



# Claims technology: what's here today and on the horizon for tomorrow

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In the not-so-distant past, the thought of near-instantaneously adjudicating an insurance claim or using remote-controlled drones to capture images of property damage seemed like science fiction. It simply couldn't be done. But we've seen that, and much more, emerge over the past decade — and additional innovations are on the horizon.

For example, technologies like ChatGPT (generative pre-trained transformer) have the potential to further transform the industry. In contrast, other innovations may be brilliant ideas with few tactical applications to our work.

So, what's the best path forward for the claims industry regarding adopting current technology and innovations to come? How do we go beyond the buzz to bring the benefits of technology to more stakeholders, use it for creative problem-solving, and move the needle on customer satisfaction and operational and financial performance?

Answering these questions should begin with a few others: How can we use technology to solve problems, big and small? How can these tools help us provide greater efficiency in claims, improve customer loyalty, support personalized care and optimal outcomes, and enhance future functionality and benefits?

Focusing on the answers to these key questions will enable our industry to embrace current technology offerings and look forward to gaining greater value from promising future innovations.

## **COMMUNICATION, AUTOMATION AND INNOVATION**

We are mindful of three key things that we anticipate will most significantly impact our industry's tech story this year:

- *Communication* – In a people first approach, customized user experiences matter. Communication continues to transform customer service, build more meaningful interactions, and influence how people engage throughout the claims process. Individuals are demanding full-service, instantaneous options, including flexible, multichannel flow through talk, text and chat.
- *Automation* – The automation of processes and digitization of tools is occurring in ways large and small as we stay tech forward. Even automating segments of the process – like eligibility verification, valuation and validation – and integrating rules-based decisioning can take a burden off of claims professionals and hasten the resolution process, improving the user experience for adjusters and claimants.
- *Innovation* – Forward-thinking organizations are data driven, leveraging the latest advances in technology strategically, but also securely. By harnessing the power of both structured and unstructured data in new ways, decisions are optimized and prescribed to bring better value and outcomes. Data and next-generation artificial intelligence (AI) combine to simplify complex processes. Quality initiatives can be built for real time action instead of retrospective review.

## **CUSTOMER LOYALTY + PERSONALIZED CARE = OPTIMAL OUTCOMES**

Insurers and employers must carefully balance the efficiencies of new technologies with the risk of losing the personal touch. The customer experience is important and should be individualized. Not everyone wants to go to a website to resolve a claim. Some want to speak with another human, others wish to email, and others the ability to send images via an app or to use text and online chat features. But providing options for technology utilization and communication can be a win-win; it not only streamlines processes, but also promotes loyalty. Treating people how they want to be treated helps insurers retain their customers and employers satisfy the needs of the workforce.

Despite its many benefits, technology is not a substitution for personal interaction. At Sedgwick, we've adopted a people first, tech forward, data driven mindset. We believe the best way to employ technology is to leverage its capabilities to perform manual tasks — giving our claims professionals more opportunities to deliver empathy through meaningful human connection and engagement.

This approach is essential when it comes to more complex claims. For example, providing individualized, compassionate care after an injury or illness is crucial, and technology can further enhance the process. Along with automating basic functions like eligibility, AI can serve as the backbone for predictive models developed to identify when an individual might benefit from a clinical intervention, such as a call from a nurse case manager or a review of their prescriptions.

Sedgwick's new solution for efficiently processing [residential water damage claims](#) uses a similar methodology. The tool employs automation to adjudicate low-complexity losses; based on the extent of the damages reported, homeowners may receive referrals to repair and restoration services from our contractor network, as well as to our temporary housing team for further assistance.

These technologies help to ensure that the right resources are applied to assist individuals at the right time. This allows claims professionals to do what they do best: engage customers, solve problems, alleviate complexity, and restore peace of mind.

