

Text mining analytics reduces appeals for a P&C insurer



Client

A large U.S. property and casualty insurance provider

Challenge

Much of the data existed in an unstructured format, which was difficult to analyze. Data was captured as notes from the interactions between customers and the client's inspection or underwriting team, and had to be mined effectively to uncover patterns and identify key drivers of appeals and their subsequent approval or denial.



Background

Customers can file an appeal with the insurer for reconsidering their property for home insurance if the underwriting team denies coverage. The insurer noticed a significant increase in these appeals within a 12-month span. Because nearly 80% of appeals were ultimately approved, the client questioned the inspection process and underwriters' decisions. Customer satisfaction declined, as it took up to 11 days and 20 interactions to settle an appeal.

The client partnered with EXL to:

- Identify causes of customer appeals and determine drivers of subsequent acceptance or denial
- Develop recommendations that help underwriters take decisions to reduce appeals

Reduction in appeals **30%**

+\$1 million
savings to operations

Efficient
appeal management process

Satisfied
customers due to fewer unwarranted denials

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Solution

Using the latest open source software, EXL's experienced team of insurance-savvy data scientists developed sophisticated text mining algorithms to extract key information related to inspections, denials, and customer appeals (e.g. concerns identified by inspectors, severity of concerns, processing time). EXL then analyzed the data analysis to identify root causes of customer appeals and built a decision tree model that segmented appeals in high and low approval categories.

Finally, EXL recommended that the client review inspection and underwriting guidelines to reduce unwarranted denials and improve efficiency throughout the process.

Select findings and recommendations

Majority of approved appeals were cases accepted by field inspectors but denied coverage by the underwriting team due to 'roof' and 'siding' related issues. EXL advised the insurer to review the underwriting process as these cases.

The other segment of appeals had concerns that were identified by inspectors as not related to 'roof' issues and were not too severe. EXL advised the underwriting team to review threshold guidelines for these concerns and allow inspectors to be more flexible.

Additionally, there were other instances in which coverage was denied because an inspector was unable to locate or define the property area accurately. EXL recommended training inspectors on proper driving directions and calculation of the coverage area.

About EXL

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