Digital-first demand shifts claims processes into 6th gear

Solera examines consumer assumption of AI-generated claims and the demand for digital-first providers

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Introduction

Digital has never been more integral to the everyday transactions we all take for granted. With a touch of a smartphone button, an Uber can be summoned to the doorstep. Fast food, groceries, specialist personalized items, and online shopping services are at our fingertips ready to meet our needs.

So it's no surprise to see that digitization is now also a fully integrated and expected part of the claims process. The pace at which consumers are actively seeking automated self-service models is growing rapidly. They are looking for providers that meet the growing need for digital convenience, speed, and accuracy.

COVID-19 played a crucial role in this journey and paved the foundation for accelerated digitization and AI-driven workflow, not only in automotive claims and repair, but in most industries across the globe.

The annual installment of the Solera Innovation Index is the definitive guide to digital transformation across the global automotive claims ecosystem.

Automated digital-first channels are the new benchmark for optimized claims journeys amongst consumers. To meet the demand, providers are investing in AI processes and scaling at a rapid rate and scale to meet the consumer demand for digital convenience and solve critical business challenges.

However, without consumer confidence that AI is being used ethically and transparently, its full potential will not be realized.

In its latest global research, Solera set out to investigate this demand by surveying 1,500 tech-savvy consumers[1] to identify their expectations and appetites for advanced technologies in the automotive claims industry.

(1) For the purposes of this survey, 'tech-savvy consumers' were defined as car owners who have made an insurance claim in the past 12 months and are likely to use an online platform to make a claim.
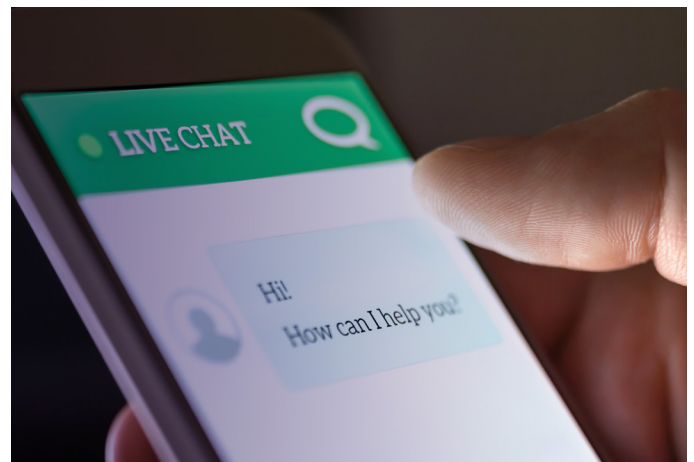
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Digital claims adoption rises

The unavoidable circumstances and disruption of COVID-19 accelerated timelines for AI adoption and has increased the need and implementation of digitized processes. Solera's research has found that the trust and usage of digital claims workflows have augmented year over year.

This year, more claimants (79%) would trust a claims journey powered entirely by AI. This finding was supported by an uptake of digital communication channels, with 47% of claimants having now received digital updates from their vehicle repairer and/or insurer, an increase from 42% last year.

Providers were obligated to expand their digital capabilities and accelerate the implementation of technology in order to stay operational and competitive. According to McKinsey & Company,[2] more than 50% of last year's insurance claim activities were automated, and handled by advanced algorithms, increasing productivity and precision. Solera research supported this prediction with 35% of claimants who have completed a vehicle claim without ever speaking to a human and 55% who have uploaded images of their vehicle on an insurer's platform (up from 47% year over year).

The findings point to a clear need and acceptance from consumers for fast and accessible systems to initiate claims and receive updates on their own terms, in their own time. Digital and more specifically AI-powered processes are meeting the needs of consumers to internalize the claims journey regardless of location or time, as seen in many other areas of modern times, empowering consumers across a multitude of industries.

According to a Pega[3] survey, 73% of retail customers are open to conducting business with a company that utilizes AI systems if it streamlines the process and 43% of millennials would pay a premium for a hybrid human-bot customer service system. With the demand for AI intelligence extending into all consumer behaviors, the automotive claims ecosystem must leverage new technologies to match the global shift in demand, speed and access.

(2) https://www.mckinsey.com/industries/financial-services/our-insights/insurance-2030-the-impact-of-ai-on-the-future-of-insurance

