

Driving into the Future - A Digital Motor Claims Journey

In 2022, the Bank continued to call on general insurers and takaful operators (ITOs) to improve customers' claims experience and outcomes by going digital. This is in line with aspirations set out in the Bank's Financial Sector Blueprint 2022-2026.

Why go digital?

There are various pain points in the motor insurance and takaful claims process in Malaysia. At the scene of an accident or vehicle breakdown, consumers may be exposed to harmful practices. Unsolicited parties who show up at an accident scene often take advantage of accident victims by pressuring them to allow their vehicles to be towed away without notifying the relevant ITOs, or deal with unknown parties to handle aspects of the claim. Victims may be made to pay fees for these actions. Damaged vehicles towed to workshops of unknown reputation also raise safety concerns from the use of non-genuine parts or sub-standard repairs. These unhealthy practices will ultimately contribute to greater risks of insurance fraud and exaggerated claims due to inflated costs of repairs and parts. Additionally, manual claims processes have often led to long turnaround times to approve and settle claims. Digital solutions like web or mobile apps can address many of these issues. By linking each party within the claims process, digitalisation can provide consumers a more efficient and seamless experience.

Towards a transformative customer experience

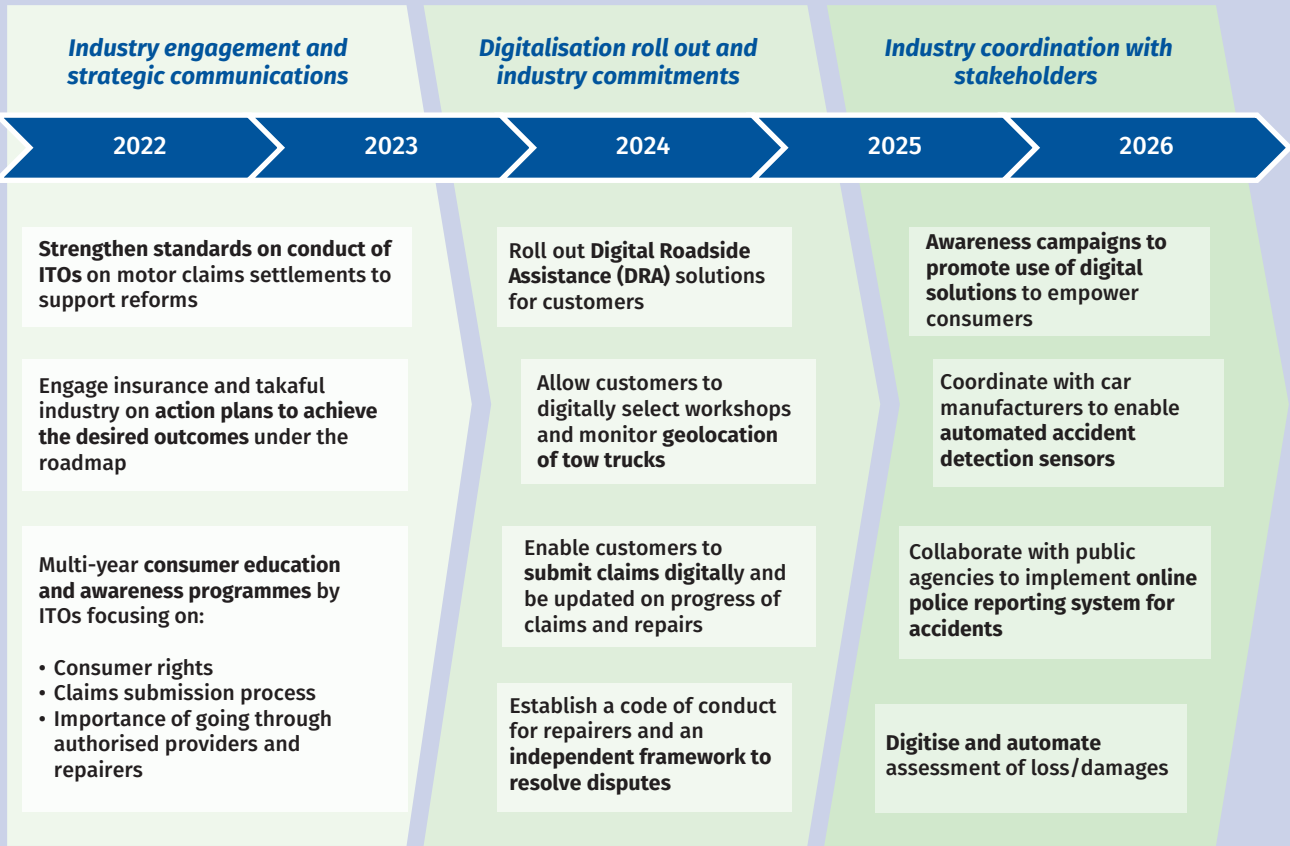
Collaboration both across ITOs and with key parties in the claims value chain is crucial to reshape an end-to-end digital motor claims journey. The desired outcome is a faster, more transparent and better claims experience for customers. To this end, a five-year digitalisation roadmap (2022-2026, Diagram 1) has been rolled out for the insurance and takaful industry to complement efforts to transform the motor claims ecosystem. The Bank continues to engage and work collaboratively with stakeholders, including insurtechs¹, relevant government agencies and authorities, consumer groups and service providers, in pursuing the key initiatives outlined under the roadmap.

