RiskMD

The Case Study:

TITLE – Bringing Clarity to Insurance Carrier Data Across Divergent Data Sources.

The Challenge:

A company responsible for management of a workers' compensation insurance program (the managing general underwriter, MGU) that had reached in excess of $165mm in written premium found itself needing to make some changes in how it managed the data provided by the carrier of record. The carrier of record, which through a number of mergers and acquisitions was supplying data to the MGU from a number of divergent legacy systems.

The MGU quickly realized that there were numerous issues that resulted from the various data sources and in general understood that the credibility of the data was highly questionable.

The Problem:

- **$25m of orphaned claims** on a Workers' Compensation program generating $150m of premiums per annum based on the disconnect between the named insured policy number (PEO) and the locational employer whose employee was the claimant (client company of the PEO)
- Supporting carrier of record's requirement for a **daily financial bordereaux** (an extract of all data and information that need to be mapped and mirrored in the carriers policy system
- 95% of client exposures generated <$50k in premiums and 50% to small to be experience rated
- Workers' compensation rate erosion from 2003 – 2008
- $500k Underwriting Authority ("The Pen")
- General credibility of predictive modelling in workers' compensation:
    - 0-10% Predictive – Minimum of 163 claims
    - 90-100% Predictive – 6,300 + claims

The Solution:

The MGU set out on a path to develop a platform that would allow it to take data from divergent sources in order to properly meet the requirements of the carrier as well as allow it to manage the profitability of the entire portfolio of business.

Immediate focus was on data architecture and laying out the path to ingest the data supplied and available and once this was structured to ingest the data into a proprietary data vault that would serve as the point where the data would be extracted into a business intelligence tool that would allow for the visualization of the data in a meaningful manner that would support overall measure of expense and profitability management of the entire portfolio of business.

The Result:

Once the plan was implemented the clarity produced by proper implementation of the data vault methodology and visualization by way of the business intelligence tool allowed for the MGU to make drastic improvements and eventual elimination of the problems it faced at the onset. Proving that with the proper strategy and support data is an asset to every organization that should be a priority and not overlooked when looking to achieve better management and ultimate improvement of profitability measures for any organization.