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COVID-19 Survey Reveals

Workers' Comp Insurance On Cusp of **Digital Transformation**

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Introduction

Like all insurance companies, workers' compensation insurers would like to believe they are meeting their customers' growing digital needs. To help workers' compensation insurers better understand how they fare in terms of providing efficient and streamlined services, in July 2020 Lightico surveyed 400 insurance professionals in the workers' compensation industry.

We found that while many insurers have made significant digital strides, paperwork continues to choke providers, and managing claims and policies remains cumbersome. As the coronavirus rages on, the need for remote insurance processes is no longer an optional nice-to-have, but a necessity to ensure continued operations today, and continued relevance tomorrow.

This book will reveal some of the key trends, roadblocks, and plans affecting digitization in workers' compensation, all via the lens of industry professionals.

Most Insurers Are Actively Looking to Digitize, Especially Amid Coronavirus

**To what extent are you looking to digitize paperwork, forms, and signatures?**

Regardless of their current level of digitization, the vast majority of workers' compensation insurers are committed to digitizing more fully. 75% of the insurers we surveyed are either "urgently looking" or "actively looking" to digitize. A mere 5% say they are "not interested" in digitizing at all.

Closing the digitization gap has always meant saving time and reducing costs. But now, there is an added imperative to digitize: the coronavirus. Concerns about virus transmission turned face-to-face meetings, mailing reports at the post office, and other non-digital processes into a liability.

But something positive and lasting came out of this forced change. The subsequent worldwide shift towards remote communication during the pandemic meant that insurance agents, employers, and workers all had a chance to become more comfortable with digital processes. And many of the processes and behaviors developed during the coronavirus came to be widely seen as more convenient and in many cases preferable, regardless of the virus threat.

75% of workers' comp carriers are "urgently looking" or "actively looking" to digitize.

For example, the workers' compensation carriers we surveyed plan to keep much of their workforce remote, even once the pandemic is over. Nearly half (45%) of carriers want to keep the majority of their workforce remote, while virtually none want all employees back in the office.
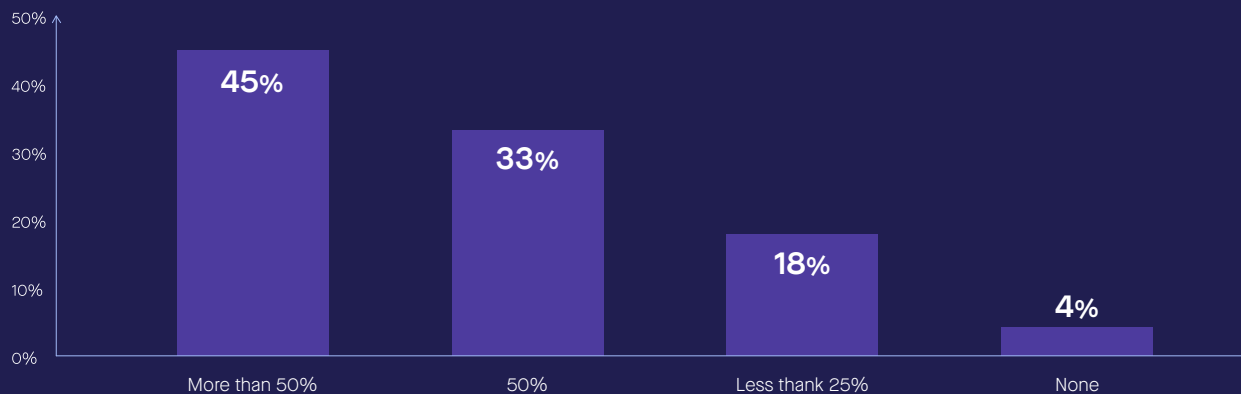
**After the majority of coronavirus concern passes,
how much of your workforce do you plan to keep remote?**

In addition, the vast majority of carriers we surveyed (86%) are considering incorporating telemedicine into their overall medical cost containment strategy.

This rapid shift towards a remote workforce and customer-facing interactions means that new solutions will need to be adopted to facilitate new ways of working. In light of this realization that remote is here to stay, and not just as a stopgap, a whopping 89% of carriers say they are actively exploring better ways to communicate with employers and injured workers.

