The Automation Advantage in Insurance

It improves costs, cycle times, and the customer climate.

Insurers have high hopes for automation

- Increase individual policy renewals each year in home insurance by 20%
- Increase the straight-through processing rate in home insurance by 50%
- Reduce the average cost incurred per application for auto insurance by 40%

Automation improves performance in a number of ways

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage of respondents citing these benefits from automation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing the speed and accuracy</td>
<td>47%</td>
</tr>
<tr>
<td>Better financial controls and better risk</td>
<td>42%</td>
</tr>
<tr>
<td>Enhanced credibility and faster approval</td>
<td>40%</td>
</tr>
<tr>
<td>Freeing up staff to do higher-value work</td>
<td>36%</td>
</tr>
</tbody>
</table>

Successful automation requires careful orchestration of several elements

- A robust pipeline of opportunities, focused on automating a major portion of a defined set of jobs
- A programmatic approach to redesigning jobs once automation takes place, in order to free up capacity
- Clear governance with specified targets, metrics, and business owners accountable for delivering the technology and managing the change
- Incentives tied to automation goals, rewarding skills and innovation that flow through to the bottom line

Focus on where automation will have the greatest impact

- **Auto**
  - Claims reporting
  - Rate evaluation
  - Policy recommendation
  - Adjustments to addresses
  - Risk verification and policy reclassification
  - Rating, pricing, and generating quotes
  - Billing and payments
  - Customer and policy management
  - Contract cancellations
  - Customer prioritization and capacity management

- **Home/property**
  - Claims reporting
  - Rate evaluation and policy reclassification
  - Claims experience
  - Similar management
  - Claims reporting

- **Life**
  - Claims reporting
  - Rate evaluation
  - Policy recommendation
  - Claims experience
  - Similar management
  - Claims reporting

- **Health**
  - Claims reporting
  - Rate evaluation
  - Policy recommendation
  - Claims experience
  - Similar management
  - Claims reporting

- **Group**
  - Claims reporting
  - Rate evaluation
  - Policy recommendation
  - Claims experience
  - Similar management
  - Claims reporting

Automatically reducing labor time across all lines of insurance

<table>
<thead>
<tr>
<th>Process Category</th>
<th>Average percentage of labor time reduced, by process category</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>38%</td>
</tr>
<tr>
<td><strong>Home/property</strong></td>
<td>37%</td>
</tr>
<tr>
<td><strong>Life</strong></td>
<td>40%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>40%</td>
</tr>
</tbody>
</table>

Secrets to succeeding with automation at scale

- In 3 organizations

  - Led to achieve their automation cost savings targets, higher than expected, rated significantly, better than a programmatic, approach

<table>
<thead>
<tr>
<th>Process Category</th>
<th>Existing average cost savings</th>
<th>Target average cost savings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Auto</strong></td>
<td>48%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Successful automation requires careful orchestration of several elements

A robust pipeline of opportunities, focused on automating a major portion of a defined set of jobs

A programmatic approach to redesigning jobs once automation takes place, in order to free up capacity

Clear governance with specified targets, metrics, and business owners accountable for delivering the technology and managing the change

Incentives tied to automation goals, rewarding skills and innovation that flow through to the bottom line

**Source:** Bain Automation FS Pathfinder Survey 2021 (insurance n=446)