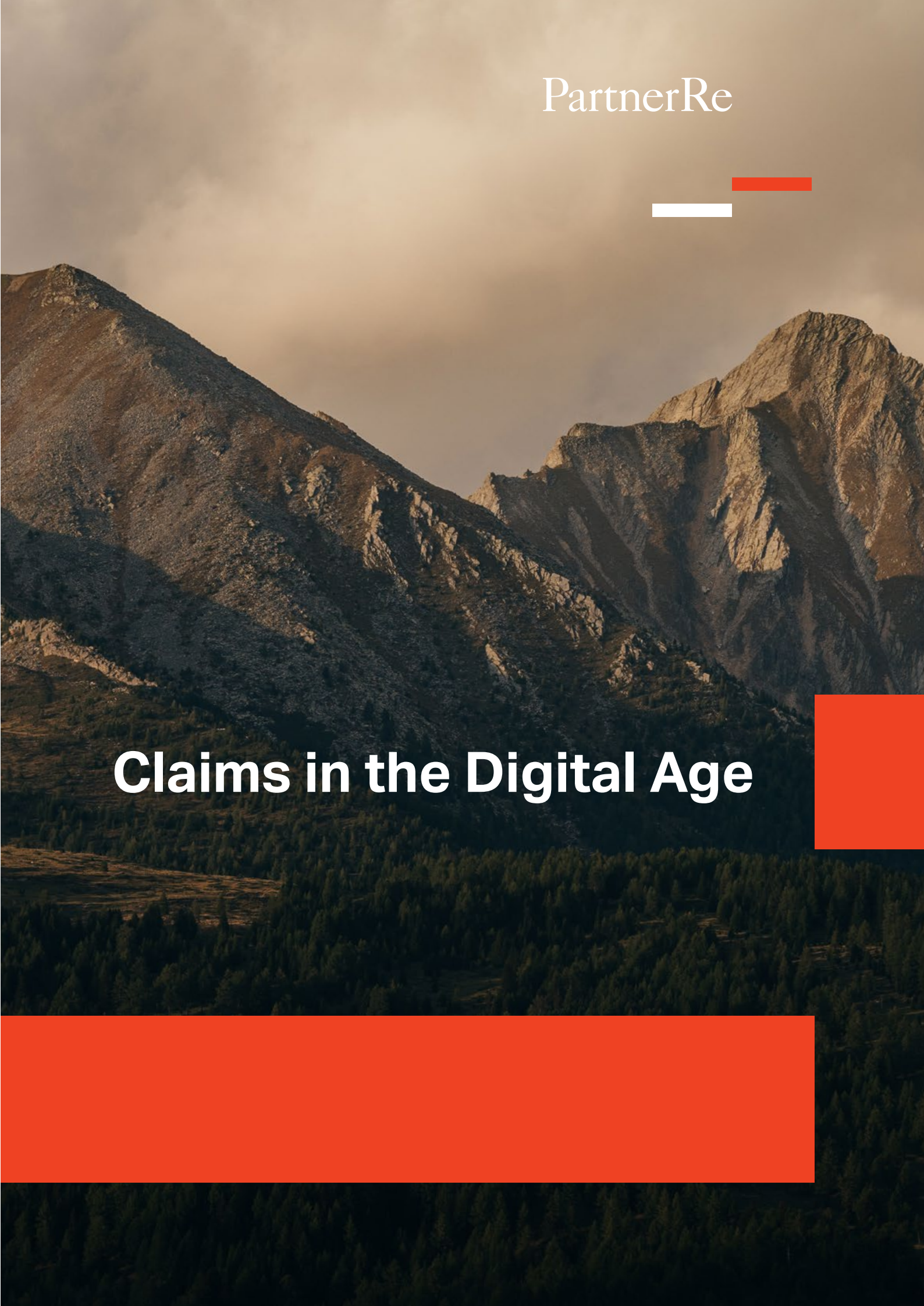
PartnerRe
Claims in the Digital Age

Contents

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The Investigation

Technology plays an increasingly central role in our lives—powerful, complex, and ever-evolving. It's no surprise that year after year, there has been a renewed interest in covering this topic as part of our annual claims survey. Organizations are no exception: questions regarding technologies and their use to carry out their mission is inevitable!

