

Life Insurance Claims Vendors in North America: Evaluating Stand-Alone Systems

Report excerpt prepared for:



MARCH 2018

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IMPACT POINTS

- Claims solutions are typically part of a larger core policy administration system (PAS), making solutions that can stand alone and integrate with other core systems a key opportunity for life insurance carriers to transform the claims operation. This report utilizes the Aite Impact Matrix (AIM) methodology to compare stand-alone claims vendors supporting North American life insurance carriers in their overall competitive position, focusing on vendor stability, client strength, product features, and client services.
- Stand-alone claims vendors supporting North America have strong solutions to support the basic needs for claims processing. Key differentiators can be found when closely comparing functions and features to support digital transformation, analytics, and automation.
- Workflow and rules are key to successful claims processing, and vendors in this space offer little differentiation and solid support. The key area of differentiation is in configuration options that include templates rather than require users to start configuration from scratch.
- Stand-alone claims solutions offer great support to reduce operational costs. Automating processes to reduce costs in the claims department is done through the use of robotics process automation (RPA) and chatbots, yet very few vendors support these tools.
- Most vendors understand the need for digital transformation and have a solution to fit the basic digital needs of the claims process. Where many fall short is the ability to provide a device-agnostic solution, offer group employer portals, and accept e-signature.
- Not all stand-alone claims vendors allow for full mobile claims processing, but all recognize the need for and provide the mobile support for submitting the first notice of loss (FNOL).
- Claims vendors provide strong reporting capabilities to support business intelligence and basic descriptive analytics. Most lack the ability to support more advanced predictive and prescriptive analytics or unstructured data to support testing or other actuarial or underwriting functions.

INTRODUCTION

As more of a back-office function in comparison to front-office, customer-facing technologies and processes, claims has not yet been given much attention by life insurance carriers. As the U.S. life insurance industry starts to shift its focus to include back-office operations, claims is becoming a primary focus. The new attention to claims is occurring because of two main reasons, the first being operational cost. Claims processes are old and very manual, driving up the cost of operations in this area for the life insurance carrier. The second key driver is the customer experience, or the beneficiary experience in the claims scenario. The very manual process of submitting a claim is driving a poor experience for the beneficiary and can impact the speed at which a claim is paid. Life insurance carriers are looking to develop more digital claims processes to support the beneficiary experience as well as to improve on the operational costs.

One of the main challenges carriers face as they consider updating or improving tools within their technology ecosystem or their core PAS is the inability to tackle only one component of the system, such as claims, at a time. Many core PAS tools available in the U.S. do not allow for their claims solutions to stand alone, pushing U.S.-based life insurance carriers to maintain the solutions they have and create workarounds to improve the process. This lack of a stand-alone option is impeding carriers' ability to improve processes and the customer experience.

Life insurance carriers in the U.S. looking to improve their current tools to reduce operational costs, support digital capabilities and analytics, and improve the overall beneficiary experience without the cost of replacing a core PAS have limited options. A handful of technology vendors recognize the need to support the U.S. life insurance industry's mission to upgrade claims tools. These vendors also recognize the carriers' inability or refusal to invest in a complete PAS. This Impact Report provides a detailed assessment of the technology vendors that support the U.S. life insurance industry with a stand-alone core claims system. The vendors analyzed in this report are EIS, FINEOS, Intellect SEEC, Oracle/Equisoft, and Vitech.

METHODOLOGY

Leveraging the Aite Impact Matrix (AIM) methodology, a proprietary Aite Group vendor assessment framework, this Impact Report evaluates the overall competitive position of each vendor, focusing on vendor stability, client strength, product features, and client services.

This research is based on 24 qualitative Aite Group interviews and quantitative surveys with life insurance IT executives and with technology vendors currently offering a stand-alone life insurance claims solution in the U.S. IT executives at top life and annuity companies provided input on their current strategies and views on the challenges they face with regard to claims and integrations, and they completed client reference check surveys.

Technology vendors were provided a request for information (RFI) and required to provide high-level demos providing an overview of their solution, including their key strengths, underlying technology, and key differentiators, and completed a full quantitative survey. To be included in the report, vendors must have at least one U.S.-based carrier actively utilizing the claims solution, and it must be able to be integrated as a stand-alone tool rather than only as a part of a larger PAS.

