



Adjudicating Claims

6.0

24 September 2009

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Lesson Objectives

By the end of this lesson, you should be able to:

- Describe the issues involved in the adjudication process
- Describe ClaimCenter functionality relevant to:
 - The adjudication of auto claims
 - The adjudication of workers' comp claims
- Describe how claims and exposures mature to the point where payments can be made against them

This lesson uses the notes section for additional explanation and information.
To view the notes in PowerPoint, choose View→Normal or View→Notes Page.
If you choose to print the notes for the lesson, be sure to select "Print hidden slides."

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Lesson Outline

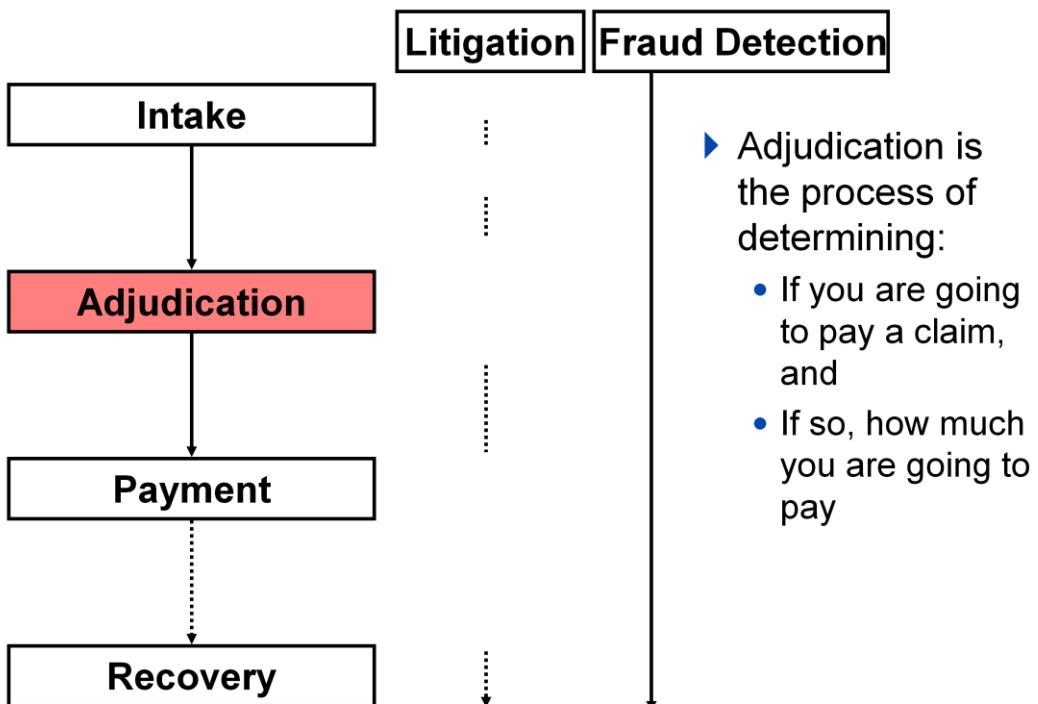
- ▶ Adjudication Basics
- ▶ Adjudication
- ▶ The End of Adjudication

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Adjudication: The Business Perspective

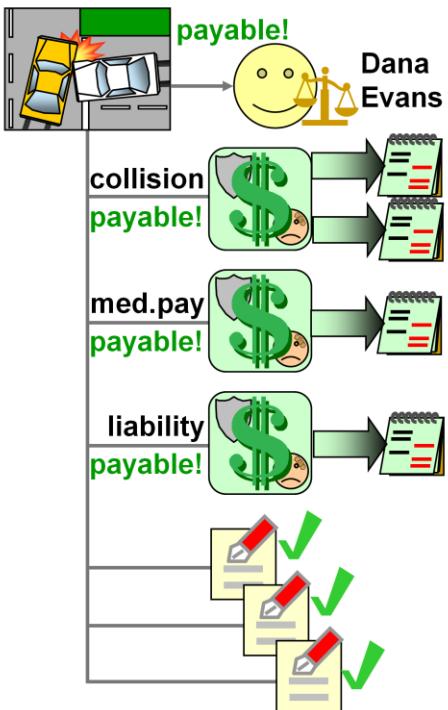


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Adjudication can be thought of as everything that takes place between the creation of the claim (intake) and the payment of the claim (payment).

