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How One Insurance Company Transformed Its Claims Processing SLAs

Use Case

Evergreen (name changed for confidentiality), one of the industry's largest claims administrators serving global P&C insurance firms, needed to process a significantly higher volume of claims in half of its normal time. Meeting these higher Service Level Agreements (SLAs) was the new table stakes in a highly competitive market. To achieve its goal, the company's throughput had to skyrocket, without increasing headcount, or it'd crush profitability.

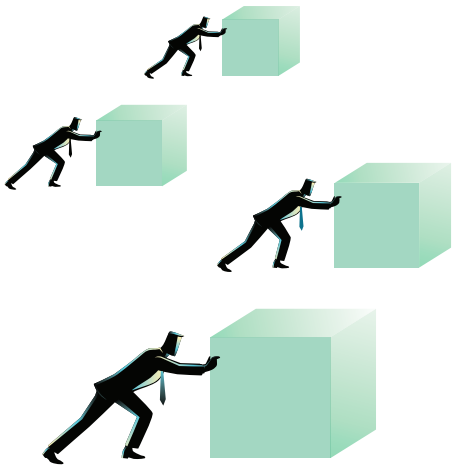
This sounded impossible, but one employee had a plan.

"Just got off of the phone with Marty in sales. We won that monster deal with [customer name redacted]. Want to know the details? How do you feel about ramping up claims processing volume by 20%? But we can't increase headcount, and we have to meet an SLA that's twice as fast as our current benchmarks."

But the boss is worried it isn't possible. After all, Evergreen had tried to resolve its process bottleneck before and did not succeed. But our hero has an idea.

The Competition is Fierce, The Pressure is On

Insurers outsource claims management work to firms like Evergreen to gain scale and efficiencies they can't get from their in-house shared services alone. Third party administrators (TPAs) such as Evergreen find a niche -- it's innovative and highly automated, with efficient processes -- to manage claims in a fiercely competitive environment. To win (and keep) business, firms must excel at customer experience as well as processing speed, efficiency, and cost.



This deal puts a lot of pressure on the operations team at Evergreen, but that's nothing new. If anything, it's a source of pride. The company is constantly asked to do more with less. This time might be different, though, because the innovation team has no choice but to fix this intractable problem.

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Industry - P&C Insurance

Company Type - Third Party Administrator

Process - Claims processing

Current State - Data extraction is manual, is slow, costly and is difficult to scale

Desired State - Goal is a fast, low-cost, scalable, and highly accurate data extraction process

The Bottleneck

Claims processing starts with a small army of humans manually entering data from forms. In Evergreen's case, **the company needed a team of 80 people to do the data extraction.**

And this manual bottleneck made it difficult for Evergreen to compete on its SLAs for processing speed and efficiency.

An Insurance Claim Process Works Like This

01 A customer has, for example, a car accident and files a claim.

02 The claim includes a set of documents such as claim forms, police reports, accident scene and vehicle damage pictures, vehicle operator drivers license, insurance copy, bills, invoices, and receipts. Documents like these aren't standard, especially for TPAs, which process claims for a variety of different insurance customers.

03 The business systems that automate most of the claims processing can't function without data from the forms. However, the forms are often complex and littered with unstructured data. So most firms need humans to read the forms and manually key in the data necessary to drive the automation.

04 Once it has its data, the claims process can begin.

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Nice Try, But OCR Can't Cut It

Evergreen had tried to use well-established OCR technology to extract data from unstructured documents. But it didn't work. Evergreen's documents were too complex, and had too much variation across document types and formats for template-based OCR to work properly. It was just too much of a stretch for the fixed templates. OCR missed important information and left data behind.

Machine Learning (ML) OCR, technology which essentially bolts some AI onto the front end of OCR, was the next attempt. It's intended to tackle the template problem by helping OCR templates become more flexible and able to tolerate document structure variation. ML OCR worked better than standard OCR, but also had a ways to go.