An overwhelming number of insurers say that they are looking for multi-channel communication alternatives, such as texting. Carriers understand that if they are to keep their employees remote, and customers remain remote, they will need to quickly wean themselves off legacy channels and physical paperwork.

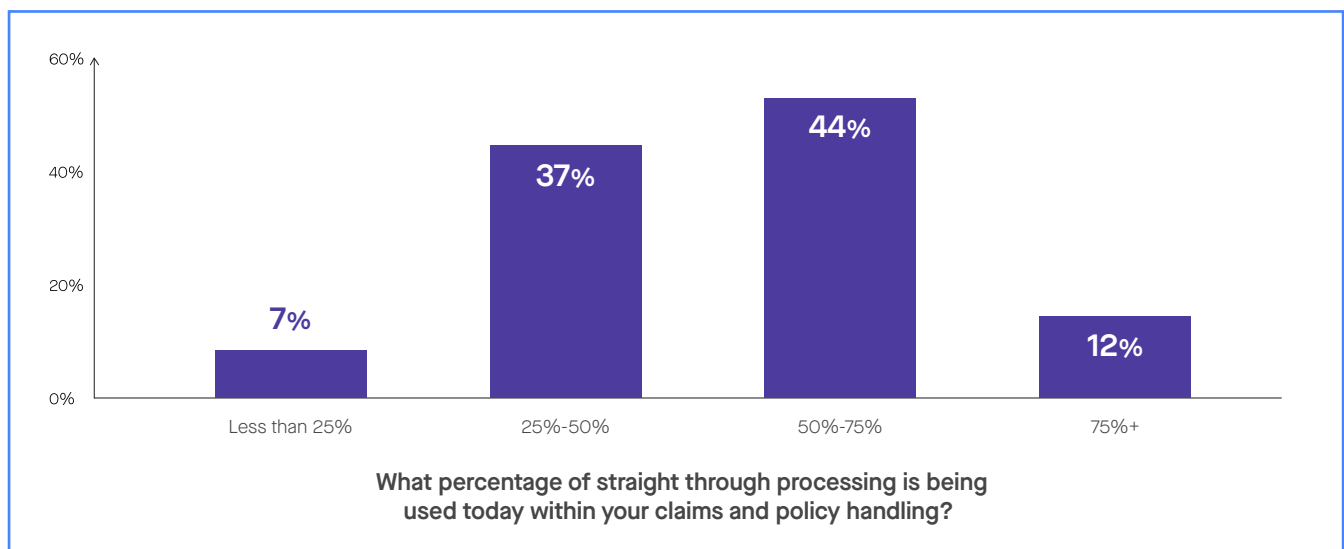# Despite High Interest in Digitization, More Progress is Needed

Workers' compensation insurers are increasingly embracing digitization, but several digital areas require additional investment. Carriers are still lagging when it comes to transparency, automation, and digitizing reports, signatures, and other paperwork — and it's holding them back from thriving in the "new normal."

Issue #1

Insufficient Transparency Hurts CX and Burdens Call Centers

The survey shows that transparency will need to be improved to ensure newly remote processes meet customer expectations. 56% of carriers fail to keep their customers informed regularly throughout the entire process via seamless digital communication tools such as push messages or real-time claim information. This is critical to get right, especially considering the sensitivity and stress surrounding workplace injuries. A lack of transparency also leads to an inevitable bombardment of call centers, which inflates costs and hampers efficiency.

