

# SPEAR

## TECHNOLOGIES

## 10 Ways to Lower Cost Per Claim

### Revolutionizing Cost Reduction in Insurance Through the Power of Modern Core Technology

Cost Per Claim is one of the most important metrics that insurers track in their never-ending quest to reduce expenses. While internal efforts may yield slight reductions in CPC, significant gains are achievable with modern core technology, especially those featuring advanced capabilities like AI (Artificial Intelligence), deep analytics, and intelligent automation. Additionally, ease of access, integration, reduced vendor dependency, and flexible configuration further enhance the benefits of such systems.

Insurers can leverage modern core technology to lower the cost per claim through several innovative strategies. Here is how:

**1. Data Analytics and Predictive Modeling:** Modern core systems equipped with advanced data analytics and predictive modeling capabilities can analyze vast amounts of claims data to identify patterns and trends. By predicting the likelihood of certain claims and their potential costs, insurers can allocate resources more effectively and implement preventive measures. A more in-depth view of key performance indicators (KPIs) through deep analytics provides a better overall understanding of the health of their business, enabling them to be proactive instead of reactive.

Modern core systems track KPIs related to claims handling, such as cycle times and costs. By continuously analyzing these metrics, insurers can identify inefficiencies, implement improvements, and optimize the claims process to reduce costs over time. By leveraging these capabilities of modern core technology, insurers can significantly lower their cost per claim, leading to improved profitability, better risk management, and enhanced customer satisfaction.

### Executive Summary

Insurers are always wary of their bottom line, and today's increasingly competitive market has them paying even closer attention to their KPI's.

Modern core technology has been shown to improve operational efficiency and minimize risk while increasing business, leading to significant improvements in the individual claims metrics that impact **Cost Per Claim:**

- ▶ Data Analytics & Predictive Modeling
- ▶ Automated Claims Processing
- ▶ Real-time Data Integration
- ▶ Enhanced Fraud Detection
- ▶ Customer Self-Service Portals
- ▶ Efficient Resource Allocation
- ▶ Enhanced Collaboration
- ▶ Integration with Legal Resources
- ▶ Telematics and IoT Integration
- ▶ Performance Analytics & Reporting

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## TECHNOLOGIES TRANSFORMING CLAIMS MANAGEMENT

**Metrics improved through data analytics and predictive modeling that lower cost per claim: Claims Handling Expenses, Litigation Rate, Subrogation Rates, Claims Frequency, Claim Severity, Loss Ratio, Claim Closure Rate, Claims Leakage.**

**2. Automated Claims Processing:** Automation within core systems streamlines the entire claims process, reducing manual effort and associated labor costs. Automated workflows handle routine tasks such as data entry, documentation, and initial claim assessments, allowing adjusters to focus on more complex claims. This not only speeds up the claims process but also minimizes errors and rework. Automated routing, based on the complexity and specialty of each claim, ensures that new claims are assigned to the best-suited team member. Additionally, AI can be integrated with core claims management systems to evaluate, score, and assign claims, enabling specialists or more experienced staff to prioritize those that require special knowledge or higher priority.

Modern core systems also facilitate early case assessment by giving insurers tools to quickly evaluate a claim's merits. By leveraging data analytics and artificial intelligence, insurers can assess the potential value of a claim, evaluate liability, and determine the likelihood of success in litigation. This enables insurers to make informed decisions about whether to settle a claim early or proceed to litigation.

**Metrics improved through automated claims processing that lower cost per claim: Claims Handling Expenses, Customer Satisfaction Scores, Claims Frequency, Claim Severity, Loss Ratio, Claim Closure Rate, Claims Leakage, Average Time to Settle.**

**3. Real-time Data Integration:** Integrating real-time data sources, such as telematics, IoT devices, third-party data providers, and legal resources, allows insurers to gather accurate and timely information about claims. Having access to comprehensive and up-to-date data aids in faster and more accurate claim assessments, resulting in fewer errors and inefficiencies in claims handling. This integration reduces the time and costs associated with investigations and settlements, enabling insurers to make more informed decisions. Additionally, real-time data integration helps insurers proactively identify potential fraud, assess risk more accurately, and enhance overall customer satisfaction by providing quicker and more precise claim resolutions. This comprehensive approach ensures that insurers are better equipped to respond to evolving circumstances and emerging trends in the industry.