Adjudication: The Functional Perspective



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- ▶ Within ClaimCenter, adjudication is the process of:
 - Completing the relevant activities on the claim and its exposures
 - Moving the claim and its exposures to the "ability to pay" level of maturity

The claim and each of its exposure has a maturity level, often referred to as a validation level. Typically, the final level is "ability to pay". When a claim is at ability to pay, checks can be written for it. When an exposure is at ability to pay, the money in its reserve line(s) can be used for checks. Gaining the ability to write checks against a claim and using the reserve lines of its exposures is a prerequisite to making payments.

In many cases, the claim and its exposures become payable as a natural result of the completion of all of the activities. However, the two are not required to be functionally connected. Therefore, it is possible that all activities could be complete and yet the claim or one of its exposures is not payable. (It is also possible that a claim and all of its exposures are payable, but there are still open activities.)

Common Questions During Adjudication

- ▶ What is the extent of the carrier's responsibility?
 - Was there a coverage in effect for the loss?
 - Are there terms associated to the coverage?
- ▶ What occurred during the loss?
 - Where, when, and how did the loss occur?
 - What other parties were involved?
- ▶ Is there relevant information from other agencies?
 - For auto claims, this could include metro reports
 - For workers' comp claims, this could include medical bill reviews
- ▶ How much will it cost to indemnify each claimant?
 - Should damaged property be repaired or replaced?

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There can be two issues around the existence of a coverage. 1) Was the coverage in effect at the time of the loss? 2) Do any of the coverages on the policy cover the loss? In some cases, a claim is not paid because the policy was not in effect, the policy was in effect but the appropriate coverage was not effective at the time of the loss, or there is no coverage on the policy that covers the loss the insured suffered.

The two most common coverage terms that are relevant to claims are deductibles and limits. If the loss suffered by the insured is less than or equal to the deductible, then the carrier does not have to issue a payment. The amount of the payment has an upper bounds of any limit placed on the coverage.

Metropolitan Reporting Bureau provides a nationwide police accident and incident reports service in the United States. (This is often referred to casually as "metro reports".) Many insurance carriers use this system to obtain police accident and incident reports to improve record-keeping and to reduce fraud. ClaimCenter's built-in support for this service decreases deployment time for Metropolitan Reporting Bureau integration projects, particularly for personal lines carriers. For more information about Metropolitan's services, refer to their web site: <http://www.metroreporting.com>.

Lesson Outline

- ▶ Adjudication Basics
- ▶ Adjudication
- ▶ The End of Adjudication

General Loss Information

► General loss information is often captured on the Loss Details screen, such as information about:

- Party at fault
- Loss location
- Notification info
- Officials involved
- Auto storage (for damaged auto)
- Witnesses
- Contributing factors

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The screenshot shows the 'Loss Details' screen in Guidewire ClaimCenter. It includes sections for General, Loss Details, Vehicles, Properties, Injuries, Claim Status, Flag Details, Officials, Storage, Witnesses, Contributing Factors, and Metropolitan Reports. Key visible data includes:

- General:** Loss Type (Auto), Primary Adjuster (Carlos Ospolex), Claim Segment (Unknown), Description (Head on collision at blind corner).
- Loss Details:** Loss Cause (Collision with motor vehicle), Fault Rating (none selected), Weather (none selected), In Course of Employment? (C Yes), Date of Loss (03/01/2008 12:00 AM).
- Vehicles:** Make (Pontiac), Model (Grand Prix), Plate (2GDH967), State (California), Insured's loss (Yes), Driver (Marcus Sato).
- Properties:** Address (none selected), City (none selected), State (none selected).
- Injuries:** Name (Marcus Sato), Severity (Major (hospitalization)).
- Claim Status:** Create Date (05/10/2008), Incident Only? (Yes), Coverage in Question? (none selected), Utilization Status (none selected), Salvage Status (none selected), Other Recoverable Status (none selected), SIU Status (No referral), Reinsurance Status (Does not apply).
- Flag Details:** Flagged (Yes), Date Flagged (05/16/2008), Reason for Flag (Overdue urgent priority activity: Make initial contact with insured; Overdue high priority activity: none selected).
- Officials:** Name (none selected), Title (none selected), Report to (none selected).
- Storage:** Box#, Shape# (none selected), Storage Location State (none selected), Storage Category (none selected), Storage Type (none selected), Box# (none selected), Bar Code # (none selected), Volumes (none selected), Notes (none selected).
- Witnesses:** Name (Angel Ramirez), Statement Obtained (No), Where was the witness? (Pedestrian), Perspective (TP ran red light).
- Contributing Factors:** Category (none selected), Sub Category (Road surface condition), Value (Snow or Slush), Other Description (none selected).
- Metropolitan Reports:** Type (Auto Accident), Status (New), Order Date (none selected), Document (none selected), Actions (none selected).

