

# Adjusting The Claims Process

STATE AUTO INSURANCE RESOLVED CUSTOMER SERVICE ISSUES BY SWITCHING FROM PAPER-BASED TO A WIRELESS CLAIMS ADJUSTMENT SOLUTION.



Wireless solutions have become “reasonably pervasive” in insurance in the last 24 months.

State Auto Insurance Company, Columbus, Ohio, is an insurance carrier serving 33 states, primarily with auto, home and small business insurance.

Like many insurance firms, State Auto had relied for years on providing adjusters with basic paper claims reports at the office, which were then taken out to the field, completed, and returned to the office. Sometimes the reports weren't returned for a couple of days, because adjusters need to service relatively wide territories, says Gene Roberts, State Auto assistant VP and director of claims operations.

Further complicating matters, the company sometimes contracted with independent adjusting firms to help during periods of high claim volume, such as in the aftermath of hailstorms and tornadoes. Some independent adjusters had different standards for estimates than State Auto did,

meaning that claims estimates were very inconsistent, Roberts says.

State Auto sought a mobile solution that would accomplish several goals:

- > eliminate the need for claims adjusters to travel to and from the office, so they could spend more time working in the field
- > improve customer service
- > eliminate the need for outside adjustment firms.

Since claims differ from occurrence to occurrence, and from property to property, it was also important to find a system that would allow adjusters to handwrite notes whenever possible along with the ability to connect with the home office. The system also needed to synch with the in-house computer network to upload data collected when the device was offline because no wireless networks were available.

## Hurricane Katrina Is Catalyst For Mobile Insurance Developments

The property and casualty insurance industry was slow to embrace mobile solutions prior to second-half 2005, according to insurance and technology analysts. This was due, in part, to the lack of applications designed for laptops and smaller, less powerful devices.

The need for such applications hit home with Hurricane Katrina in 2005. “During Hurricane Katrina, there were some ugly lessons learned,” says Karen Pauli, senior analyst for research firm Tower Group, Needham, Mass.

For example, many of the available mobile solutions were developed for lap-

tops, but many laptops at the time had no synching capability, says Pauli. Applications either needed to be on the device, or else the device had to have a wireless connection to the back office to manipulate the application from there. “[Users in the field] didn't know if changes had been made at the home office,” says Pauli.

Compounding the problem was the limited battery life of the laptops then on the market. Agents, adjusters, and underwriters in the field without reliable power sources for days at a stretch found their laptop batteries would die and they

would lose any information that hadn't been properly saved.

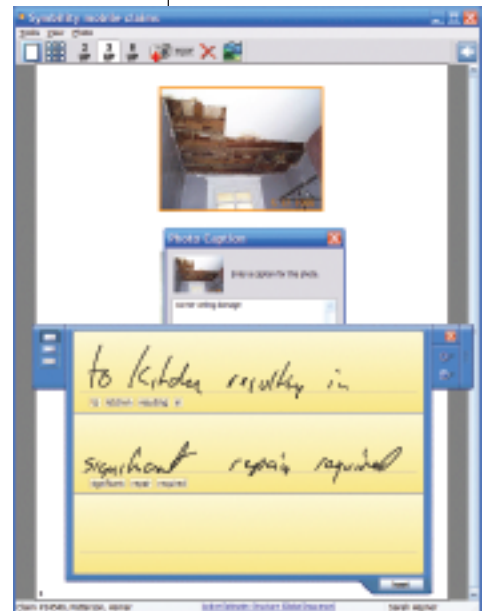
Lessons learned in the aftermath of Hurricane Katrina “laid the groundwork for many of the improvements in mobility in the insurance industry in the last two years,” Pauli says, adding that wireless solutions have become “reasonably pervasive” in the last 24 months.

“The story with wireless in insurance hinges on agent productivity and claims automation,” says Craig Weber, SVP in charge of the insurance practice for Celent, a Boston, Mass.-based research and consulting firm. “Property and casualty claims are the areas with the most natural fit [for mobile solutions] because claims adjusters need to quickly gather information and to distribute it.”

It was also important that the system offered flexible pricing. While many of the company's adjusters are dedicated to either property or casualty lines, others work in both areas. For some, a long time can pass between claims. Therefore, State Auto wanted a wireless solution with pricing based on the number of claims processed, rather than one that required licenses for every user.

In November 2006, State Auto licensed the Mobile Claims application from Symbility Solutions, Inc., the Toronto, Ontario-based subsidiary of Automated Benefits Corp., and a Microsoft partner.

The security team within State Auto's I.T. department reviewed Symbility's security measures and approved the service. The insurance group uses encrypted laptops and Tablet PCs and requires a VPN to connect to enterprises systems remotely.



The software is designed to run on Tablet PCs, which State Auto provided for its adjusters. The IBM Tablet PCs, complete with pen-based input technology, enable adjusters to easily record and store all pertinent information using a combination of the keyboard and stylus.