In this year's annual Canadian Life Claims survey, PartnerRe conducted one-on-one discussions with representatives of 15 Canadian insurers, which took place from mid-May to mid-July 2025. This report reflects our understanding of the direction in which Canadian industry players are heading when it comes to technology used in claims management.

To better appreciate the top claims initiatives in the market, we will start by looking at the market context in which the industry is operating and the challenges it faces. This will help frame how the key technology initiatives, including AI, fit into insurers' strategies and reveal their appetite for technology in claims management.

A Bit of Context

Most respondents have a technology plan within their organization, and there is one point they all have in common: they are underway and far from complete. Ever-accelerating technological change, a desire to remain competitive, growth ambitions and reaching current systems' limits all drive significant investments in technology.

Traditionally, adding resources to manage growing business demands has been the solution – however this is shifting as organizations are exploring new ways to maintain or optimize their human resources to support ongoing growth. A strategic response rooted in technology can surely address long known issues of talent shortages, hiring and retention challenges, increased competition for specialized skills, wage pressures, and an aging workforce nearing retirement.

The Organizations

There are currently massive investments in technology in the market, investments that were often unequalled in the past. Understanding the insurers' common traits will help us dig into the industry's main drivers to invest in technology.

> "Such investment is a first in the organization's history. There is a very large appetite for technology right now. "

Multiplicity Of Systems

Past mergers and acquisitions, evolution of products and business lines, and changes in technology have led many, if not all, organizations to gradually accumulate several legacy systems that now need to be harmonized.

This plethora of systems poses some challenges. First, data quality can be affected by difficulties in integrating systems together. Operational complexities increase as tasks require duplicate steps, leading to higher risk of errors. These inefficiencies drive up the need for training and contribute to high maintenance costs.

In a context where modernizing these systems is also inevitable, this standardization of systems often becomes a prerequisite for a new look. Harmonizing and reducing their number first seems like a logical condition of success to their modernization.

> "We've done a lot of acquisitions and integrations in the past, so our IT now has nearly 30 systems. "

Obsolescence And Technological Debt

For several organizations, investments in technology are as important as they are urgent. Outdated programming languages and technology that are no longer supported can result in difficulty for organizations to find specialized resources and in increased risks related to expertise loss. For certain sectors or business lines that contribute more modestly to the organization's revenues, more significant technological debt may also have accumulated and snowballed over the years.

As the delivery of large projects is usually done in phases, a change of course or paused commitment to the initiative between them may have left some business units with a suboptimal but viable product.

Technological developments have greatly accelerated in recent years (think of AI). While this is undoubtedly exciting, organizations must ensure that they will not deliver a system or functionality that is obsolete upon being implemented. A commitment to a continuous improvement approach is paramount to maximize the initiative's benefits.

> "In the past, we have put in place systems that have been imperfect, imperfect because they are minimally viable, and this, to deliver products quickly. We are somewhat caught up in this situation at the moment. "

Claims Positioning

Structure And Visibility

Historically, Claims has been linked in whole or in part to two spheres: Operations and/or Underwriting. While Underwriting tends to be a key investment area for insurers (as it is a gateway to new business), Operations can be seen as a centre of efficiency and, therefore, a place where it is important to do more with less. This can have an impact on the attention given to Claims departments from a technological standpoint within their respective organizations.

The place of Claims within the broader insurance process and journey has also evolved over time. Organizations investing more in their claims processes often turn out to be the ones who see claims as a service and as an opportunity for customer retention.

> "Historically, our Claims area reported to Underwriting. This structure helped us have more visibility since it is a strong focus of senior management. "

Volume

Volume of processed transactions can also be a contributing driver to invest. For example, a low number of claims handled may be too small for a return on investment justifying the expense while minor gains that are made frequently can be more easily beneficial, thus giving an advantage to larger organizations or to predominant lines of business.

> "We have set up a robotization of certain processes. We make a lot of small gains of a few minutes here and there, but our volume is so large that the economy of scale makes the return on investment very profitable. "

Outsourcing

The choice to do business with a third party for certain operations is often made to purchase a turnkey solution which includes both the operations execution and their related support. Although this outsourced solution comes with its share of upsides, technological initiatives may be challenging due to the low control over the pertaining operations and to the contractually framed relationships.