The adjudication functionality needed within ClaimCenter varies widely...

- ...from carrier to carrier
- ...from one line of business to the next

Therefore, this lesson discusses possible approaches to common adjudication requirements for each primary line of business, but it does not attempt to comprehensively cover every issue and approach every carrier might take.

The details listed above could be relevant for the following reasons:

- Party at fault - This is used to determine who has the liability for the damage. It can impact who is responsible for paying losses. (If the insured is at fault, then the carrier must pay for the loss if the insured has the appropriate liability coverage. If the third party is at fault, then the carrier may attempt to get payment from the third party's insurance carrier. This is known as subrogation.)
- Loss location - This is used to record where the loss occurred.
- Notification information - This records who reported the claim, and who the carrier should contact with issues about the claim.
- Officials involved - This records any government officials, such as police officers, who were involved in the loss and/or may have information about what occurred.
- Auto storage - This records where an auto is stored, and may be relevant if the auto is a total loss and the carrier plans to take possession of the auto and salvage it.
- Witnesses - This records any non-government officials who may have information about what occurred.
- Contributing factors - This is discussed on the next slide.

General Loss Information: Example

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Each row in the Contributing Factors list is a series of dependent dropdowns which let users specify factors that contributed to the loss

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The screenshot shows a complex insurance claim form interface. At the top, there are sections for 'Loss Details' (Line of Business: Auto, Primary Group: Auto1 - TeamB), 'Vehicles' (listing a Pontiac Grand Prix and an Audi A4), 'Properties' (listing an address), 'Injuries' (listing Marcus Sato with Major (hospitalization)), and 'Claim Status' (listing a date of 05/16/2008). Below these are sections for 'Contributing Factors' (Driver factors: MPH over limit, Sub Category: 10 to 25; Environmental conditions: Road surface condition, Sub Category: Snow or Slush), 'Witnesses' (listing Angel Ramirez as a witness), and 'Officials' (listing Brittany Turner as the main contact). A red arrow points from the 'Contributing Factors' section down to the 'Witnesses' section, highlighting the relationship between the two. The bottom of the screen shows a 'Metropolitan Reports' section with a single entry for 'Auto Accident'.

Using Information from Carrier-External Systems

- The Loss Details screen can contain information from external systems, such as metropolitan reports

The screenshot shows the 'Loss Details' screen in ClaimCenter. At the top, there are tabs for 'Loss Details', 'Associations', and 'Special Investigation Details'. Below the tabs, there are several sections: 'General' (Line of Business: Auto), 'Loss Details' (Loss Type: Collision with motor vehicle), 'Vehicles' (listing a Pontiac Grand Prix and an Audi A4), 'Properties' (listing an address), 'Injuries' (listing Marcus Sato with Major (hospitalization)), 'Claim Status' (Create Date: 05/10/2008, Incident Only? Yes), 'Flag Details' (Flagged: Yes, Reason for Flag: Make initial contact with insured; Overdue high priority activity), 'Officials' (listing Brittany Turner), and 'Storage' (listing a file). A red arrow points from the 'Metropolitan Reports' section in the bottom right corner of the main form to a separate 'Metropolitan Reports' table below.