**Metrics improved through real-time data integration that lower cost per claim: Claims Handling Expenses, Litigation Rate, Subrogation Rates, Claims Frequency, Claim Severity, Loss Ratio, Claim Closure Rate, Claims Leakage, Average Time to Settle.**

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**4. Enhanced Fraud Detection:** Modern core systems utilize AI and machine learning algorithms to detect fraudulent claims early in the process. By identifying suspicious activities and flagging potential fraud, insurers can avoid unnecessary payouts and focus their efforts on legitimate claims, thereby reducing overall claim costs. These advanced technologies analyze patterns and anomalies in claims data, comparing them against known fraud indicators. This proactive approach not only prevents fraud but also enhances the efficiency of the claims process by swiftly isolating suspicious claims for further investigation. Additionally, continuous learning from new data helps these systems adapt and improve over time, making fraud detection increasingly accurate and robust. This results in significant cost savings and ensures a fairer experience for all policyholders.

***Metrics improved through enhanced fraud detection that lower cost per claim: Litigation Rate, Subrogation Rates, Claim Severity, Loss Ratio, Claim Closure Rate, Claims Leakage, Average Time to Settle.***

**5. Customer Self-Service Portals:** Offering self-service portals enables policyholders to report claims, upload necessary documents, and track claim status online. This reduces the administrative burden on insurers and speeds up the initial stages of the claims process, leading to quicker resolutions and lower handling costs. Providing insureds with a secure, dedicated user portal available 24/7 can significantly improve the initial customer experience of filing a claim by guiding them through the filing process. Each insured is an individual with a different level of understanding, so creating a personalized experience is key. If they encounter difficulty filing a claim or accessing relevant information through self-service options or via the assigned claims manager, their satisfaction is likely to diminish. Self-service portals can cater to those who prefer self-service options while assisting those who require additional help, freeing up your team to provide personal interaction where needed. Empowering policyholders to take an active role in the claims process reduces manual intervention, streamlines communication, and speeds up claim resolution.

***Metrics improved through the use of customer service portals that lower cost per claim: Customer Satisfaction Scores, Claim Closure Rate, Claims Leakage, Average Time to Settle.***

**6. Efficient Resource Allocation:** Predictive analytics within modern core systems can forecast claim volumes and resource requirements, allowing insurers to allocate adjusters and other resources more efficiently. By anticipating the number and type of claims that may arise, insurers can better plan and deploy their workforce, ensuring that there are enough adjusters to handle

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peak times and complex cases. This helps in avoiding bottlenecks and delays in the claims process, ultimately reducing claim processing times and lowering operational costs. Additionally, predictive analytics can identify trends and seasonal patterns, enabling insurers to proactively adjust their staffing and resource levels. This optimized resource allocation not only improves operational efficiency but also enhances customer satisfaction by providing quicker and more accurate claim resolutions.

***Metrics improved through efficient resource allocation that lower cost per claim: Claims Handling Expenses Satisfaction Scores, Claim Closure Rate, Claims Leakage, Average Time to Settle.***

**7. Enhanced Communication and Collaboration:** The integration of user portals, email clients, and messenger platforms into modern core systems significantly enhances communication and collaboration among claims adjusters, team members, and external parties involved in the claims process. Integrating digital collaboration tools enables time-saving capabilities, such as direct approval of a payment over the threshold limit by a manager from within the messenger, without the need for them to take the time to log into a separate system. Real-time communication and document sharing among stakeholders allow them to exchange information quickly, resolve disputes, and negotiate settlements effectively, leading to lower claims costs.

***Metrics improved through enhanced communication and collaboration that lower cost per claim: Customer Satisfaction Scores, Claim Closure Rate, Claims Leakage, Average Time to Settle.***

**8. Integration with Legal Resources:** Modern core systems that integrate with legal databases and resources provide insurers with immediate access to relevant case law, statutes, and legal precedents. This helps insurers make informed decisions throughout the claims process and build stronger defenses against potential litigation, reducing legal costs. Integrating with legal databases and resources within modern core systems provides insurers with immediate access to relevant case law, statutes, and legal precedents. This enables insurers to make informed decisions throughout the claims process and build stronger defenses against potential litigation. Integration with legal databases and resources provides insurers with immediate access to relevant case law, statutes, and legal precedents. Legal research capabilities within modern core systems help insurers build stronger subrogation cases, increasing the likelihood of successful recovery.

