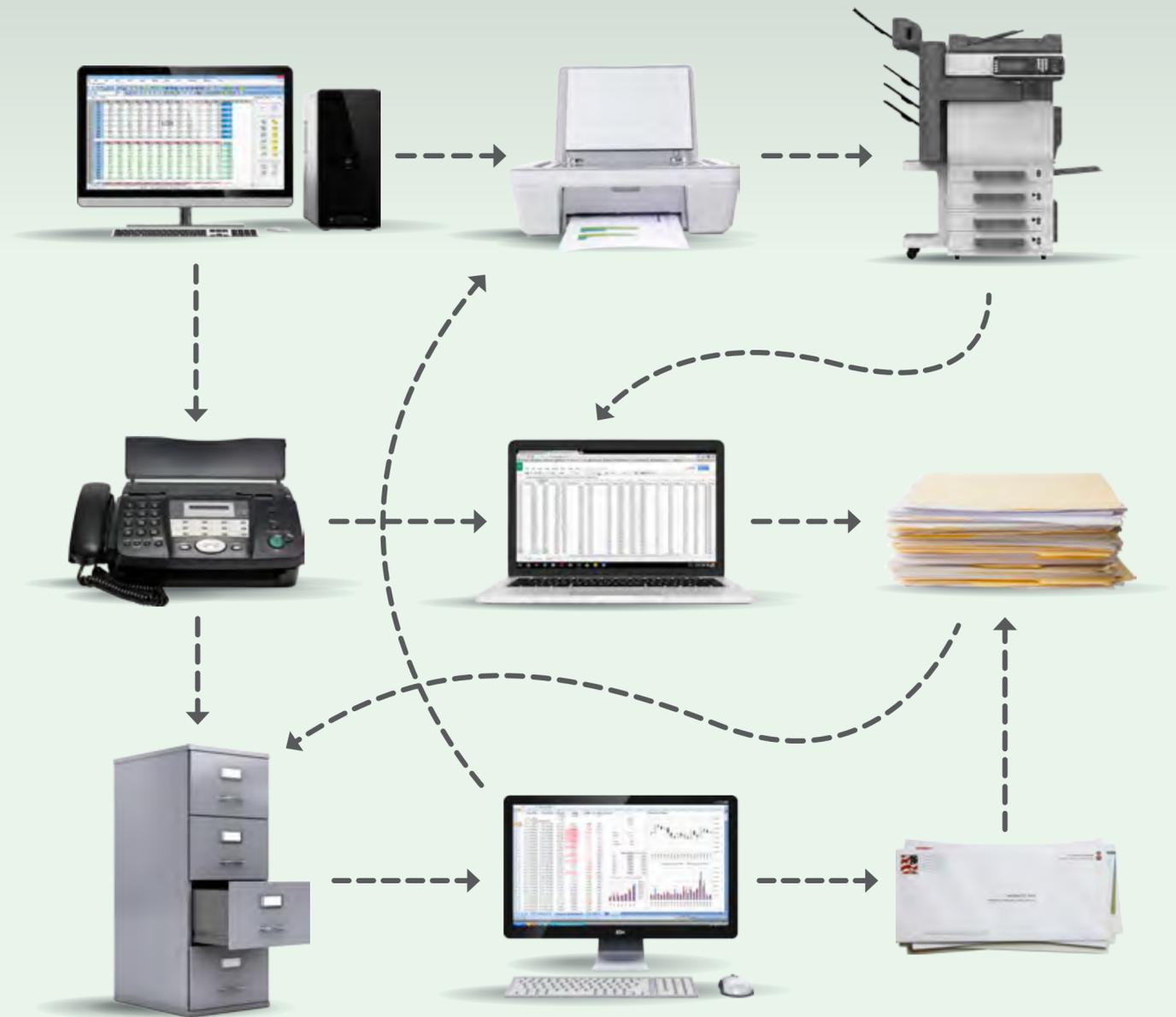
With the costs of maintaining manual workflows quickly becoming untenable for insurers, the time is right for process automation.

“ The insurance industry has generally been slow to adopt new digital approaches, but times are now changing.<sup>1</sup> ”

## Automation Is the Destination

If you're like most insurers, you rely on multiple internal systems and solutions that have been assembled over time. You know you need to improve operations until you achieve straight-through processing anywhere you're able. And, on your way to full automation, you want to avoid "ripping and replacing" entire systems or re-engineering processes—not to mention disrupting business as usual.

