Ssas

THE POWER TO KNOW.

■ **Business Impact**

"It is estimated that subrogation opportunities missed by insurers amount to $15 billion annually in the US alone."

Christopher V. Tidball
Re-Adjusted: 20 Essential Rules to Take Your Claims Organization from Ordinary to Extraordinary!

■ **Challenges**

- **Limited resources.** A shortage of claims adjusters and subrogation professionals has resulted in overworked and understaffed specialized recovery teams.

- **Overwhelming claims frequency.** Each year, more than 11 million motor claims are reported in Europe, and the size of claims is on the rise.

- **Straight-through processing.** The pressure to settle claims faster with greater transparency means that many insurers don't have time to make a decision on the claims with the highest potential for recovery.

- **Manual analysis of textual notes.** Around 75 percent to 80 percent of claims data is unstructured – e.g., adjuster notes and medical records – making it difficult to identify likely subrogation opportunities in the data.

- **Inefficient claims recovery triage.** It's difficult to determine how to effectively prioritize subrogation opportunities so that the ones that require immediate attention actually receive it.

How can we improve our loss ratio by optimizing claims recoveries?

YOUR GOAL: Increase efficiency, reduce loss expenses, improve combined ratio

Claims represent an insurance company's biggest expense, with claims payouts and loss-adjustment expenses accounting for up to 80 percent of an insurance company's revenue. One way to reduce these expenses is through claims recovery. Unfortunately, opportunities for claims recovery, such as through salvage and subrogation, are often obscured by the sheer volume of claims data available. In addition, many recovery opportunities are missed simply because the indicator for a possible recovery is hidden in the claims narrative – for example, in unstructured text in claims forms or police reports.

The management of subrogation rules and regulations has become quite complex over the years. This complexity, together with overworked and understaffed teams, has led to a steady increase in time-consuming investigations and ineffective recovery processes. Unfortunately, this has resulted in missed opportunities for recovery that could have considerable implications for an insurer's overall profitability. In addition, loss expenses have risen, as thorough subrogation investigations can be both lengthy and costly. And poor subrogation rates result in higher premiums that can reduce new business sales and lower your retention rates.

OUR APPROACH

Subrogation and salvage are two significant parts of the claims process that can enable insurers to recover loss costs and have a positive impact on their profitability. Minimizing missed recovery opportunities and maximizing return on lengthy subrogation investigations is a huge challenge for every P&C insurer, especially when you add in the ongoing constraints of overworked staff and increasing pressure to settle claims faster. We approach the problem by providing software and services to help you:

- **Minimize the number of missed recovery cases** by using analytics to recognize known and unknown subrogation indications in the claims information.

- **Detect all cases to be recovered earlier in the process**, thanks to automatic alerts that are generated at the earliest possible opportunity, thereby increasing the chances of recovery.

- **Reduce investigation time and costs** by analyzing rules and alerts to enable investigators to prioritize and triage potential recovery opportunities.

- **Gain a deeper understanding of claims** by using predictive modeling and text mining techniques to analyze both structured and unstructured claims data.

SAS helps you achieve a rapid, sustainable return on all your recovery opportunities. As a result, you can reduce loss costs, ensure greater customer satisfaction and enhance customer loyalty.

THE SAS® DIFFERENCE: Intelligent scorecarding

SAS provides a complete framework of capabilities to help insurers significantly improve their claims recovery processes. Only SAS provides:

- **Superior data integration capabilities** that let you pull data from nearly any source and transform it to identify claims with the highest potential for subrogation recovery.

- **Advanced data and text mining capabilities** that let you analyze both structured and unstructured data to reveal salvage and subrogation activities that would otherwise go unnoticed.

- **A faster ROI** with automated alerts that enable subrogation opportunities to be investigated sooner, resulting in a greater chance of recovery.

SAS offers everything you need to identify and prioritize potential claims recovery opportunities. With data and text mining models, you'll know which indicators and claims lead to the greatest chance for recovery.

CASE STUDY: A leading European insurer

◼ Situation

The company had a comprehensive claims management process, but they suspected that while they had one of the market's leading recovery rates, they were still missing opportunities to recover on claims. In addition, pressure to settle claims faster resulted in overworked claims adjusters and recovery professionals.

◼ Solution

SAS provided a solution that initially looked at automotive claims for both personal and commercial lines. The solution included:

- A combination of predictive modeling and text mining analytics.
- The ability to analyze both claims and policy data for potential subrogation opportunities.

◼ Results

- The recovery rate improved from 23 percent to 27 percent.
- The resulting models are now in production, helping reduce the company's claims ratio and having a significant impact on its combined ratio.

◼ What if you could ...

Minimize the number of missed recovery cases
What if you could ensure that you wouldn't miss any recovery opportunities?

Detect all cases to be recovered more quickly
What if you could know at first notification of loss (FNOL) which cases could be recovered?

Reduce investigation time and costs
What if you could optimize recovery opportunities and maintain process efficiencies?

Gain a deeper understanding of claims
What if you could analyze all textual data on claims forms?

◼ You can. SAS gives you THE POWER TO KNOW®.

SAS FACTS

- SAS has more than three decades of experience working with insurance companies around the world, and more than 1,000 insurance companies worldwide are SAS customers.

- SAS customers make up 93 of the top 100 companies on the 2010 Fortune Global 500® list.

- SAS has been named a leader among nine vendors in "The Forrester Wave: Predictive Analytics and Data Mining Solutions, Q1 2010."

Learn more about SAS software and services for insurance at:
www.sas.com/industry/ins/