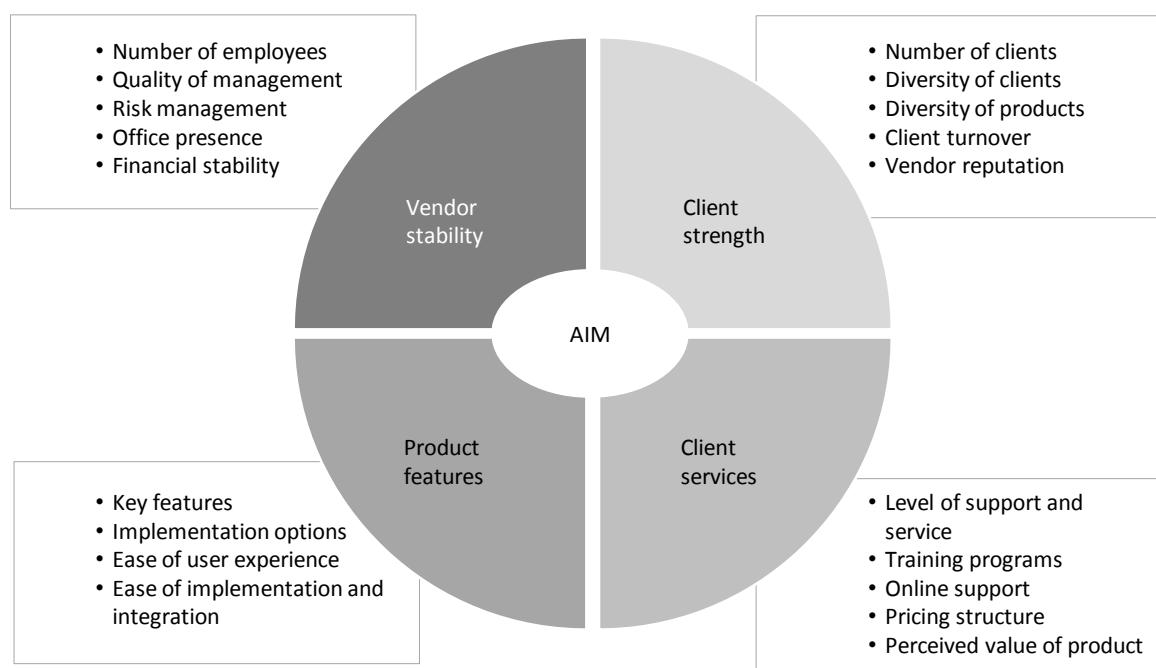
AIM INTRODUCED

The AIM is a comprehensive proprietary vendor evaluation process designed to provide a holistic analysis of participating vendors and identify market leaders in each evaluated vendor market. By incorporating many aspects of a vendor's essential characteristics for success and growth, including financial and client stability, product features, and customer service, the AIM provides an actionable guide for market participants looking for viable third-party vendor solutions and services.

AIM COMPONENTS

The AIM comprises four key components (Figure 1).

Figure 1: AIM Key Components



Source: Aite Group

The beauty of the AIM is that by leveraging this framework, Aite Group analysts can pinpoint vendors' strengths and weaknesses, and vendors can utilize this framework to make sure they are on the right path to reaching the coveted best-in-class position. The flexibility of the AIM is also designed to be beneficial for those financial institutions looking to make vendor decisions tied to their unique set of internal requirements.

THE MARKET

Legacy claims systems are crippling life insurance carriers' ability to advance the way they handle claims and meet customers' expectations. As customer experience is high on the list of priorities for life insurance carriers in North America and globally, carriers are focused on solutions designed to meet consumers' demands and provide a top-level customer experience. Functions such as workflow and rules, digital capabilities, and analytics and reporting are key to creating the right customer experience while also supporting the need to reduce the operational costs that are rising because of outdated processes (Table A).

Table A: The Market

Market trends	Market implications
Need for advanced automation through workflow and rules	Carriers have been utilizing workflow tools and minimal rules to support a better operational process and to speed up the end-to-end claims process, but it hasn't been enough to provide extensive automation. Without utilizing a combination of the two tools, carriers will not meet the automation goals they strive to attain.
Mandate to improve operational inefficiencies	Operational costs continue to drive down life insurance carriers' profits. The claims department's manual and paper-driven processes must be improved by using tools that monitor processes closely or provide streamlined automation, such as RPA and chatbots, or carriers risk a continued rise in operational expenses.
Push for digital capabilities to support customer experience	Customers demand the anywhere, anytime experience, and carriers fall short of providing this in the life insurance claims process. Without digital technologies, the customer experience will continue to decline.
Demand for seamless integration both internally and with external data sources	The number of systems within the carriers' technology ecosystem continues to rise as does the number of third-party data sources, driving the need for integration. Limited integration within the ecosystem limits the carrier's ability to use analytics, automate, and create efficiencies.
Desired improvements in analytics and reporting for process improvement and predictive analysis	Carriers are using analytics across the organization, but, because of their legacy systems, they struggle to use it properly.