When you optimize processes with automation technology, you'll see near-term cost and productivity benefits as well as long-term strategic advantages. Although it can seem difficult to know where to start, there are sound arguments for taking action sooner, not later.



<sup>1</sup> Insurance on the Threshold of Digitization -McKinsey, 2015

# It's Time for Property & Casualty and Life to Embrace Digital Process Improvement

## 3 Reasons It's Time to Digitally Improve Processes

Maybe you're far along the path to end-to-end process transformation. Or, maybe entrenched systems and other technical or business hurdles have prevented you from applying the software solutions that would result in true gains. Wherever you are on your process optimization journey, there are multiple factors that support your decision to begin digitally transforming processes:

1

### CUSTOMER DEMAND

The juggernaut of consumer expectation is driving massive changes across industries. In the "age of the customer," you have to meet their expectations or they will switch to a competitor in a few clicks. Customers have a continued expectation of "faster and more accurate," and manual processes are reaching their limits in meeting this expectation.

2

### COMPETITIVE PRESSURE

In addition to commoditization and shrinking margins, you now have to navigate a more complex competitive topography. On top of traditional competition between well-matched insurers, you'll need to handle encroachment from new players, such as non-traditional insurers and all-digital startups, known as "Insurtechs." In fact, according to a recent survey by PwC, 74% of insurers believe that some part of their business is at risk of disruption from Insurtech startups.<sup>2</sup>

3

### MARKET MATURATION

The dust has started to settle on the process transformation solution landscape, once a confusing mix of existing and emerging technologies and players. Now, distinctions between digital solutions are clearer and common goals and best practices have emerged, greatly simplifying the buyer's journey.

<sup>2</sup> Opportunities Await: How InsurTech Is Reshaping Insurance -PwC , 2016

# It's Time for Property & Casualty and Life to Embrace Digital Process Improvement



## Swiveling More and Getting Less?

Given the reality that P&C and Life insurers must eventually digitally transform most (if not all) of their business processes, where do you start? Tasks requiring a high degree of human interaction between multiple screens of information—so-called “swivel chair tasks”—are often ideal opportunities for automation.

Here's an example that might be found in a P&C and Life insurer's claims and/or onboarding process: a worker must access and gather data from one system, then pivot over to another (usually internal) system to input or paste that data. No matter how many efficiency improvements you make, as long as the work is performed by humans, your ability to optimize it is destined to be outpaced as your competitors adopt automated solutions.



“ PC&L respondents believe that, within 3-5 years, more than 50% of claims administration will be automated.<sup>3</sup> ”

<sup>3</sup> The Robot and I -Cognizant, 2015

# It's Time for Property & Casualty and Life to Embrace Digital Process Improvement

## Manual Processes Block Your True Vision

Besides being costly and slow, repetitive manual tasks suffer from a lack of transparency, which means you won't have visibility into opportunities for further process improvement. And, any process that lacks transparency also lacks auditability. Humans are inconsistent both in the way we perform tasks and the way we document them, so it's difficult—sometimes impossible—to ensure that manually completed tasks are meeting a given regulatory standard.

### Drawbacks of Swivel Chair Tasks

- Costly and inefficient
- Opaque and entrenched
- Boring and repetitive



# It's Time for Property & Casualty and Life to Embrace Digital Process Improvement

## Humans Can Only Get So Good

If you've invested in outsourcing or off-shoring manual, repetitive tasks, you know at least some of the potential pitfalls. It's true that with these options you can achieve some reduction in cost and gains in efficiency, but not without attendant complexities. For example, it can be a challenge to communicate with and manage resource teams who may lack important context that would help them further improve processes.

Whether on- or off-shore, internal or outsourced, human workers must rest, sleep, take vacations, catch colds, run out to get an oil change once in a while and generally deal with life—all the time battling the lack of morale that results from performing repetitive, mind-numbing tasks at work. In short, we humans may be delightful—even occasionally brilliant. But, when it comes to performing volumes of repetitive work, we are inconsistent at best.