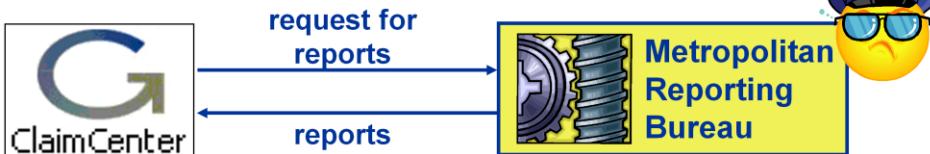
| Metropolitan Reports | | | | |
|----------------------|-------------|------------|----------|--|
| Type | Status | Order Date | Document | |
| Auto Accident | OrderFailed | 05/23/2008 | | |

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Metropolitan Reporting Bureau provides a nationwide police accident and incident reports service in the United States. (This is often referred to casually as "metro reports".) Many insurance carriers use this system to obtain police accident and incident reports to improve record-keeping and to reduce fraud. ClaimCenter's built-in support for this service decreases deployment time for Metropolitan Reporting Bureau integration projects, particularly for personal lines carriers. For more information about Metropolitan's services, refer to their web site: <http://www.metroreporting.com>.

Metropolitan Reporting Bureau Integration



- ▶ Some instances of ClaimCenter have an integration point to Metropolitan Reporting Bureau
 - This system provides a nationwide police accident and incident reports service in the United States used by carriers to improve record-keeping and to reduce fraud
- ▶ Information exchange
 - ClaimCenter sends a request for reports, identifying a given person, vehicle, and/or incidence of crime
 - ClaimCenter receives one or more police reports that may detail accidents, reported crimes, and so on

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The effort around planning and configuring this integration point is typically minimal. Integration with Metropolitan Reporting Bureau is commonplace, and the integration components are provided in the ClaimCenter base application.

The planning for this integration point should happen as early as possible, because the information is coming from a system which is external to the carrier. (In other words, the carrier does not own or control the system ClaimCenter is connecting to.) Additional time may be needed to account for issues such as slow responses from the party managing the system, issues pertaining to firewalls, data system documentation which is incomplete, and so on.

There is only one Metropolitan Reporting Bureau with which a given instance of ClaimCenter can be integrated.

Assessments

- The Assessment screens evaluate the value of lost or damaged property and monitor the services required to indemnify the insured

The screenshot shows a software interface titled "Vehicle Incident (Return to Loss Details)" under "Loss Details". It includes tabs for "Edit" and "Print". The "Assessment" tab is selected, indicated by a red dotted border around its content area.

Description of property to be assessed

| | | | | |
|-------------------|----------|---------------------------------------|-------------------|----------|
| General | Involved | 1997 Saturn SL (1HGJ465 / California) | Internal User | - |
| Description | | | Comment | |
| Status | | | Total - Approved | \$730.00 |
| Target Close Date | | | Total - In Review | - |

Source

| Name | Source Type | External Assessor |
|------------------|------------------|-------------------|
| Insured Estimate | Insured's Vendor | AA Auto Repair |

A source is a person who provided an assessment.

Line Items

| Category | Description | Action | Estimate | Comment | Source |
|------------|-------------------------------------|----------|------------|---------|--|
| Electrical | Replace and rewire front headlights | Denied | \$1,400.00 | | Insured Estimate - Insured's Vendor |
| Body | Replace front fender | Approved | \$730.00 | | Insured Estimate - Insured's Vendor |

A line item has its own description, amount, and status (approved or denied).

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The Assessments card shown above is provided in the base application for Auto losses (it is also available for Property and Contents losses. It is used to track the possible costs associated to repairs for a particular lost or damaged property (Incident).

In this configuration, an assessment consists of three sets of information:

- Sources, which are people or businesses who provide assessments (such as auto repair shops)
- Line items, which are the assessment items broken down to the smallest meaningful level. (For example, if damage has been done to a car's windshield and fender, then there might be two line items, one for the assessment for each item.)
- Event lines, which identify action taken by the carrier related to the assessment (such as requesting an assessment, approving an assessment, or noting repairs have been completed)

The assessment is summarized at the top of the screen.

Assessment Event Lines

Vehicle Incident (Return to Loss Details)
Loss Details | Associations | Special Investigation Details
Edit Print

General
Involved: 1997 Saturn SL
Description: Status: Target Close Date:

Source

| Name | Source Type |
|------------------|------------------|
| Insured Estimate | Insured's Vendor |

Line Items

| Category | Description |
|------------|-------------------------------|
| Electrical | Replace and rewire headlights |
| Body | Replace front fender |

Source for 1997 Saturn SL (1HGJ465 / California) (Return to Vehicle Incident)
Loss Details | Associations | Special Investigation Details
Edit

General
Name: Insured Estimate
Source: Insured's Vendor
External Assessor: AA Auto Repair
Description: Create Time: 09/25/2009

