

# THE NEW NORMAL

**Creating Best Practices for Counsel and Claims Handlers by developing actionable metrics, consistent reporting, reward structures, and reserve accuracy.**

# What Are the Key Business Problems?



# Solving Your Business Problems



- ☑ Not enough tools to get key data [meaningful & actionable] metrics
- ☑ Consistency in reporting, reserving, and forecasting
- ☑ Cost pressures on claims to reduce ALAE and ULAE
- ☑ Competition for adjusting resources with litigation expertise
- ☑ Rewarding Success to Increase Resolution Time
- ☑ Developing a better litigation model that focuses on outcomes, not just fees

# Data: It's a two-way street

- ☑ Defining what a “win” is for the client
- ☑ Provide an overview of Key Business Success Drivers
- ☑ Help to Accurately Reserve
- ☑ How to Stay Competitive



# Problem #1: Not enough tools to get all of the key data necessary for MEANINGFUL & ACTIONABLE metrics

## Benchmarking, Data mining, and Results

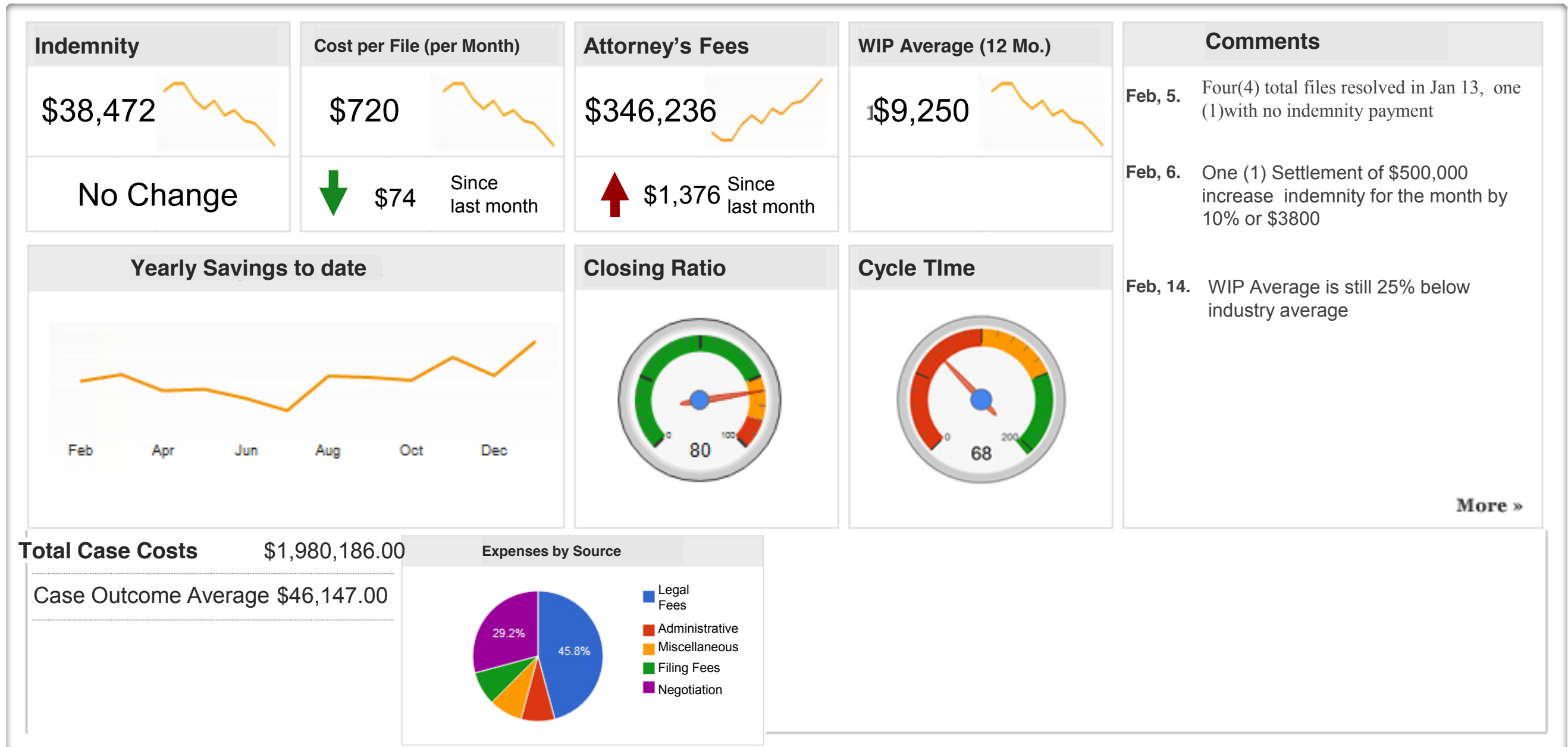
- Solution Example 1: Metrics Based Scorecarding Program
- Solution Example 2: Self Reporting of Firms
- Solution Example 3: Triangulation of financial and litigate metrics

