i-Buka -- Britam [1]

Country of Operation: Kenya
Region: Africa
Sub Topics: Business viability, Data analysis and processing, Client interface, Product development, Improving value, Transaction processing

Organizational Overview

Britam is a diversified financial services group listed on the Nairobi Securities Exchange. The group offers a wide range of financial products and services in insurance, asset management, property, and banking in the African Great Lakes region. Britam's headquarters are in Nairobi, Kenya, with subsidiaries in Kenya, Uganda, South Sudan, Rwanda, Tanzania, Malawi, and Mozambique.

Project Description

Britam plans to leverage existing strengths and refocus their microinsurance business to be more client-centric, have lower administrative cost and risk, be simple-to-administer and focus on working with strategically aligned aggregators.

Learning Agenda

- What are the different profile groups within the microinsurance market?
- Which insurance products best serve the sub-segments in the target market and what are the process needed to distribute them?
- How can processes be automated and digitized to reduce operational costs.

Latest Updates

Digitalizing and improving processes

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 (2) (see figure 1 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.
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 couldn't 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. You can hear more about Britam's work to improve its claims management in this webinar recording.

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.

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 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.

Better understanding client segments

Britam conducted a market segmentation exercise in 2017 to inform product design, distribution and organization structure. The study identified five segments (see figure below) that differ based on demographics, behaviours and attitudes towards financial services, including insurance.
Britam used these insights to focus on two segments: "Edgy Aspirers" - young, urban, digital-savvy customers; and "Meticulous Accumulators" - older, peri-urban, traditional customers. Both segments have distinct risk management needs and require different outreach approaches. Britam launched a mobile microhealth insurance product in early 2018 to target the "Edgy Aspirers" and the product has already enrolled more than 90,000 customers. Britam has also partnered with four cooperative organizations (SACCOs) to reach "Meticulous Accumulators". (You can hear Britam talk about these client segments in this webinar recording [5] and in this blog [6].)

Lessons

"Bottom-up" product design generates increased buy-in.

Britam wanted to avoid the all-too-common situation when market research findings are shared in a presentation, and then everyone goes back to business as usual. Therefore, after completing its market segmentation, it experimented with a "bottom-up" product design workshop. Incorporating insights from market research into business activities is challenging and findings are frequently not fully explored or applied. One of the causes Britam identified was that research findings were only shared with a limited group of team members, who attempted to implement changes in a "top-down" manner. This affects buy-in from other staff members who are responsible for implementing any changes resulting from the research, such as sales officers.

To prevent such a situation, Britam adopted a collaborative approach, bringing together all microinsurance business stakeholders. This included everyone that was directly affected by the development of new products, such as the sales and marketing departments, the actuaries, and support departments, such as operations, finance, and IT. The research findings were shared in a workshop format and the departmental representatives were then divided into three groups.

Each of the groups, made up of representatives from various department, benefited from a mix of skills. Each group worked through the following tasks:

1. Review the market segmentation findings
2. Prioritize the market segments based on potential, unmet needs, accessibility and business case
3. Identify appropriate products and distribution channels for the prioritized segment
4. Outline an implementation plan to reach the selected segment

All business stakeholders appreciated the "bottom-up" approach to product development and action plans were successfully developed to target selected segments.

Process diagnostics and well-managed data can reveal bottlenecks and help improve efficiency. Britam MI decided to conduct a systematic diagnostic review of its claim process. The plan was to measure the average time taken for each step to identify bottlenecks. This turned out to be more difficult than expected, however, because of the way in which data had been captured and stored. Firstly, the processes differed depending on whether a claim was made for death, medical reimbursement or medical cashless cover. This reality was not captured in the process manuals, which documented a single standard process. Therefore, new process maps had to be drawn up to reflect the actual workflow for each type of claim before the analysis could
Secondly, the claims data was fragmented, with external data from hospitals and internal data, generated during processing and payment, hosted on different IT systems. This information had to be consolidated to form a claims trail from the time of hospitalization to the time of payment. Furthermore, the claims documents were time stamped by Britam MI at each step, but this information was not stored in one place. The team therefore had to access the original physical documents and manually record the time stamps at each step.

After addressing these challenges, the business was able to break down its claims process into constituent steps and measure the time taken for each. The two main bottlenecks identified were the time taken for hospitals to send the claims documents to Britam MI and the time spent on data entry from physical documents into the IT system. Britam MI is now overhauling its claims process to address these two steps and reduce the overall claim processing time. In addition, this review demonstrated for Britam MI the importance of storing and managing data in a way that makes such analysis easier and quicker in the future.

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