

## Reducing Costs, Compliance Woes and Customer Dissatisfaction with Distributed Claims Processing

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By

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## Overview and Introduction

Inefficient property and casualty (P&C) claims processing doesn't just increase your operational costs; it can also cost you customers. In an industry where consumers are bombarded with catchy advertising touting the lowest prices and superior service, P&C carriers that want to retain customers, remain profitable and meet existing and potential compliance requirements should evaluate distributed scanning as a means to increase the effectiveness of claims processing. For carriers who work with brokers or agents, these concerns are compounded by the need to maintain commissions and support those partners with positive customer experiences or risk being selected against.

Getting claims and supplemental documents to claims underwriters sooner by transmitting them electronically from the regional offices, broker offices or independent adjusters by capturing them at the point of creation can significantly improve the bottom line and customer satisfaction. Insurers relying on paper-based manual processes or a centralized document capture and processing department experience the following disadvantages:

- High shipping costs
- Delays that affect customer satisfaction and the ability to comply with mandated time constraints
- Lack of visibility into claim status for customers, management and examiners
- A disconnect between various information sources such as digital photos, paper forms and the claims management system
- No mechanism for accountability

If a policy holder is in an automobile collision, for example, the assigned claims representative, whether an employee of the carrier, an independent agent or a contract employee, must submit a prescribed set of documents to the claims underwriters following a notice of loss. Perhaps this list includes a claims form, digital or actual photographs, estimates and police reports. In a paper-based or centralized process, these items must be packaged and shipped, at some expense, to a central location, perhaps hundreds of miles away. This may take a matter of several days or require an even more expensive overnight shipping alternative.

Assuming the packet arrives safely and on time, some procedure must be in place to link the electronic items such as digital photos (e.g. printing, burning them to a CD, sending them to a file server or directory and hoping they get assigned to the file) to the physical file. Because of the risks, the claims representative will often copy the documents prior to shipping, incurring additional costs for paper, copier maintenance, filing and storage space.

If an item is missing from the claim file, the entire packet may be sent back for completion to avoid having items get separated and relieve processing staff of the burden of filing, storing and tracking these files. Now the file has been delayed that much longer, additional costs have been incurred and allotted processing time is ticking away.

Meanwhile, the policy holder calls the agent or the call center to inquire about the status of the claim and receives only a vague response because it is unclear if the claims representative has the file and what work has been done. Perhaps a customer service representative spends valuable time trying to track down the physical file and respond to the inquiry hours or even days later. Various parties may blame the delays on each other, but management and examiners have no conclusive means for identifying bottlenecks or researching the action taken on the file.

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## Distributed Scanning: Reducing Cycle Times and Mitigating Risk

Distributed capture is the general term used for creating and managing electronic documents at locations outside the corporate headquarters or other central processing facility and putting the responsibility in the hands of those generating the documents. As a result, documents and other forms of data and files can be transmitted electronically across a virtual private network (VPN), intranet, the Internet or wide area network (WAN), getting them into the system faster and reducing cycle times. The alternatives to distributed capture are the creation and management of paper files or a centralized capture solution where all documents are shipped to a primary scanning facility with dedicated employees and high-end imaging hardware.

In practice, the abundance of reliable hardware and software options available to capture documents effectively in a decentralized environment gives insurers the ability to create solutions that best fit their business requirements, no matter how complex. Paper documents can be scanned at remote locations using professional-grade products that are easy, small and inexpensive enough to place on individual desktops. Larger shared units may be advisable for remote workgroups, such as regional offices.

Advancements in scanning technology, including image quality and enhancement capabilities built right into the scanners, make it easy for users with little or no training to create high-quality images without excessive rescanning. Buttons on the scanner and the user interface can be automatically configured to ensure that users stay within prescribed requirements with minimal effort. Intense competition in the entry level scanning hardware market has led to development of other enhancements, such as improved double-feed detection and duplex (two-sided) scanning, in these models. Despite these advancements, the cost of the hardware itself continues to drop.

The software used to input these images and the data they contain into business processes, commonly called capture software, complements the functionality of the scanners with similar features. Easy to use and highly configurable, capture software assigns values to scanned documents, often with no human intervention, as well as to documents originating in other formats. These values can reduce the amount of data entry required for line-of-business applications, such as policy management systems, and used as keywords for cataloging the images in document management applications.

