



AI in Claims Transformation
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The world is becoming increasingly **RISKY**



Horseshoe Beach, Florida on September 28, 2024 after Hurricane Helene (Photo by CHANDAN KHANNA/AFP ... [+] AFP VIA GETTY IMAGES)

Wildfires Burn More Than 150,000 Acres in Three States

Wildfires in Arizona, Nebraska and New Mexico have left at least one person dead and destroyed hundreds of structures.

United States passes one million Covid deaths

New Mexico wildfire rages on as fresh blaze engulfs California mansions

Challenging weather hampers firefighting in New Mexico, while in California, wealthy coastal enclave goes up in flames

5 years after Hurricane Harvey, many in Houston are still waiting for help

Half a Trillion Dollars – the Staggering Cost of U.S. Hurricanes and Tropical Storms Since 2016

By Jonathan Erdman - May 05, 2022





More than a number

A single open claim means a life or business is waiting to be restored



In 2024, Hurricanes Helene and Milton resulted in over 200,000 insurance claims in Florida, with estimated insured losses exceeding \$100 billion.

- Insurance journal

- Direct Premiums Written (DPW): \$859.9 billion in 2023, up 10.5%.
- Claims Costs: \$546.2 billion in net losses for 2023, a 9.3% increase.
- Loss Ratios: Expected combined ratio of 98.5% for 2024, improved from 102% in 2023.
- Return on Equity (ROE): Projected at 9.5% in 2024, up from 3.4% in 2023.
- Investment Income: Expected yields of 3.7% in 2024, with Q1 2024 net investment income at approximately \$19 billion, a 36% increase YoY.

- Waterstreetcompany - State of P&C industry



+ Ever-Changing Risk Environment

5 Key Trends shaping the future of Insurance

AI is transforming

AI is transforming insurance by enhancing risk assessment, operational efficiency, and customer interactions. While the tech enable insurers to automate claims processing, underwriting, and fraud detection, it also faces growing regulatory scrutiny to prevent bias and ensure fair practices.

\$7B spent globally on AI

Shifting Customer expectations

Direct-to-consumer trends push insurers to adopt digital models and embedded insurance. Younger generations demand online products, making social media and at-scale coverage essential.

Embedded insurance expected to grow 25% CAGR until 2030

Cyber Insurance Demand Rises

With increasing breaches, demand for cyber insurance grows despite challenges in pricing risks. Public-private partnerships may be key to sustainable cyber coverage solutions.

Average breach cost: \$4.5 million (2023)

Emerging Economies Grow

In the past decade, economic growth and an emerging middle class in LatAm, Asia and Africa have driven demand for more consumer goods and services.

104M people with health microinsurance

Climate Change & ESG Compliance

Increasing natural disasters and regulatory mandates push insurers to refine climate risk models. Stricter ESG reporting and climate impact assessments will shape insurance offerings.

\$50B in insured losses from natural losses

"In the coming year 2025 , the industry must move from 'react and repair' to 'predict and prevent' and explore nontraditional distribution channels," Forrester said. Advanced analytics, AI, and automation technologies can significantly improve operational efficiency, increase accuracy in underwriting, and optimize claims management.

Courtesy: FTI consulting

+ Challenges and Opportunities for Insurance Brokers

Challenges

- **Regulatory Compliance:** Keeping up with changing regulations requires constant vigilance and adaptation. Failure to comply can result in hefty fines and legal issues.
- **Technological Advancements:** Rapid technological changes demand continuous investment in new tools and platforms. Brokers must stay updated to remain competitive and meet clients' expectations.
- **Market Competition:** Increasing competition from direct insurers and online platforms pressures brokers to differentiate themselves. Offering unique value propositions becomes essential.
- **Customer Expectations:** Clients now demand more personalized and faster services. Brokers need to enhance their customer service and engagement strategies to retain clients.
- **Data Management:** Managing and protecting large volumes of data poses a significant challenge. Brokers must ensure data security and compliance with privacy regulations.

Opportunities

- **Optimize Workflows:** Streamline processes to drive revenue growth and meet customer demands efficiently.
- **Accelerate Digital Transformation:** Embrace digital tools (e.g., e-quotes, e-signatures) to deliver fast, convenient services, crucial for today's customer expectations.
- **Leverage Customer Knowledge:** Use expertise to recommend tailored products, fostering trust and loyalty with informed clients.
- **Expand Value-Added Services:** Offer claims processing, risk management, and underwriting to diversify revenue and deepen customer relationships.
- **Automate for Efficiency:** Implement AI and big data to reduce manual tasks, increase agility, and deliver a better client experience.
- **Stay Competitive with Digital Skills:** Develop digital literacy to match customer needs and outperform emerging fintech and big tech competitors.

