

Marriage of Technology, Industry Know-How Leads to 'Paradigm Shift' in Claims Management

12/09/21, Nancy Grover

Sarasota, FL (WorkersCompensation.com) – While technology can push the workers' compensation system into the future, combining it with those who have specific skill sets will truly advance it into a new age. That's the thinking behind an organization that says it is ushering in a whole new evolution in claims management.

“Artificial intelligence (AI), machine learning, more smarter systems have been talked about for 10 years, but not much has changed on the ground,” said Brij Kumar, CEO of Klear.AI. “What we're trying to do is change that, really give the intelligence into the hands of the people who are administering the claim or managing the risk.”

Working with a number of industry veterans has enabled the company to save clients' money, by identifying high-risk claims early on, achieve cost efficiency gains and improve customer satisfaction – in a fraction of the time. During this year's National Comp conference, Kumar said the company was able to help a mid-sized third-party administrator realize savings of \$10.5 million in the annual cost of its workers' compensation program, which is close to 10% of their total cost.

The Technology

There is nothing new about AI, machine learning or other technologies that give the company an edge, Kumar explains. They did not reinvent the wheel but have found a new way to harness the power of technology. The secret, he says, is in those behind the scenes.

“You need the right people doing it; domain experts who understand claims or the risk business,” Kumar said. “There's a Lot of knowledge required there ... not somebody who can do it a little bit, but people who've spent their lives doing this.”

Many of the company's team leaders are data scientists, those with doctorates in engineering. Kumar himself is the founder & CEO of 4aiSoft LLC, an information technology company launched in 2007.

Klear.AI is not the first company using AI and other advanced analytics for claims management. But company representatives say theirs is one of the few that is already offering end-to-end solutions for P & C Insurance and first one to make optimal use of Native AI.

“What that means is a claim comes in, we’ll predict the severity of the claim. What that does is, within the claim system – it’s not happening outside the system where the person managing it has to go outside the claim – it’s inside, that can help in triaging the claim correctly,” Kumar said. “If it’s a serious claim it’s sent to a case manager. If it’s not severe and sent to a case manager, it’s a very costly thing. That’s a big savings right there.”

Sending a severe claim to an experienced claims examiner can potentially save a company millions of dollars. The system, he said, forecasts a number of possible scenarios.

“If you know this claim has a very good chance of getting litigated, everybody knows the cost goes five times higher,” Kumar said. “If you can prevent that, you’ve saved costs.”

The estimated settlement amount of a claim is also predicted by the system, Kumar said. It accurately forecasts the amount of reserving needed.

“Over reserve, and all that money is outside what the company can use for operations. That’s a loss,” Kumar said. “Under reserved, you can actually go out of business.”

Kumar says the change in claims management is a “paradigm shift.” The conventional claims management methodology, he says is integrated, automating tasks is inefficient and there’s incremental effort to access additional systems. What he describes as a “Native AI” system is unified, in which automating tasks is innate.

“There are companies that use AI. They extract data, put it in their system and do some dashboards. But your claim system is pretty much made without any smartness,” Kumar said. With a unified system, “what we did is we first made those models. Then made workflows around them. We use those models in smart stuff to make the workflows.”

The company’s focus on newer technology may serve as a way to attract new, younger people to the industry, representatives say. Claims management software on its own can be perceived as boring. But being able to see (useful & insightful) analytics live on the screen, with graphics, and being able to click on graphs for more details can make it a bit more exciting.

“That’s what excited me about the company,” said one of the younger members of the team.