CASE STUDY

Claims Transformation Improves Productivity, Reduces Processing Time By 20 Percent

Abstract

Infosys helped a Fortune 500 US life insurance company improve its life and annuities claims processing capabilities by designing a claims platform that enabled effective case management and intelligent task creation. Our solution improved business process efficiency and reduced claims processing time by 20 percent achieving annual savings of US$350,000. In addition, the revised schedule that we proposed reduced the program implementation time, achieving further cost savings of around 20 percent.

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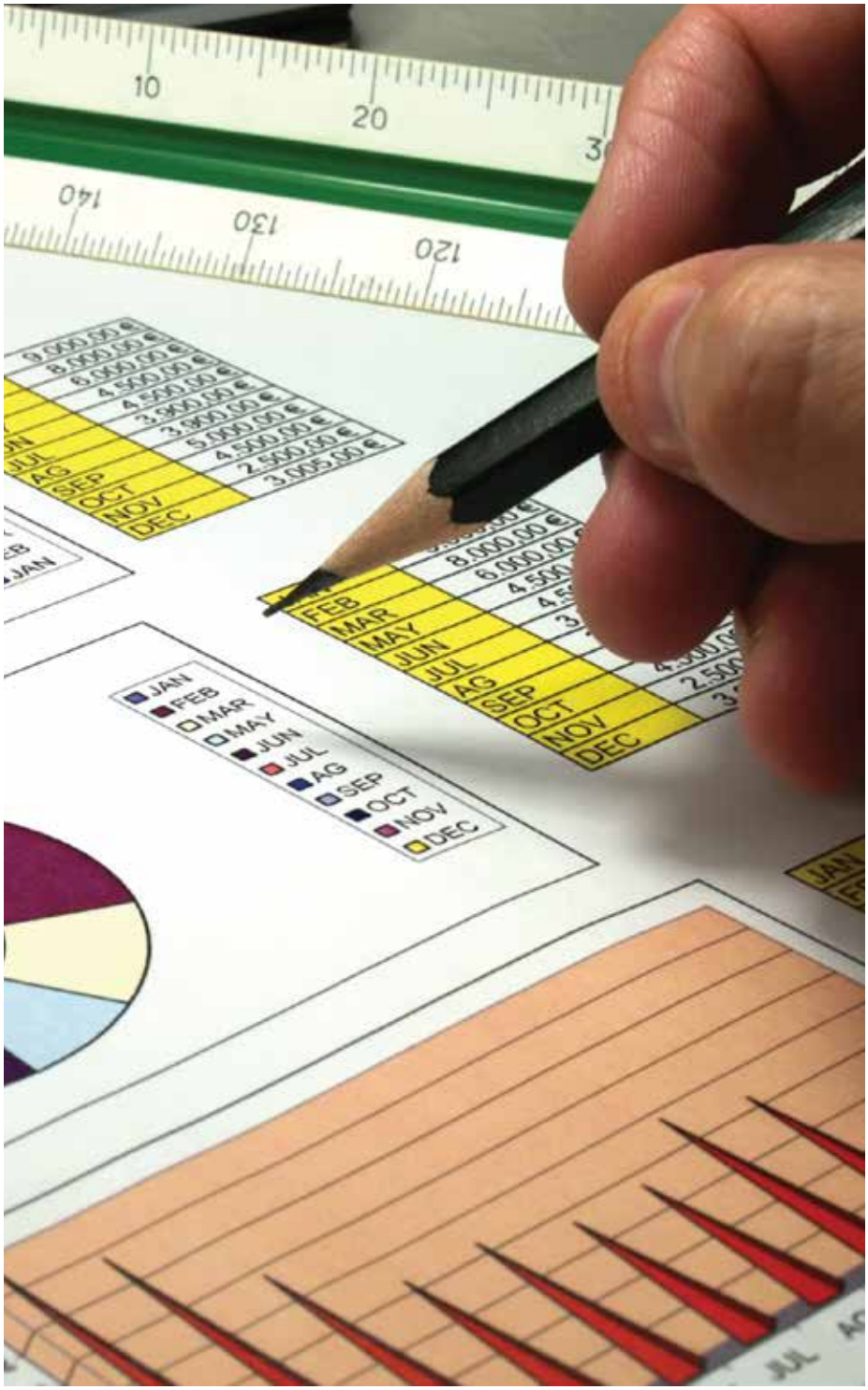
Client Details