Source: Aite Group

AUTOMATION THROUGH WORKFLOW AND RULES

The cost of handling life insurance claims has increased over the years, driven by manual processes and regulatory mandates. Over time, carriers have implemented workflow tools to help streamline and manage the process, but workflow isn't enough on its own. Even workflow tools can require a lot of manual intervention to ensure agents are supporting equal workloads. Integrating rules engines along with workflow helps to support the automation of certain

processes and eliminate manual intervention. Life insurance carriers are moving toward automated claims payments to speed up the payment process where applicable, and without the rules and workflow combination, this type of automation is not possible.

Claims solutions have refined these tools over time and are developed to pay claims via a straight-through process. Where these solutions differ is in their ability to configure basic templates and to configure workflow. In all cases, a business analyst can support the configuration of workflow, but not entirely on his or her own. An IT/technical person is usually still needed to support configuration (Table B).

Table B: Workflow Functionality Support

Category	Feature	Vendor support
What workflow capabilities are supported?	User tasks	●
	Picking tasks	●
	Picking tasks from a shared list	●
	Routing	●
	Creation of activities	●
	Rules engine	●
How is workflow configuration supported?	Workload management	●
	Rules configuration	●
	Templates	●
	Wizard-based configuration	●
Who is needed to configure workflow?	Subject-matter expert	●
	Business analyst	●
	IT/technical	●

Source: Vendors, Aite Group

Legend: One to two vendors = ●, three vendors = ○, four vendors = □, five vendors = ■

CREATING OPERATIONAL EFFICIENCIES

Continuing on the theme of reducing costs, life insurance carriers have been focusing on creating efficiencies across the organization. The claims operation is not immune to these struggles with inefficiency. Carriers have worked to improve processes by implementing workflows and have

eliminated unnecessary bottlenecks over time, but even these changes have not had the desired impact.

As seen in Table C, most U.S. stand-alone claims solutions support the necessary functions to improve the claims process and reduce the cost of operations for this area. They provide cycle-time tracking for continuous improvement as well as automated communications to support straight-through processing. Where carriers will find the most opportunity to support automation however, is through the use of RPA and chatbots. This is where stand-alone claims vendors differ in their ability to support the life insurance industry. Very few incorporate the use of RPA or chatbots, yet they recognize the benefits that these features can provide the carrier. Some vendors have these items on their roadmaps for future implementations.

Table C: Functional Support for Operational Efficiencies

Feature	Vendor support
Cycle-time tracking	●
Automated communication to customer	●
Automated claims payout	●
Use of RPA	○
Use of chatbots	○
Agent skillset tracking	●
Agent product capabilities tracking	●
Agent role-based tracking	●
Agent rights and permissions tracking	●
Agent access control	●

Source: Vendors, Aite Group

Legend: One to two vendors = ○, three vendors = ●, four vendors = ○●, five vendors = ●●

A DIGITAL MOVEMENT

Carriers have two needs that move them toward a more digital claims process. The first is to reduce the operational costs within a highly manual process area. Processes are outdated and typically handled completely through human interaction. The movement to more digital processing allows carriers to reduce manual handling, automate some processes, and handle claims more quickly.

The second opportunity carriers are looking for with digitization is the ability to create a positive customer experience. During the time of loss, consumers do not want to have to interact with someone or deal with manual processes. A digital, self-managed claims process supports the anywhere, anytime experience consumers are looking for. Providing a digital solution enables the consumers to manage and track their own claims at their convenience.

Most stand-alone claims solutions in the U.S. provide the basic tools needed to support a digital claims experience, such as uploading documents or accepting the FNOL via websites or mobile apps. They lack the ability to accept e-signature for documents as well as digital group/employer portals. More importantly, though, is that carriers admit to a failure to use the digital tools these solutions make available to them (Table D).

