



WHITE PAPER

Human-Centered Digitization: Redefining Life And Group Insurance Claims For Today's World



In the rapidly evolving landscape of life insurance, embracing new technologies and operational models is no longer optional but essential. The accelerating pace of change is reshaping the industry, driven by technological advancements, competitive pressures, and evolving customer expectations. This article explores how AI-powered solutions and augmented operations are redefining insurance, enhancing efficiency, and improving customer experiences.

The need to embrace AI and new operational models is not just theoretical but a present-day reality for the life insurance industry. Historically, the sector has lagged in technology adoption, often due to legacy systems from mergers, complex products, regulatory pressures, and limited investment in modernization. However, GenAI offers a way to leapfrog these challenges, much like how emerging economies skipped traditional telecoms for mobile technology. As of 2023, life insurers have captured over 30% of the global GenAI market, with North America holding 32%. The market is expected to surge to USD 1,740 million by 2033, growing at a 29% CAGR, highlighting the critical need to integrate AI to stay competitive and meet evolving customer expectations.[1]

Group benefits insurance, provided by employers, includes a range of protections such as health insurance (medical, dental, and vision), income protection through short-term disability (STD) and long-term disability (LTD) insurance, and additional coverages like life insurance and accidental death and dismemberment (AD&D) insurance.



The group benefits market has grown at approximately 4% CAGR since 2019 and is currently valued at around \$110 billion, with Vision insurance showing a higher growth rate of 9% CAGR, and AD&D and Disability coverage growing at about 6% CAGR. Supplemental benefits like Critical Illness (14% growth) and Hospital Indemnity (8% growth) have also seen significant increases, despite some areas, such as Cancer insurance, experiencing negative growth.

The market is highly concentrated, with the top 10 carriers dominating both the group life insurance market, which is valued at \$35 billion with a 3% growth rate, and the supplemental health segment, where they represent approximately 75% of sales and 80% of in-force premiums. As the workforce's needs evolve, the digitalization of these benefits is becoming increasingly vital, streamlining administration and improving access for both employers and employees.

Group life insurance accounts for around 30% of the group benefits market, with a growth rate of 3.3%. Despite its size, the market is highly concentrated, with the top 10 carriers holding 75% of the share. Key drivers include economic factors and growing employee awareness of the need for coverage. However, the market faces challenges from increasing state regulations, particularly around long-term care. This underscores the importance of integrating life insurance within a broader group benefits strategy, where digitalization is essential for managing the high volume and complexity of claims.



THE DYNAMICS OF CHANGE AND AUGMENTED OPERATIONS

The insurance industry is undergoing significant transformations due to technological advancements, competitive pressures, and evolving customer expectations. AI and machine learning, once isolated innovations, are now being deployed at scale, revolutionizing insurance operations. Insurtech startups and digital champions are intensifying competition, offering innovative products that challenge traditional insurers to improve efficiency and customer service.

Today's digitally savvy customers demand seamless, personalized, and empathetic interactions, prompting insurers to rethink their engagement strategies. In response, the concept of augmented operations has emerged. This approach combines AI's analytical power with human intelligence, enhancing productivity and optimizing performance. By automating routine tasks, human agents can focus on complex, emotionally nuanced interactions, thereby improving both efficiency and the customer experience.

Human Intelligence will prioritize improving the customer experience for emotional or complex situations using refined human judgment and compassion

leveraging the best of both worlds

AI/Gen AI will dramatically increase productivity and optimize human performance instantly through extensive automation and advanced augmented support for agents

Augmented Operations





Building on the growth and digitalization trends within the group benefits market, insurers now have the opportunity to leverage Generative AI (Gen AI) to further enhance the value of their offerings. By utilizing Gen AI, group insurers can:

- **Customize Group Plans:** Gen AI can analyze extensive data, such as demographic information, health profiles, and historical claims, to create more personalized insurance plans that meet the specific needs of different employee groups. This enhances the relevance and appeal of the benefits packages.
- **Boost Member Engagement:** By analyzing member preferences and behaviors, Gen AI can deliver personalized health tips and financial advice, encouraging proactive engagement and promoting overall wellness. This not only benefits employees but also supports workforce productivity and opens new revenue opportunities for insurers.

This strategic use of AI strengthens the value proposition for both employers and employees, making benefits more tailored, effective, and aligned with evolving workforce needs.

