

New Study: 82% of Insurance Execs Say it Takes More Than 30 Days to Close a Claim

The study, led by insurtech innovator Five Sigma, finds claims departments suffer from inefficiency and long claims processing times due to lack of automation.

NEW YORK, NY, U.S.A., December 21, 2022 /EINPresswire.com/ -- [Five Sigma](#), an emerging leader in cloud-native insurance [claims management solutions](#) (CMS), today announced the key findings from a recent survey providing insight into the performance of claims departments within major insurance companies in the U.S.



The results of the survey paint a picture of claims departments at a tipping point. While respondents pointed to inefficiencies stemming from a lack of automation, they also showed an eagerness to increasingly implement innovative technologies and automate key workflows.

The survey was conducted on Five Sigma's behalf by independent research company Global Surveyz, gathering and analyzing responses from 100 senior claims executives representing major property and casualty (P&C) insurance companies.

One of the survey's key findings is that there is a significant lack of automation within claims departments. Only 38% of respondents said their company uses software to automatically assign claims to adjusters, while only 16% said their company has automated coverage opening and reserve setting.

The survey results also point to long cycle times and major inefficiencies affecting various claims processes. Those tendencies — which inevitably impact loss adjustment expense (LAE), loss ratio and customer experience — make sense in light of the lack of automation reflected in survey responses. For example, 90% of respondents said it usually takes their company's loss takers 11 minutes or more to create a new claim — a process that could instead be automated. And 82% of respondents said it typically takes their company's claims department more than 30 days to

close a physical damage claim.

At the same time, the survey results reveal a notable openness to innovation, suggesting that a widespread adoption of automation in claims departments is likely in the near future. 77% of respondents said their company already uses a digital payment solution, while all of the remaining 23% said their company plans to start using one in 2023.

“While everyone is talking about automation, the reality is that the industry as a whole still lags behind. The results of this survey point to inefficiencies, outdated processes, and long processing times. But at the same time, they indicate that insurers are increasingly realizing the need for technological innovation,” said Oded Barak, co-founder and CEO of Five Sigma. “Insurance companies are also realizing that delivering a great customer experience is business-critical and implementing smart automation throughout the claims process is key to their success.”

For all the survey’s findings, you can download the full [Claims Performance Benchmark Report](#).

About Five Sigma

Five Sigma is a cloud-native, data-driven Claims Management Solution (CMS) with embedded AI/ML capabilities to allow simple and smart claims processing for the insurance industry. Five Sigma simplifies claims management by adding automated claims processing workflows, using data modeling and AI to provide smart recommendations, improving adjusters’ decision-making processes and reducing errors. Leading insurance carriers, insurtechs, TPAs and self-insured companies use Five Sigma’s CMS to modernize their claims operations, reduce claims leakage, enhance compliance and improve their customers’ experience. For more information, visit <https://www.fivesigmalabs.com>.

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