Table D: Digital Functionality Support

Category	Feature	Vendor support
What digital capabilities are supported?	Digital upload of claims documents	●
	Digital claims FNOL	●
	Automated email notifications	●
	Device-agnostic	●
	Mobile app ready	●
	E-signature	○
	Customer web portal	●
	Agent web portal	●
What mobile app features are supported?	Group employer portal	○
	Text notifications	●
	Mobile scanning and upload of documents	●
	Mobile picture upload	●
	FNOL	●
	Death claim	●
	Claim status	●
	E-signature	○

Category	Feature	Vendor support
	Android-capable	●
	iOS-capable	●

Source: Vendors, Aite Group

Legend: One to two vendors = ●, three vendors = ○, four vendors = □, five vendors = ■

SEAMLESS INTEGRATION

The legacy systems that plague most life insurance carriers hinder the integration with most stand-alone technology systems. All types of technology vendors have had to overcome the challenge of integrating with many different types of legacy systems across the life insurance technology ecosystem, claims vendors included. In addition to the many different legacy systems life insurance carriers house, the number of third-party data providers supporting the claims process has grown over time, and automating the inclusion of those data elements into the claims process is necessary to maintain or reduce cost.

Stand-alone claims solution vendors understand the value of integrating with multiple systems across the life insurance technology ecosystem as well as with third-party data providers, as seen in Table E. Where they fall short is in their ability to integrate with third-party artificial intelligence (AI) tools and third-party chatbots. While these are more advanced features, the ability to integrate and provide a fully automated and scalable solution sets some vendors apart.

Table E: Integration Support

Feature	Vendor support
Other core systems	●
Document management systems	●
Built-in document management system	●
Medical Information Bureau (MIB)	●
Death master file	●
State-specific data systems	●
Real-time third-party data integration	●
Batch third-party data integration	●
Single sign-on	●
Integration with carrier's security layers	●

Feature	Vendor support
Integration for AI tools	●
Integration for RPA	●
Integration for chatbots	●
Pre-integrated with third-party AI tools	○
Pre-integrated with third-party chatbots	○

Source: Vendors, Aite Group

Legend: One to two vendors = ○, three vendors = ●, four vendors = ○●, five vendors = ●●

ANALYTICS AND REPORTING

Life insurance carriers have invested a lot of time and money into analytics and reporting capabilities across the organization. Basic reporting and business intelligence has been utilized in claims to support business improvement and to track claims-agent production. The use of more advanced analytics, such as predictive and prescriptive analytics, to support automation in the claims area has only just begun.

Table F identifies stand-alone claims vendors' strength in supporting the life insurance industry's basic reporting needs. Vendors understand the need for many different types of reports and dashboards to help the claims department be successful. Agent reporting and financial reporting are shortcomings for some vendors, however. Advanced analytics support is also an area in which stand-alone vendors need to develop, as very few offer features beyond basic descriptive analytics, including the ability to utilize unstructured data. It is noted that analytics is another key roadmap item for stand-alone claims vendors.

Table F: Analytics and Reporting Support

Category	Feature	Vendor support
What reporting functions are available?	3-D visual reports	○
	Business intelligence	●
	Agent reports	●
	Basic dashboards	●
	Graphical reporting dashboards	●
	Audit reporting	●
	Financial reporting	●

Category	Feature	Vendor support
What analytical capabilities are available?	Ad hoc reporting	●
	Self-documenting for audit and regulatory reporting	●
	Descriptive analytics	●
	Predictive analytics	○
	Prescriptive analytics	○
	Unstructured data for analytics	○
	Analytics to support testing	○

Source: Vendors, Aite Group

Legend: One to two vendors = ○, three vendors = ●, four vendors = ○, five vendors = ●

VENDOR PROFILE

ORACLE/EQUISOFT PARTNERSHIP

Oracle (NYSE: ORCL) was founded in 1977 and is headquartered in California and privately held. Equisoft, headquartered in Montreal, has joined forces with Oracle to offer a complete end-to-end claims solution. Both companies are bringing unique features to support a robust claims system that is designed to meet the demands of life insurance carriers and their future needs.

Equisoft specializes in core insurance applications such as needs analysis, quoting and e-applications, customer and agent portals, new business and underwriting, policy administration, claims, and producer management and compensation. All functions are built on a digital platform and can stand alone while being fully integrated to the Oracle Insurance Policy Administration (OIPA) framework. Conversely, Oracle focuses exclusively on core administration and enterprise capabilities, providing end-to-end functionalities that are built around a core rules engine and workflow system enabling a streamlined and efficient claims process.