Global Complications & Industry Impact



Increasing loss frequency



Increased tolerance for Risk



Waning trust insurance company will pay on a claim



Shift in location of aging population

Responding to these challenges

With a combination of
People expertise + SaaS technology



Evolving Employment
Landscape



Customer Sophistication



Digitizing the Claims
Ecosystem

+ Artificial Intelligence

GenAI is built with massive data sets

Programmed to automate diverse tasks and applications:

Generating original content from simple prompts

Can include text, images, video, audio and software code

Built on foundation language models using deep-learning methodologies

+ +

+ +

+ +

ARTIFICIAL INTELLIGENCE

Overarching technological concept foundational to all machine intelligence solutions

MACHINE LEARNING

Mimics human intelligence using data and pattern recognition models to understand information and help automate processes

DEEP LEARNING

AI method that teaches machines to ingest, process and organize data similar to the way humans do, allowing the completion of complex tasks and predictions

GENERATIVE AI

Leverages language models to understand and generate new content from input prompts

FOUNDATION MODELS

AI models that are pretrained, generalized, adaptable, large and self-supervised

LARGE LANGUAGE MODELS

Built on deep learning architectures and providing the foundation of generative AI, LLMs represent the possibilities that AI might achieve in the future

+ GenAI tools designed for claims processes

Characteristics of GenAI foundation models



PRETRAINED

on extensive industry-based data sets



GENERALIZED

to excel across a broad spectrum of claim management tasks



ADAPTABLE

and highly flexible, allowing for customization



CREATED

with significant, large-scale architecture and trained on vast amounts of data



SELF-SUPERVISED

to provide automatic learning through data analysis and interpretation



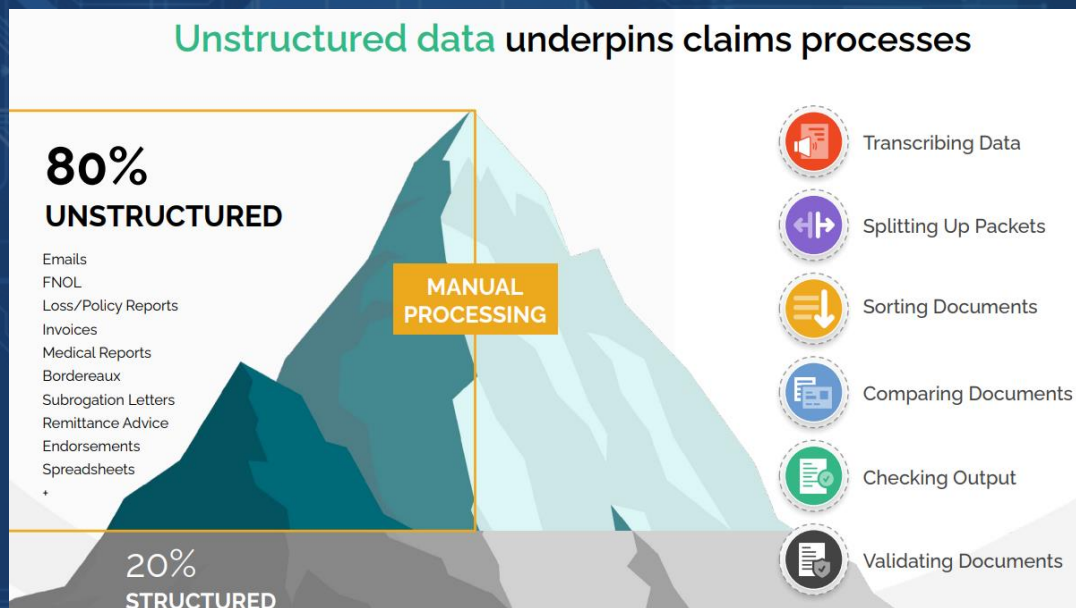
Challenges today - Power of GenAI to transform claims processes

Outdated, manual adjuster processes can

- Drain resources, leading to claims handler burnout
- Result in errors and inefficiencies
- Reduce quality customer interactions

Generative AI Solution benefits:

- Intelligent document analysis
- Greater job satisfaction and employee retention
- Streamlined operations with defined workflow segments
- Enhanced customer experience



+ GenAI comes with new risks

Ethical Concerns



Misuse and impact of Generative AI content

Data Quality and Bias:



Ensuring fairness and accuracy in generated content

IP Infringement



Avoiding copyright violations with generated outputs

Lack of Transparency



Understanding complex model decisions for accountability

Adversarial Behavior



Defending against intentional manipulation and deception

Privacy Concerns



Safeguarding sensitive data used by Generative AI

Companies need to consider implementing a Responsible AI Framework.