What can consumers expect?

ITOs are anticipated to deliver more innovative value propositions to their customers. Between 2023 and 2024, most ITOs are expected to deploy Digital Roadside Assistance (DRA) solutions via the web and mobile apps. This will enable consumers to conveniently manage all aspects of their claims journey (Diagram 2) digitally – from notifying an ITO of the accident to receiving the repaired vehicle. Amongst ITOs, greater use of technology such as telematics, data analytics and process automation will further improve the speed, efficiency and accuracy of claims processes, while better controlling fraud. For instance, telematics can notify ITOs automatically when an accident occurs and help initiate the claims process for the consumer. Efforts by ITOs to educate consumers on DRA and encourage its usage will also be ramped up to improve customers' awareness and capability in managing claims processes.

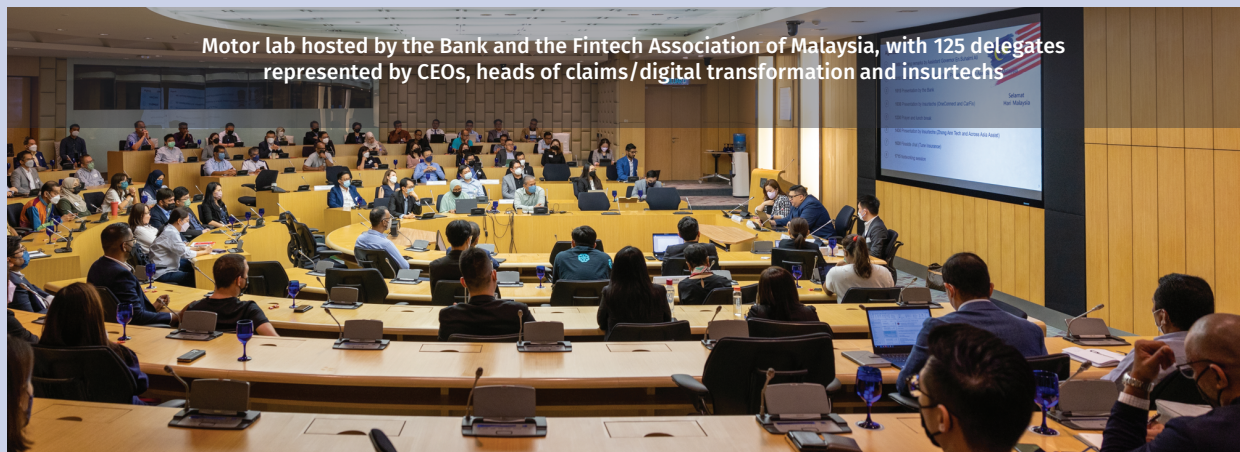
¹ Insurtech is a combination of the word "insurance" and "technology". It refers to the innovative use of technology to improve business processes, efficiency and customer experience in the current insurance and takaful business model including administration, underwriting, distribution and claims.

