

**INSURANCE COMPANIES
WHEN PAPER-BASED PROCESSES
TURN AGAINST YOUR BUSINESS**

THE EFFECTIVE SOLUTION...

INSURANCE COMPANIES

WHEN PAPER-BASED PROCESSES TURN AGAINST YOUR BUSINESS

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Accidents and emergencies are unpredictable and it's imperative to act fast when they happen. A common goal to all insurance companies is to be able to process its customer's claims in a timely manner. After all, that's what the insurance business is about; policy holders expect timely and efficient actions from their insurers in critical times.

Insurance and Reinsurance businesses often rely on paper-based operations. But it's not a secret that paper-based processes call for disaster under certain circumstances. We've all experienced the anguish of not finding a critical document when we need it the most.

In many insurance companies, a large volume of paper is usually processed by a large number of people; paradoxically, many of the problems faced by insurance companies today are related to paper processing. Document review, data entry, document classification, distribution and archiving are usually not considered critical activities and thus not given the proper importance within these organizations.

However, when critical processes like policy issuing, renewing and claims processing are delayed because of a lost or damaged paper document, consequences are severe. Due to the nature of their business, it is extremely important that insurance companies have the proper tools and systems in place to control paper-based activities.

➤ THE PROBLEM

An average insurance company processes thousands of paper documents daily, usually manually. Policy issuing and Claims processing are perhaps the most critical processes and also the most prone to paper related problems. Insurance companies are subject to suffer from paper related problems, usually because of an inadequate document management system and process. Some of these problems translate into document losses, processing delays, lost files, lack of control, etc.

Policy and Claims processing:

The processing of policies and claims (either for Health, P&C, or Life insurance) involve these activities: document receipt, case review & approval, and payment. The common denominator of these activities is that they usually involve high-volume processing and rely on a large number of personnel; to be efficient then, insurance companies should be able to monitor and control all stages of the process. In order to achieve this goal, it is necessary to have methodologies and procedures in place, as well as well-designed processes and controls over response times.

Problems arise when these conditions are not present. In claims processing, specifically, time is of the essence. Lack of control over the process and documents can be translated into delays, document losses, payment errors, and ultimately the loss of a customer.

Paper-based documents handling:

In general, paper document handling involves a series of critical activities:

Document receipt: Documents can be received by email, fax, courier, or by a person. The lack of an effective control of the documentation received can be translated into document losses.

Safekeeping: Companies sometimes cannot properly keep their paper documents safe because of a high volume of paper documents waiting to be archived. This is caused mainly by lack of time and human resources.

Incomplete files: Due to the inability to archive documents in a timely manner, customer files can become incomplete.

Duplicated information: When information is not centralized and readily available to all parties involved, users tend to create and keep standalone copies of documents and files. This is translated into unnecessary storage, copy and print costs.

Other problems: Decentralized information that makes it hard for users to find it; lack of methodologies and procedures, lack of information security policies.

➤ WHAT TO DO?

First of all, an evaluation of the “as-is” processes is required in order to find the sources of the problems and identify potential solutions. Research has shown that problems are usually related to non-automated and highly paper-based processes. The goal is then to automate manual processes through the use of information technologies to increase productivity and reduce costs.

Research conducted by consulting firms like Coopers & Lybrand, Nolan Norton Institute, Ernst & Young, Sandy Schiele and Betsy Delfosse, Lee Mantelman and Nucleus Research, among others, have shown the following results:

- ✓ 90% of the work load in an average business organization is related to search and retrieval of paper documents.
- ✓ 60% of employees spend at least 1 hour a day duplicating tasks that have been previously executed by others.
- ✓ 30% of the working time of an employee is spent gathering information needed to perform tasks.
- ✓ An average paper document is photocopied 19 times.
- ✓ 50% of archived documents are actually copies of other documents.
- ✓ 3% of archived documents are not properly stored.
- ✓ 7.5% of stored documents get lost eventually.

In response to these issues, many businesses have implemented a *Document Management Systems*. They enable a more efficient and productive information management by freeing up the data contained in standalone sheets of paper and transforming it into relevant electronic information readily available to many users simultaneously.

Envision your business having a Document Management System in place, enabling you to manage information effectively and integrating paper based documents, emails, pictures, voice, video, databases and any other file. Document Management Systems allow multiple users to share information simultaneously and, allow businesses to control the document lifecycle from document creation, storage, monitoring, retrieval and version control.

Document Management System Components

Catalogs

Catalogs are databases that contain different file format documents with similar characteristics. For Insurance companies, examples of catalogs could be: Automobile Policies, Vendor Bills, etc. Catalogs allow you to group documents that share common characteristics.



Index Cards

The system will retrieve all relevant information related to a specific claim displayed in the Index Card: Insured Name, ID, Claim Dates, Vendor Names, Vendor IDs, Processing Dates, Status, etc. The Index Card will also contain the digital documents associated with it: contract, medical records, invoices, pictures, etc.