Change Management is key

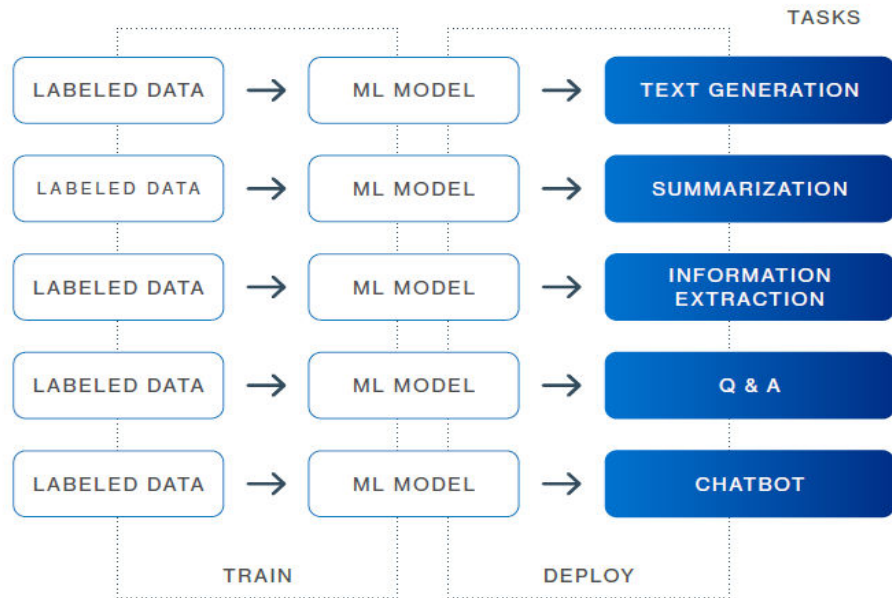
Human in the loop is crucial.

+ GENERATIVE AI BUILDS ON AND REFINES PRIOR AI PROCESSES

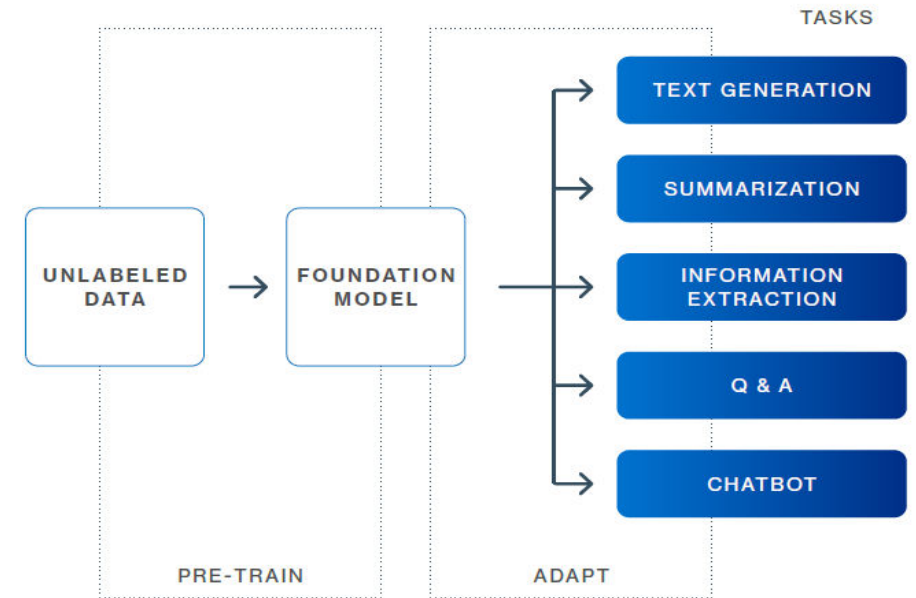


Machine Learning (ML), Generative AI leverages Large Language Models that can be “trained” to improve its responses through user input - allowing workers to further tailor these tools to their unique needs.

TRADITIONAL ML MODELS



FOUNDATION MODELS



+ Evolving AI Trends

Integrating Advanced AI: Transformative Solutions



Multi-Modal LLMs

LLMs that can understand and generate different types of data, such as text, images, video, code, and audio.



