Understand Current Business Process

Example: Handle Personal Auto Claims

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Describe the Scenario & the Approach

a) Business Scenario Description

You are one of the business analysts working for a property and casualty insurance company. One of the services this company provides is auto insurance for both commercial and personal auto. You were recently assigned to an initiative to automate and improve the claims handling process for the personal auto business division. The first thing you need to do to support this initiative is to develop a good understanding of the current business process for handling personal auto claims and to document that understanding in a business model.

b) Approach

You start by drafting and presenting your approach to the project team. Your approach to understanding and communicating the current process for handling personal auto claims will include the following steps:

> **Step 1:** gain preliminary understanding of the current business process by reviewing existing documentation, if available.

> **Step 2:** gain deep understanding of the current business process by conducting interviews and job shadowing with the roles executing the process.

> **Step 3:** document your understanding of the current business process by creating a draft business process maps and process narrative.

> **Step 4:** validate the business process map and narrative.

After presenting your approach to the project stakeholders, you get buy–in from the project sponsor/ business leads and you proceed to execute your first step, which is to develop a good understanding of the current business process.

Step 1: Develop Preliminary Understanding of Current Business Process

Before developing a deeper understanding of the current business process, you may start familiarizing yourself with key business concepts, terminology, etc.

One way to do this is to review any existing process documentation you may get from:

- the project sponsor,
- business leads,
- project manager, etc.

Examples of current business process documentation you can use for this review include, but aren't limited to:

- the project business case,
- the project charter,
- current business capabilities,
- process procedures, etc.

Process documentation, if it exists, could be a good starting point to gaining preliminary insights into the current business process.

Another way to gain this preliminary insight into the current business process would be through interviewing the business leads or the project sponsor.

Once you have gained preliminary understanding of the current business process, you move to the next step of gaining a deep understanding of the current business process.

Step 2: Develop Deep Understanding of Current Business Process

To gain a deeper understanding of the current business process, you will interview business subject matter experts (SMEs) and potentially conduct job shadowing. You will start by asking the project manager and/or business leads for business SME names for you to interview. You may need to specify the number of business SMEs and interview sessions you will lead.

Once you receive the names of the business SMEs, you will proceed with scheduling your interview sessions. For the personal auto claims handling process, your business leads should provide you with the names of claims adjusters for you to interview.

a) Conduct Interview

You start your first interview sessions with the claims adjusters assigned to work with you by providing some context for the initiative and the purpose of the interviews (understand the current business process for handling personal auto claims), etc. Then you start your discussion asking the claims adjusters about what triggers this business process.

Trigger & Sources:

You start by asking questions about what work requests start or trigger the personal auto claims handling process and who generates each of these requests.

The claims adjusters tell you

 "The process starts with an incident being reported to the Customer Service Representative (CSR) by the claimant. The CSR, then creates the claim based on the information provided and assigns the claim to the claims adjuster. Alternatively, the claim can be created by the claimant using the company's portal or the company's mobile application. In addition, the claim could be reassigned to a claims adjuster by the manager when balancing workload between claims adjusters."

Process

Then you discuss the process by asking the claims adjusters to walk you through the steps of the current business process starting with when a claim is assigned. You will probe with questions as needed (e.g., ask what the adjusters do first when a claim is assigned to them? then what?) until you uncover all process steps.

The claims adjusters tell you

"Once the claim is assigned to the claims adjuster, the claims adjuster starts by reviewing the incident details and gathering additional information, if needed, about other vehicles and drivers involved in the incident, witnesses, police reports, etc. The claims adjuster then adjudicates the claim and decides whether the claim should be paid or not."

As the claims adjusters discuss the process, you keep watching for decisions, validations, etc., to

- identify business rules used to enable those decisions, and
- identify the different process paths resulting from those decisions.

For the decision to pay or not to pay the claim, you will ask the claims adjusters about

- the input they use to make this decision (e.g., business rules),
- the outcomes of this decision, and
- the process paths each outcome takes.

The adjusters tell you

"To decide if a claim should be paid, the claims adjuster reviews the claim circumstances and policy, looking for the following key pieces of information:
- *Check if the policy was in effect at the time of the incident*
- *Check if the policy covers:*
  - › *Loss car*
  - › *Loss location*
  - › *Loss cause and who is at fault, etc.*

The decision made is documented with its rational by the claims adjuster on the claim file.

If the decision is not to pay the claim, then the claims adjuster closes the claim file and communicates the decision to the claimants.

If the decision is to pay the claim, then the claims adjuster verifies if there is a need for assessing vehicle damage. If there is, the claims adjuster makes referral to a preferred vendor if there is a preferred vendor close to the location of the incident and the claimant accepts the preferred vendor. Else, this referral is made to a non-preferred vendor."

The claims adjusters explain the difference between a preferred and a non-preferred vendor:

"The main difference between a preferred service provider and a non-preferred service provider is that the preferred service provider bills the claims adjusters directly. For the non-preferred vendor, the claimant is responsible for sending the bills to the claims adjusters. This explanation is provided to the claimants when choosing a service provider for the assessment of their vehicle damages."

The claims adjusters then describe the rest of the process

"...then the claims adjuster evaluates damages related to the incidents (based on vehicle assessment quote, medical bills, service bills such as repairs, car rentals, car towing) and sets reserves to pay for the claim.

The claims adjuster then
- *negotiates indemnities as needed,*
- *applies deductibles stated in the policy associated with the incident vehicle, and*
- *proceeds with making payments to claimants, service providers, etc.*

When the final payment on the claim is made, the claims adjuster ensures all reserves are brought to $0 and that there are no outstanding activities or payments on the claim. At that point, the claims adjuster closes the claim.

Once the claim is closed, the claims adjuster may make a referral to the legal teams if other drivers were involved in the incident. If not, no further action is required from the claims adjusters. This marks the end of this process."

Process Clients and Outputs:

You identify clients of the personal auto claim handling process and their interactions with this process:

- claimants (may send bills and other information and receive payments),
- service providers (may receive referrals and send quotes and bills), and
- legal team (may receive claims involving other insurance companies).

You will also need to identify if there are differences in the handling of personal auto claims based on the different triggers (claims assigned by CSR vs. by manager vs. by claimant using company's portal). For this example, assume there are no differences on how these different claims are processed.

Last and as a reminder, your approach to understanding the current process for handling personal auto claims is iterative and as such you will continuously collaborate (interviews, job shadowing, etc.) with the designated claims adjusters as needed, to clarify missing details, resolve conflicting information, etc. until you gain a good understanding of the current business process for personal auto claims.

Step 3: Document Current Business Process

You will start drafting the process map for the claims handling process in parallel to your interviews of the designated claims adjusters (step 2 of your approach). You may use a white board, a piece of paper, etc.

Once your understanding of the current business process is finished, you will complete your draft of the current business process using a process-mapping tool such as MS Visio. You will also draft the process narrative to capture other relevant information you will communicate with the process map.

a) Process Map

See Business Process Narrative and Process Map Auto Insurance example.

b) Process Narrative

See Business Process Narrative and Process Map Auto Insurance example.

Step 4: Validate and Communicate Current Business Process

This is the last step in understanding the current business process. In this step, you will

- validate your draft of the current business process and process narrative with the designated claims adjusters,
- make final edits per feedback from this validation, and
- communicate the captured current business process to the initiative stakeholders.

Once you have completed the understanding, documenting and communicating the current business process, you will move to the next phase in your initiative; identify improvement and automation opportunities in your process as described in the business scenario.