ENHANCING THE CLAIMS VALUE CHAIN WITH AI/GEN AI SOLUTIONS

AI and Gen AI-driven solutions are transforming the claims value chain, from identification to settlement and continuous engagement. These technologies help insurers promptly identify high-cost morbidity claims, enhance fraud detection, and reduce leakage. For instance, machine learning models analyze claimant profiles and social media activity in real-time to detect fraudulent claims. Straight-through processing (STP) systems enable paperless claims, speeding up the process with AI-driven document scanning and analysis

Additionally, AI-driven claim triage systems prioritize high-risk claims, ensuring effective resource allocation and comprehensive support for claimants. This includes training agents to provide emotional support, addressing both logistical and emotional needs. AI-powered systems also facilitate ongoing engagement, offering automated follow-ups and personalized recommendations for insurance and savings products based on settlement type and customer profile.





Partnership Overview

- Objective: Improve how employees access and utilize their supplemental health benefits
- Implementation: Nayya integrates its AI-driven platform with Aflac's supplemental health insurance offerings to streamline the claims process and enhance customer experience



Proactive Benefits Awareness

- Employees are automatically and proactively made aware of their Aflac benefits when they experience an eligible medical event
- This proactive approach ensures higher utilization of benefits



3 key benefits to Aflac



Simplified Claims Process

- By mapping medical claims data to supplemental health policies, Nayya Claims can identify and process supplemental health claims on the employee's behalf
- This reduces errors and speeds up reimbursement times, leading to increased customer satisfaction



Increased Employee Engagement

- Personalized benefits guidance helps employees make informed decisions about their supplemental health insurance
- Higher engagement rates contribute to better overall customer satisfaction, loyalty and retention

While the Nayya partnership might increase benefit payments due to enhanced claim identification, Aflac can offset these costs by attracting and retaining more clients through superior customer experience and claim management

A recent LIMRA 2023 Workforce Benefits Study reveals that 43% of respondents want access to same-day claim settlements, which they currently lack. Additionally, 30% desire a self-service portal for real-time claim updates. These findings emphasize the urgent need for tech-driven enhancements in claims processing within group benefits.

Aflac's partnership with Nayya exemplifies tech-driven enhancements in claims processing. By integrating AI, Aflac has improved proactive benefits awareness, automated claims processing, and personalized employee engagement. This has led to higher benefit utilization, faster reimbursements, and increased customer satisfaction and loyalty. Claims are a crucial aspect of group benefits, serving as the primary point of interaction between employees and their insurance coverage. The sheer volume of claims—spanning short-term and long-term disability, health benefits, and supplementary coverages—makes efficient processing essential. As these claims grow in complexity and frequency, the need for technological intervention becomes increasingly critical. Advanced technologies like automation and AI are vital for managing this high volume efficiently, reducing processing times, minimizing errors, and ensuring prompt, accurate benefit delivery. Without these tech-driven solutions, the claims process would struggle to keep pace with demand, directly impacting employee satisfaction and the overall effectiveness of group benefits programs.



POTENTIAL IMPROVEMENTS FROM LARGE SCALE ADOPTION OF AUGMENTED OPERATIONS WITH AI/GEN AI

Integrating AI and Gen AI into life insurance claims enhances efficiency and customer satisfaction. Death notifications are automatically uploaded, initiating the claims process immediately. Claimants receive instant cash for funeral arrangements, alleviating financial burdens. Trained agents offer additional support, including therapy and financial planning.

AI-powered anti-fraud systems validate claims for quick, accurate settlements. Chatbots and AI systems streamline claims submissions, draft communications, tag documents, summarize key information, and analyze customer sentiment to improve the claims process.



For group insurance, AI and GenAI offer significant financial benefits by enhancing member engagement and providing access to lower-cost care options, leading to reduced insurance premiums. These efficiencies help insurers manage risk, optimize care pathways, and cut unnecessary costs, passing the savings to members. This approach not only lowers premiums but also boosts member satisfaction through personalized, cost-effective care, fostering loyalty and retention.



AI-Driven Group Insurance: Key Steps for Claims and Engagement



CLAIM IDENTIFICATION AND SUBMISSION

Notification of claim: Automated integration with public health data systems ensures prompt incident reporting, minimizing delays and reducing administrative overhead.

AI-enabled claim triage: AI tools quickly identify high-cost claims and prioritize resources, speeding up the process and enhancing accuracy in assessment and fraud detection.

Documentation: Medical records and death certificates are automatically uploaded from public records, eliminating manual submission, reducing errors, and accelerating the claims process.