Search Engine

The system's internal search engine will enable users to easily locate any document within the system (e-mail, scanned images, pictures, video, voice, etc.) through the use of keywords.

For example, keying a specific Insured's ID will retrieve all policies associated to that particular customer. It will also bring along policy conditions, customer history, medical records, claims and other customer data.

Workflow

The workflow component of the Document Management System will automate your business processes and enable you to control and monitor executed tasks. The workflow enables task automation and sequencing of processes; and it allows you to monitor and analyze every step of the process. Its use is particularly useful in processes with multiple parties and shared resources involved.



ERP Integration

The Document Management System can be integrated with your company's ERP.

Single Electronic File

A single electronic file can be created for each customer, and multiple documents can be attached to it.

Envision your business with a Document Management System in place that will enable you to have an absolute control over your documents and business processes.

➤ HOW TO DO IT?

Once the sources of the problems are determined, the next step is to design the solution. This involves measuring the volume of documents to be handled and analyze the business processes.

A Document Management System allows you to use information collaboratively, avoiding data duplication. Its internal controls guarantee that the information is always reliable, standardized, confidential and available to all authorized users in real time.

Document Management Systems allow organizations to:

- ✓ Keep a central repository of data available to all users
- ✓ Import data from ERPs
- ✓ Minimize data entry errors
- ✓ Monitor process efficiency

The main components of a Document Management System are:

The Catalog

The Workflow

The Catalog

A Catalog is a database comprised of documents and files. Scanned images, electronic files, pictures and other files can be attached to these databases. Information within catalogs is displayed in “Index Cards” based on the company’s specific needs. In an insurance company, examples of catalogs could be: Health Insurance Policies, Life Policies, Auto Policies, Invoices, Payment, etc.

Catalogs can be linked internally. They enable users to enter and update information in a standard, fast and easy way.

In the case of Insurance Policies, Catalogs can be used to:

- ✓ Create a central repository of electronic files, emails, digital pictures and other documents attached to policies.
- ✓ Ensure a fast and convenient search & retrieve of all policy-related documents without having to search paper files.
- ✓ Ensure data privacy and security through user access controls.
- ✓ Generate statistics and reports on Policy Issuing and Renewal.
- ✓ Maximize the use of information within the network and from the Web.

As an example, we show the following **Catalog Template for General Insurance Claims**. In this case, the Catalog is used for:

- ✓ Recording standardized claims information.
- ✓ Link claims to their corresponding policies.

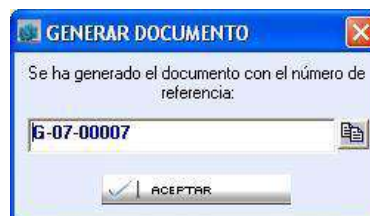
To enter data into the Claims Catalog, an Index Card is displayed on the screen.

A screenshot of a software interface showing a form for entering data into a Claims Catalog. The form is divided into several sections with various input fields and labels. The sections include: 'Datos de la Compañía', 'Datos de la Póliza', 'Datos del Reclamante', 'Datos del siniestro', 'Datos de la reclamación', and 'Datos de la gestión'. Each section contains several text input fields and some dropdown menus.

This Index Card is comprised of 4 different types of fields:

- ✓ Field Name
- ✓ Field Type (text, number or date)
- ✓ Field Size (in characters)
- ✓ Data-entry type

Reference Number (NumRef): It is a number automatically generated by the system when a new document is entered.



The Reference Number is comprised of:

- ✓ Prefix that indicates the Catalog
- ✓ Current Year
- ✓ Document Number

To easily fill out date fields, a **Calendar** is displayed to visually select the desired date.



Memo Field: Allow for up to 10,000 alpha numeric characters.

To standardize records and avoid data entry errors, the system allows the user to create “**Validation Lists**”, in which a series of predetermined entries are specified as options for pull-down lists.



Users can create as many Validation Lists as needed. In Insurance Companies, for example, a Validation List can be created that contains a list of all Health Service Providers in their network.

Sample Index Card for a general insurance claim

Field Name	Field Type	Field Size (Number of Characters)	Validation List	Fill-out Type
Reference Number (NumRef):	Text	10	N/A	Select the corresponding Prefix
Insurance Company Name	Text	250	Insurance Company Names	Select from List
Policy Holder Information				
Policy Holder	Text	150	Policy Holder Names	Select from List
Policy Holder ID	Text	15	N/A	Key in information

(Cont.)

