

# How Claims Process Optimization Software is Revolutionizing Insurance Operations



The U.S. auto insurance industry is dealing with mounting challenges as claims processing grows more complex and expensive. Rising repair costs, supply chain disruptions, and increasing customer expectations have put significant pressure on insurers to improve service quality.

At the same time, loss adjustment expenses (LAE), or the costs associated with investigating and settling claims, continue to rise, cutting into profitability. The industry is at a crossroads, as insurers must either adapt to these pressures or risk falling behind.

This whitepaper explores how claims process optimization (CPO) software is transforming insurance operations. The software streamlines workflows, helps reduce manual effort, and accelerates claim resolutions by leveraging automation and data-driven decision-making. The results can be substantial:

**Lower loss adjustment expenses:** Automation minimizes administrative costs by reducing inefficiencies and optimizing resource allocation.

**Reduced cycle times:** Straight-through processing (STP) and workflow integration significantly cut claim resolution times, improving operational efficiency.

**Improved customer satisfaction and retention:** Faster claims processing and proactive communication enhance policyholder experiences, leading to increased customer loyalty.

# Introduction: Why Claims Optimization Matters Now

**Claims processing is the most significant cost driver** for insurance companies, accounting for **over 70%** of property and casualty (P&C) premium dollars, according to a study by Deloitte. With such a substantial portion of revenue tied up in claims, inefficiencies can directly impact profitability.

Customer expectations are rising, too. **A positive claims experience is now a deciding factor for policyholders**, as Deloitte also reports that 44% of customers consider an insurer's reputation before choosing a provider. Delays, lack of transparency, and cumbersome processes can lead to frustrated customers, lower satisfaction and increased churn.

**Market pressures are also intensifying.** Inflation is driving up repair and replacement costs, while supply chain disruptions are extending repair timelines. In addition, increasing technological complexity and ongoing talent shortages is making for a more challenging environment for insurers.

**As a result, insurers are looking for faster, leaner, and more transparent claims-handling tools and techniques.** Optimizing processes with automation and real-time data allows insurers to help reduce costs, minimize delays, and enhance customer experiences. CPO software provides the tools to meet these challenges head-on, helping improve efficiency and customer retention as the market evolves.





# The Pain Points of the Status Quo

Despite technological advances, some insurers still struggle with slow, costly, and inefficient claims processes. Rising costs, increasing repair times, declining customer satisfaction, and regulatory pressures have created an environment in need of change. In short, insurers that don't optimize their processes risk losing profitability, customer trust, and market competitiveness.

## Rising Costs and Longer Repairs

The time it takes to complete an auto repair has **more than doubled** in recent years. Several factors contribute to these delays:

- Parts shortages lead to extended wait times, forcing customers to keep rental cars longer.
- Repair shop backlogs increase due to labor shortages and growing demand.
- Storage costs and time for undrivable vehicles rise when claim settlements take too long.

These inefficiencies drive up LAE, which now consumes **approximately 10%** of insurance premiums, according to a report by the U.S. Department of the Treasury. Insurers will have to become more efficient or risk these expenses eating into their margins even further.

## Declining Satisfaction and Customer Loyalty

The speed and ease of the claims process has a direct link to customer satisfaction. A slow, frustrating experience can push policyholders to switch insurers:

- Accenture notes that **60%** of dissatisfied home and auto insurance claimants cited slow processing times as the main reason for their frustration.
- According to Accenture, 30% of these dissatisfied customers switched insurers, and another 47% considered switching.

Customers today expect fast, seamless digital experiences. Insurers who fail to modernize their claims processes risk losing policyholders, increasing churn, and damaging their brand reputation.

# The Opportunity: Data-Driven Optimization

The insurance industry is at a turning point. Rising costs, slower claims processing, and increasing customer expectations have made traditional methods non-optimal.

However, data-driven claims optimization presents a significant opportunity for insurers to improve on things like efficiency and customer satisfaction while reducing costs. Automation, straight-through processing, and analytics will be a major part of this transition, as they allow insurers to streamline operations and deliver a better experience to policyholders.

## Real-World Benchmarks: The Power of Automation

Claims process optimization software can make insurance agencies of all sizes more efficient. Industry leaders have already seen major improvements by adopting automated workflows and straight-through processing, which handle claims with little human intervention.

