Expert Views

Claims operations in L&H

Strategic investment in claims operations as a driver of long-term value creation

SCOR
The Art & Science of Risk

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CLAIMS AT A CROSSROADS

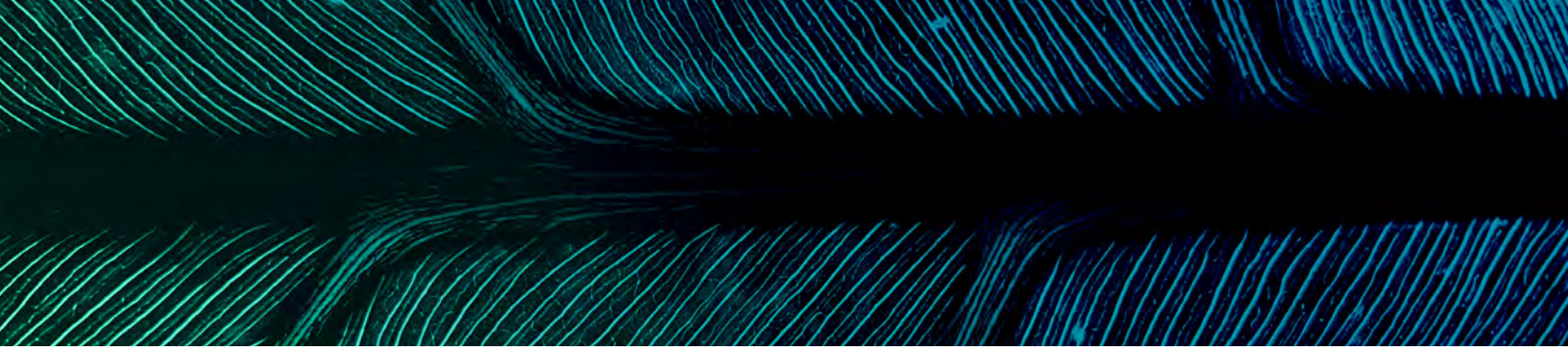
The Life & Health (L&H) insurance industry is approaching a structural inflection point. Claims ratios are rising, driven by higher healthcare utilization, increased diagnosis rates, and shifting morbidity / mortality trends, while many insurers continue to prioritize underwriting and new business with less focus on strengthening their claims capabilities. Although the strategic emphasis on premium generation is understandable, it is starting to reveal the pressures created by sustained underinvestment in this critical function.

In 2024, life insurance benefits and claims worldwide totaled $965.6 billion, a 27.7% increase compared to 2020[1]. This figure includes death benefits, annuity payouts, disability claims, and other obligations. At the same time, global medical inflation is accelerating. In the United States, healthcare cost growth is projected to reach 8% in 2025[2] — the fastest rate in 13 years — driven by general inflation, the rising costs of therapies such as GLP-1 medications, and a rebound in deferred and behavioral care. Globally, insurers expect medical claims to rise by over 10% annually through 2026.

Despite mounting pressures, claims operations in the L&H insurance sector at large remain underfunded. The Covid-19 pandemic heightened awareness of the need for digital claims capabilities, prompting gradual adoption. However, progress remains uneven. Many insurers still rely on outdated, fragmented systems that undermine operational efficiency and erode customer experience. Although insurance is among the largest and most data-rich industries, it remains one of the most manual and structurally inefficient[3]. This persistent gap in digital maturity positions the industry for a transformation — driven by AI and other emerging technologies — that can unlock new levels of performance and redefine the strategic role of claims.

To remain competitive, insurers must reframe claims management, from a traditional back-office function to a strategic cornerstone. This requires targeted investments in automation, advanced analytics, and customer-centric processes that improve efficiency, build trust, and support long-term policyholder relationships.