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## **AUTOMATING CRITICAL TASKS**

Technology touches nearly every aspect of our work, from staffing to claims processing. Indeed, one of the more exciting changes over the past decade has been the ability to fully automate critical elements of the handling process for simple claims. Increasingly, claims involving damage to or the loss of lower-cost consumer products, such as smartphones or small appliances, are handled with little to no human intervention. One reason why this is possible is that we can now automate critical tasks, such as:

- Eligibility verification
- Rules-based decisioning
- Documentation validation
- Value calculations

However, far more than simple claims can be automated. Large global insurers are now partnering with tech-savvy third party administrators (TPAs) and other vendor partners to utilize advanced infrared drone technology, high-resolution satellites and sophisticated interfaces to gather data that can be integrated into the process on complex claims and provide rapid results and insights.

## **Combating talent shortages by enhancing the employee experience**

One of the lesser-known benefits of automation is its value in addressing the industry's ongoing staffing challenges. Despite the uncertain economic environment, the labor market remains tight. It's vital to enhance the work experience of our people so we can continue to attract and retain highly skilled employees. Removing mundane, repetitive tasks from their workloads and enriching their jobs with opportunities to work on more engaging tasks and challenging claims is essential to retention. We can now allow automation technology to do some of the heavy lifting, especially for low-value and low-severity claims, so the talented people in our industry can devote their energies to making a meaningful difference for our clients.

## **Enabling self-service**

Another area where automation technology has had a significant impact is in self-service capabilities. Today, customers are empowered to go online and manage portions of the claims process. For example, if a policyholder has a roof damage claim due to a storm, they can go to their insurer's website and provide data on the loss, including the location and date of the event. Automation enables us to verify their policy and coverage and drill down in real time into the weather conditions in that area on that date. With this information, customers can resolve their claims faster and remain updated on every step of the process.

## **The transformative potential of artificial intelligence**

No matter your field, it's hard to escape the buzz around AI. It's important to note that automation and AI represent two different disciplines. AI is a tool to perform tasks like a human. For example, we currently use it to gather data from document images and other sources to round out claim file notes. On the other hand, automation is the application of tools like AI to compile and analyze massive datasets and models. It can transform non-complex claims handling into an instantaneous process that requires little to no human intervention.

## **A LIGHTER TOUCH**

Going from traditional claims handling techniques to no-touch automation is too much to ask of some insurers and customers. One way to encourage greater adoption is to consider that it doesn't need to be all or nothing. Instead, we can apply a "light touch" approach to automating pieces of complex claims.

Essential elements of the claim, such as eligibility verification, can be automated, leaving the more complex and customer-facing tasks to skilled adjusters, supported by insights provided by AI. The key to this approach is to recognize which claim tasks benefit most from technology and where human intervention adds the most value to the end-user experience.

## ENHANCING CURRENT AND FOSTERING FUTURE FUNCTIONALITIES

Widespread industry adoption is vital to securing optimal value from new technologies. Therefore, we encourage more insurers and employers to look at relevant advancements and work with trusted, expert partners to embed them in their operational processes. Much of that innovation will involve ongoing developments in AI.

For example, AI can now “read” and interpret unstructured data, such as information in handwritten notes and posts on claimants’ social media channels, to identify cases ripe for intervention. An injured worker whose file indicates they are experiencing depression (which may also hinder recovery) can be automatically referred to a member of our behavioral health team for further consultation and coaching.

We’re also seeing exciting advances in tech-driven tools that can preemptively identify risk. In the UK, we can now help clients pinpoint what’s causing their claims and what can be done to prevent them. Our real-time information hub [viaOne](#)<sup>®</sup> presents these insights on a secure, easy-to-read dashboard, simplifying data analysis and access for clients.

## COULD GPT BE AN INDUSTRY GAME-CHANGER?

These days, no discussion of technology is complete without noting the buzz around ChatGPT. The much-hyped innovation has the potential to fundamentally transform how people interact with technology and leverage it for better outcomes in a range of industries, including insurance. But we must do so carefully and in ways that align with our mission, culture and commitment to data privacy.