“

The cost savings that can be achieved by implementing Robotic Process Automation are far greater than those achieved by relocating processes to near shore or far shore locations.<sup>4</sup>

”

<sup>4</sup> The Robots Are Coming -Deloitte, 2015

# The Swivel-Buster: Robotic Process Automation (RPA)



## Facing the Digital Facts

Process optimization is occurring across all verticals (including insurance), revealing sets of tasks that are clear contenders for automation, and for which a human-centric solution can only be a temporary measure.

As your team swivels back and forth to complete these cumbersome and repetitive tasks, competitors are gaining ground in process transformation. Replacing swivel chair tasks with an automated solution can significantly boost efficiency, reduce cost and help maintain compliance. And the solution to use for this purpose is called **Robotic Process Automation**.

## Defining RPA

Robotic Process Automation doesn't involve physical machines typing on keyboards. The robots in RPA are intelligent software robots that are especially adept at repetitive data-driven tasks. Celent simply defines RPA as "a set of technologies that enables the automation of processes that currently require human involvement."<sup>5</sup>

The International Robotic Process Automation Association (IRPA), uses a more comprehensive definition of RPA: "The application of technology that allows employees in a company to configure computer software or a 'robot' to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses and communicating with other digital systems."<sup>6</sup>

<sup>5</sup> Robotic Process Automation in Insurance - Celent, 2016

<sup>6</sup> [www.irpanetwork.com/what-is-robotic-process-automation](http://www.irpanetwork.com/what-is-robotic-process-automation) - IRPA, 2014

# Where RPA Fits

Robotic Process Automation is part of a larger spectrum of automation solutions, including AI, Cognitive and Machine Learning. While AI, Cognitive and Machine Learning can be used to augment the “thinking and learning” that can be gained from in-depth data analysis, RPA focuses on the “doing” and provides tangible benefits and savings.

## RPA and the Automation Spectrum

While sophisticated solutions like AI and Machine Learning have a place within the larger digital transformation journey, they may deliver too much complexity for some needs, while significantly extending rollout schedules. This is where RPA fits. RPA is quick to deploy, and focused on repeatable process tasks that are done in the same way, each time.

Accenture observes that RPA is one tool within the process improvement toolkit<sup>7</sup> and occupies a space alongside other digital tools such as optical character recognition (OCR), business process management (BPM) and customer communications management (CCM). As such, RPA is an excellent starting point for driving automation in your insurance company.

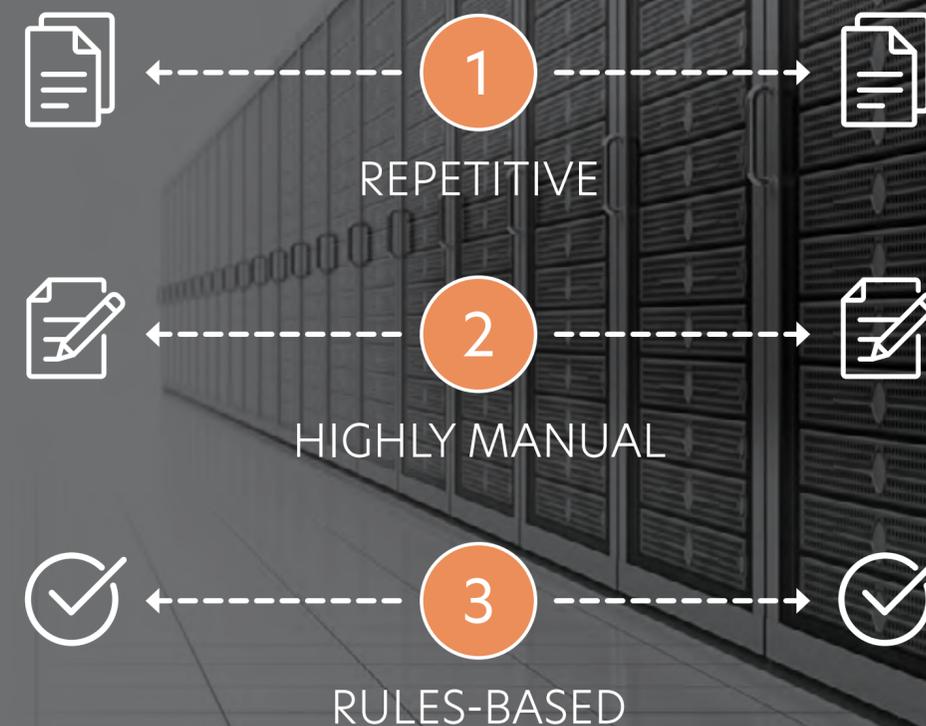
“ RPA provides a non-invasive way to integrate systems and processes.”<sup>8</sup>