The Symbility mobile claims application uses an application service provider model that

**Symbility converts handwritten notes into electronic text. This not only ensures that workers aren't slowed down by manual keypad entry, but that they'll be able to later decipher their scribbles.**

Many insurance companies have outfitted property and claims agents with Tablet PCs, which have several advantages over laptops for the industry, Pauli says.

Tablet PCs have longer battery lives than their laptop counterparts, screens are more user friendly in the sunlight, they're lighter and easier to carry for long periods, they include syncing capabilities and enable the user to combine written information (with an electronic stylus) as well as data entered via a keyboard, she notes.

The applications have been refined so they work in connected or offline (syncing later) modes, Weber adds.

Many devices are now equipped with global positioning capabilities, critical during times of major disasters, accord-

ing to Pauli. "In some catastrophes, homes and street signs are blown away," she says. "[Insurance workers] need GPS capabilities to find locations and to be able to get efficiently, quickly to a lot of different locations."

Mobile sales automation solutions, meanwhile, enable agents to track appointments, sales, the status of applications and claims, and commissions in real or near real-time, notes Weber.

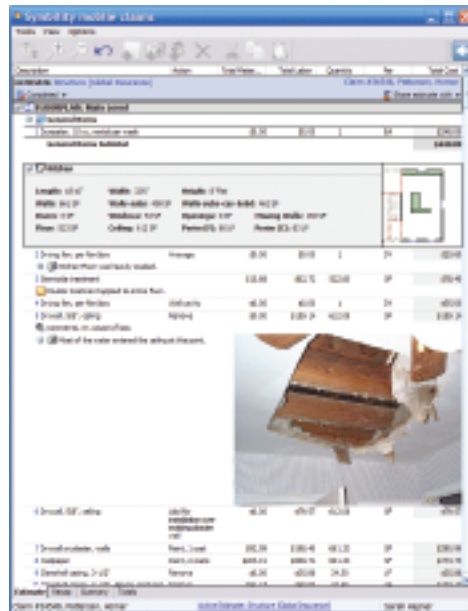
Among the developments Pauli foresees to improve mobility for insurance agency workers are:

- > ultra-mobile devices that would provide the computing power necessary in a smaller form than the Tablet PC
- > an increase in voice-activated applications that use speech technology to

activate and send information from the field to the claims department back office.

Weber describes mobile technology developments in the insurance industry as an arms race: When one company adds a particular technology, others race to follow suit. In addition to improving customer service, insurance carriers attempt to keep up with each other in order to recruit and retain agents. This is true for large firms with "captive" agents and smaller companies that rely on independent agents. "Conventional wisdom says that unless agents are captive, you can't afford to invest in technology for them," Weber says. "But even the independent agents are carrying BlackBerrys and Treos. Insurance carriers who support that will do well."

The Symbility application enables adjusters to shoot and store photos within the claim.



Thanks to the solution, the cycle time to process catastrophe claims has dropped from 18 days to just seven or fewer.

eliminates the need for internal storage and data structure. The application comes into State Auto headquarters through a central server, then State Auto pushes the application out to the Tablet PCs. Software updates are handled the same way.

“The product was very easy to learn,” Roberts says. “Symbility came in and trained our people on how to use their product. They showed us how to use the database and how to pull in the pricing [for claims].” Training took about a day and a half, according to Roberts.

The application and Tablet PCs synch with HP portable printers, enabling adjusters to print out claims estimates on the spot that they can leave with customers.

The Symbility application also synchs with a laser-based measuring device that adjusters use to accurately measure room and roof sizes, Roberts says. The laser device automatically calculates the dimensions and includes the information in the Symbility application.

Since implementing the Symbility mobile claims solution in Q1 2007, State Auto has been able to address several key areas, all of which are important elements in retaining customers. The solution has enabled State Auto to:

- > improve the speed of its customer service
- > increase the accuracy of estimates
- > reduce the time it takes to get payments to contractors (and, therefore, start repair work),

The efficiency of the wireless system compared with the previous paper-based system —

and the resulting elimination of third-party adjusters — have meant improvements in the speed and consistency of service. As a result, customer calls inquiring about the status of claims have dropped by one third, Roberts says. Approximately 95 adjusters are using the wireless system.

Since deploying the Symbility solution, the cycle time for catastrophe claims has decreased from 18 days to just seven or fewer, and there has been a similar impact on the non-catastrophe claims side of the business as well. This is due in part to State Auto relying more on staff adjusters and less on independent adjusters and contractors, but eliminating paper in the process allows the company to issue checks more quickly.

“Customers’ expectations have risen to the point where they expect this level of service,” Roberts says. “The public expects more rapid service than they’ve seen in the past.”

Improvements in consistency and accuracy of information have helped reduce the number of reopened claims, according to Roberts. “The percentage of reopened claims was very low before — only 1% to 2%, but now it’s nearly 0.”

Symbility released the latest version of its mobile claims application, 3.0, at the end of March, with features enabling users to include handwritten notes via a page that is embedded directly into the claims file. The newest release also integrates with Enservio, which provides content to aid with appraisals. //