

RESERVEAI – ARTIFICIAL INTELLIGENCE SOLUTION FOR INSURANCE CLAIMS RESERVE ESTIMATION

SUMMARY:

Artificial Intelligence is helping insurance companies become more profitable by more accurately managing reserves.

Insurance companies have traditionally been adverse to adopting new technologies. This has seen a change in the past few years with increased competition and shrinking margins putting pressure on executives to adapt. One way insurance companies are improving profits and reducing risk is through Artificial Intelligence. Many claims departments have adopted AI to identify fraud, but Artificial Intelligence (AI) can be used in many ways to improve profitability.

Reserve management is another area AI can provide immense benefit. Establishing proper case reserves in insurance is a fundamental obligation of the claims department. The adequacy, redundancy, and deficiency of these reserves directly affect an insurance company's rates, surplus sufficiency, and profitability. Redundant claims reserves can bloat a loss ratio, and understated claims reserves can depress a loss ratio, meaning that the loss ratio is insufficient. Both can be injurious to an insurance company's profitability.

Within an insurance company, reserve management is the obligation of both the claims adjusters and the management staff. Case reserves are usually estimated based on judgment and experience of the adjuster. For example, property damage reserves are characteristically based on a fixed amount, such as a repair appraisal or some other documentation that supports the amount of the damage.

The problem is that it's based on the experience and judgement of the claims adjuster that can vary a great

deal. Some companies have implemented analytics systems to help ball park a claim, but the information that makes the claim amount vary wildly is not part of the data a traditional analytics system is capable of evaluating. The mention of a leg injury buried in the police report has a statistical probability of being significant to the claim amount, but analytics systems cannot read a police report.

An IBM business partner, The Dayhuff Group has built an artificial intelligence solution to help bring consistency to reserve management. ReserveAI built on IBM's Watson AI can read through all of the documentation and decipher "arm injury" from "arm rest" to identify the items that cause claims to explode. ReserveAI gives claims management the ability to consistently and systematically evaluate claims reserves with the ability to learn as it works.

ReserveAI learns from your claims settlement past, building its library of actual claims payments from your payment history. It then uses that knowledge to identify like characteristics of a new claim to estimate the amount of reserve to apply. This is tantamount to having a **highly trained adjuster focused on reserve management with all of the knowledge of every claim ever processed by your company.**

ReserveAI will make your reserve management more accurate, less time consuming, more automated and less subjective. Reach out to the Dayhuff Group today to see a demo or join us at www.dayhuffgroup.com/ReserveAI

ABOUT DAYHUFF

Established in 1997, they have implemented state-of-the-art Artificial Intelligence systems, electronic document management systems, workflow solutions and Business Intelligence solutions. Their number one goal is customer satisfaction. Their cross industry focus has taken them nationwide. From retailers to government, higher education to healthcare and insurance; their experience is wide and deep.



740 Lakeview Plaza Blvd.
Suite 300, Worthington
OH 43085

(614) 854-9999
sales@dayhuffgroup.com