<sup>7</sup> A Holistic Approach to Insurance Automation -Accenture, 2016

<sup>8</sup> Robotic Process Automation: Adding to the Process Automation Toolkit -Ovum, 2015

## Ideal Tasks for RPA

RPA is able to successfully automate a variety of tasks. To identify your own likely candidates for RPA, ask yourself whether the task in question is:



If it meets all three criteria, it's probably a good candidate for Robotic Process Automation.

# Where RPA Fits

“ Enterprises should see RPA as complement to, rather than a clash with, existing approaches to EAI and BPM.”<sup>9</sup>

## Delta Dental Uses RPA to Streamline Applications and Renewals

Delta Dental of Colorado is the state's leading dental benefits company. Becoming a member of the provider network requires dental professionals to complete lengthy applications.

Previously, three people spent hours manually checking each application or renewal for accuracy. They would have to pull data from an application, then visit multiple websites to verify that information. Now, Delta Dental leverages Robotic Process Automation to automatically classify and extract the information they need from the application and supporting documentation—delivering considerable cost savings and helping to ensure provider applications and renewals are processed efficiently.

To learn more about Delta Dental's use of RPA, visit:

[www.kofax.com/learn/case-studies/delta-dental-of-colorado](http://www.kofax.com/learn/case-studies/delta-dental-of-colorado)

<sup>9</sup> A Holistic Approach to Insurance Automation -Accenture, 2016



# Where RPA Fits

## A Day in the Life of an Insurance Robot

As a key component of an overarching process transformation strategy, RPA is ideal for performing the following types of tasks:

- Opening emails and attachments
- Logging into web/enterprise applications
- Moving files and folders
- Pulling data from the web
- Connecting and interacting with systems via user application interface
- Following “if/then” decisions and rules
- Extracting and reformatting data into Microsoft Excel reports
- Connecting data with business intelligence dashboards
- Extracting structured and semi-structured data from electronic documents such as PDFs
- Collecting social media data for sentiment analysis
- Merging data from multiple sources
- Automating calculations
- Comparing content between systems
- Copying and pasting data between applications
- Filling in online forms
- Reading and writing to databases

### FOR EXAMPLE

*An employee on your team logs in to the Department of Motor Vehicles to look up a potential policyholder's relevant driving history, then swivels back to enter that information into your core system, such as policy administration or claims management. With RPA, software robots complete all of the same steps, in a fraction of the time and with no manual effort.*

# RPA Frees Insurers from Swivel-Chair Slowdown

Working tirelessly 24/7, intelligent software robots do an excellent job of entering information at a fraction of the cost of manual processes, while improving accuracy and process visibility.

## RPA Reduces Cost

According to the Institute for Robotic Process Automation, a software robot costs much less than its human counterpart—as little as one-third the price of an offshore full-time employee (FTE) and one-fifth the price of an onshore FTE<sup>10</sup>.

Unlike humans, software robots don't require ongoing training, and because you won't need any complex coding or APIs, RPA can be deployed rapidly. These factors make RPA a cost-effective choice for many P&C and Life automation scenarios.

“Increased automation of tasks does not necessarily lead to loss of jobs—workforce augmentation, rather than replacement, may be a more likely outcome.”<sup>12</sup>

Although you may have some anxiety about the perception that RPA is being implemented to replace human jobs, this has not yet been borne out in reality. Instead, organizations are looking for ways to better utilize—rather than replace—their valuable human resources. By applying human skill where it's needed and sparing employees from repetitive tasks, you may even improve turnover rates.<sup>12</sup>

“RPA allows companies to save 50-70% on labour costs by making intelligent use of resources, near-zero error rates, improved compliance and reduced process cycle time.”<sup>11</sup>



<sup>10</sup> Institute for Robotic Process Automation, 2016

<sup>11</sup> Robotics Process Automation: Ushering Innovation, Cost Savings -Xchanging, 2014

<sup>12</sup> Automate This: The Business Leader's Guide to Robotic and Intelligent Automation -Deloitte, 2015