In an industry built on promises and long-term commitments, the claims experience is where those promises are kept or broken. It serves as a critical moment of truth for policyholders, and the defining test of an insurer's brand, values, and operational strength. As the insurance industry navigates intensifying customer expectations, rising complexity, and rapid technological change, the question is no longer whether to invest in claims, but how to do so strategically and decisively.



THE CONVERGENCE OF DISRUPTIVE FORCES

Claims management is entering a period of accelerated change, shaped by the convergence of the three following powerful macro-environmental forces. Together, these forces are not only redefining operational priorities but also reshaping the strategic role of claims within the broader insurance value chain. Understanding and responding to these shifts will be critical for insurers seeking to maintain relevance, efficiency, and customer trust in an increasingly dynamic environment.

The digital customer revolution

Today's policyholders are digitally fluent and emotionally attuned. They expect insurers to deliver clarity, speed, and compassion throughout the claims process. A cumbersome or opaque claims process is no longer acceptable. Investments in user-friendly lodgment portals, automated communication, and personalized support journeys are fast becoming table stakes. Customer expectations won't wait.

Technological disruptions

The next wave of AI is already here. Generative AI and large language models (LLMs) are beginning to transform how insurers manage documentation, triage complexity, and support decision-making. Within the L&H sector, the claims area — characterized by high volumes of documentation and evidence — stands out as a prime candidate for transformation. The application of generative AI offers the potential to significantly enhance operational efficiency, accuracy, and responsiveness. Organizations that begin investing now will be better positioned to adopt these technologies responsibly and at scale, while those that delay may face increasing barriers to innovation and cost optimization.

Data as a competitive differentiator

Claims data remains one of the most underleveraged assets in the insurance value chain. It provides a detailed, real-world view of how your products perform, and how customers engage with them. With the right governance in place, this data can be harnessed to refine underwriting, improve pricing models, create new products, support mental health and recovery programs, detect fraud, and even strengthen brand differentiation. As insurers seek to compete on insight and agility, claims intelligence will become a key source of strategic advantage.

THE STRATEGIC IMPERATIVE: REDEFINING THE VALUE OF CLAIMS OPERATIONS

From cost center to strategic asset

Claims operations are the beating heart of insurance operations. Yet for decades, they have been viewed as a cost center within the insurance enterprise — a necessary function to be optimized, streamlined, or even outsourced. That thinking is outdated. In today's environment, claims represent far more than a transactional process; they are the primary interface through which trust is built and value is delivered, and where loyalty is won or lost.

Leading insurers are beginning to reframe claims as a lever for competitive advantage. This shift reflects a broader evolution in how customer value is conceptualized. Where traditional models emphasized cost containment and process efficiency, forward-looking organizations recognize claims as a core expression of brand and purpose — the point at which strategic intent becomes tangible in the customer experience.

The multiplier effect of strategic claims investment

The benefits of proactive claims investment go beyond process efficiency. They extend to financial performance, customer satisfaction, risk management, and even product innovation.

- **Reduced duration and leakage:** Targeted automation and decision support tools can reduce claim durations and improve consistency, significantly cutting reserve strain and leakage.

- **Improved customer outcomes:** Faster, clearer, and more transparent processes improve Net Promoter Scores (NPS) and long-term retention.

- **Better pricing and product design:** Insights from claims data can feed directly into underwriting, helping identify gaps, adjust premiums, and build more responsive products.

- **Stronger regulatory position:** A documented, fair, and repeatable decision framework reduces exposure to compliance risk and supports market conduct reviews.

With the right approach, claims become a feedback loop, not a dead end.

WHAT STRATEGIC INVESTMENT LOOKS LIKE

Strategic claims investment for success requires more than isolated technology upgrades. It demands a cohesive, future-ready foundation, integrating infrastructure, analytics, customer experience, talent, change management, and partnerships. The following pillars outline what effective investment looks like in practice.

Digital infrastructure foundation

Effective transformation begins with a robust and scalable infrastructure. Modular, API-first platforms, such as decision engines and triage frameworks, enable flexibility and long-term adaptability. They also ensure secure, compliant, and intuitive customer interfaces that reduce friction from the first interaction.

