



Launching and Delivering a Claim System Business Initiative

*...integrating across technology
generations*

Bob Eshelbrenner
Hastings Mutual Insurance
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Hastings Mutual Insurance

- Midwest Regional Insurance Company
- \$275 Million in DRP
- Lines of Business
 - Personal
 - Commercial
 - Farm
- 100+ claim employees (45 field adjusters)



Claim Systems—a quick look back

- 70's and 80's
 - Business Functions
 - Static data capture
 - Transaction processing—set up, reserve, payment, etc.
 - Balancing and controls
 - Reports
 - Infrastructure and tools
 - Mainframe
 - Batch
 - VSAM, IMS, DB2,...
 - CICS, IMS-DC, ...
 - Assembler, Cobol



Claim Systems—a quick look back

- 80's and 90's
 - Business Functions
 - Transaction processing--real-time or near real-time
 - Improved controls and stronger edits
 - Workstation tools evolve (file notes, estimators, evaluators)
 - Correspondence (word processing type features)
 - Interfaces emerge to outside data sources (NICB, INDEX, PILR)
 - Infrastructure and Tools
 - Client Server emerges—some companies stay mainframe
 - Some batch, some on-line, or mix of both
 - DOS interface and character interfaces evolve to GUI



Previous State of Claim Applications at Hastings Mutual

- CSC (PMSC) Series II
 - Mainframe, CICS, batch processing
- CSC (PMSC) Claim Handling System (CHS)
 - DOS Workstation, client/server, linked to Series II (upload/download)



Business Functionality Limitations

- Limited and difficult to expand data capture
- Inadequate forms and letters capability
- Business rules
 - Limited functionality
 - Difficult to maintain
- No automated workflow
- Lacked tools for supervisors to view and manage day-to-day actions and activity

.....and



Business Functionality Limitations

- Inability to easily integrate with imaging system (OnBase)
- Lack of ability to easily create third party interfaces to address quality and timeliness of information.....
 - Medical review vendors
 - Claimant loss history and fraud checks
 - Physical damage vendors (glass, auto estimates, property damage estimates, salvage services, etc.)
 - Contents replacement/purchasing
 - Legal expense budgeting and billing



Strengthening the Business Case

- Improving the new claim intake process
 - Rules driven
 - Faster through put to adjuster
 - Triage process
 - Match adjuster skill with claim severity
- Utilize rules technology to promote consistency, compliance, and better manage loss costs
 - New claim assignment and initial reserve
 - Compliance with best practices, company policy, etc.
 - Consistent outcomes
 - Fraud detection and referral
 - Salvage & subrogation opportunity and follow-up



Strengthening the Business Case (continued)

- Improved support for remote and mobile work force
- Manage independent adjuster assignments and oversight
- Integrated desktop to improve user efficiency
- Coverage segmentation by adjuster



Technology Limitations

- CHS's DOS O/S put limitations on PC and PC software upgrades
- DOS user interface was not measuring up to user expectations—GUI
- Cumbersome workflow to support batch download/upload process
- High cost to upgrade/rewrite current system



Claim System Selection Process

- Created Claims Functional Requirements (CFR) document (217 items)
- Created Initial Qualifications Document (IQD)
 - 18 questions
- Sent IQD to 20 vendors
- Narrowed choices down to four vendors
- Sent CFR to the four vendors (score their system)
- Evaluated CFR's
- Face to face meetings and system demo's



Selected

Guidewire ClaimCenter



Key Decision Points: Claim Functions

- Provides all claim participants the tools to be productive....
 - Field adjusters, phone adjusters, managers, etc.
 - Vendor, independent adjusters, service providers
- Complete end-to-end rules based solution
 - All claim types, all LOBs
 - FNOL, investigation, reserving, payment, recovery
 - Productivity maintained through workflow rules
 - Business rules drive thorough and consistent claim outcome