Diagram 1: A 5-year Roadmap for the Motor Insurance and Takaful Claims Ecosystem



Desired outcomes

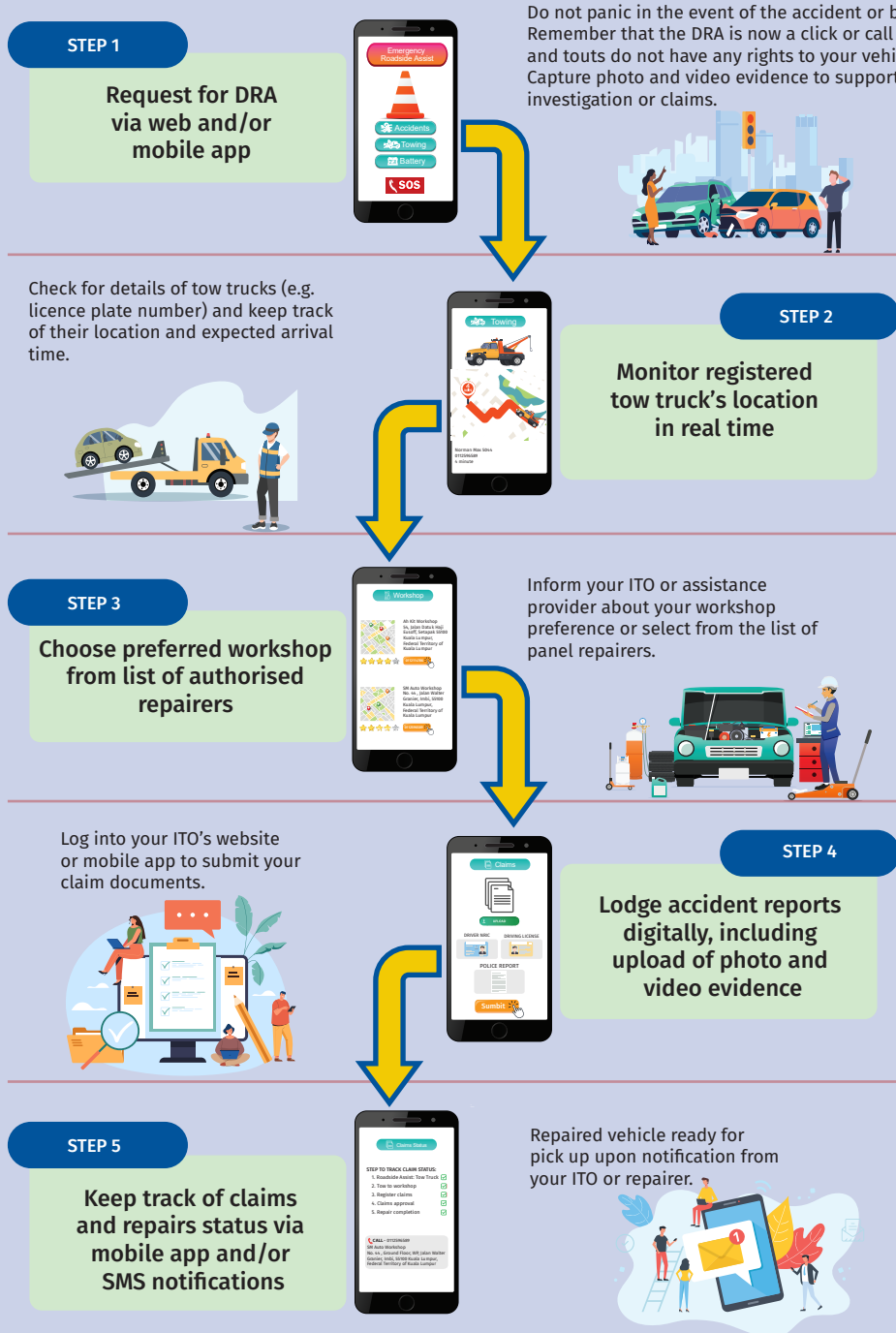
<p>Timeliness</p>	<p>Transparency</p>	<p>Transformative Customer Experience</p>
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Motor lab hosted by the Bank and the Fintech Association of Malaysia, with 125 delegates represented by CEOs, heads of claims/digital transformation and insurtechs

Source: Bank Negara Malaysia

Diagram 2: Customer Journey for an End-to-end Digital Motor Claims Process via a Mobile App



Note: The above diagram is for illustration only. The actual user interface may vary across participating ITOs.

Source: Bank Negara Malaysia