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# PROPERTY AND CASUALTY CLAIMS TRANSFORMATION

Using benchmarking data to overcome challenges.

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Property Claims executives are facing headwinds in getting investment for transformation efforts.

In this Q&A, we explain how how benchmarking data can help overcome those challenges.

In 2023, property claims executives faced an austere economic environment and a mandate to cut costs and eliminate roles. Major carriers have announced wide-ranging layoffs across departments, including Claims. But eliminating positions and employee headcount is a short-term solution and creates new risks, including brain drain that eliminates institutional knowledge and reduces innovation.

Rather than job elimination, there are other ways to achieve efficiency – such as defining a comprehensive suite of KPIs that let you track your claims department’s process effectiveness, identify potential improvements, and measure the team’s performance against peer institutions that are confronted with similar challenges.

But when deciding which KPIs are important, it’s important that claims executives keep in mind the organization’s overall strategy. Is it to become the lowest cost provider? To provide the best customer service? Using that as a guiding light can help define the right KPIs to plug in and push down.

In this Q&A, executives from [Auremma Roundtables](#), the leading provider of operational data in financial services, and [Celonis](#), the global leader in Process Mining, discuss how property and casualty claims executives can use data and insights from peer institutions to better substantiate transformation efforts.

This interview has been edited and condensed for length and clarity.



**David Palastro**

Industry Principal,  
Insurance

[Celonis](#)



**Phylip Jones**

Head of Insurance Vertical

[Auremma Roundtables](#)

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## What is the single biggest issue hampering transformational efforts for Property Claims executives?

**David Palastro, Celonis:** We see many carriers performing a precarious balancing act of combatting inflation and increasing loss costs vs. investing in transformational projects.

Many insurance operations reported positive earnings in 2022 – a quick turnaround after COVID. In 2023, it was much more difficult to offset increasing loss events, inflation, and higher replacement costs with lagging rate increases. While most of these organizations want to invest in new tools to increase efficiency and automation opportunities, the industry is facing large losses in 2023, and funding is short.

As a result of these factors, the fastest way to show quick returns and appease shareholders is through headcount reduction, which is what many P&C carriers are doing. This strategy can produce short-term results, but it sacrifices the needed longer-term investment in people and technology required to rebuild legacy systems, transform antiquated operations, and curb decreasing industry knowledge, which are all necessary to retain a competitive edge. Staff reductions also tend to negatively affect existing employees' engagement in future-forward, business-led change initiatives that may further signal job losses, such as automation opportunities.

**Phylip Jones, Auriemma Roundtables:** These are all seismic challenges for property claims leaders. At Auriemma Roundtables, we focus on creating communities of executives from peer companies to meet these sorts of intrinsic challenges head-on. Imagine a community of P&C executives that are facing the exact same issues – expense pressure, headcount reductions, doing more with less. The best way to counter these sorts of short-term operational cuts is to bring something more innovative and measurable to the table – and that's easier to do if you're benchmarking against peer organizations on a regular basis.

## Having insight into why and how a company is under- or over-performing is crucial for any executive to win funding – but Claims professionals have historically been challenged with defining the right KPIs and metrics. What makes this challenging?

**David Palastro, Celonis:** It's a challenge because organizations often lack the right metrics to measure success, or the process is very manual and subjective. Sure, everyone tracks typical external ratios, like combined ratios, expense ratios, or underwriting profitability. But, there's often a disconnect between the strategic goals of

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the organization and the operational metrics for areas like claims and customer service, which, by the way, is often linked to non-value processes that aren't reflected in strategic metrics.

This disconnect often creates a performance gap, as the tactical operations don't align to the C-level plan, which inevitably leads to future funding friction with innovation initiatives. To offset this, many leading organizations take the time to develop and communicate a top-down/bottom-up approach of expected performance levels that link the organizations. This ensures all projects and operations align with the overall strategy and lets them define the right KPIs to track ongoing conformance.

**Phylip Jones, Auriemma Roundtables:** We recently collaborated closely with senior claims executives to design a set of KPIs that encompass claims management, cycle times, net promoter score, as well as agent and workforce engagement metrics. While all organizations have a mandate to measure their own performance, they often have little to no context on how their results stack up against peer organizations.

Comparing your performance to the rest of the industry equips leaders with better ammunition to anticipate and substantiate future resource requirements, whether it's advocating for additional personnel, technological upgrades, or process improvements. This type of intelligence allows leaders to identify trends, best practices, and potential areas for improvement, facilitating a more informed decision-making process.

In essence, we firmly believe that when companies commit to consistently comparing their metrics against the rest of the industry's, it not only is a means of evaluating current performance but also a powerful tool to effectively execute strategic initiatives and introduce improvements in claims processing and overall operational excellence.

**Let's expand on that – how can the industry benefit when peer companies come together and get candid with their experiences and how that shapes performance?**

**David Palastro, Celonis:** We know historically that most insurance organizations are not extroverts when it comes to sharing their key KPIs. However, on the other hand, we're seeing an increased willingness to engage in open discussions around the macro issues that they all face, like changing risks, costs, talent, and political, and social impacts. These challenges are getting larger and more dynamic, meaning improved industry collaboration is required to address them. We heard this loud and clear from the feedback from carriers during our Auriemma Roundtable Claims discussions in 2023.

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Many carriers are reviewing new operating models and building new teams to put performance metrics and measurement standards at the forefront of their CFO's or CTO's agenda. For example, many organizations are augmenting PMO departments with new, business-led project and operational oversight teams to ensure organizations are working on the right projects, at the right costs, and returning the expected value. We see leading insurance organizations taking this approach with Celonis by not only doing a first phase of process discovery, but then building unbiased, performance metrics in Celonis to monitor ongoing conformance in their core systems for what is important to their organizations.

These businesses realize they need to understand their baselines and benchmarks first before they can even begin to utilize the aggregate industry data to get an apples-to-apples comparison. This is when organizations can then truly benefit from the aggregate data that Auriemma Roundtables can provide for benchmarking against their peers.

## About the P&C Claim Operations & Innovation Roundtable

Auriemma Roundtables combines claims executive meetings, industry-leading operational benchmarking, and peer group surveys to help participants identify tools, technologies, and strategies to offer best-in-class customer experiences at all touch points in the digital journey. Auriemma Roundtables is leveraging Celonis, the global leader in Process Mining, to support P&C insurance leaders' decision-making via data-driven insights.

Members of the Auriemma Roundtables' Insurance-related Roundtables will be able to leverage their competitive benchmark output in Celonis' platform, enabling each participant a means to measure specific areas for operational improvement, coupled with an understanding of how peers operate.

Auriemma's Claims Operations & Innovation Roundtables provides claims professionals the opportunity to innovate and improve the claims experience for insureds. To get involved, contact [Phylip Jones](mailto:pjones@roundtables.us) at Auriemma Roundtables (pjones@roundtables.us)