In the current rush toward AI, the foundational value of a well-structured ecosystem is often overlooked. The goal is not to deploy a single solution, but to build a connected platform where automation, human insight, expertise, and evolving AI capabilities can coexist and iterate. As McKinsey puts it, the goal is to "invest enough to be excited, but not so much that it becomes undeliverable."[4] These foundational elements may not grab headlines, but they consistently deliver value through faster decisions, lower cost to serve, and the ability to scale with confidence.

The infrastructure imperative extends beyond technology to encompass organizational capabilities. Leading transformations establish centers of excellence that combine technical expertise with domain knowledge, ensuring sustainable adoption and continuous improvement.

Combining advanced analytics with decision intelligence

Data-driven decision-making is central to modern claims operations. Predictive models, configurable rules engines, and AI-assisted tools allow assessors to spend time on what matters: empathy, complexity, and judgment, while routine tasks can be automated for speed and consistency.

Crucially, decision intelligence must be designed with governance in mind. Transparent logic, explainability, and auditability are not optional — they are essential for maintaining regulatory compliance and customer trust. Embedding these principles from the outset ensures that automation supports, rather than undermines, accountability.

Customer-centric design

Modern claims journeys are best guided by behavioral science and human-centered design. Tailored pathways — for example, for different cohorts (e.g., terminal illness, mental health) — improve engagement and outcomes.



Personalization isn't a luxury; it's a path to contractual responsibility, fairness and trust.

In life insurance, differentiation today doesn't come from price or policy features alone, it comes from how claims are experienced. Traditional approaches relied heavily on paperwork, phone calls, and human-led triage, often resulting in inconsistent experiences and delayed outcomes. In contrast, digital solutions now enable insurers to offer real-time lodgment, personalized triage pathways, and proactive updates, even in complex claims cases such as income protection or critical illness. Digital claims solutions are not only enabling faster payments but also supporting more responsive and empathetic care. In an environment where trust must scale, digital maturity is emerging as a key brand differentiator.

Human-led, machine-enabled decisions

Technology alone isn't enough. The most successful transformations invest equally in their people. Advanced technologies — especially AI — should be seen as enablers. When supported with the right training, tools, and environment, claims professionals will be best placed to exercise sound judgement, provide meaningful support, and confidently determine which situations can be handled by machines and which call for human judgment, empathy, or deeper insight.

Today's claims teams already bring experience, care, and fairness to moments of stress and uncertainty. Every day, they make tough calls under pressure, support people through complex situations, interpret policy intent, and de-escalate confusion and emotion.

What the future brings is reinforcement, not replacement:

- Smart solutions to support triage and routing.
- Tools that summarize, flag, prioritize, and recommend.
- More time for judgment, less administrative burden.
- A shift in skills toward digital fluency, critical thinking, confident use of intelligent systems, and the ability to interpret, explain, and apply decisions in a real-world context.

Transformation also demands strong change leadership. Teams must be brought on the journey, supported through new ways of working, and equipped to adapt as roles evolve. That means clear communication, hands-on support, and a focus on practical, people-centered change.

As claims functions modernize, building a skills-based organization — one that values empathy, adaptability, and sound judgement alongside technical and digital expertise — becomes critical. The future of claims is evolving into a more responsive, human-led, and digitally enabled domain, capable of meeting each customer's needs with the right level of support at the right time.

Partnership and ecosystem readiness

Claims do not occur in isolation. Insurers now have the opportunity to curate broader ecosystems through secure APIs and interoperable platforms. Strategic partnerships with technology providers, third-party services, reinsurers, and health networks can extend the value chain beyond the traditional payout model — enabling more holistic, proactive, and connected claims experiences that are also more adaptive, cost-effective and accessible than ever.

