



Guidewire Predictive Analytics for Claims

Reduce Loss Expenses and Increase Efficiencies

DATA SHEET

Overview: Managing Claims Analytics

Claims are by far the biggest expense within a property and casualty insurance company. Claims payouts and loss-adjustment expenses can account for up to 80 percent of an insurer's premium revenue. So the way a company manages the claims process is fundamental to its profits and long-term sustainability.

In this increasingly complex world, claims organizations can no longer rely simply on individual experience and professional judgment. Insurers need more than that. In fact, tools to augment and accelerate business decision-making have become the new imperative. The best tool, predictive analytics, has the ability to analyze the past and apply it to the here and now—but without human bias and with consistency through front-line implementation.

Predictive Analytics for Claims at a Glance

Guidewire Predictive Analytics for Claims™ is an advanced analytical solution designed specifically for the insurance industry. This end-to-end solution streamlines the predictive analytical process by combining data integration and preparation, advanced analytics, model deployment, and monitoring into one integrated software product. It empowers insurers to turn the growing volumes and varieties of data into actionable insights so that they can make data-driven decisions—in real time—throughout the insurance life cycle.

Identifying Unexpected Severe Claims

Experienced claims adjusters can identify many of the red flags that signal claims with the potential for sudden, unexpected escalation into large losses. Their experience is invaluable. But even the most experienced adjusters can spot only a percentage of high-severity complex claims because their rules consider at most a handful of the data variables. Guidewire Predictive Analytics for Claims analyzes all the available data to determine which variables are predictive. The resulting model can then be used throughout the claims life cycle to bring a new level of accuracy to claims management.

PRODUCT HIGHLIGHTS

- Full support for predictive analytical model life cycle
- Data access and preparation
- Model development with insurance-specific machine-learning algorithms
- Model selection and scoring
- Seamless model deployment
- Real-time analytics with core systems integration
- Monitoring and tracking of model performance

KEY BENEFITS

- Identifying unexpected severe claims
- Fast-tracking low-dollar claims
- Discovering litigation propensity
- Detecting and preventing fraud
- Improving subrogation opportunities

Fast-Tracking Low-Dollar Claims

Providing consistency to the claims settlement process is an important objective—especially for claims managers who are pressured to settle faster while using fewer resources and reducing loss-adjustment expenses. With Guidewire Predictive Analytics for Claims, low-value claims can be identified early with greater accuracy. This enables them to be fast-tracked to reduce the overall workload of the claims organization and to ease the burden on top adjusters. Any improvement to the volume of accurately fast-tracked claims is the quickest way to a positive ROI and full payback of an investment in predictive analytics.

Discovering Litigation Propensity

A significant portion of a company's loss expense ratio goes to defending disputed claims. Claims that involve an attorney often double the settlement amount and significantly increase an insurer's expenses. With Guidewire Predictive Analytics for Claims, insurers can use advanced analytics to calculate a litigation propensity score. Those claims with a high score can be assigned to more experienced adjusters who are more likely to be able to settle the claims in less time and for lower amounts.

Detecting and Preventing Fraud

Estimates show that 10 percent of all insurance claims are fraudulent—and the problem is growing. Most fraud solutions used today are reactive, based on manual and automatic business rules to detect fraud. Unfortunately, it's easy to learn and manipulate these rules, so a lot of fraud remains undetected. Guidewire Predictive Analytics for Claims enables insurers to implement a real-time predictive analytical engine that calculates the propensity for fraud at each stage of the claims cycle.

Improving Subrogation Opportunities

Opportunities for subrogation are often obscured by the sheer volume of available claims data. Many opportunities are missed simply because the indicator for a possible recovery is hidden in the claims narrative, and these missed opportunities can have considerable implications for an insurer's profitability. Guidewire Predictive Analytics for Claims can score claims at each stage in the claims life cycle based on known subrogation characteristics and identify unknown characteristics. By pinpointing likely subrogation opportunities earlier, insurers maximize loss recovery and ultimately reduce loss expenses.

About Guidewire

Guidewire delivers the software that Property and Casualty (P&C) insurers need to adapt and succeed in a time of rapid industry change. We combine three elements – core operations, data and analytics, and digital engagement – into a technology platform that enhances insurers' ability to engage and empower their customers and employees. More than 260 P&C insurers around the world have selected Guidewire. For more information, please visit www.guidewire.com and follow us on twitter: @Guidewire_PandC.