

SPSS & IBM

Infinity Insurance Reduces Costs and Increases Productivity with SPSS Predictive Analytics

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Infinity Insurance Company

Well, Infinity Insurance Company is primarily an automobile insurance company. We provide services through the independent network of agents. We write approximately one billion dollars worth of written premium, and we are primarily distributed in California, Florida, Texas, Georgia and Pennsylvania.

Challenges

The first was identification of potentially fraudulent claims. Fraudulent claims cause a significant amount of leakage in the claims process, and better identification of these claims has helped us reduce that leakage.

The second area of opportunity was our subrogation department. Subrogation is where we recoup money that has been paid out that we have a right to collect back. Right now our department collects about \$22 million. But there's still that opportunity where our adjustors don't identify subrogation potential, and the predictive analytics can help us identify those areas and collect additional funds.

Our third area of opportunity was the right tracking of claims. And that involved making sure that our claims were routed correctly to our FNOL, or fast track unit, or the field. By increasing our claims to the fast track unit, we've been able to reduce our cycle times in claim handling.

Success

The primary reason we picked SPSS is the way that it would be able to integrate within our company, the way our people could take ownership of the tool and use it to expand within claims, and also, as we get to learn more about our business and more about our data, that we can use that tool to continue to grow.

We've seen a lot of good benefits with the deployment of SPSS and predictive analytics. Primarily in the subrogation area, we've seen our recoveries increase by 5%; that equates to about \$1.5-2 million per year. We've also seen recoveries collected by third party outsourcers be reduced by about \$74,000 a month.

The first notice of loss area, we've been able to use right tracking of claims to increase the number of claims going to the FNOL area from about 13% to 20%, which is about 2,500 claims a month, is handled by this unit. That has enabled faster cycle times, reduced our costs, because an open claim is an expensive claim.

One of the best areas we've seen as far as benefits in the special investigative area is that the system, the SPSS system, is constantly monitoring our claims and our claims activity and identifying those potential fraudulent claims, or claims that we need to take a closer look at.

The Future

We can use predictive analytics within our litigation department to identify those claims of high litigation potential. We could use them for continued right tracking of claims to the right appraiser so it will help our material damage department. We can even leave the claims department and potentially use it within our customer service department to help identify and process claims faster in customer service.

The overall benefits Infinity has seen from using predictive analytics is to take better control of our data, reduce cycle times, reduce costs and focus our claims efforts where they need to be focused.

We can use predictive analytics to improve so we can better compete in the marketplace.