The purchase of a turnkey platform also does not ensure the use of the latest technology. Because these systems can have multiple versions, organizations may find themselves using a version behind the most recent one.

> "We use a processing company for some of our claims. Their focus is purely and simply on execution, for better or for worse. "

Decision-Making Structure

Smaller organizations are more likely to take a consultative (bottom-up) approach when it comes to technology initiatives and their prioritization. Fewer levels between stakeholders on the field and senior management can make the implementation of such an approach easier. On the other hand, costs involved in technology initiatives can be an obstacle for smaller organizations and lead to more cautious decision-making.

Some larger organizations can also have some form of consultative methods in place. Those are generally committees including senior management, IT and representatives from the various business units ensuring that common needs are recouped, helping for better prioritization across the entire organization and allowing alignment with strategic objectives.

Other organizations have roles dedicated to optimizing claims processes. The commitment from the organization in creating such a role often reflects on the perceived legitimacy of their recommendations. Some participants also hired external firms to analyze their organization's entire value chain to fully understand their current overall situation and obtain recommendations for all their business units.

> "We are a small group that must make big decisions. "

The Top 5 Technology Trends In Claims

Following our interviews, 5 main trends related to claims management and technology were identified. While the Claims functions are not alone in their technology journey, there is a critical role for Claims around integration, cross-collaboration, and potential value-added insights to other functions.

1 Foundations For Modernization

All the organizations surveyed mentioned the need to standardize their processes across their various business lines and teams. As a result, several Claims departments are currently working to establish the conditions for the success of the technological initiatives envisioned rather than on the initiatives themselves. This desired homogenization aims to achieve the stability deemed necessary before large-scale projects can be set in motion.

Several insurers we spoke to are developing online platforms, portals, and modern applications to allow enhanced interactions with customers, advisors, and beneficiaries. Internally, the data processing can be more outdated and laborious, creating a gap between the advanced technology put forward (front end) in the market and the systems in the background (back end). The recognition and legitimacy of more advanced technological means can make the need to have the right foundations to support it even more glaring.

> "We explored the possibility of modernizing our systems a few years ago, but our biggest hurdle turned out to be our own readiness. "

2 Automation

Express Claims

Express claims programs have common objectives with the implementation of certain technological means, namely the reduction of time service and a better allocation of specialized resources' time and energy. While such programs are in place for almost all respondents, our interviews revealed that the review of claims eligibility for such expedited processing is almost always done manually. The automation of this triage is therefore seen by many respondents as having potential for significant efficiency gains.

> "Ultimately, we would like to have contactless express claims processing. Currently, the processing of the claim itself is 100% manual. "

Optical Character Recognition (OCR)

Certain technologies that optimize Underwriting processes are also relevant to Claims. For example, Optical Character Recognition (OCR) was frequently mentioned as a technology that could bring benefits to both sectors, as they regularly process unstructured medical information. Among other things, it is worth asking what can encourage a sharing of these technologies between the two functions. However, it is important to mention that the success or failure of OCR implementation in one area is not a guarantee that the results will be the same in the other.

> "We are currently planning the implementation of OCR in Claims. Underwriting has already had this technology for some time so we will have the advantage of having features that are already proven. "

Repetitive tasks

Automation of certain parts of the value chain is often sought to free up time. Many automations were reported to us, including the classification of emails by algorithm, the classification of documents and information in all relevant systems, and the direct connection to the payment system. These allow the reduction of touchpoints and greater accuracy in the task's execution.

Time-consuming workarounds, manual task execution, and reconciliations between various systems also infuse a desire for automation to improve productivity and time service.

> "With the robotization of various tasks, we have reduced the number of staff needed to carry out administrative work by almost 20%. "

Direct deposit payment

In our 2024 survey, it was revealed that some participants were unable to make claim payments by direct deposit. The recent difficulties experienced in the context of strikes at Canada Post have put these organizations' operations at risk of disruption at this crucial stage in the customer experience causing reputational risks. Those organizations now have the implementation of direct deposit on their agenda in the short term.

