

XCEEDANCE'S MAREK KASZCZYC ON RPA

Kaszczyc describes the efficiency benefits and potential pitfalls that robotic technology can bring

The amount of data stored by the insurance and (re)insurance sectors is vast, and is increasing exponentially every year. When mined effectively, such data holds the potential to deliver powerful insights for clients. At the same time, this growth in the variety of structured and unstructured data sources – such as telematics, the Internet of things (IoT) and social media – also presents challenges. How can all this information be captured, curated and analysed in an accurate and manageable fashion? Xceedance vice-president and head of insurance operations for Poland Marek Kaszczyc explains.

Why are many insurers and (re)insurers turning to emerging technologies such as robotic process automation (RPA)?

Fundamentally, to manage the obstacles and to leverage the advantages of greater precision and faster processing. RPA can significantly reduce the time and effort required by humans to carry out a series of typically routine and repetitive, yet necessary, tasks.

In one example, RPA was used for insurance policy issuance, to cut time and increase precision so that insureds

received correct and comprehensive policies. The results were promising. Time to issue was reduced by 50% from 226 minutes to 113 minutes, and time to validate was cut by 90%. This result was achieved while maintaining 100% accuracy in the packaging and formatting of policy binders.

What are some of the challenges of implementation?

Arguably, the biggest mistake is a failure to plan the process properly. Before moving to automation, it is essential that insurers complete a comprehensive analysis of existing data and processes. In other words, if the data is of poor quality at the outset, or if the underlying processes are inefficient, there is little benefit in automating them. It may be the case that, out of a high number of legacy processes, only two or three are suitable candidates for a successful transition to RPA.

After identifying and repairing unsuitable processes that would benefit from robotic process automation, it is important to create an action plan that effectively envisages future outputs. Despite all the potential benefits, transitioning a high number of processes to automation comes with certain risks. If broken processes are moved to RPA, the company may be unable to carry out mission-critical functions. To reduce those risks, it is key to establish a process excellence team involving a project manager, change manager, process specialist and automation specialist.

What are some of the main considerations that need to be taken into account when implementing RPA?

In addition to planning, there are other issues that insurers need to consider when planning for RPA.

First, there are the cost implications, both in the implementation and maintenance of robotic technology. On average, one to two full-time employees are needed to maintain 10 robots.

Second, insurers must have realistic expectations about what RPA can deliver. Often, companies focus on the cost savings of RPA implementation, rather than on the overall process and operational optimisation value. This outlook can lead to disappointment in outcomes. For example, in deploying RPA, there is a tendency to overestimate the reductions in the number of full-time employees. It is important to keep in mind that robots are essentially software-driven mechanisms, which require human intelligence support and a host of judgement and ongoing analysis to maximise value over time.

Third, it is critical to retain and apply the reusability principle. In sum, when new robots are being implemented, project engineers reuse the building blocks of existing RPA technology to create logical connections between old and new robots; and they ensure consistent software and technology is used when building robots for the same process. A failure to apply this principle could result in multiple robotic mechanisms working in sequence on one project while being maintained by different products. A malfunction in one could cause a domino effect in the rest of the sequence, resulting in significant process disruption and cost.

RPA, and other new technologies, have the potential to deliver dramatic improvements in terms of costs, time-savings and significant increases in efficiency. However, if insurers are to reap those benefits, managing the process carefully from the outset, through implementation and subsequent fine tuning, will be of crucial importance. ■

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