Capture software can be installed directly on a workstation, accessed through a browser or both, depending on a carrier's needs and business model. Users may be asked to provide all of the indexing at the point of scanning or the majority of the processing may be offloaded to a central server. At this point, the process could be very similar to that seen in many centralized scanning operations.

Insurance companies that implement a distributed scanning and capture solution report the following benefits:

- Significant reductions in shipping costs
- Reduced cycle times
- Improved customer and broker/agent satisfaction
- Increased accountability and responsiveness to audits
- Reduced need for trained, dedicated scanning personnel
- Enhanced ability to track claim status
- Improved accuracy by putting decisions in the hands of knowledge workers
- Support for governance risk and compliance initiatives, including disaster recovery/business continuity

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To return to the auto claim example used previously, a claims representative would still receive the file following a notice of loss and have to compile the same documents. However, instead of shipping them, the documents become part of a virtual packet that can be transmitted to central claims processing in a matter of seconds, rather than a matter of days. Paper documents such as the claim form itself, estimates and police reports could be scanned by the adjuster using a desktop scanner that imprints the date or a control number directly onto a document for compliance and accountability purposes. By using a simplified interface, this would require no more time or effort than making a photocopy.

The values needed for indexing or integration with the policy management could be retrieved from bar codes affixed to or printed on the forms or by using zonal optical character recognition (OCR), which allows a defined area of an image to be converted to text. Additional indexing values could be automatically gathered from other systems using database lookups or downloaded text files. In addition, any data could be validated against existing databases, ensuring that a claim isn't held up by a transposed number or the use of a nickname or married name. Without this functionality, the adjuster would have to be contacted to fix the discrepancy or the processing staff would have to be trained to handle these exceptions, which would reduce productivity.

Within the capture application, electronic documents such as digital photos can be assigned values as well and linked to the appropriate claim. The capture software can be configured to automatically recognize these documents as part of a claim (as opposed to underwriting or renewal documents) and submit them to the appropriate process immediately according to predefined business rules. As a result, a routine claim can be submitted to a claims supervisor with virtually no human intervention.

If a question arises at any point in the process, this solution offers multiple opportunities for insight. For instance, the adjuster can verify through the capture software interface that all required documents are filed. The documents can be tracked throughout the associated processes, making it possible to provide accurate timely information to a customer. Management benefits from a more universal view that lets them evaluate productivity at any or all workstations or work queues to proactively identify problems. Because an audit trail is created throughout the process, auditors can verify that insurers have acted in an appropriate and timely manner and followed industry best practices.

Paper-based and centralized scanning operations have a single point of failure: the paper document itself. During shipping, the document is susceptible to loss or destruction. Even the most reliable delivery services can be affected by weather or accidents. A scanned image can be backed up and recovered, and a Web-based solution allows a remote site to regain access to data and processes quickly. The capture software itself can also incorporate internal redundancies that ensure that data is not lost during processing, even if connectivity is lost or other failures occur.

## Common Misconceptions about Distributed Scanning

Given the benefits, some might wonder why distributed scanning and capture isn't more widespread. Perhaps this is because the technology has evolved so rapidly over the past several years that many organizations are unaware of the improvements that drive rapid return on investment. The following are some common misconceptions about distributed scanning:

- *It's too expensive.* – Distributed capture software can be rapidly and inexpensively deployed via the Web without the need to install software on individual desktops, reducing acquisition, implementation and support costs. Scanners can be pre-configured prior to shipping and easily installed with USB or other common connections. When balanced against shipping and labor costs and the risk of non-compliance, these investments can be quickly cost justified.