# RPA Frees Insurers from Swivel-Chair Slowdown

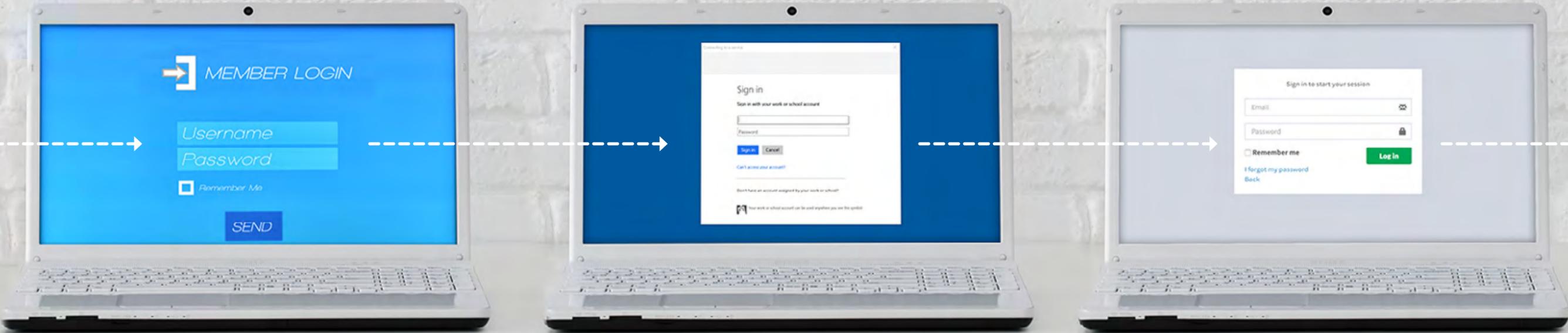
## RPA Improves Efficiency and Accuracy

Your business may require interacting with dozens—or even hundreds—of portals and applications, each with its own login credentials, site navigation, reports and transactions. No matter how skilled your employees are, interacting between all of these systems is going to result in manual mistakes. With software robots, you can achieve near-perfect accuracy. After all, software doesn't make typos.

RPA also efficiently addresses scalability, since software robots can be easily assigned and reassigned. Combined, these factors decrease cycle times and improve throughput. And, because they work 24/7, software robots are able to achieve much more output than their human counterparts, greatly boosting efficiency.

“ Our research also shows that through these technologies, humans are attaining new levels of process efficiency, such as improved operational cost, speed, accuracy and throughput volume.<sup>13</sup> ”

<sup>13</sup> The Robot and I -Cognizant, 2015



# RPA Frees Insurers from Swivel-Chair Slowdown

## RPA Gives You More Insight

Every manual process you currently implement obscures a true and accurate view of your processes. With RPA, every aspect of a process activity is tracked, giving operational managers greater visibility. This helps them quickly identify problems, take action and make decisions to improve processes before they impact your customers.

Digital processes leave an accurate trail of data that can be reviewed from a variety of perspectives. This makes Robotic Process Automation ideal to support company-wide auditability.

When RPA is applied, processes not only become vastly more efficient, they yield accurate, actionable information. This in turn helps to improve processes, which helps to improve accuracy, and so on—in a loop of continual refinement.