Sedgwick is already building a platform to leverage the capabilities of OpenAI’s GPT-4 within our secure, proprietary technology environment. This [advanced application](#) — the first of its kind in the industry — will allow colleagues to explore the impact of generative AI performance and natural language processing on day-to-day tasks, such as document summarization, claims queries, medical and biomedical classifications and more. Automating important but routine aspects of our work processes with the help of generative technology will help our talented professionals gain value from information more quickly, relay it back to our clients more efficiently, and dedicate more time to the people whose care is entrusted to them.

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# How can these tools help us provide greater efficiency in claims, improve customer loyalty, support personalized care and optimal outcomes, and enhance future functionality and benefits?

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## BEGIN WITH TRUST AND TRANSPARENCY

With technology's many benefits, what can be done to expand its effective use in claims? There are four critical factors:

1. Ensuring transparency
2. Trust and faith in the technology and its security
3. Assurance customers will embrace and utilize it
4. Cost and return on investment

Transparency is one of the primary ways to build trust in technology. At Sedgwick, we continually work to support our position as a trusted industry leader in the adoption of advanced technology. Through thought leadership articles like this and other communication efforts, we strive to share what's happening behind the scenes, so clients can see first-hand the value technology brings to their claims.



In line with our commitment to transparency, we provide insights to individual clients on the costs associated with technology adoption and the process improvements they can expect from the implementation. However, results will ultimately depend on the technology, scope of adoption and the user experience. A trustworthy partner will provide on-demand dashboards that offer meaningful, real-time insights into status and performance.

## **TECHNOLOGY AS A TOOL FOR TRANSFORMATION**

Through the use of emerging technology, we can provide greater opportunities for people to focus on essential claim-related tasks and access the data they need to get their jobs done quickly, accurately, efficiently — and with the right level of human touch. The driving principle behind the adoption of technology should always focus on the experience of those who use it and its ability to help them solve problems.

To benefit all stakeholders, we must continually look for ways to target pain points, communicate with people the way they want, identify areas of risk and opportunities, find smart ways to automate processes, and empower our skilled adjusters to optimize the value of promising technologies for today — and innovations on the horizon for tomorrow. We believe this is the right approach for true transformation and value for our industry and clients.

## **RESOURCES**

### **Automation in claims is not an all-or-nothing prospect, Sedgwick blog, March 30, 2023**

<https://www.sedgwick.com/blog/2023/03/30/automation-in-claims-is-not-an-all-or-nothing-prospect>

### **Cultivating the ultimate consumer experience, Sedgwick edge 18**

[https://edge.sedgwick.com/issue\\_018/cultivating-the-ultimate-consumer-experience/](https://edge.sedgwick.com/issue_018/cultivating-the-ultimate-consumer-experience/)

### **Enhancing the claims process through policyholder self-service technology, Sedgwick blog, Nov. 23, 2022**

<https://www.sedgwick.com/blog/2022/11/23/enhancing-the-claims-process-through-policyholder-self-service-technology>

### **From satellites to bot and beyond: the evolution of property claims technology, Sedgwick edge 17**

[https://edge.sedgwick.com/issue\\_017/from-satellites-to-bots-and-beyond-the-evolution-of-property-claims-technology/](https://edge.sedgwick.com/issue_017/from-satellites-to-bots-and-beyond-the-evolution-of-property-claims-technology/)

### **Sedgwick unveils artificial intelligence tool Sidekick, Business Insurance, April 26, 2023**

<https://www.businessinsurance.com/article/20230426/NEWS08/912357036/Sedgwick-unveils-artificial-intelligence-tool-Sidekick>

### **Natural language processing and the digital claims transformation, Sedgwick blog, Aug. 2, 2022**

<https://www.sedgwick.com/blog/2022/08/02/natural-language-processing-and-the-digital-claims-transformation>

### **Three pillars of innovative property claims management, Sedgwick blog, Dec. 7, 2022**

<https://www.sedgwick.com/blog/2022/12/07/three-pillars-of-innovative-property-claims-management>