

Motor Insurers' Bureau achieves a more consistent claims handling service with CSC's Colossus support system

The Motor Insurers' Bureau story

- MIB compensates the UK victims of negligent uninsured & untraced motorists
- It is funded by UK motor insurers
- Its mission is (in part) to reduce its members' levy, currently £325m
- A key focus for cost reduction is claims leakage, particularly for personal injury claims
- The cost of personal injury claims is rising by 10% per annum
- The proportion of MIB claims with a personal injury element rose from 43% in 1996 to 77% in 2003
- MIB implemented a plan to improve service, reduce claims lifecycles and combat leakage
- Two solutions were piloted to assess whether support to claims handlers would reduce leakage
- Colossus was selected because it was the market leader
- It provides consistent evaluation of claims for 130 MIB claims handlers, reducing variance in personal injury settlements
- It has been successfully integrated with imaging technology and administration system
- It has contributed to almost 50% reduction in claims leakage during 2004
- It provides claims history and performance monitoring, and management reporting.

Motor Insurers' Bureau significantly improved its claims handling performance after implementing Colossus. Evaluation of personal injury claims was more consistent, claims handling procedures were optimised and the system delivered quality management reporting to enable better monitoring of claims history and more accurate future planning.

Motor Insurers' Bureau (MIB) was established in the UK in 1946 to compensate the victims of negligent uninsured and untraced motorists. Every insurer underwriting motor insurance in the UK is now obliged, by the 1988 Road Traffic Act, to be a member of MIB and contribute to its funding.

MIB is a non-profit organisation. Its mission is to seek a reduction in the level and impact of uninsured motoring in order to reduce its members' levy, currently £325m, and the consequent costs passed on to the consumer through policy premiums.

Claims leakage is a key focus area for MIB in achieving its mission, particularly for personal injury claims. The cost of personal injury claims rose by nearly 10% a year over the last decade, according to the Association of British Insurers. The proportion of claims received by MIB involving a personal injury element also rose – from 43% in 1996 to 77% in 2003.

In 2003, MIB was handling around 75,000 claims a year. It employed more than 250 staff on a single site at Milton Keynes, including claims handlers who investigate, assess and negotiate each claim manually, relying on personal expertise and experience to seek a settlement. As part of a strategic plan – re-engineering working

systems and processes to improve service quality, reduce claims lifecycles and combat leakage – MIB investigated the potential use of technology to support its claims handlers.

Following the pilot, MIB awarded the contract to CSC's Colossus support system. According to Ashton West, MIB chief executive officer: "Whilst other systems would have allowed us to achieve the desired level of consistency in damage assessments, MIB chose CSC because of its extensive UK customer base and the wide use of Colossus within the insurance community."

Consistent claims settlements

Colossus was implemented in March 2004. It was integrated with both MIB's existing administration system and its new imaging technology, reducing duplication of effort, and paper and printing costs. New guidelines were issued to staff, and Colossus is now a central support tool for MIB's claims handlers, providing consistency in the settlement of all personal injury claims.

MIB's claims handlers enter individual details of the claimant and injury for each valid claim. Colossus guides the entry



process with questions determined by pre-set business rules, ensuring accurate data input. When all claim details have been entered, Colossus evaluates the claim, based on relevant medical treatment information and provides a range of settlement amounts appropriate to the injury and circumstances. The claims handler is then able to negotiate with the claimant, confident that the settlement offer is fair. Because all MIB claim handlers are using the same process, the Bureau reduces variance in payouts on similar bodily injury claims and consequently reduces leakage.

In MIB's Annual Report and Accounts for 2004, Ashton West said that claims leakage had been reduced during 2004 by nearly 50%: "One of the main contributory factors to the leakage reduction was the introduction for claims handlers of the decision support software Colossus, supplied by CSC," he continued. "The installation has been a considerable

success and has assisted in providing a more consistent claim handling service to our customers."

Extending technology

Another important benefit delivered by Colossus is management reporting. The system's reporting capabilities allow MIB to better monitor and understand its claims history and performance, and provide accurate information for its members.

MIB is now looking to extend the use of technology in claims processing. Future plans include wider implementation of web-based technologies to enhance the claims process. Claims management systems may also be developed in future to help MIB stakeholders, who include MIB members, the police, legal and medical professions and government. The systems could enable stakeholders to track claims via their PCs, 24 hours a day, seven days a week.



COLOSSUS AT A GLANCE

Colossus is the general insurance industry's most comprehensive and widely used knowledge-based claims evaluation system:

It is used by claims handlers to help evaluate general damages at more than 50 companies worldwide

It promotes fair and consistent personal injury claims assessment through the use of software based on thousands of rules intended to help adjusters assess a wide variety of claims and medical information.



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