SUBMIT CLAIM PROOF

AI-enabled mass analysis: Claims are analyzed for suspicious behavior using AI models trained on historical fraud data and customer behavior. This identifies patterns and anomalies that may indicate fraud, allowing insurers to take proactive measures and enhance fraud detection.

AI-assisted deep dives: For flagged claims, AI tools examine claimants' private social media accounts and other online activities. This comprehensive analysis supports verification by providing additional context and evidence. Web scrapers and advanced tools gather critical information not available through traditional methods.



RECEIVE GUIDANCE

Process transparency: Digital claims roadmaps offer real-time progress tracking and status updates via SMS or app. This keeps claimants informed, reducing anxiety and improving satisfaction by providing clarity and building trust.

Specialty treatment: Agents are trained to assist grieving claimants with empathy and support, handling sensitive conversations and providing the necessary emotional care during difficult times.

Resource availability: Mental health support services and partnerships with wellness ecosystems provide additional assistance, addressing the emotional and psychological needs of claimants to promote well-being and resilience.



AI-Driven Group Insurance: Key Steps for Claims and Engagement

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CLAIM SETTLEMENT

Settlement: Claims are settled instantly with a pre-determined amount, offering various payment options to claimants. This immediate financial support helps manage urgent expenses and reduces waiting periods, enhancing the claimant's experience.

Claim management platform: AI-driven platforms automatically identify high-cost claims and coordinate with ecosystem partners for claimant rehabilitation. This integration ensures comprehensive support, from medical care to financial advice, facilitating smoother recovery.

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CONTINUOUS ENGAGEMENT AND REVIEW

Up-sell: Automated follow-ups provide AI-based recommendations for additional insurance and savings products tailored to the settlement type and customer profile. This proactive approach enhances customer satisfaction and identifies opportunities for further engagement.

Recover: Automated check-ups ensure continuous monitoring and support for claimants. These check-ups provide timely assistance and address emerging needs, fostering a long-term relationship between the insurer and the claimant.

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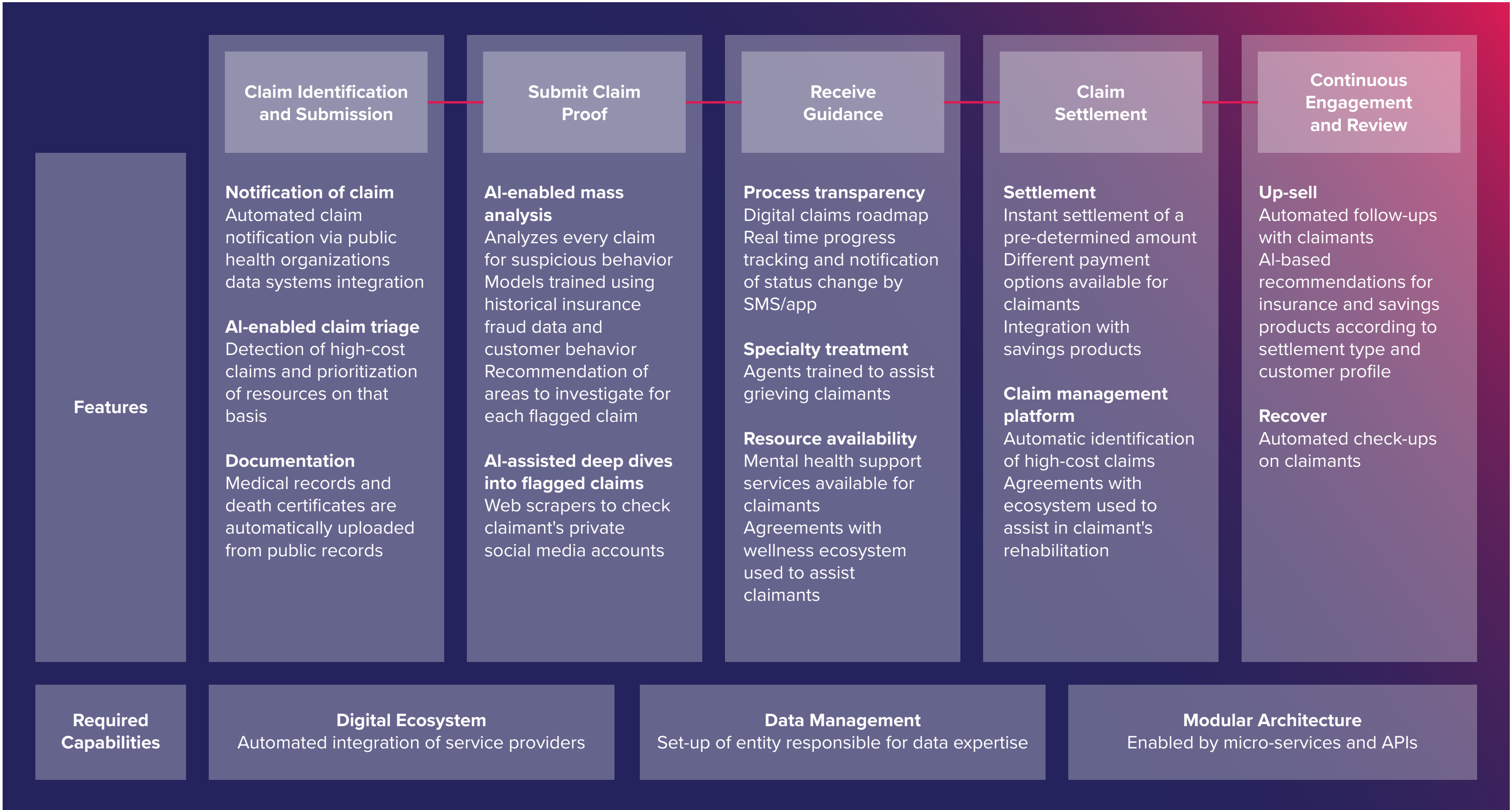
REQUIRED CAPABILITIES