3 Decisioning Support And Knowledge Transition

The development of decision-making tools is one of the most frequently mentioned desires when it comes to technology used in claims processing. Motivations for this include the aim for greater compliance, standardization of decisions and controls, and knowledge retention.

Investments in training are as demanding as they are uncertain, and the loss of specialized employees can prove costly. Technology can be used to mitigate the significant risk that this situation represents. An artificial intelligence (AI) tool to interact with and guide certain choices, action plans or decisions is an investment that could meet training needs, retain knowledge, and achieve greater standardization of outcomes. The use of AI for research in internal procedures could, for instance, be a way to help employees targeting the right action to be taken. The processing of unstructured information and systematic verification of certain business rules would also allow greater compliance of operations.

> "With so many systems in place, even a cat would lose her cubs. Automating some eligibility checks, for example, or simply setting up reminders that processes X, Y, Z must be carried out in certain specific cases would greatly help even the most knowledgeable analysts."

4 Data Mining

Several insurers we met told us of their need to analyze their data more effectively, to better understand their experience and to possibly use this data to analyze trends.

Some organizations have to rely on IT resources to extract the information to overcome data disparities. As such, there can be a real need to improve access to data and to enable self-servicing for some insurers. This can, for instance, be done through Application Programming Interfaces (APIs) that are initially set-up by IT but operated by the business.

Investing in such improved accessibility is expected to enhance the understanding of the claim process, its bottlenecks and, ultimately, the optimization opportunities that they represent (e.g. improved claim triage). It helps insurers make more informed decisions by supporting them with better data-driven business cases.

> **"Our main challenge when it comes to data is to link the different systems together. We have a team dedicated to linking information appropriately and setting up reports. This process is long and tedious and can be something of a black box. "**

5 Artificial Intelligence (AI)

Unsurprisingly, AI has proven to be an inevitable topic in our recent discussions. All organizations were interested in the subject, to varying degrees. While we have been informed of several quick win initiatives, it seems a bit too early for most to make the leap towards broad and coordinated uses.

To begin navigating the vast landscape of AI in Claims, many insurers are establishing AI usage guidelines — particularly around the handling of personal data. Hiring specialized talent is also seen as a critical early step, especially among larger organizations aiming to lead in this space. The hiring of specialized AI experts to approach the matter in a methodical way that will allow the best benefits to be obtained is also one of the steps that has been taken.

Naturally, organizations that have started to invest in such resources tend to be larger and want to position themselves as an industry leader in this area.

A common entry point has been the purchase of licenses for suites of AI tools, allowing small groups across the insurer access for local exploration of certain initiatives and their potential expanded use in the future. Such uses include the creation of meeting summaries, call transcription, and translation of documents and communications. Automatic systems updates, documents dispatch, and tasks assignment across various systems and areas has also been mentioned frequently. AI is also being used to review and summarize large volumes of procedural and training materials.

Some insurers are exploring more advanced applications, including reviews and summaries of medical documents (e.g. APS, clinical notes, etc.) and the development of triage and predictive models. The use of AI in the analysis of the value chain to highlight the steps that could benefit from certain optimizations is also a promising avenue being explored to help better direct the efforts of the Claims department towards value-added services.

Finally, with artificial intelligence also comes the oft-mentioned question of its use in fraud and fraud detection (e.g. synthetic death certificates). While having AI detect fraud generated though AI may have been mentioned, mitigating the new risks AI poses with a technological response seems to be in early stages.

> **"Can we still be easy to do business with while being cautious about the new risks brought by AI? This is a question we ask ourselves. "**

Conclusion

While there is strong appetite for technology these days, we believe an important lesson from this year's survey is that consistency is key. Indeed, a constant investment in technology is likely required to not only catch up on technological debt but also for insurers to offer optimal solutions for their clients.

The current landscape is offering abundant opportunities for efficiency gains through automation, improved data analytics, and through gaining traction with AI. An insurer's technology journey is an ongoing marathon offering an occasion for decompartmentalization and collaboration across all departments (beyond just the Claims area). So there is light at the end of the tunnel and exciting times ahead!

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