Embedded AI

AI seamlessly integrated into SaaS and other apps & platforms. Seamless and automation / augmentation and intelligence. (e.g., predictive models)



AI Agents

Programs that operate autonomously in an environment. Proactive. Have memory. Take actions to achieve specific goals. (e.g., Digital assistants - execute specific claim tasks)

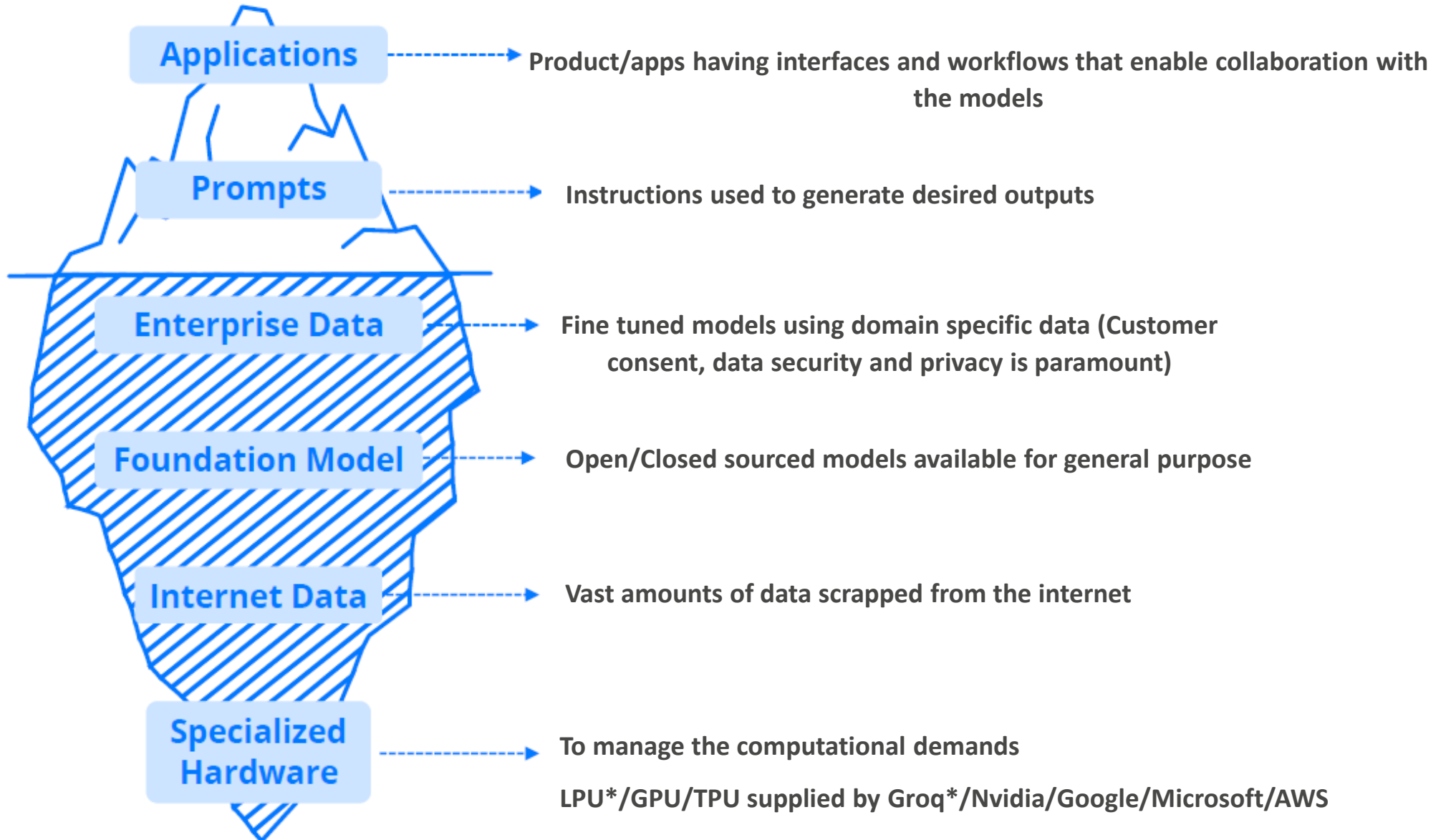


Domain Specific LLMs

Compact and efficient language models on resource-constrained compute. Domain specificity and knowledge embeddings



+ GenAI LLM Stack - How does it actually work ?