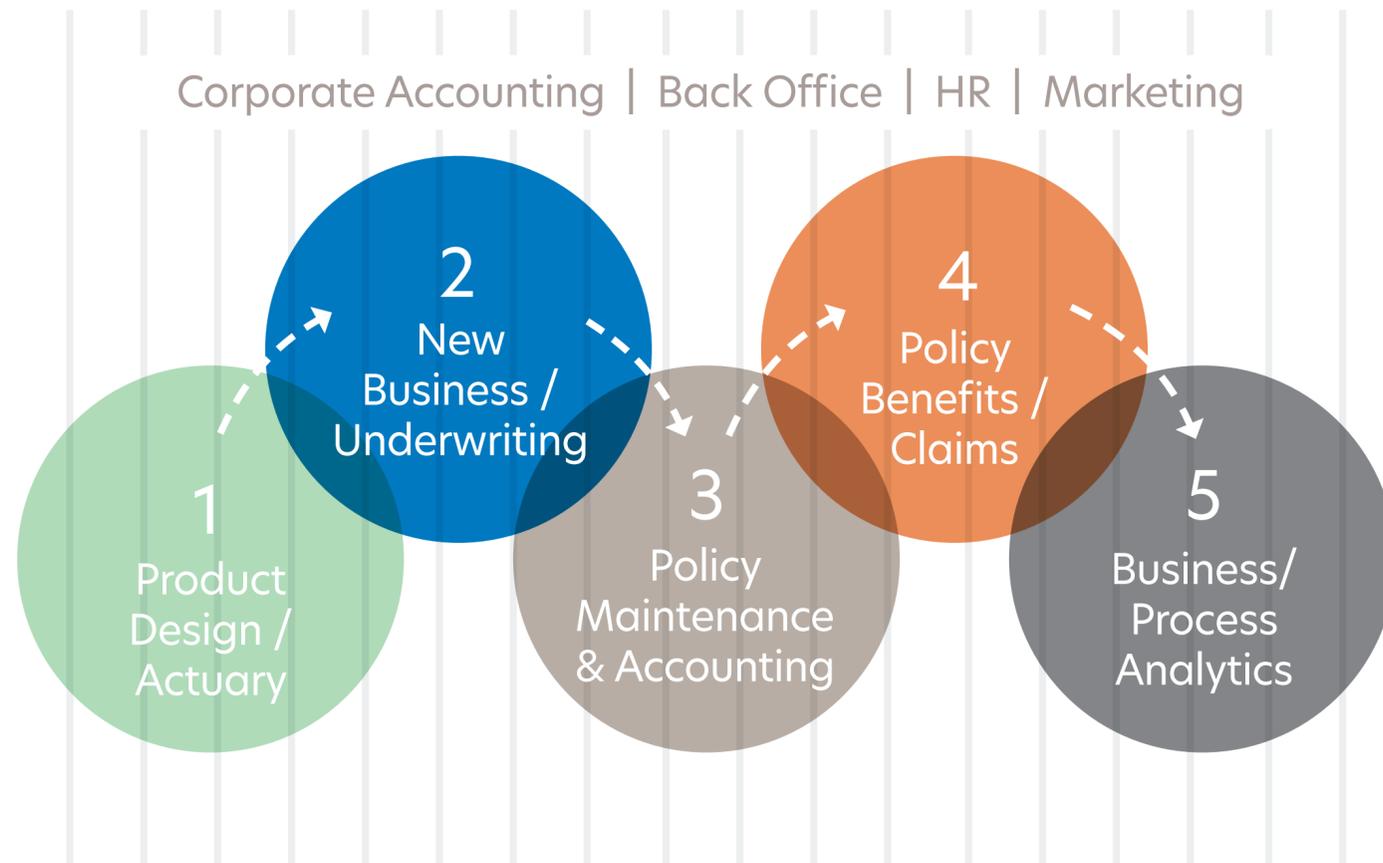


“ The tasks performed by a software robot can be monitored and recorded at every step, producing valuable data and an audit trail that can support further process improvement and also help with regulatory compliance.<sup>14</sup> ”

<sup>14</sup> The Business Leader's Guide to Robotic and Intelligent Automation -Deloitte, 2015

# Real-World Insurer Use Cases for RPA

Because RPA is so task-focused, there are hundreds of potential use cases for Property & Casualty and Life, often housed within other processes. Read on for examples of use cases that might be relevant to your scenario.



## 1. Product Design/Actuary

Developing a new P&C and Life product requires the review of a large amount of data to ensure the product is needed and competitively priced. RPA ensures that data gathered for actuarial purposes is as accurate as possible.

- Data that provides relevant analytics about the market
- Statistics from a number of private and public agencies
- Pricing data from competitive solutions

## 2. New Business/Underwriting

By definition, the underwriting process requires an assessment of the risk associated with a given policy. Use RPA to quickly and automatically gather precise data related to the applicant.

- Relevant prescription and medical histories for a potential Life policy from Milliman IntelliScript
- Geographic or demographic information extracted from Google Maps
- DMV records or CLUE report for an auto policy

# Real-World Insurer Use Cases for RPA

## 3. Policy Maintenance/Accounting

Data-intensive events, such as group policy renewals, are much easier when you leverage the speed and automation of RPA.

- Locating and entering data necessary for group policy renewals
- Information for policy billing and collections
- Setting up new vendors

## 4. Policy Benefits/Claims

Use RPA to help improve processing efficiency by automating claim verification and gathering data from many dissimilar outputs.