It became clear that finding a better OCR wasn't going to solve the problem. OCR and even ML OCR were dead ends. Our hero needed a new approach to automated data extraction to be able to keep Evergreen in a position to offer industry-leading performance, backed by solid guarantees.

Here's a Better Solution

In instances like these, incremental improvements just aren't enough. Our hero in this story had to remove the processing bottleneck by minimizing human intervention as much as possible. That would allow Evergreen to transform the end-to-end claims management process and achieve remarkable efficiency gains.

If our hero could redefine what's possible and find a viable solution, he'd do more than achieve his goal - he'd give his company a sustainable competitive advantage, and put a feather in his cap along the way.

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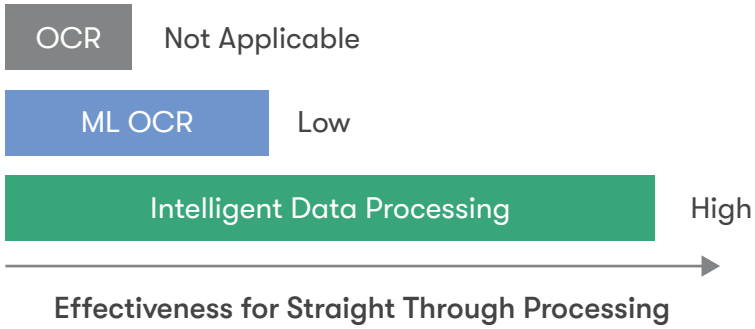
Straight Through Processing (STP) is when data can be extracted from documents without needing any human intervention. STP's goal is to provide **100% automation of the document extraction and validation process.**

Every Bond Needs His Q

Even though our hero knew which problem he had to solve (i.e., automate data extraction), he didn't know where he could get the technology to solve it. For that matter, he didn't even know if it existed. He reached out to his professional network to help accelerate his search. Sure enough, One of his peers used Infrrd to solve a similar data extraction problem at her firm. She said the results had been spectacular.

Instead of a static approach like OCR, Infrrd's Intelligent Data Processing (IDP) platform uses dynamic AI technologies that work together to make sense of unstructured documents, such as complex insurance claims forms. IDP also uses machine learning, but not in the same way as ML OCR. Infrrd's ML gives the company the power to handle variation among thousands of document types, and Infrrd can also make sense of document types it has never seen before.



Our hero found that Infrrd's technology was advanced enough to deliver results that could support a much higher rate of straight-through processing.

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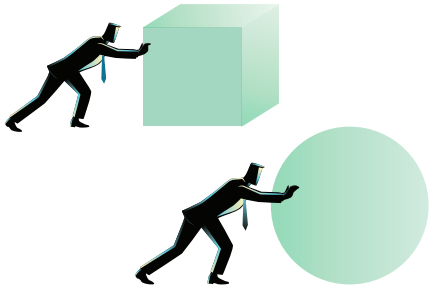
Fast Forward. Literally.

Evergreen worked with Infrrd to deploy an Intelligent Data Processing solution. Here's how it happened:

The company fed its documents into the Infrrd platform. The platform **automatically classifies the documents, extracts the relevant data**, and sends it into Evergreen's proprietary claims processing system. **Infrrd's approach achieves high accuracy**, which is critical to removing the company's process bottleneck.



And There Was Great Success

This was transformation in action. With some help from Infrrd, our hero delivered what was once thought impossible, and Evergreen was able to scale its business to meet increasingly challenging customer demands.

- **Straight-Through Processing**: Nearly half of the documents are processed without human intervention, dramatically increasing throughput and productivity.
- **Processing Time**: In the IDP system, document processing anomalies are flagged by the system and sent for manual processing. Only exceptions enter a manual workflow. This cuts processing time in half and significantly reduces the staffing required.
- **Scale**: Total volume of claims processed 400% faster. Despite the speed, accuracy and compliance increased.

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Infrrd automates data extraction from unstructured documents and images, using AI to help enterprises transform their processes and automation initiatives.

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