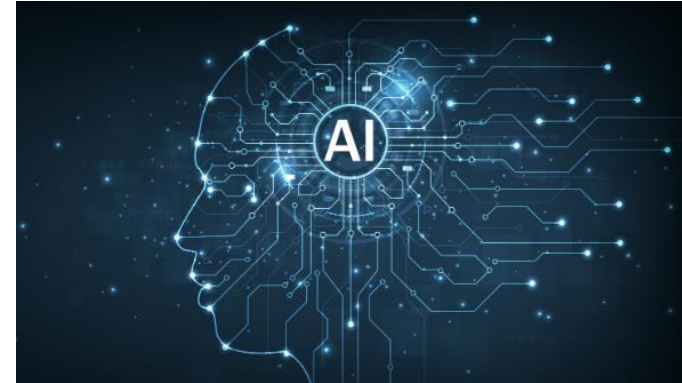


+ Streamline claim coverage policy assessment



Process challenges with Policy review

- Complexity of Policy Language - Intricate wording, complex endorsements, and frequent regulatory updates introduce ambiguity.
- Time-Consuming Analysis - Extensive manual review of lengthy documents delays claim cycle times and frustrates customers.
- Error-Prone Outcomes - Inconsistent interpretations across adjusters lead to inaccurate coverage decisions and potential financial risks.



Innovative Product Solution

- LLM-Powered Policy Analysis - Leverages the cutting-edge capabilities of Large Language Models to accurately interpret complex policy language, ensuring consistent and reliable coverage determinations.
- Automated Coverage Determination - Eliminates manual review and streamlines the claims process with informed coverage decisions based on AI-driven insights. Provides trusted citations to policy source.
- Integration with Claims Systems - Integrates seamlessly with claims management systems to ensure a smooth workflow and avoid data silos.



Navigating complexity: Automate the claim coverage review process by swiftly interpreting policy wordings, providing coverage recommendations, and helping claims handlers to accelerate decision-making and reduce processing times.



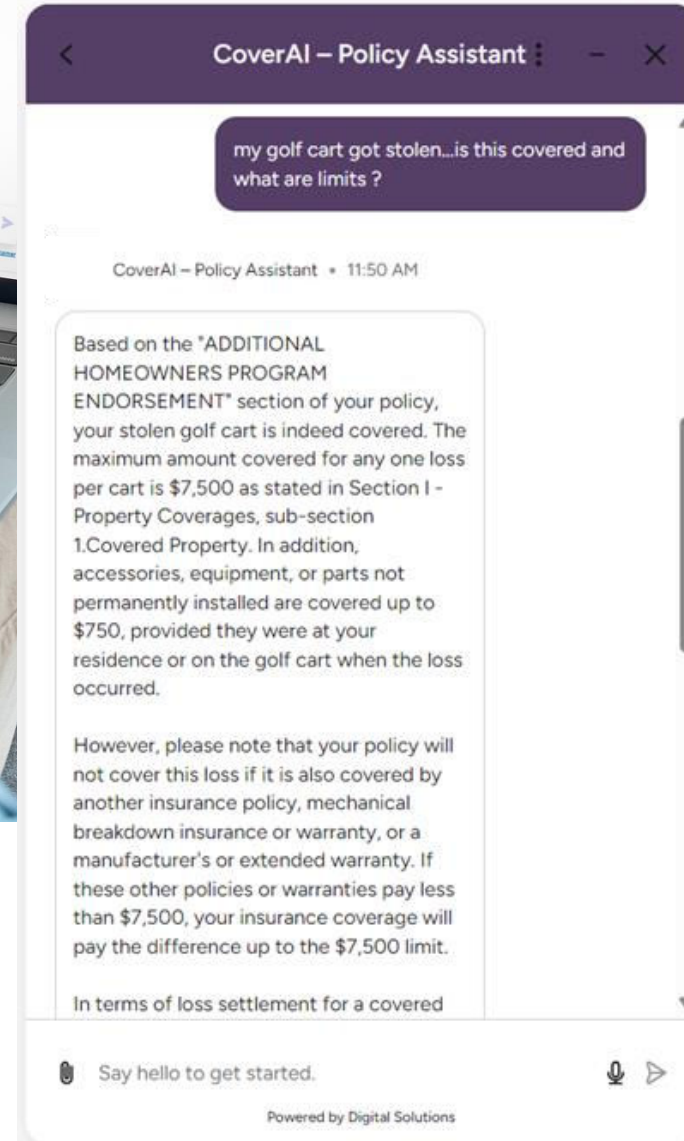
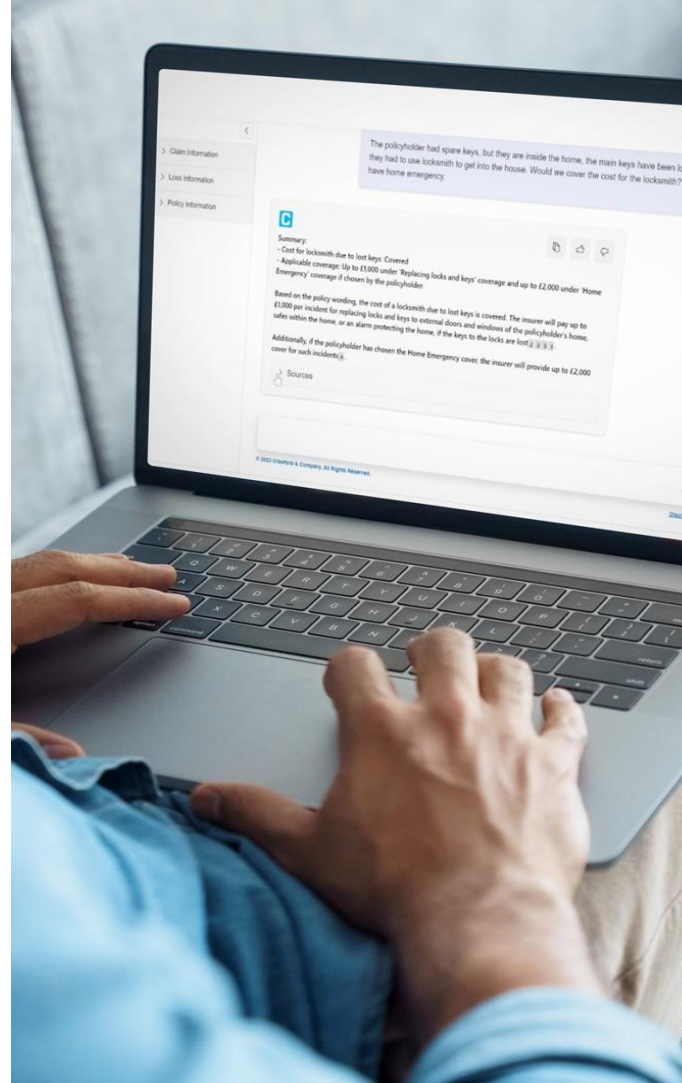
Consistent interpretation: Offers a more consistent interpretation of policies, helping to reduce human error and enhance the accuracy of claim outcomes.