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***Metrics improved through integration with legal resources that lower cost per claim: Litigation Rate, Subrogation Rates, Claim Closure Rate, Claims Leakage, Average Time to Settle.***

**9. Telematics and IoT Integration:** By integrating telematics and IoT data, insurers can monitor insured assets in real time, allowing for proactive risk management and quicker response times in the event of a claim. This can reduce the severity of claims and associated costs. More real-time data is better. Audits and inspections can play a crucial role in lowering claim frequency by proactively identifying and mitigating potential risks. By conducting regular audits and inspections, insurers can identify risk factors and take proactive measures to ensure that the property complies with safety standards. Recommendations for preventive measures can help avoid accidents, while educating policyholders on risk mitigation. Furthermore, regular audits can aid in detecting potential fraud.

***Metrics improved through telematics and IoT integration that lower cost per claim: Litigation Rate, Subrogation Rates, Claim Closure Rate, Claims Leakage, Average Time to Settle, Claims Frequency, Claim Severity, Loss Ratio.***

**10. Performance Analytics and Reporting:** Modern claims management systems offer enhanced reporting capabilities that enable insurers to monitor key performance indicators (KPIs) related to claims handling efficiency, such as cycle times, touchpoints, and processing costs. Through the analysis of these performance metrics, insurers can pinpoint areas for improvement, implement targeted interventions, and optimize claims operations to reduce handling expenses over time.

Instead of spending hours sifting through extensive data within complex claims files, leveraging AI can significantly streamline summarization and analysis process. AI tools automatically extract pertinent information from various documents, including claims forms, medical records, and diary notes, facilitating faster and more accurate claims processing for adjusters. AI's capacity to synthesize large volumes of data and distill key elements empowers human assessors to make informed decisions efficiently.

***Metrics improved through performance analytics and reporting that lower cost per claim: Claims Handling Expenses, Litigation Rate, Subrogation Rates, Claims Frequency, Claim Severity, Loss Ratio, Claim Closure Rate, Claims Leakage.***

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## TECHNOLOGIES TRANSFORMING CLAIMS MANAGEMENT

### Conclusion:

In the relentless pursuit of cost reduction, insurers are continuously trying to lower the cost per claim (CPC). While traditional internal efforts may yield marginal reductions, the incorporation of advanced capabilities like AI, deep analytics, and intelligent automation in modern core systems presents a profound opportunity for significant gains. These systems offer a multifaceted approach to lowering CPC by improving across all facets of claims management from first notice of loss to settlement and beyond.

By harnessing the power of these technologies, insurers can achieve substantial improvements across the organization. The adoption of modern core technology represents a transformative opportunity for insurers to lower CPC, improve profitability, enhance risk management, and elevate customer satisfaction. By embracing innovation and leveraging the capabilities of advanced technologies, insurers can navigate the evolving landscape of the insurance industry with agility, resilience, and efficiency, ensuring sustainable growth and long-term success.

Spear Technologies offers an award-winning suite of core solutions designed by industry experts on a modern low-code, no-code platform. Our solutions, including SpearClaims™, incorporate built-in AI, deep analytics, chatbots, and intelligent automation to streamline insurers' operations and reduce costs. With a reputation as a collaborative partner, we combine industry and technology expertise to deliver innovative features and strong technological integration. Current clients anticipate lowering their CPC by up to 25% with SpearClaims™, an award-winning solution ideal for insurers prioritizing analytics and operational efficiency.

To see first-hand how your organization can significantly lower cost per claim with SpearClaims™, our award-winning claims system built by industry experts on a modern no code/low code platform that delivers the power of built-in AI and Analytics while lowering your total cost of ownership, [Schedule a Demo](#).

To discover how Spear's solutions are accessible to insurers of all sizes, [Request Pricing](#).

### About Spear Technologies

Spear Technologies is a leading provider of core software solutions systems for the P&C insurance industry. Spear's cutting-edge software solutions empower insurer organizations with unprecedented speed, control, and results. Spear's latest solutions take advantage of the low-code Microsoft Power Platform™ and incorporate AI, data analytics and intelligent automation to achieve better results. Spear's cloud-based policy, billing, claims, and portal solutions enable organizations to easily configure their systems to align with their unique and ever-changing business needs. For more information about Spear Technologies visit [www.spear-tech.com](http://www.spear-tech.com).

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