Manage Claims Risk and Improve Business Performance

Highlights

- Handle claims efficiently and accurately.

- Settle legitimate claims faster.

- Flag suspicious claims for special handling.

- Increase customer satisfaction.

- Manage risk more effectively.

Handling claims efficiently and accurately is essential to keeping your customers satisfied and improving your company's overall performance. IBM SPSS Decision Management for Claims helps insurers reduce settlement time and increase satisfaction through automated, real-time risk assessment.

Decision Management for Claims enables your organization to combine predictive analytics with industry best practices and your existing business processes. As a result, claims adjustors and others with in-depth business knowledge can quickly and easily define how risk should be assessed and automate many routine decisions while retaining full control of the claims handling process.

With Decision Management for Claims, you can set up processes to identify claims that qualify for quick approval as well as those that seem suspicious and require follow up. This means you can resolve most legitimate claims in a single interaction - increasing customer satisfaction and decreasing costs - and detect fraudulent cases at an earlier stage so that you can take corrective action more quickly.

The software allows business users to ensure the best possible outcome by defining and performing "what if" simulations and adjusting the parameters for different situations. Business managers can also quickly modify rules, events and processes and see their changes deployed immediately, giving them the flexibility to make adjustments as business needs change.

Manage risk in real time

In order to make the best decisions, you need to determine how much risk you are able to manage. For example, if a customer with an extensive claim history who recently increased coverage reports a new loss, you might want the claim to be flagged for special handling. After more information is gathered, the claim can be scored again and the adjuster will be provided with information on whether or not it is suspicious.

With Decision Management for Claims, you define risk factors as a foundation for assessing risk and making recommendations, using business processes that represent existing knowledge about customers, customer behavior, policies and claims.

Incorporating your company's actual experience into the business rules increases the accuracy of the automated decision-making process. Business rules are most effective when used in conjunction with predictive models, which can help you gain additional insight into how to handle each claim by searching for unknown relationships, detecting suspicious patterns and identifying new claims to be reviewed.
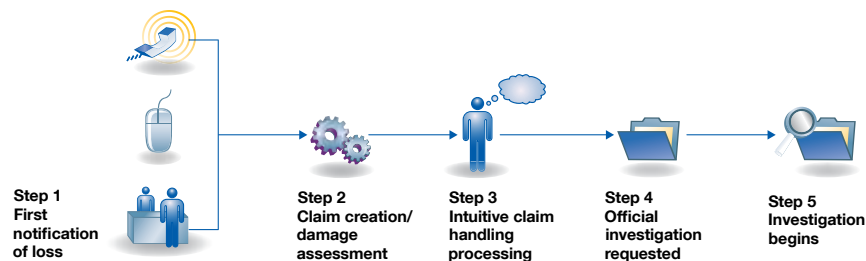
Infinity Property and Casualty Corporation (IPACC) implemented Decision Management for Claims to reduce cycle times, decrease costs and improve customer service. Because IPACC insures drivers who have higher incidences of accidents and claims, its profitability depends on its ability to identify fraudulent claims and maximize and accelerate the collection of subrogation payments. Decision Management for Claims automates the workflows and data gathering related to fraudulent and subrogated claims, helping adjustors quickly identify suspicious cases and speed processing of legitimate claims.

Since deploying the solution, IPACC has seen a 1,100 percent increase in its fast-track rate and reduced loss adjustment expenses from 14 percent to 11 percent. It has also reduced referral time to its SIU from 14 days to less than 24 hours and can identify and address subrogation claims in 10 to 15 days rather than 26 days - improving the speed and accuracy of its entire claims process and resulting in more satisfied customers.

Optimize the claim handling process

With Decision Management for Claims, you can optimize your claims process through a combination of intelligent claim handling and straight-through claims processing, or "fast-tracking."

