ROLE OF INFORMATION TECHNOLOGY ON CLAIM MANAGEMENT IN INSURANCE SECTOR: AN APPRAISAL

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ABSTRACT

Information Technology has become the backbone of every industry, especially for the insurance industries. This article sought to determine the role of information technology in claim settlement in insurance sector. The insurance market is an information based market since there is lot of gathering, processing and distribution of information and thus information technology is needed to manage all this information. This article shows the way in which information technology can be used within the insurance industry and how it helps companies to be more effective and efficient.

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Information technology is the use of computers to store, retrieve, transmit and manipulate data[i] or information, often in the context of a business or other enterprise.[ii] Information technology is considered to be a subset of Information and Communication Technology (ICT). Humans have been storing, retrieving, manipulating and communicating information since the Sumerions in Mesopotamia developed writing in about 3000BC,[iii] but the term information technology in its modern sense first appeared in a 1958 article published in the Harvard Business Review, authors Harold J. Leavitt and Thomas L. Whisler commented that "the new technology does not yet have a single established name. We shall call it Information Technology (IT)". Their definition consists of three categories: techniques for processing, the application of statistical and mathematical methods to decision-making and the simulation of higher-order thinking through computer programs.[iv] The term is commonly used as a synonym for computers and computer networks, but it also encompasses other information distribution technologies such as television and telephones.

Several products or services within an economy are associated with information technology, including computer hardware, software, electronics, semiconductors, internet, telecom equipment and e-commerce.[v]

The use of Information Technology systems like and accurate data, increase connectivity and streamline claims process across multiple operations. The benefits are lower processing and administrative cost, reduced pay-outs, decrease in processing time and better customer satisfaction. Apart from the challenges of deregulation, consolidation and convergence of financial services worldwide, Radix has formed out on innovative system of Insurance software solutions provider to the clients of multiage's providing insurance business management at a feasible cost features according to the relevant functionalities. The online Insurance Management System Software Solution is a fully automated and integrated policy processing system for both personal and commercial insurance carriers. It is a scalable, reliable and cost-effective solution for carrying out all business – critical insurance processing functions. The Insurance Software Solutions provider is leading software for all segments of the insurance community and insurance product management. The web based Insurance Management System Software Solution helps to solve long standing time to market challenges. The company offers a focused, supported approach to provide a secure future for our clients through affordable solution that helps to meet their needs of the clients providing an insurance technology outsourcing service for the insurance industry. Radix has an in – depth

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understanding of the insurance business management with dedicated experts to the insurance practice to furnish to the specific business requirements for the industries. The company offering a robust web based insurance solution which has the flexibility of customizations to match the specific needs of clients for achieving their business goal of good service and revenue generation.

Here are some important modules of insurance business management;

- Insurance Policy Administration system
- Claims Management Systems
- Insurance Agency Management System
- Policy Management System
- User Management System
- Endorsements Management System
- Insurance Administration Management System
- Insurance document Management System
- Online Insurance Management

Insurance Policy Administration System consists of a mathematical Notation that captures the relationship between policies and objects and the entities that manage policies for those objects. It is consisting of a number of policy administration domains. The domains are arranged in hierarchy, representing descending levels of authority. A number of important issues for policy administration are identified and addressed within the model.

Claim Management System can build applications that will ensure claims are processed fast and efficiently. Operator flexibility is the key and the company aims to improve operator productivity while processing claims. Insurance claims system uses electronic filing system to primary and secondary payers.

Insurance Agency Management System facilitates an insurance company's ability to address relationships with its product distribution channels. Insurance Agency Management System is the solution that delivers to manage and grow the insurance agency to assist day – to – day management of the agency.

Policy Management System- Policy registration is intended to be a vehicle for the exploration and discussion of policy issues and is aimed in particular at enhancing communication between

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health policy researchers, legislators decision – makers and professionals concerned with developing, implementing and analyzing health policy. Policy renewals and policy cancellation can be managed by the insurance policy management system.

User Management System manages all the users of the system i.e. Customer, Administrator or Agents. It keeps the track of the activities they performs, their data, and access information.

Endorsements Management System creates a greater liability for the title insurance underwriter and therefore most endorsements require an additional charge to be collected in excess of the usual title insurance premium.

Insurance Administration Management System can manage multiple administrators and can have track of the right assigned to them. It takes care that all the Administrators function with the system as per the rights assigned to them and they can get their work done in efficient manner.

Insurance Document Management System is a secure file upload management system with built in audit tracking and is a plug – in extension to the power central portal. The system provides the capability for Health and Hospital Portal Editors to build secure document upload screens with audit tracking for the hospital department administrators to upload mandatory, mission- critical documents. This system is designed to create an audit trail of all document uploads, manage the process of document approval and track viewer profile attributes.

