

Accelerated Settlement Solutions



In this age of “instant” communication and expectations, many claim practitioners feel the added pressure of finding solutions that often are out of their immediate control. Accelerated Settlement Solution practices allow clients to gain a wealth of technology, data and experience to alleviate headaches and help to manage the claim in a methodical and cost effective manner. The practices often reduce the average expected cost of the case by 10-20%, and often 30-40% in larger cases.

Recent Findings

When we review loss information from insurance companies, third party administrators and self-insured clients, we notice that legacy claims (those claims that are open for longer than one year, or are greater than \$25,000 in reserves) are being managed in a more “casual” manner than in the past.

We find at times that long diaries are being placed on cases with only minimal support for

the reserves. Normally, an attorney and their staff are the only resources helping to close a claim. As senior enterprise risk and claim managers know, this could be an extremely expensive manner to manage a claim due to increased allocated costs and damages. Additionally, the information associated with this type of management is limited to the *legal process* and not the *strategic settlement costs*.

There are many reasons for these conditions in a risk and claim management operation.

- The severity and complexity of legacy and chronic claims has worsened over the last few years.
- Entry level job requirements for claims staff is not as rigorous now as in the past.
- Many managers believe that claim adjusters don't have adequate resources to deal with everything related to a claim, and their case loads are growing to levels that make effective claims handling a difficult exercise.
- Once you have become a “lost account” by moving to another carrier, there may be limited access to the loss information and, in many cases, you may have to pay significantly more for the service with another adjuster or attorney.

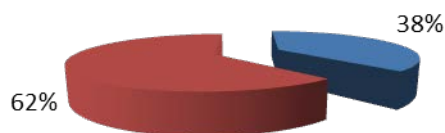
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The Results of Our Study

During the process of analyzing our proprietary and various partners' data, we have found interesting statistics to show that an integrated Accelerated Settlement Solution approach provides significantly reduced loss costs for individual cases and programs versus a normal approach.

Benchmarked Aggregate Accelerated Settlement Solution Final Results

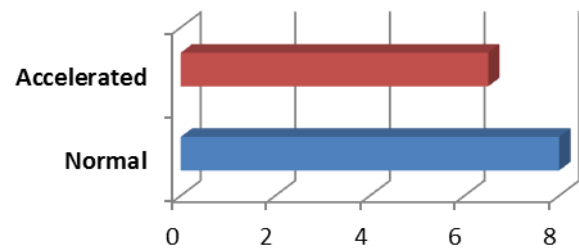
■ Reduction from expected final results



Sources: Blackburn Group, Inc. Proprietary Claim Data, Select Private Loss Cost Data, Centers for Medicare & Medicaid Services, A.M. Best, Risk and Insurance Management Society, Advisen, and Business Insurance.

Additionally, we reviewed the normal timeframe to resolve significant claims, and compared the results with our source data. Remarkably, the clients who employed an Accelerated Settlement Solution approach were able to eliminate 20-25% of the time associated with "open" legacy claims depending upon the type of casualty loss reviewed.

Years "Open"



Sources: Select Casualty (Liability and Workers Compensation) Blackburn Group, Inc. Proprietary Claim Data, Select Private Loss Cost Data, Centers for Medicare & Medicaid Services, A.M. Best, Risk and Insurance Management Society, Advisen, and Business Insurance.

The Questions to Ask Yourself

Most risk, claim and benefit managers want to be proactive in identifying and solving open claims. However, inefficiencies with vendors and lack of resources limit just how much influence they can have over the process.

- Can you or your staff effectively conduct an audit of these older claim files on your own?
- Are you aware of the regulatory changes in Workers' Compensation and Liability claims compliance?
- Do you know the applicable state Auto Liability laws?
- Do you have enough time and manpower to devote to overseeing the claim handling?
- If you do conduct claims audits, what do you hope to accomplish?

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- Do you have a systematic or standardized process for identifying and managing claims for settlement?
- Once an audit is completed, how will all of the findings be integrated into a consistent practice for settlement of the claims?
- Do you have technology and professional service teams to be able to execute your Best Practice Guidelines?

The Value Equation

We have found that organizations that are employing advanced teams of people with specialty settlement solutions technology are far outpacing their peers in reducing their aggregate claims costs, and ultimately their loss and combined ratios. Employing an integrated, specialized approach to these efforts will save time and money at each step in the process.

Typically, strategic integration cuts the administrative costs in half, and the damages by 30% of the current reserves.



The solutions include:

- Medical Lien Verification and Negotiation,
- Accelerated Settlement Medical Cost Projections,
- Medicare Set-Asides and MMSEA Section 111 Mandatory Data Reporting,
- Life Care Planning,
- Structured Settlements,
- Custodial Account Administration,
- Special Needs Trust Development, and
- Associated Financial Planning.

By using a unique and integrated approach, and an extensive results-oriented, technology-based benchmarking capability with experienced clinical teams, the final total costs of a claim are significantly reduced.

About Blackburn Group

Blackburn Group is an enterprise risk and claim settlement solutions professional service firm specializing in a variety of claim settlement services. Our partners have over 35 years' experience delivering advanced product and service solutions for the risk, claim, and insurance industries. We have been recognized by A.M. Best and Risk and Insurance Buyers Guide as a leading resource for both Enterprise Risk Management (ERM) and Claim Settlement Solutions. In our thousands of projects, we have been able to help our clients close 60-80% of their legacy cases within 2 years, and have reduced the outstanding reserves from 15-40% from the start of the project.