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- *It's too complicated for users.* – Preconfigured scanners and simplified interfaces make it possible to practically eliminate the need for training, while still providing first-rate results. Insurance companies adopting distributed scanning have found that, rather than slowing down adjusters, it has significantly increased productivity and made it possible to prepare claims more quickly. Depending on the processes and users in question, carriers can choose how much – if any – effort is required on the part of the user submitting the claim.
  - *It's too hard to control remote sites.* – While the work may be distributed, responsibility is not. Web-based products and management consoles make it possible to automatically and immediately impose specific business rules and push out software upgrades and enhancements. Image enhancement tools have all but eliminated concerns about scanning quality by occasional users. Administrators can centrally define what users see when they sign into the system and set up mechanisms to ensure that accuracy and quality are maintained without interfering with the employee's ability to complete tasks. By standardizing on one or two scanner models, IT staff can more easily provide support over the phone. Hardware manufacturers also offer improved service programs, such as advance exchange, which means a new scanner will be shipped even before the old one has been returned.
  - *It's too much functionality to give up.* – The generally accepted belief that organizations adopting Web-based solutions compromise functionality simply isn't true anymore. Features once found only in high-end scanners are now available in desktop models that have a very reasonable price point. Image quality and enhancement software, now readily available, makes it possible to scan high quality images even when the originals are second-generation copies or printed on colored NCR paper. Capture software has also matured, providing an ever-increasing array of functionality to the decentralized desktop.

## Making Productivity Easy

Hardware and software choices affect the success of any technology initiative, but the overwhelming number of choices and confusing terminology often create paralyzing indecision. Working with a trustworthy solution provider who understands the demands of the business environment as well as the technical requirements needed to meet them, P&C carriers can increase productivity, reduce the cost-per claim, improve customer service and support compliance initiatives. Industry leaders in their respective markets, Fujitsu Computer Products of America, Inc. and EMC Captiva provide a solid foundation for a distributed P&C claims processing solution.

Setting the standard for price and performance, Fujitsu offers dependable scanning hardware for every business need, from agile low-volume desktop units to high-volume production workhorses. The small and mid-range scanners generally used for decentralized processing benefit from the functionality Fujitsu developed for its high-volume hardware. As a result, these modestly priced units have features generally reserved for the high end of the market and not available on competing models. For example, even entry level models deliver Fujitsu's highly praised paper handling that prevents paper jams and dual feeds that can reduce productivity and increase user frustration.

Fujitsu workgroup scanners are small enough to fit easily on a desk or even travel with. Their quiet operation, simple USB connectivity and ease of use make them ideal for small office environments that do not have dedicated scanning areas or personnel. The user interface is simple and can be configured to promote high productivity and minimal user effort. By making it as easy to scan as to make a photocopy, Fujitsu virtually eliminates training requirements and change management issues.

Documents of various sizes and colors can be scanned in a single batch without affecting throughput, and onboard image enhancement ensures they are legible, reducing the need to rescan. Long and two-side documents are also supported. This allows an adjuster to drop an 8.5" x 14" police report, a standard-size

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claim form, a check-sized pink NCR receipt from the towing company and any other documents right into the document feeder. Optional imprinters are available to apply control numbers, dates or other values that can be used for auditing and validation.

Not only do Fujitsu scanners have features that increased productivity, they are also backed by Fujitsu's nationwide network of dedicated service providers. In the unlikely event that hardware at a remote office fails, Fujitsu service options ensure that there will be minimal disruption. These include advance exchange of malfunctioning equipment, reasonably priced maintenance packages and premium service levels.

Like Fujitsu, EMC Captiva offers solutions that increase productivity in a distributed capture environment while reducing the burden on the end user. The leading provider of input management software, EMC Captiva can support desktop and browser-based distributed capture sites and provide multiple technologies that reduce or eliminate the manual data entry that is tedious and time-consuming. These include bar code recognition, OCR, database lookups and document recognition used to classify documents according to type.

The user interface can be determined at log-in, so that an adjuster is presented only with choices that affect his/her document types and processes. Individual claims departments can decide whether an adjuster will be responsible for entering some or all of the keywords or whether those tasks will be automatically load balanced and assigned to processors located anywhere in the world. eInput, EMC Captiva's Web-based input management solution, supports SSL encryption, so documents can be securely sent via the standard HTTPS protocol and failed transmissions can be easily recovered.

Documents captured using eInput are received and processed by EMC Captiva's *InputAccel* platform. Once the document has been sent to a process according to business rules, it can be transferred to multiple users, who may be presented with multiple views. For example, a document may be redacted to block sensitive personal data such as personal health information (PHI) for some users, while others have unrestricted access. If a document must go through multiple queues, *InputAccel* allows them to be processed independently.

eInput and *InputAccel* provide multiple tools to ensure accountability in distributed operations to support governance, risk and compliance initiatives. A manager has access to view work queues and to determine where a document is throughout the course of its processing lifecycle. Secure, detailed log files are available that provide a complete auditable history of the capture process. The EMC Captiva Input Management Console provides a deep view of client and server processing activities at the application level and can be configured to send an alert when a component within the system isn't achieving required productivity.

