CASE BRIEF:
BRITAM

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IMPACT INSURANCE

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Description: Britam Holdings Plc is a diversified financial services group, listed on the Nairobi Securities Exchange, with business across the Eastern and Southern Africa region. The group offers a wide range of financial products and services in insurance, asset management, banking and property. It is the largest microinsurance provider in Kenya.

Products offered: Microinsurance products include multiple health, credit life, funeral and personal accident products.

Distribution partners: Brokers, financial advisors, independent financial agents, valuechain partners and mobile network operators.

Policies issued: More than 180,000 policies were issued in 2018 across Britam's microinsurance products, covering more than 0.7 million lives.

Over the last ten years, Britam's microinsurance business unit in Kenya (Britam MI) has had an impressive history of innovation. Yet, during this time, its policies have been administered through an entirely paper-based system. It recognised that this was causing inefficiencies for the business, as well as inconveniences for its partners and clients. Britam MI therefore decided to invest in implementing digital processes to improve efficiency and create better value for partners and clients.

Britam MI's main aim was to gradually transition to totally paperless insurance business. To do so, it decided to develop its own web application that would act as a partner portal. This portal would eventually allow partners to submit information, claims and new customer enrolments entirely online.

However, with many processes in need of digitization, Britam MI needed to prioritise. It decided to begin by digitizing claims before addressing enrolments, as hospital claims processing had been the unit's most significant pain point for many years. The existing process caused lengthy delays and dissatisfaction among partner hospitals, some of which threatened to leave the network.

Furthermore, the business unit's helpline was constantly flooded with queries from hospitals and clients, half of which related to claims payments and pre-authorizations for inpatient claims.

To better understand how to improve claims processing, Britam MI conducted a systematic diagnostic review of its existing process, measuring the average time taken for each step (see the figure below). The two main bottlenecks identified were the time taken for claims documents to reach Britam MI from the hospitals, and the time spent on data entry from physical documents into the IT system. Partner hospitals had to manually check whether a patient was covered by Britam MI's insurance in an excel spreadsheet, before emailing a pre-validation to the company. Then, after treating the insured patient, the hospital sent in all the paperwork in physical form, which took a long time to arrive. This was then manually entered into Britam MI's IT system, again causing considerable delay. In total, it was taking between 57 and 65 days to pay health care facilities from the time the customer was discharged.

Figure 1: Analysis of claims processing time
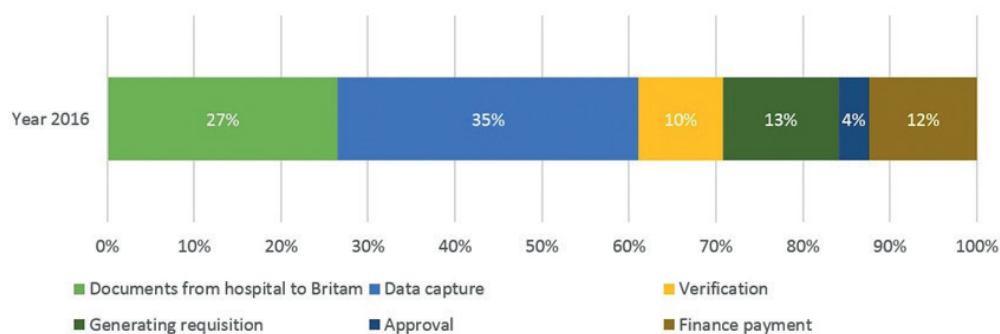
The partner portal was designed to allow a paperless claims system that would vastly reduce turnaround time. The portal allows partner hospitals to check members' validity online, and to submit all claims information and documentation digitally.

Britam MI began to pilot the portal with two partner hospitals in August 2018. However, the portal launch brought about new challenges as Britam MI needed to train and on-board almost 300 hospitals. The on-boarding process took around a week, with a Britam claims representative working closely with hospital staff to introduce the portal, train and support staff and answer queries. Britam MI soon realised that the process required a great deal of time from its staff. It could not redirect all its claims staff to handle the pilot, as they were needed to process existing claims. Britam MI therefore decided to outsource the training of hospital staff to a few specialized trainers. It intends to begin this process in 2019. Its initial focus will be on the 50 hospitals jointly responsible for 80% of their total claims, and it aims to digitize all its claims by the end of 2019.

The partner portal resulted in considerable improvements and savings within just a couple of months of the pilot. Claims turnaround time for claims submitted by the two pilot hospitals dramatically reduced from two months to less than ten days. The portal has also resulted in significant cost efficiencies, decreasing expenses related to printing, transporting, scanning and storing paper-based claims documents. Britam MI predicts savings in excess of $100,000 over the next four to five years. Furthermore, the partner portal has resulted in unexpected advantages for Britam MI. Some hospitals are so eager to join the portal and benefit from faster claims payments that they are offering a 5 per cent "prompt payment discount" on claims cost.

