

Case study: CoverAll Insurance

CoverAll Insurance sees an opportunity to better manage their Workers Compensation claims. There are claims that result in significant medical costs that could have been avoided, for the benefit of both CoverAll and the injured worker. For example, surgery where a less invasive option should have been considered first.

They have nurse case managers on staff who manage some of the claims, working with the injured worker. Right now the claims professional uses their judgment on whether the nurse would be helpful on a claim. Then that claim goes to a triage group who decides if it really would benefit, then it's assigned to a nurse.

However, there are still claims that do not get referred to the nurse case manager until its too late. Could predictive analytics help identify these cases in advance? For example, within the first 60 days, could a model be built that flags those claims that are most likely to be more than \$100k?

Additional information:

- CoverAll write \$330 million of GWP each year at a roughly 62% loss ratio
- There are around 10,000 claims each year
- Around 10% of claims (by count) exceed \$100,000 after 4 years
- Currently around half of those claims are handled by a nurse within the first 60 days
- There are another 20% of claims (by count) that are handled by a nurse within the first 60 days and do not exceed \$100,000

QUESTION 1: What do you think is the problem to solve?

QUESTION 2: How will you solve the problem?