

**Northeast United
States Commercial
Lines Insurer**

Operations

United States

Business Lines

Workers' Compensation

Casualty

Product(s)

Guidewire Claim Center

Guidewire Predictive Analytics

Smart Core

> Commercial Insurer Improves Claim Outcomes with Guidewire Predictive Analytics

The company is a leading provider of commercial solutions for workers' compensation and casualty insurance. It has customers in a wide variety of industries such as healthcare, manufacturing, wholesale/retail, and education. With client satisfaction at more than 95%, the company is among the 10 largest workers' compensation insurers in the United States.

Business Problem

For workers' compensation and casualty insurers, a very large expense component is medical costs. This insurer was asking itself questions such as (1) what can be done to improve management and accuracy of these costs? (2) how can we identify which claims may become more complex?, and (3) how do we assign the right level of expertise on each claim to produce the best outcome?

The company was well aware of the potential of using predictive modeling specifically for claims triage and evaluation for litigation potential. It was also aware of industry concerns about the number of people who are expected to retire and the challenges that many organizations face in hiring qualified staff. The reality is that there is a greater reliance on technology to close these capability gaps and to help claims personnel be more effective and efficient in performing their responsibilities.

The company's journey with **Guidewire Predictive Analytics** began in 2017. It had a very well-structured analytics program in place and recognized early on that technology alone helps solve only part of the business problem. For this reason, the insurer selected Guidewire for its expertise in building predictive models, experience in operationalizing predictive analytics, and ease of system integration.

Benefits

- Accurate case assignments and transfers
- Targeted disability management
- Improved reserving accuracy



Navigate what's next.

“Guidewire Predictive Analytics is helping us in the early recognition of exposure potential. As a result, we are able to make more accurate case assignments and improve our reserving accuracy.”

Solution

For The first step was to build models that would assist in early recognition of exposure potential. The objective was to improve accurate case assignments and transfers, target disability management, and reserving accuracy. The result was the following two models:

- **First Notice of Loss Model** for immediate severity analysis, appropriate case assignments, and early reserving accuracy
- **30-Day Model** that examines severity exposure at 30-days, identifies opportunities for focused disability management, and supports long-term reserving accuracy

The project began by scoping the data, identifying what to include and what not to include. The next step was qualifying the data based on time relevance and identifying the operational workflow changes needed to capture the right data. Next was to understand the data from a Predictive Analytics perspective: identifying the values that were important for the model, data grouping, and derivations. The subsequent modeling phase validated the influencers and determined which variables to include in the model. Final model testing was done with Guidewire support.

Predictive Analytics is integrated with **Guidewire ClaimCenter** (to deliver **Smart Core**) to provide a quick-view snapshot with limited impact on existing workflow. The insurer's rollout of Predictive Analytics and incorporating it into the business process was focused on comfort, acceptability, and viewability of model information. Rollout began with a pilot phase during which supervisors and managers could gain advocates for the Predictive Analytics concept. The company recognized the need to engage with operational departments early on and align with the priorities of key stakeholders to make the rollout successful. Frequent feedback mechanisms and internal surveys were used to make model and process adjustments.



Navigate what's next.

Results

The company started by deploying Predictive Analytics to claims adjusters and monitoring the models' performance. In addition, the new process has been incorporated into new-hire training. While formal results are not yet available, short-term success is being measured by tracking transactional volume, converted claim analysis, re-segmentation analysis, and reassignment analysis.

Long-term success measures include average payments, initial reserve timing, reserve to ultimate, and claim duration. The company predicates the success of the Smart Core solution in improving claim outcomes on the following principles:

- Obtaining the support of executive leadership and ensuring strategic goal alignment—with a business problem as the driver
- Knowing your data because models are only as good as the information they have to work with: determining what data should be used, what to do with missing or incorrect data, and what to do with outliers such as catastrophic claims data
- Ensuring a sound operationalization strategy with measurements for business impact

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and AI to deliver our platform as a cloud service. More than 380 insurers, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, contact us at info@guidewire.com.