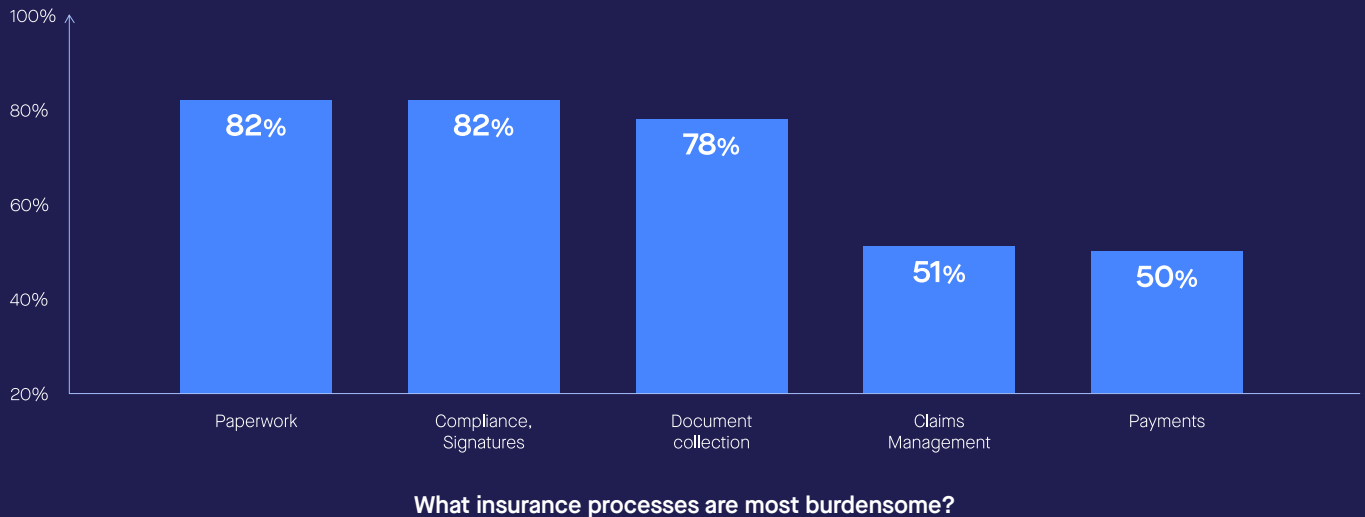**What percentage of straight through processing is being used today within your claims and policy handling?**

Just 12% of carriers say that 75% or more of their claims and policy activities are based on straight-through processing (STP). Without automating customer-facing processes, it's very difficult to offer consistently transparent service to all policyholders.

In addition, as much as insurers would like to keep their workplace remote and deliver remote services, this will remain a struggle to effectively implement and maintain without STP in place. A McKinsey study found that STP and digital self-service can generate efficiency gains of 30%, while failing to implement STP will hurt both efficiency and transparency efforts.

56% of workers' comp carriers lack fully transparent processes.

Issue #2

Paperwork Delays Time to Settlement

82% — Paperwork	82% — Compliance, Signatures
78% — Document collection	51% — Claims Management
50% — Payments	

What insurance processes are most burdensome?

While at least partially digital processes are becoming more common, workers' compensation insurance remains heavily burdened by paperwork processes. The workers' compensation professionals we surveyed rank paperwork in general (82%), signatures (82%), and document collection (78%) as particularly burdensome aspects of their jobs.

This is especially problematic due to the multiple parties and forms that are inherent to the workers' compensation process. With so many moving parts, maintaining outdated paperwork processes incurs substantial time and financial costs.

Consider all the resource-consuming paperwork involved in the following: Employers must provide their workers with the appropriate reporting forms for the insurer and fill out a form for reporting to the state workers' compensation board. Then workers must receive written information about their rights, workers' compensation benefits, and the transition back to work. In addition to the employer submitting the claim on behalf of the injured worker, the worker's doctor is required to send a medical report.

Given the multiple forms and players involved, paperwork processes become a source of continuous frustration. Those injured workers that submit paperwork containing mistakes or omissions that aren't spotted by their employer require the insurer to chase the employer, who then has to chase the injured worker to begin the form from scratch. All of this prolongs time to settlement.

Yet despite the obvious burden that paperwork imposes on insurance companies, only 36% of the workers' compensation professionals we surveyed say they were "fully digital." In light of digital trends accelerated by the coronavirus, being partially digital isn't enough. For example, insurers may enable employers to download forms from a website, but if they ultimately need to be printed, filled out by hand, and scanned, this adds unacceptable friction into the process.

On the other hand, if forms are digitized parties can simply enter the digital environment and fill out the required fields. Mistakes are less costly, as the injured worker can simply re-enter the digital environment and instantly correct information. No other channels such as printers, scanners, or mail are required.

Just 36% of workers' compensation professionals say their forms and reports are fully digital.