(3) https://www.pega.com/system/files/resources/pdf/what-consumers-really-think-of-ai-infographic.pdf
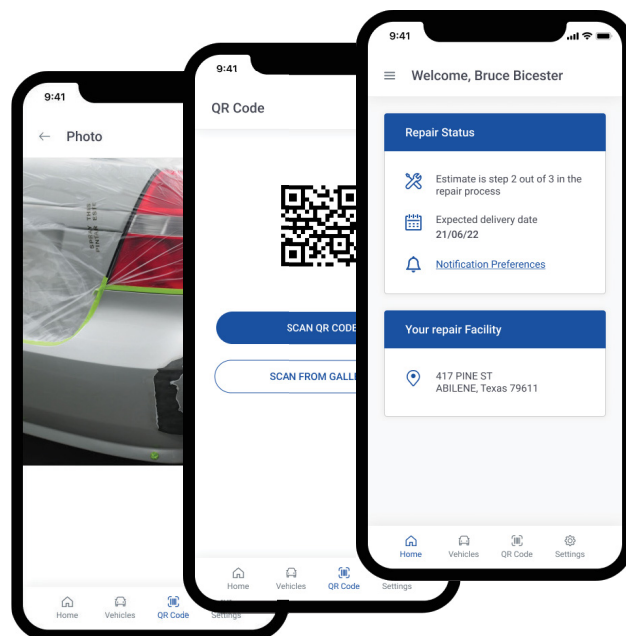
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A self-serve future

Digitization is revolutionizing how most consumers want to initiate their vehicle claims and repairs journey. Images taken by claimants and uploaded via smart device can satisfy the level of convenience from automotive claims, lessening the need for lengthy explanations of the damage and an on-site visit from assessors, all while increasing transparency.

Insurers need to look at adapting the customer claim journey into a self-service process amidst consumer calls for digital tools. New for this year, Solera set out to understand how consumers want to manage and control the process themselves, from initiating their claim, to taking pictures and tracking progress. According to the data, almost half (49%) of claimants requested a fully digital self-service module, while 43% desired a hybrid process of human contact and digitization.

This could be due to the fact that claimants yearn for more transparency, control and efficacy during the claims journey. Individuals want to receive real-time alerts that could be linked to automated interventions for the entire claim. Today, the three main influencing factors when consumers choose a vehicle claims and repair provider are: full visibility of the process (56%); faster settlements (53%); and checking in on the progress (50%).

The need for more control over their claims journey and a completely transparent process is expected to grow exponentially. **Servion** predicts that, by 2025, AI will power 95% of all retail customer interactions with consumers unable to spot the bot. Ultimately, only 5% of customer interactions will require human involvement. It will be interesting to see whether the demand for hybrid claims models lower in the years to come as more consumers become more accustomed to and trusting of digital communication.

We all know that retaining a customer is much more profitable than gaining a new one. Customer satisfaction is key to any business being differentiated from its competitors. Consumers expect automated pay points at supermarkets, automatically generated answers to simple inquiries, and information at the touch of a button. In the world of automotive claims, the need to call your insurer/repairer to check in on a claim or see where your vehicle already seems like an antiquated process. By the next decade, they will expect so much more.

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AI is now a determining factor

AI is an integral part of the consumer journey and claimants are actively seeking claims and repair providers that put automation first. According to Solera data, roughly two-thirds (65%) of consumers opt for a provider that utilizes AI processes to minimize the risk of error when conducting work on their vehicle. The trend continues with 70% of claimants now willing to switch insurers for a faster digital claim journey, up from 67% in 2021.

The same number (70%) of claimants state that they would be willing to submit their own images of the damages to their vehicle if it meant that their claim will be resolved much quicker. However, the value of self-service damage capture can only be achieved with methods that successfully guide users through the claims process and enable them to take the best quality images for accurate automated AI appraisals.

Solera's Guided Image Capture solution shows that intelligent guidance ensures the right quality and quantity of images are captured, first time, significantly improving the accuracy of AI damage detection, repair, and triage.

According to the CEO of [Servion Global Solutions](#), Sameet Gupte, businesses that don't adopt AI systems will become irrelevant in less than a decade. Customer interactions, such as viewing a holiday rental in virtual reality; solving technical issues online, or greeting shoppers by hologram will become part of the expected customer experience. A Pega,[4] survey revealed 38% of customers believe that AI systems will improve customer service, and ultimately the complete customer experience. It seems that consumers will opt for a company that implements AI solutions to ease their customer journey.
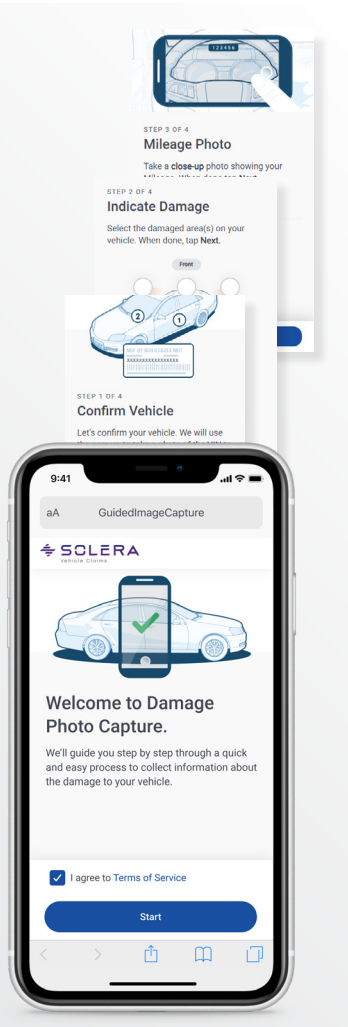
Looking beyond AI specifically, Solera set out to test the state of consumer confidence in a fully automated claims settlement process. This includes processes and decisions that the consumer may not control, such as the creation of the estimate and the provider selected to repair the vehicle.