For organizations that wish to build their own customized distributed capture applications, EMC Captiva Pixtools/Distributed Imaging toolkit enables developers to quickly and easily build fully functional distributed imaging solutions into Web pages via HTML, JavaScript or VBScript.

Maintaining reasonable premiums while keeping employees, customers and partners satisfied can no longer be accomplished with paper-based or centralized claims processing. To meet rising expectations and remain competitive, insurers need to evaluate technological advancements in distributed scanning to reduce cycle times, increase visibility and manage higher claim volumes without increasing staffing. Combining P&C claims expertise with products that offer maximum functionality and minimum user intervention, a distributed claims processing solution pairing Fujitsu hardware and EMC Captiva software can meet even the most demanding requirements.

# Cost Savings Comparison

## Non-Distributed Capture vs. Distributed Capture

NON-DISTRIBUTED CAPTURE	DISTRIBUTED CAPTURE																																				
Shipping Costs for 35 Distributed Sites*	ROI for 35 Sites*																																				
<table> <tr> <td>16oz overnight (250 pgs)</td> <td>=</td> <td>Avg \$15</td> </tr> <tr> <td>260 business days x \$15</td> <td>=</td> <td>\$3,900/yr</td> </tr> <tr> <td>Annual cost: 35 sites x 390/yr</td> <td>=</td> <td>\$136,500/yr</td> </tr> <tr> <td>Single high-speed scanner</td> <td>=</td> <td>\$24,995</td> </tr> <tr> <td>Annual scanner maintenance cost</td> <td>=</td> <td>\$4,495</td> </tr> <tr> <td>Dedicated scanner operator</td> <td>=</td> <td>\$22,000/yr</td> </tr> </table>	16oz overnight (250 pgs)	=	Avg \$15	260 business days x \$15	=	\$3,900/yr	Annual cost: 35 sites x 390/yr	=	\$136,500/yr	Single high-speed scanner	=	\$24,995	Annual scanner maintenance cost	=	\$4,495	Dedicated scanner operator	=	\$22,000/yr	<table> <tr> <td>16oz overnight (250 pgs)</td> <td>=</td> <td>\$0</td> </tr> <tr> <td>260 business days x \$15</td> <td>=</td> <td>\$0</td> </tr> <tr> <td>eInput licences for 35 sites</td> <td>=</td> <td>\$35,000</td> </tr> <tr> <td>Low-volume scanner \$1,000 @ 35 sites</td> <td>=</td> <td>\$35,000</td> </tr> <tr> <td>Annual scanner maintenance cost</td> <td>=</td> <td>\$3,000</td> </tr> <tr> <td>Dedicated scanner operator</td> <td>=</td> <td>\$0</td> </tr> </table>	16oz overnight (250 pgs)	=	\$0	260 business days x \$15	=	\$0	eInput licences for 35 sites	=	\$35,000	Low-volume scanner \$1,000 @ 35 sites	=	\$35,000	Annual scanner maintenance cost	=	\$3,000	Dedicated scanner operator	=	\$0
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\* Assumes that the central processing server software and hardware costs, software maintenance and end-user software training to be the same in both scenarios (non-distributed and distributed) and therefore are not included in this ROI calculation.

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## Contact Information

More information about the benefits of decentralized scanning is available at:

EMC Captiva Web site:

[www.emc.com/captiva](http://www.emc.com/captiva)

Fujitsu Computer Products of America, Inc. Web site:

[us.fujitsu.com/fcpa](http://us.fujitsu.com/fcpa)

EMC Captiva Distributed Processing case study:

[http://www.captivasoftware.com/products/casestudies/related\\_casestudies.asp?keyword=eInput](http://www.captivasoftware.com/products/casestudies/related_casestudies.asp?keyword=eInput)

EMC Captiva Distributed Processing live demo request:

[http://www.captivasoftware.com/products/form\\_demo\\_request.asp](http://www.captivasoftware.com/products/form_demo_request.asp)

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