Benefits:

- Enhanced Accuracy & Auditability
- Bolster Financial Health
- Swift Claims Cycle
- Tailored, Customer-Focused Solutions

Product Solution is offered as “Platform as a service” and “API as a service”

Human in the loop is crucial in this process, enabling claims professional to review the AI’s outcome and make the final decision



+ Leverage AI to transform the Call Center Experience

User Experience

Experience = CX + AX

CX

AI Agents

Digital Agents Assisting Customers

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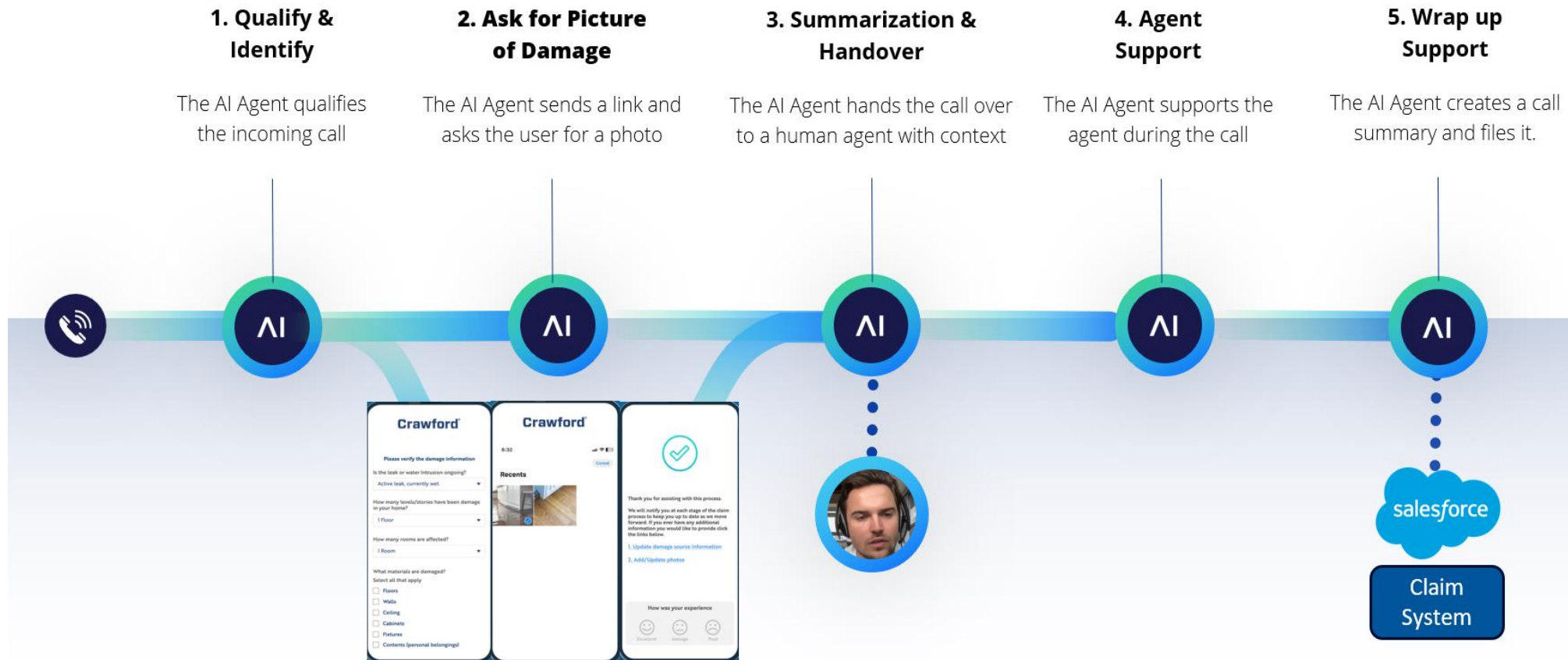
AX

AI Assist

Digital Agents Assisting Agents



A Fluent **Multi-Modal FNOL Experience**



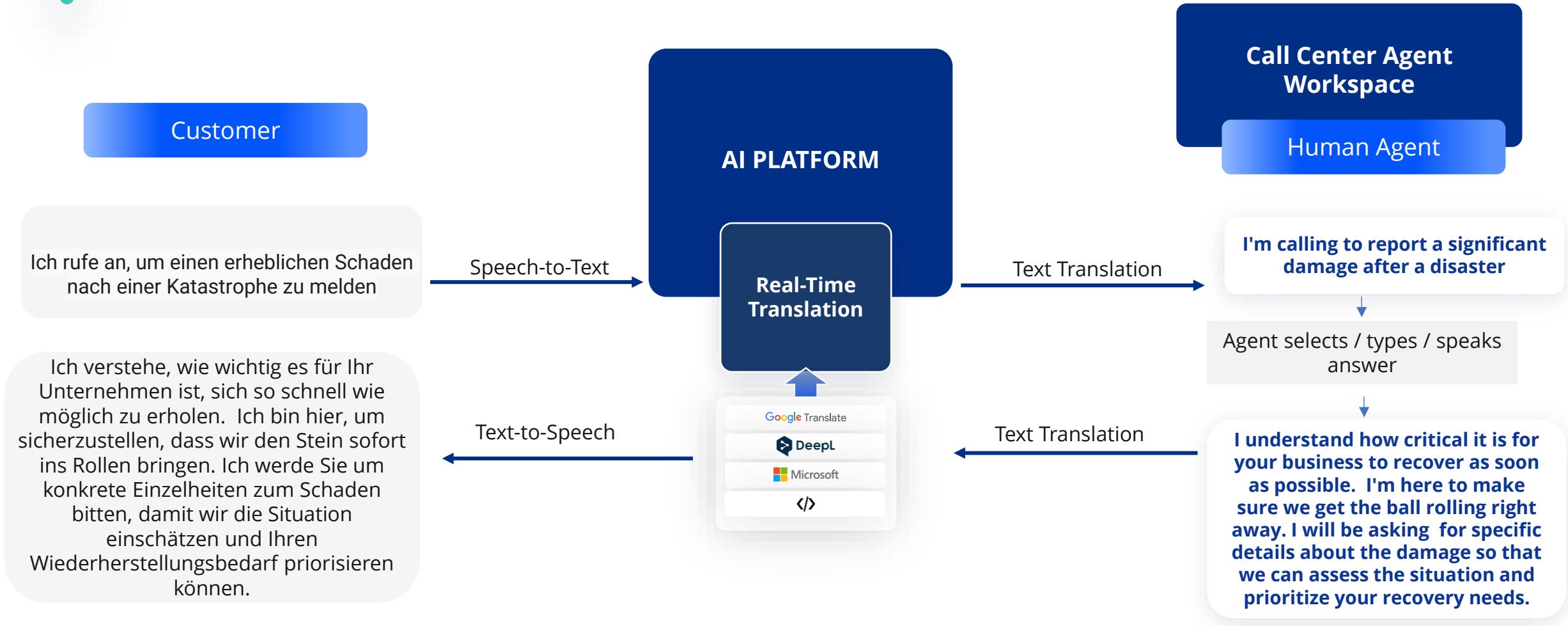
GenAI-powered conversational AI assistants that provide 24/7 call center support to claimants, carriers and adjusters guiding them through the claim's submission process, answering questions, and providing updates on claim status, thus improving customer satisfaction and operational efficiency.