An Opportunity to Close the Gap for
The Biggest and Smallest Insurers

**My company has fully digitized & automated our processes
(by company size - # of insured)**
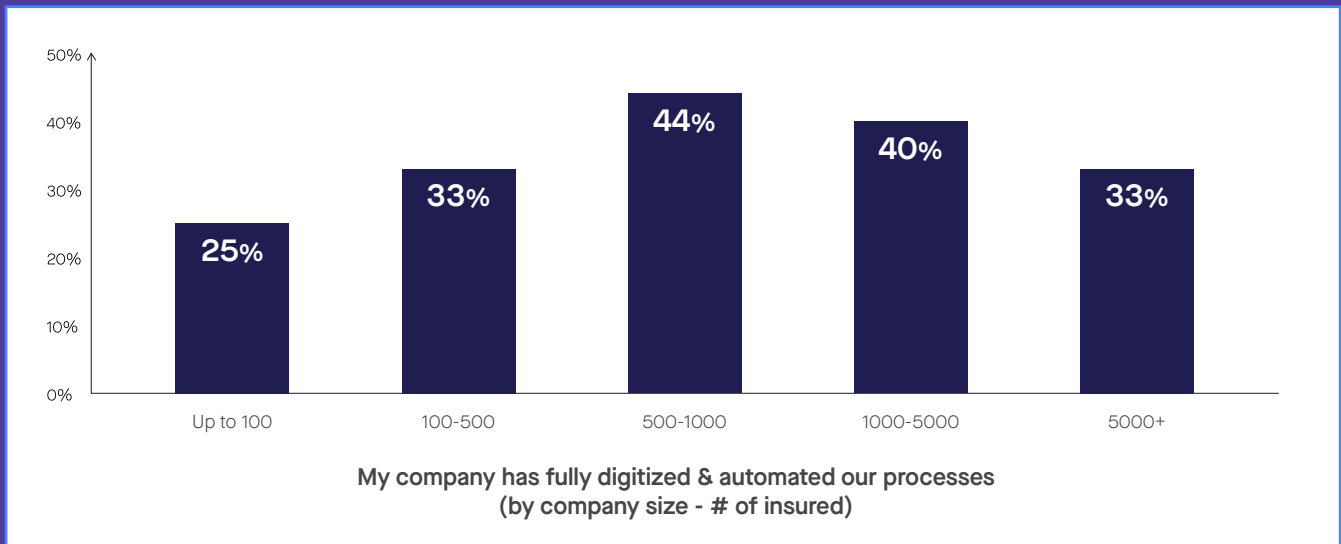
Our survey found that the gaps in digital readiness don't affect all insurers equally. Insufficient digitization is most seen at the extremes: with the largest and smallest insurers. Only 25% of the smallest insurers (up to 100 policyholders insured) and 33% of the largest insurers (over 5,000 policyholders insured) say they have fully digitized their processes.

What's going on here? Likely the largest insurers face internal bureaucratic hurdles when it comes to replacing legacy systems; change happens slowly. Smaller insurers with smaller budgets may believe that digitizing is too expensive for them; they may not see digitization as within reach.

In contrast, 44% of the medium-sized insurers (between 500-1,000 policyholders insured) say they have fully digitized and view digitization as a matter of great urgency. By taking digitization more seriously, these insurers will find themselves at an advantage when it comes to operational efficiency, customer experience, and closing new sales.

Yet all sized insurance carriers can leverage customer-facing digital solutions provided they are built for scale, both in terms of pricing and functionality. In addition, such solutions are often easier to implement than many insurers anticipate.

The "New Normal" Is Here to Stay — and So Is Digital

Workers' compensation carriers are more motivated than ever to go fully digital, especially in light of growing customer expectations and remote trends accelerated by the coronavirus. While partially digital service is now the norm, it won't be enough to maintain efficiency, productivity, and customer and agent satisfaction in either the short-term or the long-term.

Fully digitizing and automating of customer-facing processes will enable a remote workforce to remain feasible even once the pandemic passes. It will also allow traditional carriers to remain relevant and attractive to new and existing customers, even as digital-only insurers pop up to meet growing consumer demands.

Finally, it will enable carriers to do more with less, and use talented underwriters' and claim professionals' skills for higher-order tasks, such as guidance and advice, that requires human input. The end of the paper-pushing era is here, and insurers are ready to say goodbye.

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Last Name: Doe

Phone: 432 536 0001

Email: janedoe@gmail.com

Signature:

Jane Doe.

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