- McKinsey reported that STP and automation can reduce claims cycle times by **up to 50%**, meaning customers get their vehicles repaired and back on the road faster.
- Claims automation can lower the total claims journey **costs by 25-30%**, predicts McKinsey, reducing administrative overhead and improving the bottom line.

Automated decision-making engines and digital self-service options can allow insurers to significantly cut down on manual

processing, eliminate bottlenecks, and speed up approvals.

## Value in Loyalty and Retention: Why Speed Matters

Customer satisfaction is directly tied to how quickly and smoothly a claim is handled. In short, loyalty and retention hinge on the claims experience.

- Faster processing times correlate with higher net promoter scores (NPS), which is a commonly used measure of customer satisfaction and loyalty.
- One major insurer saw an average **20-point increase** in NPS after implementing digital claims transformation, providing evidence that speed and efficiency drive customer goodwill.

Because 44% of customers consider an insurer's claims reputation before purchasing a policy, a faster, more transparent claims process becomes a significant advantage. Optimized claims handling does not only reduce costs but can build trust and strengthen long-term customer relationships.

Data-driven claims optimization means insurers can control costs and improve customer satisfaction. This automation also makes it easier to stay compliant with evolving regulations.

# The Opportunity: Data-Driven Optimization

## Digital Engagement Tools: Enhancing the Customer Experience

Customers are looking for on-demand access to their claims information, and digital engagement tools provide real-time updates and self-service options.

- As of 2024, first notice of loss (FNOL) submissions via mobile apps or web portals were used by about **24% of customers**.
- Real-time status updates can improve satisfaction, even when delays occur, by informing customers about repair timelines and next steps.
- Amica Insurance's proactive communication strategy helped maintain customer satisfaction despite long repair delays, demonstrating the power of transparency.

Self-service FNOL, digital documentation uploads, and automated notifications can also help insurers reduce inbound call volumes and improve the customer experience.

## System Integration: Eliminating Delays Between Stakeholders

A significant pain point worth considering in traditional claims processing is poor coordination between insurers, repair shops, rental companies, and appraisers. Modern integrated platforms streamline these workflows.

Integration between repair shops, rental providers, and insurers can increase the

speed of approvals, improve the accuracy of estimates, and provide real-time tracking of repair progress.

Insurers can minimize delays and get customers back on the road faster by breaking down silos and automating handoffs between stakeholders.

## Customer-Centric KPIs and Service Design

Leading insurers are shifting from traditional cost-based metrics to customer experience-driven KPIs.

- Instead of just tracking LAE, top carriers also measure NPS and customer effort score to gauge satisfaction.
- Live dashboards and real-time alerts enable proactive intervention, addressing potential issues before they escalate.

Aligning claims processes with customer expectations and operational efficiency makes it possible for insurers to enhance loyalty, reduce churn, and drive long-term profitability.

The future of insurance claims lies in automation, integration, and AI-powered decision-making. Insurers that embrace these technologies are achieving faster cycle times, lower costs, and improved customer retention.