Oracle's core system, OIPA, is a modular end-to-end solution that can be configured and tailored to any client's needs, from new business and underwriting to claims management and policy administration. The claims-oriented business rules in OIPA represent the core framework offered in partnership with Equisoft, which provides all of the additional configuration necessary to suit the detailed needs and specifications of the life insurance client as well as the digital front-end component of the product.

One of the key benefits of using OIPA is its ability to capture and retain data at the individual layer, tracking all activities that take place from FNOL to payout. Layered data elements also include cycle time and process time for each activity as well as applicable rules and triggered events. This solution provides multiple components, where this valuable data can be used, from supporting basic business intelligence needs to more advanced predictive and descriptive analytics as well as even advanced machine learning capabilities. These components, provided through the Oracle platform, include the Analytics and Reporting Repository (ARR) and Oracle Business Intelligence Enterprise Edition (OBIEE). ARR allows the back-office data from OIPA to be flattened and extracted into a more readable and consumable format and ultimately be utilized in more advanced analytics tools. Using the ARR tool reduces the impact of integration and reporting on the OIPA transactional system while decreasing the load from the main system of records in the production environment.

OBIEE provides prebuilt analytics that help to develop different dashboards that can pull data from multiple locations across the carrier ecosystem, not just claims, to generate more advanced analytics.

The Oracle/Equisoft claims solution is equipped to support a completely digital, device-agnostic claims process based on Equisoft's digital front-end platform. The system allows for not only digital FNOL intake but also online document management. Beneficiaries can upload scanned death certificates or other documents or take pictures from their smartphones to upload. The solution retains all digital documents in a repository for tracking and audit purposes. It also offers an online portal for beneficiaries and agents to monitor the claims process and provide

notifications (which can also be automated via email). The digital capabilities also allow for e-signature.

OUR TAKE

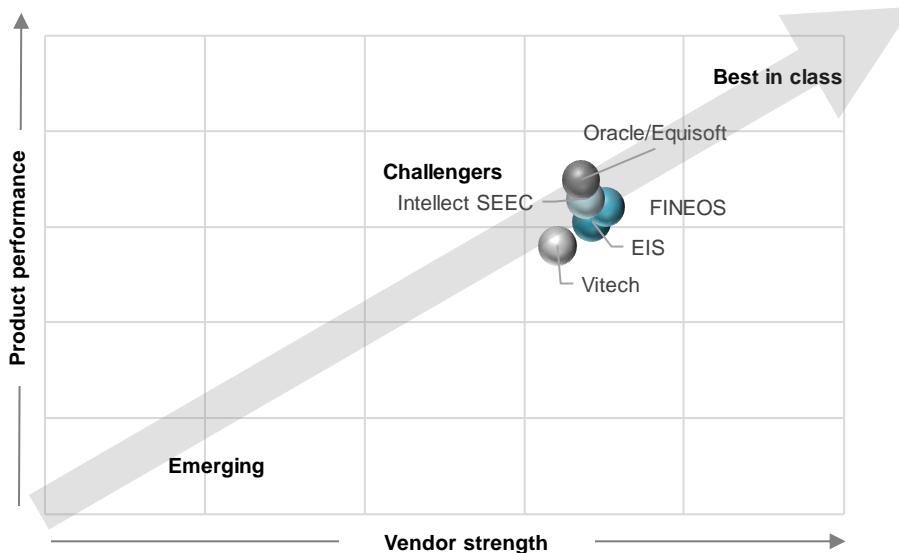
Oracle and Equisoft bring together extensive strengths that offer carriers a very tailored and flexible claims system addressing the challenges being faced today. The analytical components and capabilities, rules engine, and workflow Oracle provides in the core system create efficiencies that enable life insurance carriers the opportunity to be lean. In addition to the configurability that Equisoft provides, giving the carrier a solution that fits its specific needs, the digital capabilities help prepare carriers for the future they have not yet considered.

AIM AWARDS

Each U.S. life insurance carrier looking to focus its efforts on improving the claims operation and process will have very different objectives. Life insurance carriers will be looking for stand-alone claims vendors to help them solve their challenges related to digitization, workflow, data integration, cost control, and analytics.

When looking at product performance, which combines product features and client service, and vendor strength, the stand-alone claims vendors provide a strong front. These stand-alone vendors all perform similarly and cluster close together. The Oracle/Equisoft team, however, stands out a bit because of its strong client service offering and analytical capabilities as well as its solid product features and functionality (Figure 2).

