



Creating a modern claims workforce

Meeting a bold new era of challenges

Claims transformation

One of a series of seven insightful and instructive articles that examine a set of interconnected themes and trends that are expected to drive the traditional claims function into a new future of customer-centric, digitally-enabled, value-driven service and efficiency.

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In the new era created by COVID-19, insurance businesses are proving that change at pace is possible. The insurance sector, like every industry on the planet, is doubling down on efforts to forge critical new processes, capabilities and efficiencies. In today's increasingly remote and digitally-enabled working environments, workforce innovation has climbed to the top of the business agenda. Ways of working is one of the seven forces that are transforming the claims function and is explored further in this article.

It wasn't long ago that we occupied a world where change at the enterprise level was typically delivered via protracted multi-year programs. Suddenly, the pandemic arrived to rewrite — worldwide and overnight — every industry's traditional workforce needs, rules and configurations. In the UK alone, for example, nearly half the population worked from home during the first national lockdown March to July 2020.¹

Claims functions were no exception amid the disruption and the race to transform and optimize new ways of working continues. Insurers are increasingly recognizing the opportunity to rethink their workforces for the future and dramatically advance their skills, productivity, efficiency, service and operational excellence.

The innovation challenge is unprecedented as insurers look for the first time to manage increasingly borderless virtual environments and teams in ways that ensure productivity, collaboration, employee welfare, secure off-site settings and more. Many claims organizations remain reliant on traditional claims-management approaches involving centralized, manual tasks and paper-based processes. But the future has arrived and with it the realization that modern approaches featuring new work models, technology and skills have become indispensable to driving necessary progress and competitiveness.

Modern skills for a new era of opportunities

Talented workers in today's job market are increasingly looking to join modern organizations whose systems, cultures and values align to their own expectations, beliefs and career goals. Being seen as an innovative 'employer of choice' will help to define success for insurers and their evolving claims teams. Achieving this alignment is becoming fundamental to attracting and retaining talent and critical new skills.

Within the next five to 10 years, many claims functions are likely to digitize and automate, enabling some claims to be reported and settled with no human intervention. As the claims workforce evolves, the typical claims function will therefore see both a significant reduction in headcount and the acquisition of new technical skills that will be accompanied by higher costs. The skills required for the future claims function will form three broad categories:

1. Emotional intelligence: In most circumstances, clients making a claim are experiencing a distressing event. Whether facing a fire or flood damage to their home, a vehicle accident or theft, a serious illness that is potentially life threatening — such upsetting client events will require a suitably skilled workforce that can consistently provide a personalized response to every

claim. Emotional intelligence among claims teams will be key to effectively managing clients' distress and enhancing their claims experience and satisfaction. This skill among the workforce will become more important as many of the less complex claims handling tasks become automated. Many claims functions already have skilled client teams in place of course, but the future is about making the claims journey far more personal, transparent and predictable. As discussed in our accompanying article — *Innovative risk approaches: New compliance and conduct solutions* — the quality of the future claims experience is likely to have a significant impact on renewal, retention and growth.

2. Technical claims handling: While less-complicated claims will become automated to improve the client experience and efficiency, complex and high-value claims will still require specialized human investigation and evaluation skills. Technical claims handlers typically follow a career path that takes them from processing loss notifications to various claims-handling disciplines, and from there to overseeing the most-technical or complex of claims. As claims processes increasingly become automated, claims organizations will need to effectively align the capabilities of their people with the power of today's transformational technologies. Employees will need to be appropriately trained and equipped with the specific skills required to handle complex technical claims in new ways amid digital transformation.

3. Technology and data analysts: These disciplines will need to experience the greatest growth — with the addition of data scientists, business analysts and software engineers — in order for the claims function to reach a future state in which lower-complexity claims are digitized and automated. Interpreting claims data to continually develop and refine automated processes will be crucial and that will require experienced, knowledgeable claims handlers and technical professionals. As automation emerges, demand for such human skills will increase and acquiring them will become more challenging. How effectively these skills are recruited, developed and retained will be key.

Local challenges, global solutions

Today's claims organizations can often find themselves operating in one of two settings. Some are in communities or regions where there is less competition for talent and lower employee attrition. Businesses operating in busier urban settings, meanwhile, typically face fierce competition for skills, higher employee attrition and increased staffing costs. Now, the rapid shift to digitally-enabled remote work and borderless

¹ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/coronavirusandhomeworkingintheuk/april2020>

ecosystems is revealing that claims organizations no longer need to be constrained strictly by local market resources to work effectively.

