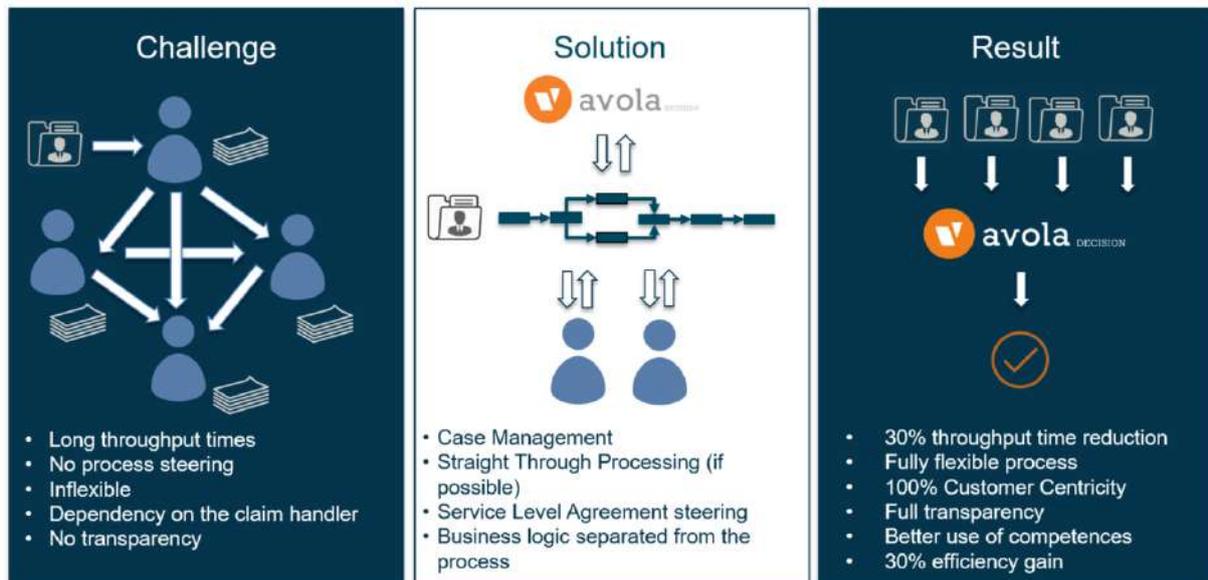# Avola User Case

Claim Handling

Insurance claim handler

avola

This case study regarding claim handling within one of our insurance customers illustrates how Avola Decision can improve the efficiency, flexibility and customer centricity of a claim handling department within an insurance company. We will start by covering the challenges the company faced, followed by the solution offered and the result observed.

Challenge	Solution	Result
• Long throughput times • No process steering • Inflexible • Dependency on the claim handler • No transparency	• Case Management • Straight Through Processing (if possible) • Service Level Agreement steering • Business logic separated from the process	• 30% throughput time reduction • Fully flexible process • 100% Customer Centricity • Full transparency • Better use of competences • 30% efficiency gain

Which challenges did the client face?

Most the company's challenges came forth from a lack in process steering. The insurance claim handler receives claims on behalf of their clients. Each claim then must go through the handling process, so the company can decide whether to reimburse the client and if so, how much restitution they are entitled to. Yet each client has different stipulations and specifications regarding the handling process as well.

Without an adequate amount of process steering, handling a claim becomes a very complex task for the claim handlers. It took them a significant amount of time to go through the different specifications per client, and handle the claim received accordingly. It also made the process inflexible and hard to control.

A second challenge was the lack of transparency. As every claim was kept on paper, the company was battling with a large number of archived documents. When the company needed to track down the documents of a certain handled claim, it proved difficult to locate the specific file. This resulted in additional work for the claim handler, who then couldn't get started on handling the next claim. The entire process depended on the claim handlers, who were spending too much time on either handling a claim or finding a claim in the archives.

How did we solve this?

The first changes we made were to separate the business logic from the process, and to have the Service Level Agreements of the company steer the process.

As we mentioned before, each claim the company receives on behalf of a client must go through the handling process. Yet each client has different specifications deemed necessary for the process. Thus, the company creates Service Level Agreements (SLA) with each client. Each SLA consists of the specifications the client and claim handler have committed to. For example, step 3 in the handling process is not relevant to client A and thus it must be skipped. Client A also states that the maximum throughput time of a claim is 3 weeks, instead of the usual 4. Each rule of this SLA is then translated into a business rule in Avola Decision. These business rules are then combined into decision models and automated, so the SLA can automatically steer the process through Avola Decision. This results in the use of straight-through processing whenever possible.

Which results did the insurance claim handler observe?

As we discussed, the lack of process steering was the company's biggest challenge. By separating the business logic from the process and letting the SLAs steer the process, the company observed vast differences.

The process, which used to be inflexible and hard to control, was now easily adaptable and 100% customer centric. Each customer has their own SLA, which steers the process for them. This makes each process unique and adaptable to the customer's wishes. All that needs to be adapted are the business rules in Avola Decision. This can be done without any IT involvement.

Due to the straight-through processing whenever possible, the claim handlers no longer needed to supervise every step of the process. This did not only result in a decrease of the throughput time, but also in an increase of the company's efficiency. The claim handlers could now focus on tasks that required more attention and made better use of their competences. Based on the characteristics of the specific task, the work is appointed to the claim handler with the right skillset. The competences of the claim handlers are thus used optimally.

Lastly, the company observed a change in transparency. The business rules used to steer each process are recorded in Avola Decision, and an archive was built to store all the files in. Avola Decision offers full transparency, as one can easily look up which rules were used to come to a certain conclusion. This also contributed to the increase in efficiency, as it freed up more of the claim handlers' time.

These were the changes noted by the company after the introduction of decision modeling through Avola Decision.