- Input First Notice of Loss (FNOL)
- Automated notification to loss adjusters and assignments to claims handlers
- Integration of claim-related information, regardless of source

## 5. Business/Process Analytics

Highly accurate data from RPA gives you the visibility you need to review and improve processes over time.

- Visibility into RPA-driven workflows
- Number of transactions processed and exceptions encountered
- Continued process improvement over time



# Why RPA for P&C and Life

## RPA Delivers Cost and Efficiency Improvements Insurers Need

Digital transformation is underway for most large organizations, including P&C and Life insurance companies. This is a result of pressure from consumers and competitors, as well as the high cost of manual processing.

As one component of your journey to complete digital transformation, Robotic Process Automation meets an important need: to gather and input information in ways that bypass the limits of manual processes, eliminating the need for swivel chair tasks.

“Early adopters of specific RPA tools have experienced significant impacts in the daily tasks and productivity for ranges between 2 employees to as many as 20 employees for a single engagement.”<sup>14</sup>

### Reduce Cost

- Cost is a fraction of a human worker, whether onshore or off, internal or outsourced
- No need to provide HR services or ongoing training
- No complex coding or APIs needed, enabling rapid deployment

<sup>14</sup> Use Cases for Robotic Process Automation: Providing a Team of “Virtual Workers” -Gartner, 2015



### Reallocate Employees to More Meaningful Work

- Human workers can be assigned to jobs requiring the nuance of human interaction
- Employees assigned to more meaningful tasks can result in lower turnover

### Improve Efficiency & Accuracy

- Capable of 24/7 productivity, software robots can output more work in less time

### Gain Insight

- RPA data helps you improve processes over time
- Supports company-wide auditability

# The Kapow RPA Solution

## Deploy Your Own Software Robot Team

Kofax Kapow offers the fastest and most efficient way to acquire, enhance, and deliver information from virtually any application or data source—including websites and portals, desktop applications, and enterprise systems—without any coding.

### Effortlessly Integrate Information

Automatically acquire and use data from websites, portals and enterprise applications.

### Avoid Human Error

Complete processes the same way every time and improve outcome reliability and accuracy.

### Free Up Human Talent

Empower employees to apply more nuanced skills while software robots complete repetitive tasks.

### Flex to the Need

Deploy new software robots as your business priorities change—in days, not months.

### Keep a Lid on Costs

Automatically run complex integrations without the need for costly and time-consuming coding.

### Reduce Cycle Time

Save budget by infusing intelligence into business processes that can be continually reviewed and improved.

“RPA allows companies to save 50-70% on labour costs by making intelligent use of resources, near-zero error rates, improved compliance and reduced process cycle time.”<sup>15</sup>

<sup>15</sup> Robotics Process Automation: Ushering Innovation, Cost Savings –Xchanging, 2014

# Case Studies

These insurers have seen impressive results by implementing Kofax Kapow for Robotic Process Automation, sometimes in combination with other solutions.

## Large Insurer One

A large finance and insurance provider needed to reduce delays in their processes. In addition to redundant steps, many of their workflows required too much manual intervention. The insurer implemented Kapow, immediately accelerating key processes.

### Challenges & Business Drivers

- Too much manual entry required
- Process gaps caused delays
- Lack of process visibility

### Solutions & Results

- Claims processing solution adjudicates claims 75% faster
- Software robots implemented alongside BPM, analytics, multi-channel capture and policyholder communications management
- Robot automatically pulls 86 data points into centralized document

## Large Insurer Two

This iconic insurer wanted to improve efficiency when running reports. Before Kapow, it took 3 people 2 hours each to generate 300 reports in PDF format. When Kapow's Robotic Process Automation was applied, one robot ran for 14 hours straight, generating more than 7,000 reports in PDF format.

### Before Kapow

- 3 people
- 6 hours
- 300 reports in PDF format

### After Kapow

- 1 robot
- 14 hours
- 7,000 reports in PDF format





The top drivers for automation go beyond cost savings to reduced error rates, better management of repeatable tasks and better standardization of process workflow.<sup>16</sup>



<sup>16</sup> The Robot and I –Cognizant, 2015



## Next Steps for RPA

To learn more about leveraging Robotic Process Automation to reduce cost and accelerate cycle times in your organization, contact us:

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LEARN MORE

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