Online Insurance Management System- Radix is the right technology choice for the vast majority of insurance selling organization online. The web based insurance management system can manage his insurance business perfectly.

Telematics and Self-driving Vehicles- Telematics solutions measure several parameters including mileage, speed, braking and turning patters, thus providing insurers with invaluable insights on driver behavior. By 2020, the number of "telematics – friendly" auto insurance provides is expected to reach 36%. The immense popularity of telematics trackers has given rise to usage based insurance (UBI) policies which offer discounts for safe behaviors on the road. There are several high profile brands that leverage sensor data for policy underwriting including progressive (zubic Key), Metromile (Pay-per-mile car insurance which saves customer $500 a year) and Evie Insurance. The latter, infact has gone beyond I O T trackers

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and now uses drive to assess damage after an accident. According to cognizant, drones can boost insurance adjusters' work flow efficiency by upto 50%.

Wearable Tech- The global wearable tech market will reach $51.6 billion by 2022. Consumer interest in wearable is primarily fuelled by the increasing adoption of healthy lifestyle habits, it's no wonder insurance companies take advantage of the new data channel! Consumers who score enough points to upgrade to Bronze, Silver, Gold or Platinum vitality status receive significant discounts on premiums. Another example camps from Beam Technologies, a dental insurance company that monitors customers' oral hygiene habits via a connected toothbrush. Healthy consumers' means less doctor visits and that's why forward thinking insurers jump on the Internet of Things bandwagon!

Enterprise Application Software (EAS)- The enterprise software term can be applied to any application used by a company, be it face book Messenger or a complex document management system. The major reason to address a customer Java/PHP- Development Company and build high- performance enterprise software is to increase productivity and boost revenue through effective data management. With EAS solutions, insurance companies automatically acquire customer data in real time, transform it into actionable insights and develop new types of insurance based on a person's driving history, on-demand insurance implemented by Uber or Metromile's pay-per-mile auto insurance.

Artificial Intelligence- artificial Intelligence algorithms do not fail to detect data patterns and get smarter overtime. Insurance companies can leverage Big Data for case-based claims handling, smart pricing and damage assessment. Lemonade, a NY insurance start up, employs the smart AI Jimbot to reduce paperwork, root out bureaucracy and settle claims in mere hours. OSCAR, a promising insurtech company co-founded by Jared Kushner's younger brother, fed tons of electronic medical records and insurance claims/doctor directories data to an AI algorithm and now uses the software to match patients with the right doctors. In fact, AI-powered insurance data analytics can be business of its own, provided a reliable vendor with a solid AI/IOT portfolio is required and then the project may disrupt the entire insurance industry.

Closing thoughts- By investing in information technology, insurance companies can reduce the number of intermediaries (as if now brokers receive $45 billion in annual compensation), increase the transparency of insurance transactions and get a better insight into customer needs.

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According to Gartner's 2016 report, 64% of the world's top 25 insurers have already invested in insurance technology start-ups.

The firm also claim 80% of the property and casualty insurance companies will enlist the support of "insurtech" start-ups to secure their positions in the competitive market.

Information Technology plays an important role in claim management system. Claim management is one of the critical business processes that affect the customer satisfaction. This makes imperative for the insurance companies to have up to date \IT systems, tools and processes to provide best customer service possible. This can improve the efficiency of the claim management system in insurance sector. Insurance company need to identify the reasons for increasing administrative and processing cost, high expense ratio without spending much time resources. Manually embarking on an information mining exercise of such a nature would entail significant effort and cost making it prohibitive. Thus a Claims Performance Dashboard is the need of the hour. It would significantly lower the administrative burden, reduces cost, improve customer satisfaction and help senior management in better decision making.

ENDNOTES

[i] Daintith, John, ed.(2009), "IT", A Dictionary of physics, Oxford University Press, retrieved 1 August 2012
[ii] "Free on-line dictionary of Computing (FOLDOC)". Retrieved 9 February 2013.
[iii] Btler, Jeremy G., A History of Information Technology and systems, University of Arizona, retrieved 2 August 2012..
[iv] Leavitt Harold J., Whisler, Thomas L(1958). "Management in the 1980s", Harvard Business Review.
[v] Chandler, Daniel, Munday, Rod, "Information technology". A Dictionary of Media and Communication, Oxford University Press, retrieved 1 August 2012, "commonly a synonym for computers and computer networks but more broadly designating any technology that is used to generate, store, process and/or distribute information electronically, including television and telephone."

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