					Name of Law Firm						
					Closed File Report 1/1/15 – 3/31/15						
Name of Law Firm	Q1 2015 1/1/15 - 3/31/15	Q2 2015 4/1/15 - 6/30/15	Q3 2015 7/1/15 - 9/30/15	Q4 2015 10/1/15 - 12/31/15	Claim No.	Insured Name	Date Closed	Total Expenses (Non-Atty Fees)	Total Atty Fees	Total Indemnity Paid	Subrogation Recovered
<b>VOLUME</b>											
New					Claim No. 1						
Closed					Claim No. 2						
Pended					Claim No. 3						
<b>EFFICIENCY</b>					Claim No. 4						
% Closed (Closed to Pending)					Claim No. 5						
Closing Ratio (Closed to New)					Claim No. 6						
Expenses (Case Costs Except Attorney Fees)					Claim No. 7						
Expenses (Case Costs Except Attorney Fees) per file Avg.					Claim No. 8						
Attorney Fees											
Attorney Fees per file Avg.											
Indemnity											



# Actionable Data Looks Like:

## Real-time Feedback



# Problem #2: Cost Pressures on Claims OPERATIONS to reduce ALAE and ULAE

Reducing means more with less - BETTER, FASTER, CHEAPER

- Solution Example 1: Creating Leverage, Alt. Fees, Portfolio, Efficiency, Transparency



# Problem #3: CONSISTENCY in Reporting, Reserving, and Forecasting

- Solution Example 1: Quality Review Programs





# Problem #4: Developing a BETTER LITIGATION MODEL

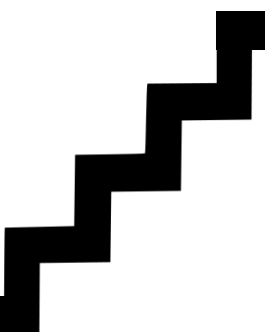
Focus on Outcomes, not just Fees



- Solution Example 1: Rewards Based Programs - Volume, Fee, Increases, Efficiency
- Solution Example 2: ROI Strategies to measure, forecast, and reward

# Problem #5: Accelerating the Resolution

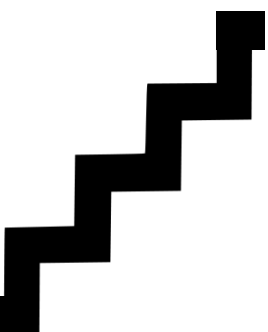
- Solution Example 1: Reward Success and Early Resolution
- Solution Example 2: Become a Strategic Partner with clients



# Problem #6: Improving Reserve Accuracy



- It is the responsibility of a claim handler to timely establish and maintain accurate reserves
- If you provide a huge range or a worst-case scenarios and not the most likely outcome, does your report have value?
- Information from counsel assists the claim handler with reserving process, but it has to be accurate and current



# Consistency is the Key: Reserves

Statutory reserving — regulated by state and requirements may differ by line of business and individual insurers. Also known as capital requirement needed to write new business.

Generally, about 10–12% of premium must be held in reserve to pay potential claims.

Reserving practices influence the cost of insurance premiums.

Timely, consistent processes allow for credible actuarial analysis of expected loss costs.

Greater reserving accuracy improves product pricing.

# Problem: Reserve Accuracy

Reserving is an art, not a science. Your opinion is needed. Don't punt!

Reserve releases happen when claims settle for less than the reserve. Make sure your estimates are most likely outcomes, not worst case scenarios.

Insurers dislike large reserve increases as they are seen as a management failure and are unsettling to shareholders and investors.