Digital ecosystem: Automated integration of service providers ensures seamless operations and enhances collaboration across the insurance value chain.

Data management: Establishing entities responsible for data expertise ensures accurate data handling and robust analytics, supporting AI-driven decision-making processes.

Modular architecture: Utilizing micro-services and APIs enhances system flexibility and scalability, allowing insurers to adapt quickly to changing demands and technological advancements.







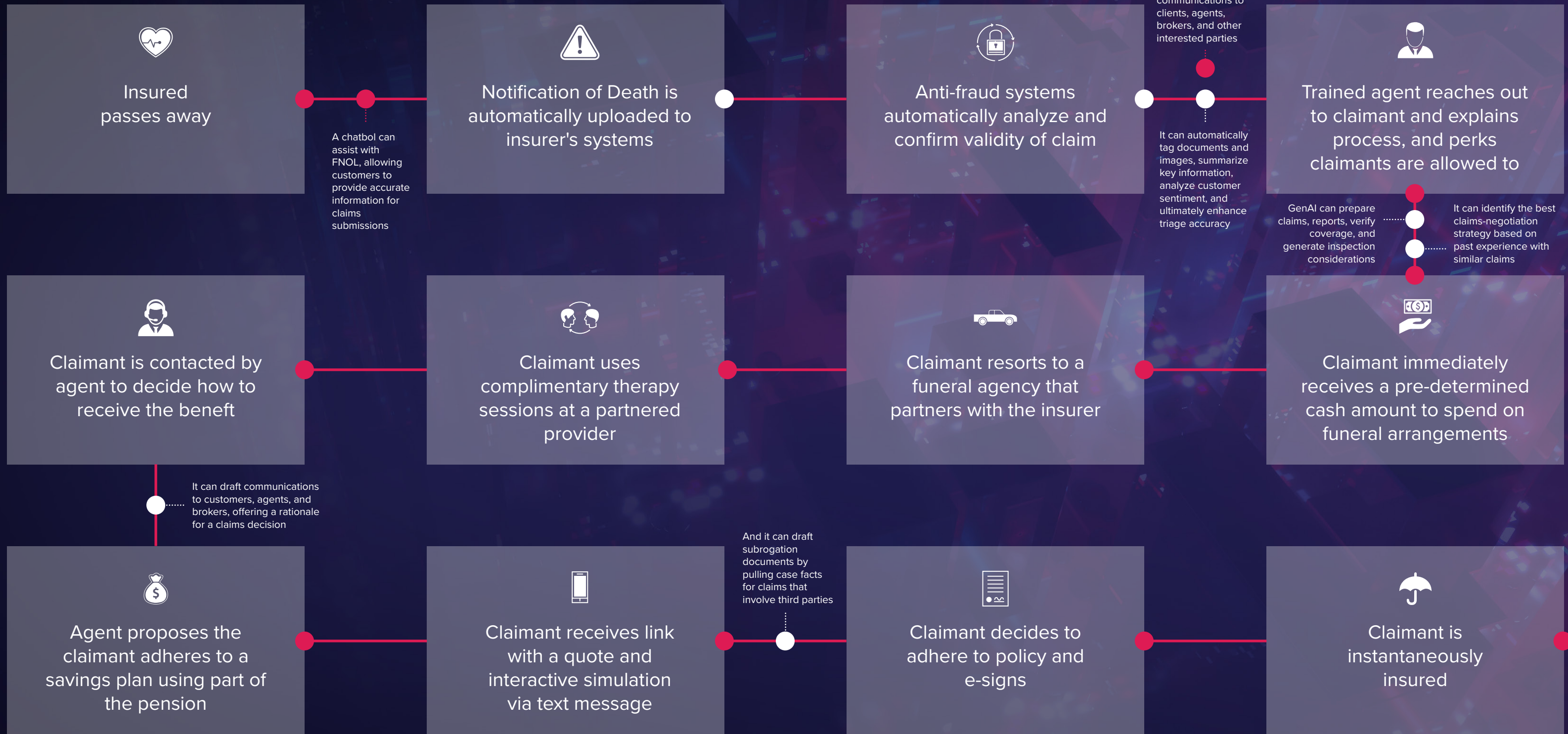
AI and Gen AI are transforming life insurance claims by improving efficiency, accuracy, and customer support. When an insured person passes away, the death notification is automatically uploaded, starting the claims process immediately. AI systems validate claims, detect fraud, and ensure quick settlements. Claimants receive instant financial support for funeral expenses, reducing stress.

