Claims Analytics for Insurance

How much does your organization pay to process claims?

The cost of processing claims has a large impact on any insurer. It is estimated that for every dollar collected in premiums, 13 cents is spent on claims processing. Anything that can lower this cost increases profitability and puts your company in a better position against your competition.

In addition to direct processing costs, the costs of fraud and litigation make claims more expensive than necessary. The FBI estimates about $45 billion is lost per year in non-health insurance fraud, and litigation expenses use up even more money earned on premiums. To minimize the money lost on these activities, insurers need to have accurate and timely data to make the right decisions at various touch points during the claims process.

Capgemini has helped large global insurers derive insight from their data and optimize claims decision making by leveraging predictive analytics. Using analytics, insurance companies can reduce costs, minimize waste and improve profitability for claims. We provide consulting and advisory services around strategic assessment, planning and road mapping to enable you to leverage analytics in decision making.

Our offerings include data mining, data visualization, forecasting, optimization and other predictive analytic capabilities for insurance companies to help answer the toughest questions. For example, a historical report cannot answer the question: what is the best thing that can happen if I make this product-line decision? An executive with access to sophisticated forecasting techniques and analytics can make better, faster and more impactful decisions than an executive who is looking at a simple rolling average.

With analytics, insurance executives can make decisions that impact the company strategy, uncover new niche markets, or negotiate earlier contracts with vendors based on peak productivity forecasts. Predictive analytics can improve the ability of your insurance company to compete, innovate and react to the changing insurance landscape.

Capgemini can help make your claims process more efficient by introducing predictive analytics within the process to drive decision making, from early identification of litigious claims to fast tracking noncomplex claims to identifying recoverable claims accurately and optimizing recovery. This can all be achieved non-intrusively through offline scoring and reporting or the models can be integrated into your existing systems like Guidewire, enabling both adjusters and the system to optimize decisions based on actionable predictions derived from the predictive models.

Distribution and Servicing
- Profitability and life time value
- Simulated rating or renewal
- Offer optimization to cross-sell additional products or up-sell additional features

IN PRACTICE: Predictive model for recovery helps insurance carrier save $3mm

For a global insurance carrier, Capgemini helped apply predictive analysis to help minimize the claims sent to subrogation. The claims were evaluated as follows:
- Not all recovery claims are sent to subrogation
- Not all claims sent to subrogation are recovered
- Some claims sent to subrogation are not relevant for recovery
- Actual status of referred claim may be unknown
- This may lead to less accurate models

- False positives: Claim appears to be subrogation but is not
- False negatives: Subrogation claim is not detected because this is an unknown pattern

The Results
- For automotive and workers comp, the insurance carrier can now identify and prioritize high quality recovery opportunities
- The carrier achieved a 50% lift rate in quality referrals for workers comp and a 12% lift rate for automotive
- Overall, the carrier projected $3mm in cost savings annually

Claims
Optimization of:
- Subrogation
- Evidence gathering
- Assignment including adjustor and vendor assignment
- Litigation avoidance
- Medical management

- First Notice of Loss routing including claim complexity identification and early salvage detection
- Fraud detection including claimant, vendor, agency and network fraud detection

For more information, contact us at **insurance@capgemini.com.**

About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing services, has a unique way of working with its clients, called the Collaborative Business Experience.

Backed by over three decades of industry and service experience, the Collaborative Business Experience™ is designed to help our clients achieve better, faster, more sustainable results through seamless access to our network of world-leading technology partners and collaboration-focused methods and tools. Capgemini utilizes a global delivery model called Rightshore® which aims to offer the right resources in the right location at competitive cost, helping businesses thrive through the power of collaboration.

Capgemini reported 2009 global revenues of EUR 8.4 billion and employs over 90,000 people worldwide.

More information about our services, offices and research is available at **www.capgemini.com.**