Figure 2: AIM



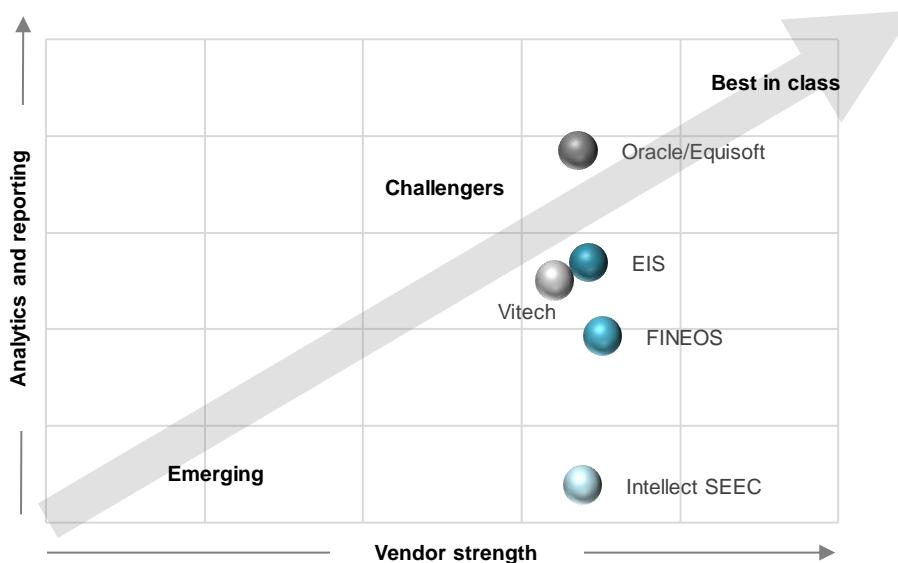
Source: Vendors, Aite Group

With so many similarities among these stand-alone claims vendors, it is important to call out those that are differentiating themselves in carriers' key challenge areas. The feature-specific prizes are awarded because of holistic, qualitative analysis of features that are innovative or differentiating, which the figures might not reflect.

AWARD FOR MOST ADVANCED ANALYTICAL CAPABILITIES: ORACLE/EQUISOFT

Data is the way of the future, yet most claims vendors fail to satisfy clients with advanced analytics tools. The Oracle/Equisoft team supports not only basic reporting functions for business intelligence but also advanced analytics, such as predictive and prescriptive analytics. These analytical tools are used to support the claims experience and business processes as well as develop and maintain the rules engine. In addition, the Oracle/Equisoft solution supports predictive modeling for testing changes. These more advanced capabilities push Oracle/Equisoft into the lead and grant it the analytics award (Figure 3).

Figure 3: AIM—Analytics



Source: Vendors, Aite Group

CONCLUSION

Life insurance carriers:

- Stand-alone claims solutions provide a great opportunity to upgrade legacy systems and should be considered able to support a complete claims transformation without the core system price tag or integration time.
- In order to meet customer experience demands and reduce operational costs, digital transformation is a must. Life insurance carriers must use the digital tools (both web and mobile) available to them through the claims solution.
- Advanced analytics, RPA, and chatbots are necessary tools to create complete automation without accepting undue risk. Evaluate and select vendors that support these tools and use them to support the claims process.

Claims vendors:

- PAS vendors offering end-to-end solutions but not stand-alone claims solutions are doing themselves and the life insurance industry a disservice. Vendors in this space need to isolate their core systems' components so that they can be used independently and with other core systems.
- Analytics is a weak spot for the claims vendors, and life insurance carriers need these tools to support automation without increased risk to the company. Vendors need to invest in improved advanced analytics capabilities with the claims tools they provide or partner with third-party analytics vendors to meet these needs.
- The large number of core systems within the average life insurance carrier ecosystem is not going to change any time soon, impeding carriers' ability to automate tasks across the ecosystem. RPA integration is necessary, and vendors should be either building APIs to support integration with third-party providers or developing bots.

ABOUT AITE GROUP

Aite Group is a global research and advisory firm delivering comprehensive, actionable advice on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, insurance, wealth management, and the capital markets, we guide financial institutions, technology providers, and consulting firms worldwide. We partner with our clients, revealing their blind spots and delivering insights to make their businesses smarter and stronger. Visit us on the [web](#) and connect with us on [Twitter](#) and [LinkedIn](#).

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