The client is a Fortune 500 insurance company providing comprehensive financial planning services to meet a variety of personal and business needs of their customers, through a large network of financial representatives working all over the US. The client is a leading life insurance carrier and has a large market share across various insurance products. They also provide investment and advisory services, trust services, retirement services and estate planning services.



Business Context

The insurer was planning a strategic initiative to improve its life and annuities claims processing capabilities and further enhance its already good claims settlement reputation. The insurer's existing system handled 15,000 claims annually with a total payout of US$1.5 billion per year. However, manual processes were used for at least 80 percent of the claims. The client's existing system lacked the scalability required to sustain the expected 10 percent increase in volume in the next five years. The objectives were to improve cycle time through minimized manual procedures and reduce operational costs for claims processing. The client wanted to reduce the risk associated with its obsolete technology platform, and ensure flexibility and compliance when incorporating business process changes such as compliance to revisions in regulations and introduction of new products. The client engaged Infosys to drive this critical initiative.

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Infosys Solution

With a strong focus on reducing turnaround time per claim and improving regulatory compliance, Infosys designed a life claims platform that enabled effective case management, intelligent task creation, case creation, case assignments, and auto referrals. This helped reduce manual interventions and training overheads.

Infosys deployed an in-house extensible correspondence solution to generate prefilled forms and letters for error-free claims processing. The new system also improved user experience for claims analysts through integrated contact management, product view and benefits payment handling. To keep costs under control under tight timelines, Infosys retained the client's existing solution for bookkeeping and check mailing.

The solution execution involved a host of technical and operational components. We leveraged our standardized methodologies using a range of technologies such as mainframe and J2EE to align with the insurer's information systems (IS) objectives. We also employed tools such as Wiley and IBM Purify+ to deliver efficient performance analysis.

While we were responsible for the complete testing of new and downstream systems that were impacted, the team collaborated closely with the insurer during solution definition and execution phases. We engaged with client-side architects in deploying parallel processing capabilities and also developed a repository of reusable components for rules management, static data, logging, and utility-related frameworks.

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Challenges

In designing a system to meet the insurer's need, we had to contend with stringent budget constraints during solution execution. Owing to aggressive performance targets set by the insurer, it appeared as if 60 percent of the newly developed screens would miss their targets. To overcome this, we developed a predictive performance model (PPM) for early problem detection and prevention, and installed a dedicated performance analysis team with active participation from various focus groups. The solution was also expected to meet high maintainability standards, which was a considerable challenge given the high business criticality of the application and the large user base.

We also faced severe testing challenges like lack of downstream systems knowledge, complexities in payments module and data issues. Further, despite the pressing need for an enhanced system to deliver new processing capabilities, the insurer needed a strong Business Change Management strategy. The existing systems were in use for over 25 years and we had to proactively handle resistance to change across 200+ users. Proactive usability sessions helped create user interface prototypes for business clients. By involving business clients during the functional testing, we were able to achieve high levels of acceptance and ownership among the users.

Business Benefits

We delivered a solution that improved business process efficiency and reduced claims processing time by 20 percent, achieving annual savings of US$350,000. In addition, the revised schedule that we proposed reduced the program implementation time, achieving further cost savings of around 20 percent.
By improving performance service level agreements (SLAs) over existing applications, the solution increased productivity for the client's claims department. We designed the solution in keeping with the principle of scalability and reusability – solution components and frameworks were subsequently used in developing many J2EE projects for the client while solution use-case documents and prototypes were repurposed into business training manuals. We also set up a dedicated center of excellence to ensure application scalability in meeting rising future demand.

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