Event Lines

| Date | Event | Notes |
|---------------------|-------------------------|---------------------------|
| 09/25/2009 03:36 PM | Re-inspection Requested | Estimate appears too high |

Line Items

| Category | Description | Action | Estimate | Comment |
|------------|-------------------------------------|----------|-------------------|---------|
| Electrical | Replace and rewire front headlights | Denied | \$1,400.00 | |
| Body | Replace front fender | Approved | \$730.00 | |
| | Sum | | \$2,130.00 | |

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The Assessment screenshots show a scenario in which the insured provided an estimate from his own mechanic, and one item (electrical) appeared to be excessively high. The adjuster owning the assessment requests a re-inspection from an approved vendor, which yielded a much lower amount. The new line item would be entered on the Source popup for the approved vendor and visible on the assessment summary (which are visible if you view PowerPoint in Notes view (View | Notes Page)).

Source for 2002 Pontiac Grand Prix (2GDH967 / California) (Return to Vehicle Incident)
Loss Details | Associations | Special Investigation Details
Edit

General
Name: Acme 2nd Estimate
Source: Approved Vendor
External Assessor: L. A. Auto Repair
Description: Create Time: 06/17/2008

Event Lines

| Date | Event | Notes |
|---------------------|-------------------|-------|
| 06/18/2008 01:45 PM | Estimate Accepted | |

Item

| Category | Description | Action | Estimate |
|------------|-------------------------------------|---------|-----------------|
| Electrical | Replace and rewire front headlights | Approve | \$550.00 |
| | Sum | | \$550.00 |

Line Item

New Item | Approve | Deny

| Category | Description | Action | Estimate | Comment | Source |
|------------|-------------------------------------|---------|------------|---------|-------------------------------------|
| Electrical | Replace and rewire front headlights | Deny | \$1,400.00 | | Insured Estimate - Insured's Vendor |
| Electrical | Replace and rewire front headlights | Approve | \$550.00 | | Acme 2nd Estimate - Approved Vendor |
| Body | Replace front fender | Approve | \$730.00 | | Insured Estimate - Insured's Vendor |

Total Loss Calculator

- ▶ Vehicle incidents could make use of a total loss calculator
 - This is a series of questions which uses business rules to determine if the incident should be considered a total loss

| Vehicle Incident | |
|-------------------------|------------|
| Details | |
| Was the vehicle parked? | In tra |
| Loss Occurred? | |
| Airbags Deployed? | |
| Equipment Failure? | |
| Operable? | |
| Total Loss? | Yes |
| Loss Estimate | |

(1) 1st Party Vehicle - Brittany Turner (Up to Exposures)

Edit Assign Close Exposure

Details Total Loss Calculator Vehicle Salvage ISO

| Vehicle | |
|---------------------------------------|-------------------|
| Year | 2002 |
| Make | Pontiac |
| Model | Grand Prix |
| Style | |
| Color | |
| VIN | 3DGF78575GD891525 |
| License Plate | 2GDH967 |
| Plate State | California |
| Total Loss Points | 30 |
| Total Loss? (Yes, if over 25) | Yes |
| Information about the vehicle | |
| Is the vehicle over 5 years old? | Yes |
| Is the vehicle over 10 years old? | No |
| Mileage over 100k? | No |
| Was the vehicle towed from the scene? | Yes |
| Extrication Required? | No |
| Collision | |
| Did any of the airbags deploy? | |
| Did the vehicle roll over? | Yes |

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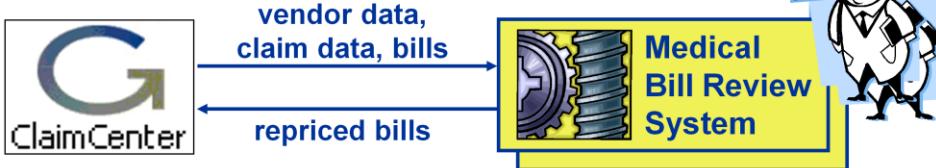
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In the example shown above, the Total Loss Calculator is on a card which is part of the exposure card view. It is visible only for exposures which have an exposure type of "vehicle (damage)". For exposures using other exposure types (such as an injury exposure), the card is not visible.

In the base application, when the total loss calculation is complete, the outcome (whether the loss is total or not) is also reflected on the Incident card.