Field Name	Field Type	Field Size (Number of Characters)	Validation List	Fill-out Type
Beneficiary Information				
Beneficiary	Text	150	Beneficiary Names	Select from List
Beneficiary ID	Text	15	N/A	Key in information
Relationship to Policy Holder	Text	9	Relationships	Select from List
Policy Information				
Policy Number	Text	25	N/A	Search
Policy Type	Text	12	Policy Types	Select from List
Claim Information				
Claims Description	Memo	4,000	N/A	Key in information.
Loss Date	Date	10	N/A	mm/dd/yyyy
Claim Date	Date	10	N/A	mm/dd/yyyy
Claim Received Date	Date	10	N/A	mm/dd/yyyy
Documentation Received	Text	250	Documents List	Select from List
Claim Follow Up	Memo	4,000	N/A	Key in information
Claim Amount	Number	13	N/A	Key in information
Amount Paid	Number	13	N/A	Key in information
Non – Covered expenses	Memo	4,000	N/A	Key in information
Claims Number	Text	25	N/A	Key in information
Claim Status	Text	30	Status List	Select from List
Check No.	Text	25	N/A	Key in information
Check Date	Date	10	N/A	mm/dd/yyyy
Check Mailing Date	Date	10	N/A	mm/dd/yyyy
Claims Notes	Memo	4,000	N/A	Key in information

The system is also enabled with user access restrictions; for example, fields can be displayed or not depending on the user that is logged in.

The Workflow

Document Management Systems enable process automation through a feature called Workflow. This tool works by automating task sequencing, requirements and conditions.

Workflows have become key components of efficiency and productivity monitoring. Some of their benefits are:

- ✓ Efficiency and productivity increase due to process automation.
- ✓ Centralized process monitoring.
- ✓ Ensure adherence to the organization's policies and procedures.
- ✓ Enables the organization to proactively identify bottlenecks and delays.
- ✓ Avoid task duplication.
- ✓ Optimize information use by enabling collaboration.
- ✓ Enables task accountability.
- ✓ Process audit and performance statistics.

The use of a workflow is particularly useful in processes in which several users and shared resources are involved.

Workflows are comprised of workstations. Each workstation represents a "working unit", assigned to the execution of one or more tasks. The image below shows a Workflow screen, with a graphical representation of the five workstations for a specific workflow, each represented by a picture of the user assigned to the workstation.



This Workflow graphically indicates tasks sequencing. A **blue** line indicates workstations where the Workflow has already passed, and the **red** line indicates the workstations that remain to be traveled through.

The model shown below is an example of a Workflow for a simple claims pre-approval process in an insurance company. The model is comprised of 4 workstations:

CLAIMS PRE-APPROVAL PROCESS		
<u>Workstation</u>	<u>Task</u>	<u>Decision</u>
Initiator	* Data entry analyst scans and save claim request and medical records. * Sends information to Workflow.	

(Cont.)

CLAIMS PRE-APPROVAL PROCESS		
<u>Workstation</u>	<u>Task</u>	<u>Decision</u>
Operator	<ul style="list-style-type: none">* Processes claim request.* Modifies the “status”, “date” and “processed by” fields.* Replies to the Workflow.	<ul style="list-style-type: none">* If documents are OK, send them to the claims file.* If documents are not OK, send to Medical Auditor
Medical Auditor	<ul style="list-style-type: none">* Reviews medical records.* Replies to the Workflow.	
Operator	<ul style="list-style-type: none">* Approves or reject claim.* Modifies the “status”, “date” and “processed by” fields.* Replies to the Workflow.	
Archive	<ul style="list-style-type: none">* Validates scanned image and links it to the corresponding record in the system.* Modifies the “status” field.* Replies to the Workflow.	

➤ THE BENEFITS

A Document Management System could bring multiple benefits to Insurance Companies:

- ✓ The use of digital files minimizes the need of paper-based documents.
- ✓ Enables complete control over enterprise documents.
- ✓ Enables process automation through the use of Workflows.
- ✓ Integrates with the company's ERP to work with already existing data.
- ✓ Minimizes risks related to process delays and lost documents.
- ✓ Enables collaboration.
- ✓ Enhances the flow of information within the organization.
- ✓ Reduces process delays and bottlenecks.
- ✓ Ensures adherence to the company's policies and procedures.
- ✓ Maximizes the use of physical space.

➤ WE HAVE THE SOLUTION YOUR BUSINESS NEEDS

GA Technologies, part of Grupo Archicentro, is a leader in Document Management Solutions with more than 30 years experience. We integrate knowledge, technology, tools and consulting to help you implement automated solutions effectively.

We have developed our proprietary Document Management System, **SCAV®**. This powerful tool is a user-friendly software that can be completely adapted to the needs and requirements of your organization. It will allow you to manage and control your business information, regardless of the format.

Some of the many advantages of SCAV® are:

- ✓ Ability to handle an unlimited number of documents in different formats.
- ✓ User-centric graphic interface that allows non-technical users to design Workflows and Databases directly.
- ✓ Keyword-enabled search engine capable of performing multiple searches simultaneously.
- ✓ Multiple keywords allowed for document indexing.
- ✓ Advanced image handling capabilities including highlighting, electronic notes and electronic stamps.
- ✓ Data-entry validation capabilities through an internal “Thesaurus”.
- ✓ Graphic command bar to handle common functions.
- ✓ File compression algorithm to maximize disk space requirements.

SCAV® will interconnect your organization...

will change the way you communicate...

and will improve the way you work !

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