STRATEGIC INVESTMENT IN ACTION: CLAIMS AUTOMATION & AI ASSISTANT

At SCOR, we've moved from strategy to execution with a modular suite of digital solutions that work independently or in combination to transform the claims experience. Designed to accelerate processing times, reduce friction, and enable a more seamless customer journey, these solutions help insurers deliver better outcomes while strengthening operational efficiency. Our award-winning **claims automation** platform

is the foundational layer, streamlining life, critical illness, and disability claims through digital lodgment, intelligent rules, and smart triage. Built with open API architecture, it can also pair seamlessly with specialized third-party services, such as retrieving medical information, fraud detection, or predictive models, to extend capability without adding complexity.

The complementary **AI Assistant** can be deployed standalone or alongside our claims automation solution, interpreting complex medical documents, flagging potential risks, and presenting decision-ready insights in a clear, structured format. This enables faster analysis and frees teams to focus on higher-value and more complex claims-handling tasks.

Like our **claims automation, AI Assistant** is designed for easy integration via API, enabling connection with insurer systems or third-party services to enhance automation reach and insight across the claims value chain. Looking ahead, its ability to process unstructured data will reshape how we handle claims, driving more dynamic and personalized lodgment processes.

Feedback from clients and partners continues to validate our approach: human-centric design, shared ambition, flexible and cost-effective technologies, and a commitment to making advanced claims capabilities more accessible.

Together, these solutions reimagine the end-to-end claims journey, blending automation, AI, and human expertise to drive faster and fairer decisions, enhance operational resilience, and deliver lasting customer value at scale.

REFRAMING THE TRUE IMPACT OF CLAIMS OPERATIONS

Beyond traditional cost metrics

Historically, the business case for investing in claims has mostly centered on short- to medium-term cost savings and administrative efficiency. While these outcomes remain important, they're only part of the value equation. A more strategic lens reveals that claims investment drives broader business performance — enabling better decisions, stronger customer connections, and greater organizational agility. When we invest in claims, we're laying the groundwork for long-term, sustainable value.

Reframed as a driver of value creation, the return on investment (ROI) in claims may include:

- Improved long-term claims performance and reduced volatility through early triage and intervention.
- Increased customer lifetime value driven by better experience and satisfaction.
- Greater resilience and agility in responding to regulatory or environmental change.
- Stronger talent retention enabled by modern systems and more meaningful, less repetitive work.
- Enhanced trust and transparency across internal teams and with external stakeholders.

The competitive imperative

Claims transformation is not a one-time investment. It is a long-term, strategic commitment that demands bold action today. Insurers who recognize claims as a lever for differentiation are better positioned to navigate industry shifts and lead with purpose.

In today's market, the claims experience plays a central role in shaping brand perception, customer loyalty, and operational effectiveness. It is where promises are fulfilled, reputations are built, and data is converted into actionable insight. Insurers who embrace digital tools, structured decisioning, and customer-centric design are not only improving outcomes, they're reshaping their future operating model.

While the investment may begin in claims, its impact extends across the enterprise, informing pricing and risk strategies, improving retention, strengthening reputation, and supporting long-term growth and sustainability.



CONCLUSION

Investing in claims is no longer just about operational efficiency — it's a strategic imperative that touches nearly every part of an insurer's business. At its core, it reflects the fundamental purpose of insurance: supporting people in their most challenging moments. But it also reshapes the cost model by reducing manual effort, minimizing leakage, and accelerating resolution times.

For customers, modern claims capabilities turn a moment of uncertainty into one of clarity and support — enhancing experience, building trust, and reinforcing confidence in their insurer when it matters most. For the business, they unlock new avenues for growth, differentiation, and resilience. Insurers who leverage digital tools to deliver faster, fairer, more adaptive, and more human claims journeys are setting themselves apart in an increasingly competitive market. When paired with regulatory readiness and workforce enablement, the value becomes even more compelling.

The real question is no longer why invest in claims operations, it's what's the cost if we don't?

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