Outcome:

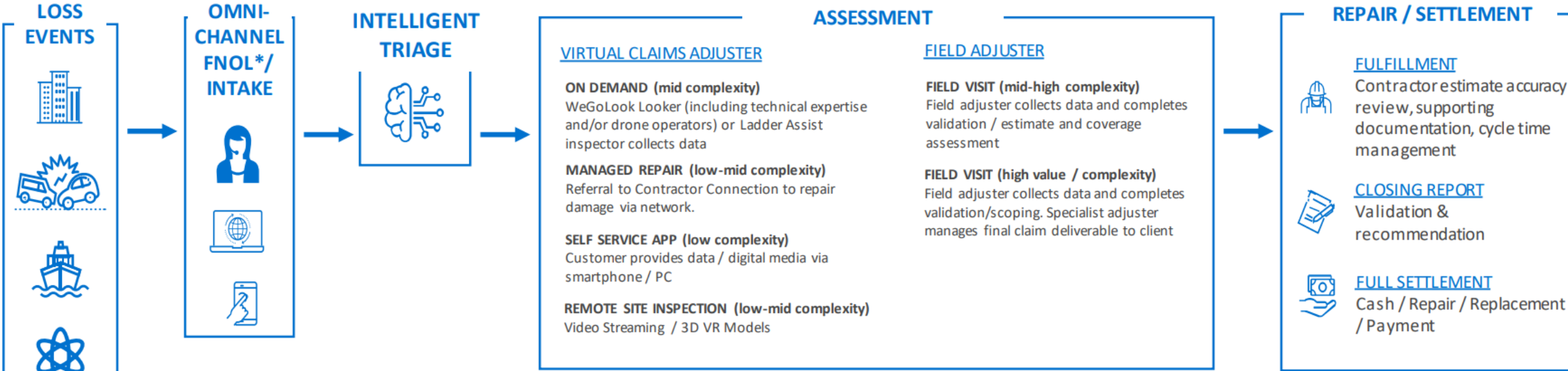
- Improve Customer and Agent experience
- Improve Net Promotor Score
- Enhance Operational Efficiency to reduce claim processing times and minimize errors

Real-Time Voice Translation

Empowering human agents to speak any language



Powered by digitization, best-in-class quality and industry-leading claims expertise, Crawford’s customer-centric claims solutions deliver rapid, accurate claim resolution to reduce costs and improve your customer’s experience.



Key Benefits:

- 1** Customizable solution
- 2** Intelligent triage and assessment options enable use of the right solution for each claim
- 3** Process claims in as little as 3.7 days
- 4** Reduce costs by up to 30% (on average)



Access and triage claims from start to finish - all on one platform

Triage

- Peril Specific
- Personal vs. Commercial Lines
- Severity based Segmentation
- Complexity based Segmentation
- Continuously evolving / learning Claim Attribute Model







Orchestration

- Workflow Automation
- Auto Self-Service
- Conversation scripting
- Assisted self-service
- On-demand field inspection services (ladder assist/interior)
- Drone capture
- Traditional Loss Adjusting Services
- Contractor Managed Repair and fulfillment

Communications

- Digital Communication Engine
- Alert Automation
- Triage data collection automation
- Status and escalation alert automation
- True Omni-Channel communications

Platforms

-  Xactware[®]
-  SYMBILITY
-  DFNOL
-  GUIDEWIRE
(coming soon)
-  WeGoLook
A CRAWFORD COMPANY
-  HOVER
-  plnar
-  hosta AI
-  Inspection Services
Contractor Connection
-  edjuster
BY CRAWFORD & COMPANY

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Thank You



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