The talent, expertise and services needed to compete and succeed in today's environment can increasingly be sourced regionally, nationally, even globally, positioning businesses to significantly expand their talent pool in an era characterized by ongoing talent wars in practically every sector. We expect borderless operations to gain prominence, particularly among multinational insurers, with newly agile workforces flexing and rotating to match demand.

While working from home has presented new advantages for employers and employees, it also presents several employee-welfare issues that employers need to manage. A survey conducted by the UK's Royal Society for Public Health found that 67 percent of respondents felt less connected to their colleagues and 56 percent found it harder to switch off their work duties. Interestingly, only 34 percent had been offered mental-health support from their employer.² This shows that even with the many benefits available to improve claims via remote work, robust programs are needed to ensure employee welfare and workplace cultures that will consistently attract and retain necessary talent.

At the same time, not all claims-related roles can be carried out virtually, for example more-complex loss adjusting or property repairs involving third-party suppliers. On this front, claims teams will pursue increasingly connected and collaborative relationships with their service providers to enhance operational efficiency and the client claims journey. We can also expect to see increased reliance on gig-economy workers and local resources that offer flexibility, quick service and an enhanced client experience.

Along the way, retaining the proven in-house expertise needed to participate in and manage highly technical or complex claims that can't be digitized or automated will be critical, and smart-claims functions will continually upskill their teams to handle certain classes or aspects of major claims.

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The best and brightest seek modern workplace cultures

Culture has become a key driver in elevating talent recruitment and retention, claims performance, employee engagement and morale, and client satisfaction. Embedding and fostering a collaborative, engaging and nurturing workplace culture of continuous improvement and problem solving has become crucial but this is not what we see in many claims organizations today.

Insurers and claims leaders often talk about driving 'continuous improvement' but often focus on areas such as claims-processing tasks, claims spend and more, at the expense of dedicating the time and resources needed to create a truly modern and progressive workplace culture.

Today's modern insurers and claims functions are embedding innovative programs that continually review and align their culture with evolving expectations, values and ethical standards. As an example, many organizations are now taking an active role in shaping and contributing to environmental and sustainability targets and strategies in order to align with today's employee and public values and ethics. We explore this important trend in [ESG in claims: Vision, strategies and decision-making for better outcomes](#). In addition, recruitment initiatives that include a focus on increased diversity are adding value and should be part of any strategy today as claims organizations move forward.

Another critical element of modern workplace culture is the focus on employee development. Millennials and younger generations entering the market commonly see employment as a 'partnership' rather than a 'transaction.' They expect their employer's investment in them to go beyond regular pay cheques, making strong and innovative learning and development programs essential.

Personal development featuring regular feedback and tailored growth, within a values-based culture, is indispensable and must continue to evolve in order to maintain productivity and the employee experience.

Don't let agile competitors leave you behind

Businesses today are asking the same question in their quest to modernize and succeed in the digital age: 'Where do we find the best software engineers, data analysts and data scientists?'

As many are discovering, you are most likely to find them working for leading tech giants and start-ups. Why? Simply put, these modern organizations boast leading-edge innovation and progressive, flexible, creative cultures.³

² [Survey reveals the mental and physical health impacts of home working during Covid-19](#), Royal Society for Public Health, February 2021

³ <https://universumglobal.com/blog/us-most-attractive-employers-2020/>

Claims organizations that adopt similar approaches have the potential to enjoy significant advantages in attracting top talent and improving productivity and service for the digital age. Future-focused insurers will enhance, or develop as needed, their claims-predictions capabilities, analytics-based decision making and personalized client services, for example. Make no mistake — claims organizations that embrace traditional processes and

workplace models risk being left behind by nimbler, bolder, digitally-enabled competitors.

Creating the claims workforce of the future promises exciting opportunities and the potential for players to unlock new heights of competitive advantage. But it also requires the right mix of careful thought, strategic planning and bold ambition.

There is no time to waste amid rapid change

There is no time to waste for organizations that want to remain competitive in today's challenging new environment. Future-focused claims teams and their businesses are likely to become increasingly active across the following areas to deliver the workforce of the future:

- 1 Explore new ways of working.** Embrace innovative virtual approaches and adjust operations to optimize remote working ecosystems, productivity, efficiency and client service.
- 2 Recruit for the skill you will need.** Ensure your recruitment strategy is reaching diverse talent pools offering crucial new skills for the future. Pay attention to the three skills categories that will underpin progress; emotional intelligence, technical claims handling and technology and data analysts.
- 3 Empower your people.** Invest in staff training and development within a modern culture of continuous improvement to ensure that you attract and retain the talent you need to operate a successful claims organization.

Explore our [Claims Transformation](#) articles series further to learn how the seven forces are affecting the claims function. If you'd like to discuss how KPMG professional can help your organization with its claims transformation journey, please contact us.

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