Britam MI continues to digitize its processes and sees considerable potential to further reduce inefficiency and provide a seamless experience for customers. Its next step will be to introduce enrolments through the partner portal, leveraging artificial intelligence (see box) to improve the enrolment experience for customers as well as agents. For example, sales staff will be able to take a photo of a new customer and upload it to the system. As a result, customers will not need to pay for passport photos in order to sign up for the insurance – a significant saving for customers, at around 5 to 10 per cent of the cost of the insurance policy in the first year!

In summary, Britam MI predicts that the partner portal will bring about significant improvements for the business, its partners, and its customers, including:
• An 80 per cent reduction in the claims turnaround time
• Savings in excess of US$ 100,000 in the costs of claims and underwriting processes over the next four to five years
• The ability to scale up products more rapidly through a digital customer on-boarding process
• Cheaper and easier enrolment process for customers, especially in rural areas

These improvements are already starting to come about through the new claims process, and Britam MI plans to achieve them all in 2019.

Leveraging machine learning to minimize manual intervention

The partner portal addresses one key bottleneck identified by Britam MI, allowing it to receive information from its partners which are scattered across the country. The second bottleneck identified was data entry from physical documents into the core IT system. By integrating the partner portal to Britam's core policy administrative system, Britam MI expects to decrease manual data entry to a large extent. However, it has realized that some manual intervention is needed to capture information from scanned documents such as hospital invoices and patient reports. Britam has therefore introduced Intelligent Process Automation (IPA), through which automated bots extract data from documents submitted via the partner portal, load the data into the core policy administrative system, and then archive the documents into the document management system. The system leverages machine learning, so that the quality of the data captured by the bots improves over time, gradually minimizing the need for manual intervention. In addition, data capture through this method is five times faster than manual intervention and is therefore expected to bring further efficiencies. This system has already been implemented for Britam's conventional health insurance process and is now being set up for its health microinsurance.
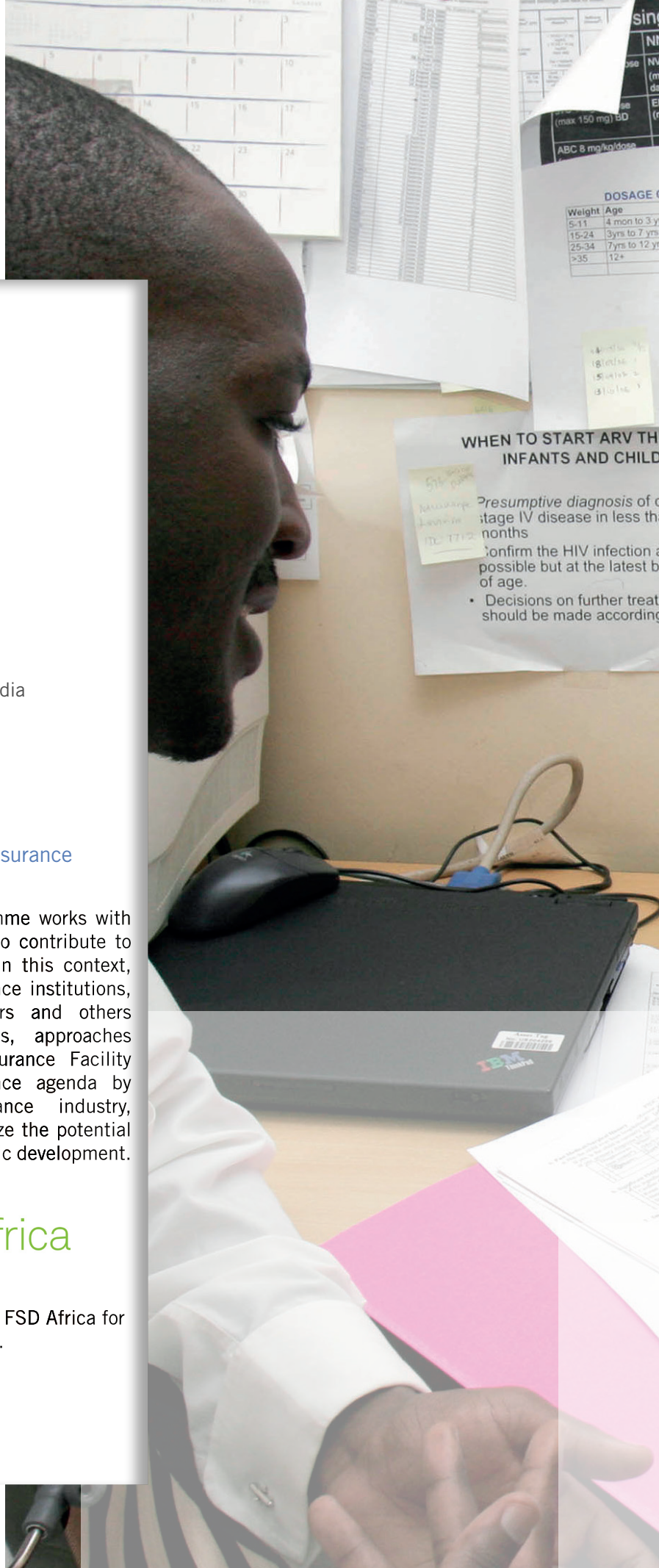
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