



## Business Impact

“Before SAS, the core systems were unable to provide information quickly or accurately enough. With SAS, the data now has meaning for us. It can now be useful.”

H. Cemal Ezerdi  
General Manager  
AXA OYAK

## Challenges

- **Increasing claims fraud.** Fraud is on the rise, compounded by the economic slowdown, and fraudulent activity is typically not discovered until *after* a claim is paid.
- **Inaccurate loss reserving.** Loss reserves that are too low or too high can result in inadequate pricing that puts the company at a competitive disadvantage.
- **Unstructured data.** Up to 75 percent of claims data is unstructured, resulting in time-consuming, manual investigations.
- **Limited resources.** A shortage of expert adjusters and cost rationalization issues have resulted in overworked and understaffed claims departments.
- **Rising legal costs.** Claims settlement costs are typically doubled when an attorney is involved, and these costs are a growing threat to profitability.
- **Inefficient claims prioritization.** It's difficult to determine how to effectively prioritize claims so that the ones requiring immediate attention can get it.

## How can we reduce our combined ratio and decrease our loss-adjustment expenses?

### YOUR GOAL: Control costs, increase efficiency, improve customer satisfaction

Claims typically account for up to 80 percent of an insurance company's costs, making the way the claims process is managed vital to a company's profitability. This is particularly true in times of economic uncertainty, with growing pressures to settle claims faster with transparent fairness – but with fewer resources.

Unfortunately, the claims process is typically time-consuming and labor-intensive, involving multiple systems, outdated technology and distributed operational units. The resulting inconsistent processes and inefficient data management sap resources and slow turnaround times, which leads to negative customer experiences.

Data is the lifeblood of insurance companies, but while an insurance company's claims are a rich source of data that could help speed processes, optimize resources and detect fraud, it remains largely untapped. That's because more than three-quarters of that data is unstructured – in the form of adjuster notes, medical records, police reports, etc. Such data sources could provide invaluable information that could significantly lower your administrative burden, reduce loss costs and help you improve customer satisfaction through faster, fairer claims settlement – *if* that information could be viewed in context and thoroughly analyzed.

### OUR APPROACH

Analyzing claims data at each stage in the claims life cycle – from first notice of loss to payout – is critical for making the right decisions at the right times for the right parties. SAS approaches the problem by delivering software and services to help you:

- **Detect fraudulent claims before they are paid** by thoroughly exploring your structured and unstructured data using a hybrid of business rules, predictive analytics and social network analysis techniques.
- **Accurately forecast loss reserves** by using advanced analytics to calculate loss reserve amounts and benchmark each claim based on similar characteristics.
- **Predict potential claims litigation** far enough in advance to mitigate the severity of the claim and to prioritize resources most efficiently and effectively.
- **Optimize your claims processes** with optimization techniques that include:
  - **Activity optimization**, for assigning resources based on workload, experience and skill set, and ensuring that priority claims receive priority treatment.
  - **Payments optimization** for ensuring that you're using the provider of least cost.
  - **Recovery optimization** for reducing loss-adjustment expenses by using data and text mining capabilities to score claims and generate alerts regarding the probability of salvage and subrogation opportunities.

With SAS you can achieve more accurate loss reserving, discover unforeseen claims expenses, prevent fraud and optimize your claims workflow, which ultimately leads to improved customer satisfaction and a greater competitive advantage.



## THE SAS® DIFFERENCE: Higher profit margins, reduced fraud rates and greater customer satisfaction

Recognized as the industry leader in business analytics and backed by more than 30 years of experience in the insurance industry, SAS provides a complete framework of capabilities to help insurers significantly improve their claims management processes. Only SAS provides:

- **Superior data integration capabilities** that let you pull data from multiple legacy claims management systems and automatically transform and cleanse the data.
- **The most powerful predictive analytics available** for analyzing both structured and unstructured claims data to reveal previously hidden trends.
- **A flexible fraud framework** for detecting and preventing claims fraud – from systematic detection of suspicious claims; to scoring, prioritizing and routing alerts to appropriate resources; to social network analysis techniques that uncover previously hidden linkages among seemingly unrelated customers and claims.
- **Intuitive, Web-based reporting** that enables easy communication of critical claims information to the right people within your organization.

SAS also provides claims optimization techniques let you create a benchmark from previous claims to understand how well a claim is tracking to the norm during the settlement period. Claims optimization also gives claims adjusters the ability to understand the costs 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.

### CASE STUDY: AXA OYAK

#### ■ Situation

The company was facing increased competition and needed to find a way to improve overall product profitability and measure performance companywide.

#### ■ Solution

SAS provided a solution that enabled the company to:

- Combine the disciplines of payment, activity, fraud and recovery optimization into one cohesive framework.
- Optimize its response to claims settlement.

#### ■ Result

- Reduced paid claims by up to 7 percent.
- Increased the technical profitability of auto insurance accounts by 30 percent to 45 percent.
- Reduced time to production of analytical reporting by up to 100 percent.

### ■ The Vision

#### Data integrity

What if your data was automatically cleaned as part of the data integration process so you could be confident in its integrity throughout the claims process?

#### Fraud prevention

What if you could detect fraudulent claims *before* they were paid?

#### Activity optimization

What if you could know with certainty which claims needed attention and which could be waived through, so you could prioritize important claims and speed the overall claims process?

#### Payment optimization

What if you could determine the realistic threshold for instant payouts that would satisfy customers, reduce claims settlements and increase profitability?

#### Recovery optimization

What if you could find opportunities for recovery from salvage or subrogation that would be otherwise missed because the indicator was hidden in the claims narrative and obscured among the huge volumes of claims data?

### SAS FACTS

- More than 1,000 insurance companies worldwide are SAS customers.
- SAS has more than three decades of experience working with insurance companies all over the world.
- SAS customers make up 91 of the top 100 companies in the 2008 FORTUNE Global 500®.

**Learn more about SAS software and services for insurance at:**  
[www.sas.com/industry/ins](http://www.sas.com/industry/ins)



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