# Case in Point: Entegral in Action

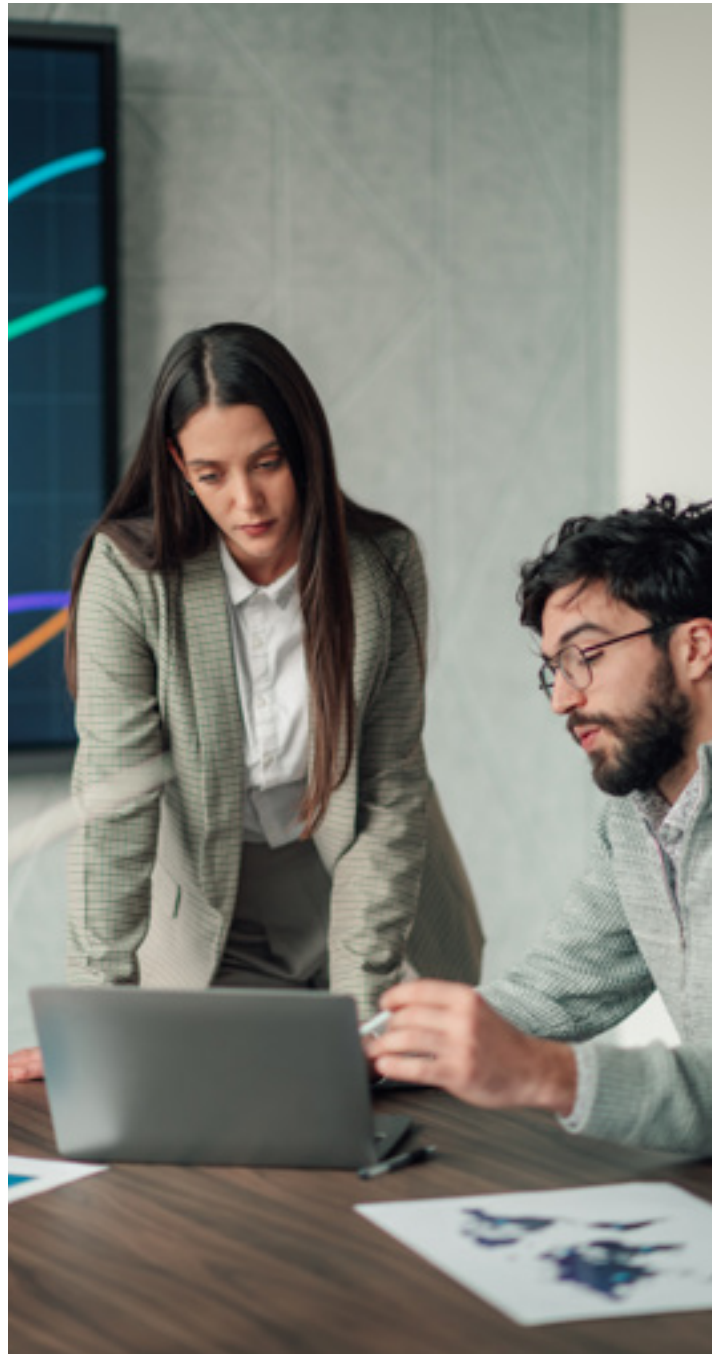
Entegral, a leading claims process optimization platform, has helped insurers and repair centers streamline operations, reduce delays, and enhance customer satisfaction. The Entegral platform makes it possible to integrate data, automate workflows, and improve communication, creating a more efficient claims ecosystem.

## **UK Repair Centre Case Study: A Digital Transformation Success**

For example, a major UK repair network leveraged Entegral to eliminate outdated manual processes and improve operational efficiency. Key outcomes included:

- Eliminated spreadsheets that previously required manual data entry, reducing errors and administrative burden.
- Integrated FNOL-to-repair tracking, allowing insurers, repair shops, and customers to monitor claims progress in real-time.
- Reduced call volume by enabling self-service updates, cutting unnecessary back-and-forth communication.

Entegral centralized claim and repair data for this repair center, significantly enhanced its efficiency and helped customers get back on the road faster.



# Conclusion: Why Now Is the Time to Transform

**It is a pivotal time for the insurance industry.** Legacy systems and outdated processes are holding insurers back, making claims handling slower, more expensive, and frustrating for customers and adjusters.

Fortunately, the tools that use data science in insurance to optimize claims management already exist, and show massive potential upside for carriers that act now. **Insurers that embrace CPO software are seeing claims cycle times shrink, costs drop, and customer satisfaction rise.**

**Entegral is purpose-built** to help insurers harmonize the claims experience, reducing friction from the FNOL to the final resolution. It integrates repair, rental, and appraisal workflows, simplifying complexity and allowing carriers to process claims faster, smarter, and with fewer touchpoints.

**Now is the time to take action.** Start by benchmarking your current performance:

- LAE
- Claims cycle time
- NPS

**Then, take small, impactful steps:**

- Automate low-complexity claims to free up adjusters for high-value cases
- Enhance FNOL intake for faster and more accurate claims routing
- Connect partners (repair shops, appraisers, rental providers) for a seamless workflow

If you're interested in partnering with Entegral for a scalable, future-ready platform that accelerates outcomes and simplifies operations, visit [www.entegral.com](http://www.entegral.com) or **contact us** to schedule a discovery session today.





To learn more, visit [www.entegral.com](http://www.entegral.com)

© 2026 Enterprise Holdings, Inc. All rights reserved.