How Alaska National Insurance Company Gained a Competitive Advantage with Advanced Data Capture

Case Study

Processing mail consumed 1-½ hours of the typical claim adjuster's day. That's on top of the two hours that the assistant to each claim adjuster spent processing mail, and the time that two mailroom clerks spent pre-sorting the mail. The insurer wanted to free its claim adjusters from the drudgery of manually scanning and indexing documents.

Insurers, like businesses in other industries, are challenged with skyrocketing volumes of documents and data, a growing number of ways that information enters the organization, increasing demands for faster access to information, and heightened data protection and regulatory compliance pressures.

Alaska National Insurance Company is overcoming these information management challenges with an intelligent data capture solution from Birmingham, AL-based ibml. The ibml solution has helped the insurer improve staff productivity, reduce cycle times and eliminate a backlog of documents.

The Situation

Founded in 1980, Alaska National Insurance Company is a regional commercial insurer licensed in 26 states with offices stretching from Alaska to Southern California and as far east as Boise, Idaho. Alaska National Insurance Company was recently purchased by a larger Arizona-based insurer.

Alaska National Insurance Company primarily focuses on workers' compensation insurance. But it also offers property and casualty insurance coverage, including auto and fleet safety management.

The insurer's back-office operations are divided into departments for underwriting, claims and loss control. "Over the past few years, we have begun replacing our legacy systems, to modernize our operations," said Dave Harrington, vice president of operations and project management for Alaska National Insurance Company. Most recently, the insurer replaced its claims processing system.

As part of its modernization efforts, Alaska National Insurance Company evaluated its existing policies and procedures. That's when it uncovered inefficiencies in the way it handled its mail.

"We receive a lot of mail," Harrington said. This is especially true for the insurer's claims business, where it receives documents such as medical records, legal documents and first reports of injury.

The Challenge

The insurer previously provided each claim adjuster and their assistant with a desktop scanner that they used to scan the thousands of claims documents the insurer received each day. Claim adjusters or their assistant would open the mail, fold the documents flat, remove any staples, and scan the documents into Alaska National Insurance Company's legacy enterprise content management (ECM) system, where the document image was manually indexed based on the claim number. If the claim number was missing from the document, the claim adjuster or their assistant had to look it up in the insurer's claims system based on other information – an extremely time-consuming process.

Moreover, the insurer had 75 desktop scanners deployed across its back-office operations.

"We knew there had to be a better way to handle these documents," Harrington said.

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its claim adjusters from the drudgery of manually scanning and indexing documents. "Claim Adjusters are intelligence workers who's time is very valuable," Harrington said. "Processing mail is the last thing that they should be doing."

The Solution

Alaska National Insurance Company found a solution to its claims processing burden in another part of its business. The insurer had successfully deployed an intelligent data capture software solution from ibml in its underwriting department, that could capture semi-structured data, as part of what Harrington described as a research and development project. Harrington was confident that the ibml software could also process paper claims. "ibml's scanners are great. But what drove us to ibml is that its intelligent data capture engine was more technologically advanced than other solutions on the market," Harrington said.

Unlike other solutions that the insurer evaluated, ibml's was built around technology, not manpower. Some of the capture solutions that the insurer evaluated offered an attractive front end but relied on people at overseas locations to manually key the data from images. "Relying on offshore resources wasn't where we wanted to be long-term, for automation or security reasons," Harrington said.

The insurer's confidence that ibml would provide strong customer service also was a consideration.

The deployment of the ibml software was easy and only took about two months, Harrington said.

Alaska National Insurance Company initially deployed the ibml solution in its Boise, Idaho, operations, to process claims for all its offices across the lower 48 states. The insurer quickly decided that it also wanted to deploy the software in its Anchorage, Alaska, operations.

The insurer's staff quickly embraced the new software. "Our claim adjusters like that document images show up in their queue and they no longer need to scan and index the mail," Harrington said.

The Results

The ibml solution began delivering cost savings to the insurer within weeks of its deployment.

There are several tangible benefits that the insurer has achieved with the ibml solution:

- _Improved staff productivity:_ The insurer saved hundreds of hours of employee time per week by eliminating the need to manually pre-sort the mail and scan and index claims. Automating menial manual activities with the ibml data capture solution has freed claim adjusters and their assistants to focus more time on the knowledge-driven tasks they were hired to perform. The time the ibml solution saved the insurer in its claims process easily offset the cost of later purchasing four ibml ultra-high-speed intelligent scanners and setting up several scan-jobs.

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- *Faster scanning turnaround:* As part of the modernization of its claims processing, the insurer replaced 70 of the desktop devices that it previously used to scan documents with four ultra-high-speed intelligent document scanners from ibml. The insurer deployed two ibml scanners in both its Boise and Anchorage operations centers. "We went from scanning a couple of pages a minute to scanning hundreds of pages per minute," Harrington said. Replacing its slow desktop scanners with ibml production scanners enabled the insurer to accelerate its scanning turnaround, reduce its equipment maintenance burden, and streamline its operations by designating a few individuals to become expert on the ibml device, instead of having every claim adjuster and their assistant operating a scanner. Not having to replace 70 desktop scanners every few years also will save the insurer tens of thousands of dollars.

- *No more backlog:* The insurer's claim adjusters and their assistants used to have stacks of mail piled on their desks. "They were busy doing other things and would get to it later," Harrington said. The insurer's claims backlog opened the door to customer service issues and regulatory headaches. For instance, California law provides insurers with five days to respond to a Request for Authorization (RFA), a request from a medical practitioner to perform a procedure. Insurers that don't respond to an RFA in time accept responsibility for the procedure, even in cases where the patient isn't a policyholder of the insurance company. Complicating matters, an RFA can be embedded within a large set of documents. "There's no telling when an RFA buried within a pile of documents on an assistant's desk will become visible. We've had that bite us several times," he said. The insurer now uses the ibml solution to search for RFAs during scan-time. Any RFAs the solution finds are automatically out sorted and processed in an expedited manner, eliminating the chance that it will get stuck in a pile of papers on someone's desk. The insurer has not missed an RFA response deadline since deploying the ibml solution, potentially saving hundreds of thousands of dollars.

Based on its success using the ibml intelligent data capture solution for processing claims, Alaska National Insurance Company began looking opportunities to use the solution to support business applications across the organization. For example, the insurer's accounting department uses the solution to scan the checks it receives. In all, Alaska National Insurance Company has 18 different scan-jobs set up on the ibml solution. "Every department in the organization is using the solution in some capacity," Harrington said, noting that the solution is an "information hub" for the insurer.

Conclusion

"Our experience with ibml started as a research and development project, it grew into a claims processing project, and now it has evolved into a full production system," Harrington commented. "We consider the ibml solution to be on the same level as our core systems for claims, policies and loss-control. And the ibml solution is a lot cheaper than those other systems," Harrington added.

"We look forward to continuing our partnership with ibml," Harrington concluded.

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