Figure 1: Typical claims process without Decision Management

Step 1
First
notification
of loss

Step 2
Claim creation/
damage
assessment

Step 3
Intuitive claim
handling
processing

Step 4
Official
investigation
requested

Step 5
Investigation
begins

This scenario takes place in a company that does not utilize Decision Management. The process begins when the policyholder notifies the insurer of a loss via phone, the Web or in-person. A claim is created and assigned to a claims handler, who begins to assess the damage and who may contact the policyholder multiple times to gather information. The claims handler uses intuition to decide whether or not the claim is suspicious and forwards all suspect cases to the company's fraud investigation unit, where investigators conduct in-depth investigations on each case. This process is inefficient and typically results in higher overall claim costs, a greater number of dissatisfied customers and identification of relatively few genuine fraud cases.

When a claim notification arrives, the application predicts the duration of the claim process. Then it matches each claim with the person who is best equipped to handle it.

Because the solution scores claims in real time, agents receive guidance on proper claim handling while they are interacting with customers and are automatically provided with suggestions to help them collect additional information.

Simulate the best possible outcome

As you deploy automated decision management, you will want to understand the impact it may have on your organization. For example, identifying a greater number of potentially fraudulent claims could require additional resources for investigation and processing.

Decision Management for Claims helps you evaluate the expected impact of each assessment by providing the ability to simulate a single transaction or a list of recent customer transactions.

This process lets you see the risk level that would be assigned for each transaction and any other business processes that would be triggered, so you can understand the reasoning behind the assessment, plan for all possible outcomes and adjust your processes accordingly.

Meet customer satisfaction and fraud prevention goals

From first notification of loss to settlement, IBM SPSS predictive analytics improves the accuracy and efficiency of your entire claims handling process. Our decision management application integrates with existing claims management back office systems, and business processes you already have in place, enabling you to achieve faster time to resolution, increase customer satisfaction and improve business performance.

Figure 2: Enhanced claims process using Decision Management
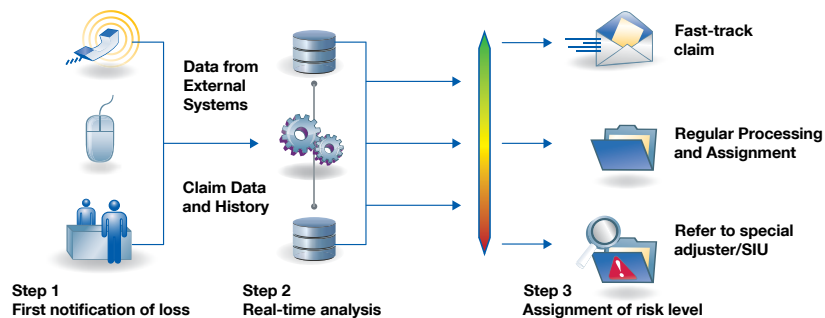
With Decision Management, the insurer can reduce settlement time and increase satisfaction through automated, real-time risk assessment. Claims are submitted and immediately assessed using current claim data, the customer's history and data from external systems. Automatically generated questions help the agent gather any additional information needed for decision making in a single interaction. Each claim is scored, assigned a level of risk and then automatically fast-tracked for immediate settlement, sent for standard processing or referred to the special investigation unit. By focusing efforts on cases more likely to be fraudulent, investigators improve their process rate.

About SPSS, an IBM Company

SPSS, an IBM Company, is a leading global provider of predictive analytics software and solutions. The company's complete portfolio of products - data collection, statistics, modeling and deployment - captures people's attitudes and opinions, predicts outcomes of future customer interactions, and then acts on these insights by embedding analytics into business processes. IBM SPSS solutions address interconnected business objectives across an entire organization by focusing on the convergence of analytics, IT architecture and business process. Commercial, government and academic customers worldwide rely on IBM SPSS technology as a competitive advantage in attracting, retaining and growing customers, while reducing fraud and mitigating risk. SPSS was acquired by IBM in October 2009. For further information, or to reach a representative, visit www.spss.com.

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