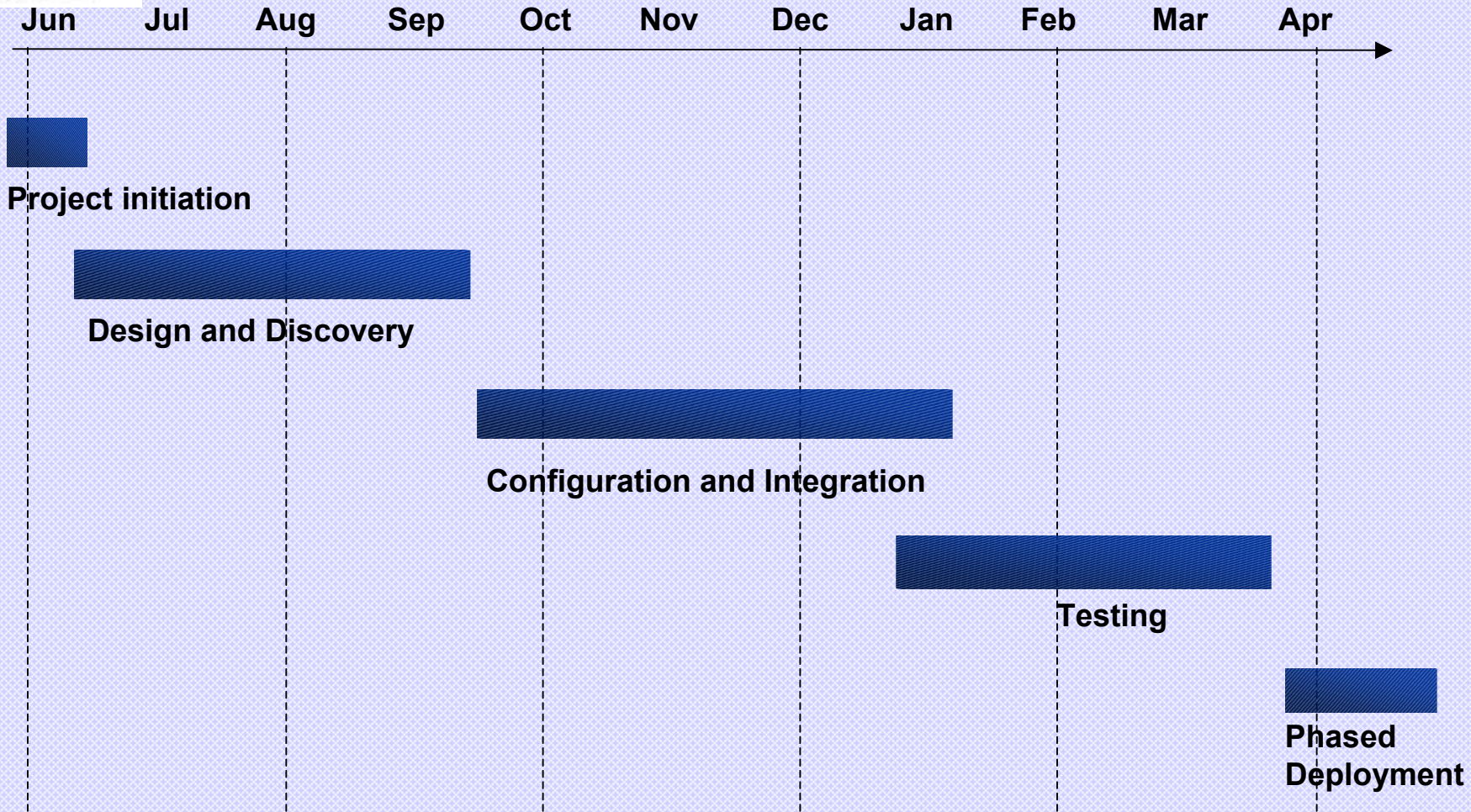
Key Decision Points: Technology

- Technology
 - 100% Java/J2EE
 - Codeless configuration—business rules, data model, screen changes
 - Web services APIs facilitate external interfaces
- Complete Web-based system; true “thin client”
- Capable of interfacing with “OnBase” (image system)
- Confidence in Guidewire’s ability to deliver



ClaimCenter Project Schedule

2004



May 25, 2004



All “New” Claims in Production: April 5

- All P&C claim types
 - property, liability, auto, workers’ compensation
- All Lines of business
 - personal, commercial, farm
 - sixteen different policy types
- All transactions
 - FNOL, reserving, payment, recovery, etc.



All “New” Claims in Production: April 5

- Full integration with...
 - Policy system (download to ClaimCenter)
 - Financial (upload)
 - Check writing
- Implemented new process changes
 - Centralized loss reporting and set up
 - Automated claim assignment
 - Automatic default reserving
 - Real-time supervisor visibility
- Rolled out to 100 claim processors and handlers
 - Intuitive user interface, reduced training time.



What is planned next?

- Upgrade to next version of ClaimCenter
 - Server clustering
 - Enhanced correspondence processes
 - Integration with medical bill review vendor—Review Works
 - Various process improvements
- Conversion of open and closed claims from CHS system—July 2004
 - Sunset CHS system
- Integration with imaging and workflow system—4 Qtr 2004



Questions

Bob Eshelbrenner
Vice President Information Technology
May 25, 2004



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