Satisfaction in a fully automated claims and repair settlement process has remained high amongst claimants, with 90% stating they are either happy or neutral (64% 'Strongly Agree/Agree' and 26% 'Neutral') to have a fully automated process, versus 92% in 2021 (72% 'Strongly Agree/Agree' and 20% 'Neutral'). Despite the slight shift in response levels, the year-over-year findings reinforce the continued drive toward a more digital, automated, and AI-driven future.

It's clear that those implementing cutting-edge technologies like AI will gain critical customer retention, efficiency, and resilience. However, there are now wider defining factors that will impact consumer attitudes in the year ahead.

(4) https://www.pega.com/system/files/resources/pdf/what-consumers-really-think-of-ai-infographic.pdf

A call for sustainable technology

Recycling and upcycling are becoming increasingly important. In addition to a faster and more transparent claims journey, the application of technology for sustainability is also influencing provider selection. Almost two-thirds (64%) of claimants would favor a provider that uses AI to source environmentally friendly and 'green' parts.

As manufacturers continue to face disruptions to vehicle parts production, many repairers are being forced to do more with less. Used parts from original equipment manufacturers present a viable opportunity to extend the lifecycle of vehicle parts, overcome crucial shortages and reduce reliance on raw materials and energy that damages the planet.

Sustainability is now a clear benchmark for consumers. Providers that mobilize AI to bring more eco-friendly processes to their operations will ultimately meet this demand in the face of critical global climate challenges. Green parts are a low-cost solution without having to compromise on quality. **ASM Auto Recycle** states that recycled parts save up to 80 billion barrels of oil each year in manufacturing and transport.

During the first year of the pandemic, we saw a significant increase in climate change awareness globally. According to McKinsey & Company,[5] 67% of consumers consider sustainable materials to be a factor in purchasing clothing, paying attention to the environmental impacts of their fashion. 60% of consumers stated that they opt for reusing and recycling clothing items to reduce waste. This shift is also taking place across the automotive ecosystem and it's clear that providers who commit to more sustainable processes will be favored by consumers above competitors in years to come.

Being eco-friendly and sustainable is not just a trend – it is a fundamental part of the global effort to reduce our carbon footprint and protect our planet.

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Close

Solera, in partnership with Coleman Parkes, surveyed 1,500 consumers and over 500 global OEM dealers, repairers, and car insurers to get the industry's view on AI technology, its impact on the claims and repair journey, and the desire to increase adoption today.

Our annual survey revealed the increasing demand for digital-first automated claims, with trust in AI-driven workflows higher than before. Consumers are demanding digitized systems for a contactless claims journey. Claimants are willing to change providers based on their AI processes and would opt for a more sustainable provider.

COVID-19 was the tipping point for customer adoption of digital services. Insurance customers are clearly ready for digital options, especially when they can quickly access an adjuster in person as needed.

Digitization must now be a priority. Organizations that are slow to adopt a more digital system face the risk of losing loyal customers. Service providers should innovate today to retain customers tomorrow. Business leaders should take a step back and look at the bigger picture. The landscape has changed, and that change is permanent.

There has been a lot of focus on the value that embedding next-generation technologies like AI can deliver across the claims ecosystem as businesses become more results-driven and customer-centric. Organizations should be able to demonstrate that their systems are conscientious, fair, ethical, explicable, and trustworthy.

There are inevitable barriers in this journey toward full automation but findings like these underscore the need to mobilize at pace. Now more than ever, organizations must leverage first-class technology partnerships to streamline this transition for consumers and maximize the return on digital transformation both now and in the future.

> **"Claimants are willing to change providers based on their AI processes and would opt for a more sustainable provider."**

Find out more about Solera's future claims technology – Qapter® at www.Qapter.com

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About Solera

Solera is the global leader in vehicle lifecycle management software-as-a-service, data, and services.

Through four lines of business — vehicle claims, vehicle repairs, vehicle solutions, and fleet solutions — Solera is home to many leading brands in the vehicle lifecycle ecosystem, including Identifix, Audatex, DealerSocket, Omnitracs, LoJack, Spireon, eDriving/Mentor, Explore, CAP HPI, Autodata, and others.

Solera empowers its customers to succeed in the digital age by providing them with a "one-stop-shop" solution that streamlines operations, offers data-driven analytics, and enhances customer engagement, which Solera believes helps customers drive sales, promote customer retention, and improve profit margins.

Solera serves over 300,000 global customers and partners in 100+ countries.

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