

High performance. Delivered.

Predictive Claims Processing

Your Goal: Reduce Combined Ratios – Improve and Sustain Claims Cost Management

Changes in the current economic climate put yet more pressure on insurers to improve cost management practices across the enterprise. Claims departments face ongoing pressure to settle faster, with transparent fairness, while simultaneously reducing claims management and overall paid costs using fewer resources.

The Solution: Predictive Claims Processing

SAS and Accenture bring predictive analytics, model-driven business rules and a world-class claims processing system together into one cohesive framework, which can help dramatically reduce claims costs and loss expenses while improving your service level and efficiency. Additionally, our Claim Outcome Management solution delivers the power of being able to predict outcomes and adjust the handling process accordingly.

- **Recovery optimization.** Recovery opportunities – e.g., salvage or subrogation – are very often obscured by the volume of claims data. Many recovery costs are missed simply because the indicator for a possible recovery is hidden in the claims narrative. SAS helps companies analyze their text fields, stored in a structured format in the Accenture Claim Components File Notes, to uncover recovery opportunities as they emerge.
- **Fraud management.** Fraud can account for up to 10 percent of claims paid. It inhibits a carrier’s ability to charge lower market-leading premiums, having a detrimental impact on combined ratios. Using a combination of business rules, social networking analysis and predictive modeling techniques, it is possible to detect and prevent fraudulent claims before they are paid.
- **Activity optimization.** A sophisticated front-office modeling environment ensures that claims receive adequate treatment based on each individual situation and anticipated outcome. This helps claims departments manage cases effectively, target important claims and speed up the claims process.
- **Settlement optimization.** Creating a benchmark from previous claims helps you understand how well a claim is tracking to the norm during the settlement period. Settlement optimization gives claims adjusters the ability to understand the cost of indemnifying an insured in the event of a claim, so it is possible to challenge costs at an appropriate stage from a point of knowledge and to alter reserves as needed.

Key Challenges

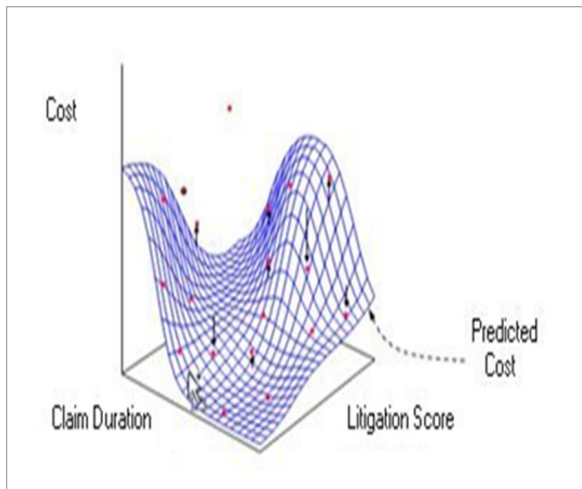
- **Increase in fraudulent claims.** Combat fraudulent claims, which are on the rise, compounded by the current economic slowdown.
- **Claims prioritization.** Prioritize claims so that claims needing special handling get the appropriate attention.
- **Cost reduction.** Control rising loss costs in an inflation-driven economy.
- **Competitive pressures.** Overcome competitive pricing pressure through claims expense management and efficiency without sacrificing service quality.

The Approach:

Capture → Explore → Predict → Optimize → Act!

The first part of the process is to **capture** the right data all along the claims process that supports the model development process. The Accenture Claim Components application provides an extensive data model and stores the whole claim “context” information, from First Notice of Loss to reserves and payments.

The second part of the process is to **explore** the available data. To really understand each carrier’s data, statistical analysis techniques such as segmentation, associations and visualization are needed to identify key variables.



Once the key variables are known and understood, it is possible to **predict** how they will interact with each other and, therefore, forecast claims development from the First Notice of Loss. The claims department can then **optimize** its response – the heart of minimizing claims. Optimization gives you the ability to test and understand how claims, size, cost and time lines react to external actions upon them.

“Closing the loop” between SAS® Analytics and the Accenture Claim Components application is key to being able to **act** on the models – drive the appropriate claim handling behavior while it is still possible to influence the claim’s predicted outcome. Once the information has been analyzed and prepared, the adequate actions have to be routed to the proper claim handler or group, depending on user-configured tasks and patterns. Accenture Claim Components enables the configuration of the proper course of action. Finally, the loop is also closed by sending the appropriate feedback, such as fraud false positives or false negatives. The claims application helps to optimize prediction models and rules for ongoing model maintenance and improvement.

For More Information

To find out more about how SAS and Accenture can help you grow your business and improve your performance, contact your SAS or Accenture representative or visit www.sas.com or www.accenture.com.

Discussion Points

Capture

- The core claim application must be able to store all relevant data and make it available at prediction time during claims processing.

Explore

- Uncover the relationships and key predictors of fraud.
- Visualize fraud networks and hidden interactions and influences.
- Discover the drivers for claim complexity, severity, duration and reserve accuracy.
- Discover the drivers for claim recovery.

Predict

- Forecast how each claim or book of claims will develop in terms of transactions.
- Use time series analysis to predict key activities within a claim – acceleration of costs, repairs and third-party fees.

Optimize

- Fraud scores.
- Expected total costs and appropriate reserves.
- Likelihood of legal disputes.
- Predicted length of settlement.
- Large loss prediction.

Act

- Integrate the prediction into the business process flow and claims processing system.
- Create event-driven information flows between the analytics and the claims processing application.
- Automate the adjustor workflow queues to trigger the appropriate tasks and procedures.
- Improve claim assignment to the proper claims handlers based on severity and complexity rules.