A trained agent contacts the claimant to explain the process and benefits, providing personal support. Claimants access complimentary therapy sessions through partners and streamlined funeral services, easing their burden.

Claimants choose benefits via interactive simulations and e-signing, ensuring continuous coverage. AI maintains engagement through automated follow-ups and personalized recommendations, enhancing satisfaction with a blend of technology and empathy



Target customer journey for transforming life insurance beneficiary claims journey through AI/Gen AI



● Steps visible to the customer ● Steps invisible to the customer

ILLUSTRATIVE EXAMPLE

PRECONDITIONS, OPTIONS, AND WATCHOUTS FOR AI IMPLEMENTATION

Human-in-the-loop testing

Always involve human oversight to validate AI outputs, ensuring accuracy and addressing unexpected anomalies before full-scale deployment.

Proprietary vs. open-source models

Weigh the benefits of proprietary models, which offer tailored, secure solutions, against open-source models, which are flexible but may require additional safeguards.

Responsible AI

Implement AI systems with strong ethical guidelines to prevent biases and ensure fairness, especially in decisions impacting customers.

Explainability in decision-making

Address the risk of AI's "black box" nature by ensuring that AI decisions are transparent and can be clearly explained to customers and regulators.

Compliance issues

Stay vigilant about evolving regulations, particularly around data privacy and AI decision-making, to avoid potential legal risks.



GLOBAL EXEMPLARS OF SUCCESSFUL IMPLEMENTATION ACROSS THE VALUE CHAIN

Several global examples illustrate the successful implementation of augmented operations across different stages of the claims value chain

- **Claim identification and submission:** Allianz uses AI-based models to enhance fraud detection and streamline the litigation process. This improves the accuracy and efficiency of identifying and processing claims, ensuring high-risk claims are promptly flagged and investigated.
- **Guidance and document submission:** Firms employ AI-enabled chatbots to support digitally filed claims, reducing customer effort and providing a seamless, user-friendly interface for submitting claims and documentation
- **Claim settlement:** Prudential offers end-to-end claims handling with AI, ensuring claims are processed quickly and accurately. This approach reduces the time and complexity involved in settling claims, enhancing customer satisfaction
- **Continuous engagement and review:** MetLife supports grieving claimants with a compassionate approach, offering emotional support services to help
- **Document management:** AIA uses AI-driven systems for document scanning and analysis, enabling paperless claims processing. This speeds up the overall process and reduces administrative burdens for both customers and insurers.
- **Proactive case management:** Manulife integrates AI models to manage disability and health claims, focusing on cost-saving actions and prioritizing high-cost claims. This improves resource allocation and handling of complex claims.
- **Personalized recommendations:** Aviva uses AI-driven systems for continuous engagement with claimants, providing automated follow-ups and personalized insurance and savings product recommendations, ensuring ongoing support and tailored services

CONCLUSION

The integration of AI and augmented operations signifies a fundamental shift in the insurance industry. By embracing these innovations, insurers can enhance productivity, reduce fraud, and provide superior customer experiences. As the industry continues to evolve, leveraging AI and human intelligence effectively will be crucial for staying competitive and meeting the ever-changing demands of customers.



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