

Reducing Claim Expenses Through Actionable Insight

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COVERING THE BUSINESS OF LOSS

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Insurance Carriers continue to come under tremendous pressure to streamline existing business processes in order to drive the efficiencies that are needed to lower their Loss Adjustment Expense (LAE) or the operational costs associated with claim processing. Meanwhile, carriers are investigating ways for improving their ability to identify fraudulent claims and potential claim leakage while seizing additional recovery opportunities in an effort to reduce overall paid losses. In order to meet this challenge, companies have begun to focus on predictive analytic modeling techniques and business process automation.

Predictive modeling and other advanced analytic technologies are becoming more common in standard claims operations because of their ability to augment the current process of adjuster referral. Augmenting this process improves the number of quality referrals, thereby significantly increasing the anti-fraud and subrogation impact on claims outcomes. Additionally, these solutions help to streamline and enforce existing business rules and best practice processes, which help carriers derive efficiencies in a consistent manner. They also provide key operational insights that help organizations understand and manage previously unidentified aspects of their operations that help to contribute to the reduction in overall loss adjustment expense (LAE).

The primary goal is to provide maximum shareholder value through the reduction of costs while effectively retaining and growing the customer base. With the maturity of the Internet, it has become easier and faster for customers to compare insurance rates as carriers establish more comprehensive web sites. Customers are more willing than ever to find another carrier if they have not been met with efficient, fast and appropriate service. At the same time, it has become more apparent that insurance carrier costs need to be contained

as they already account for \$.70 to \$.80 of every dollar earned.

Early adopters of these solutions view their capabilities as a key competitive advantage in the market space that helps them eliminate expense and lower overall loss ratios. The benefits of using decision-making tools include the quick payment of meritorious claims, the ability to focus needed resources on suspect claims requiring additional investigation and the opportunity to enhance customer service through reduced cycle times.

There is also movement within the insurance claims industry to streamline existing processes, which allows adjusters to focus more time and energy reviewing claims with referral or recovery opportunities and less time on existing manual tasks associated with accumulating data from multiple internal and external sources.

The use of automated business rules, watch list flagging and the automated smart ordering of information needed to adjudicate claims is helping to improve existing processes by reducing overall cycle times required for claims review. The use of automated processes also enhances an adjuster's capability to focus resources on additional claims reviews by removing the time consuming aspects associated with data collection as noted above. By eliminating these manual tasks, many organizations are increasing their overall capacity to further review potentially fraudulent claims that may have previously not been investigated due to resource constraint. The result, in many cases, is the reduction of paid claims loss.

Automated processes also provide the insurance claims organization with the administrative controls they need to help ensure consumer privacy while maintaining necessary cost controls. Automated smart ordering capabilities based on carrier-defined business rules help to ensure that sensitive information is only viewed by individuals with the correct credentials and authorization levels within the company.

These processes also help to ensure that only the necessary and appropriate data is ordered and delivered based on the organization's standard review practices. So, in effect, the right information is ordered and delivered to the right person at the exact point of need in the claims process.

It's no surprise that improving business acumen is a popular concept. A recent survey found that the top technology priority of CIO's is "business process improvement through business intelligence applications." CIOs are looking to improve a company's competitive advantage through the strategic and innovative use of information technology, business processes, and analytics in products and services that help reduce operating costs, which in turn provides improved financial performance and increases shareholder value.

With our advanced and complete claims solutions, ChoicePoint can help your organization reduce overall costs by:

- ▶ Identifying previously undetected fraud and recovery opportunities
- ▶ Reducing claims leakage and improving overall claims performance
- ▶ Reducing false positives
- ▶ Automating the procurement of information from external data services
- ▶ Decreasing cycle time and enabling straight through processing for meritorious claims
- ▶ Providing insights into operational performance to enable rapid response to changing environments.

ChoicePoint provides the only end-to-end, single partner solution that combines advanced analytics, business process efficiency tools, data, and case management to assist the insurance claims industry with lowering costs and improving ROI goals. ■

For more information contact Travis Dye, at 770-888-3583 or Jason Marvel at (312) 231-6794, or visit www.choicepoint.com/claimsolutions.

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