Medical Bill Review Integration



- ▶ Some instances of ClaimCenter have an integration point to a medical bill review system
 - This system provides information about the standard amount of money being charged within the industry for a given medical service
- ▶ Information exchange
 - ClaimCenter sends information about vendors who have provided service (typically weekly or monthly) as well as claim data and bills from these vendors (typically daily)
 - ClaimCenter receives repriced bills that reflect the industry standard amount for the service

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When processing claims pertaining to medical services, carriers want to know if a given vendor is charging for services above and beyond the average charge for the service. The purpose of medical bill review system integration is to get information about what the standard charges are for a given service so that excessive costs are not incurred by the carrier. This integration point is typically used for workers' comp claims.

This integration point is typically not the one requiring the greatest amount of effort to plan and configure, but the effort involved is significant enough that it also cannot usually be considered minimal.

The planning for this integration point should happen as early as possible, because the information is coming from a system which is external to the carrier. (In other words, the carrier does not own or control the system ClaimCenter is connecting to.) Additional time may be needed to account for issues such as slow responses from the party managing the system, issues pertaining to firewalls, data system documentation which is incomplete, and so on.

A given instance of ClaimCenter may be integrated with one or more medical bill review systems.

Lesson Outline

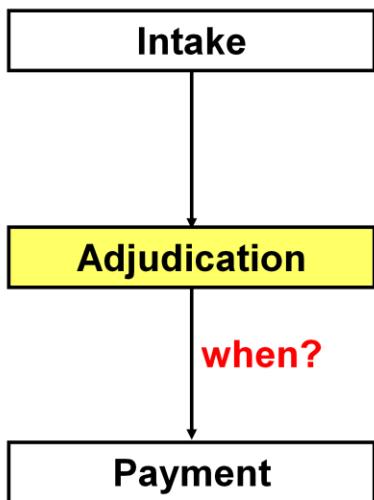
- ▶ Adjudication Basics
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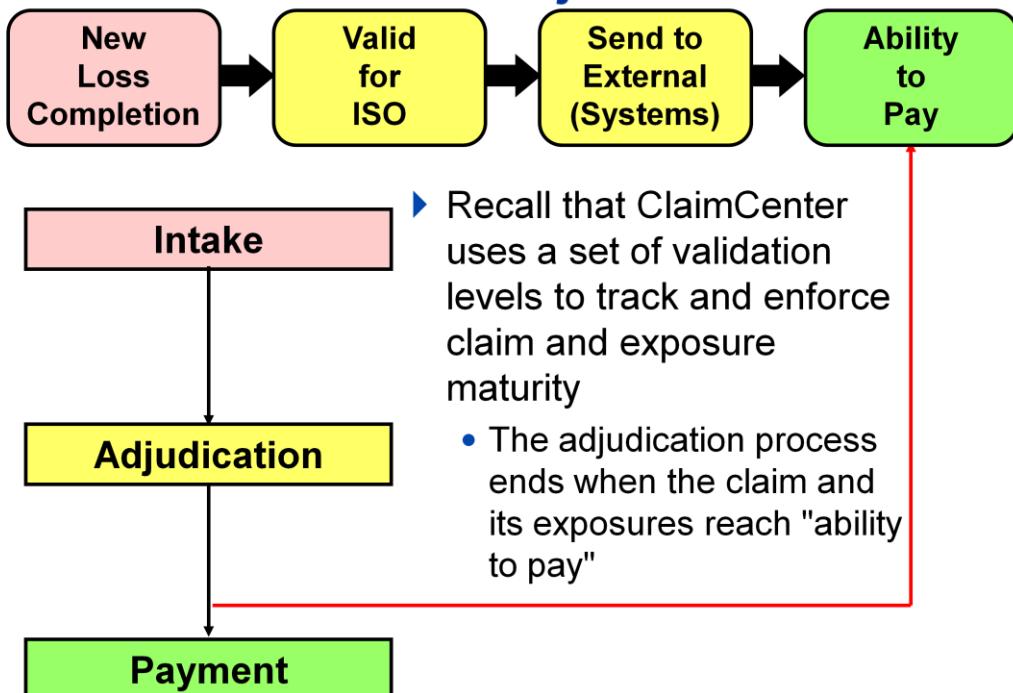


The End of Adjudication



- ▶ At the conclusion of the adjudication process, the carrier should know that a given claim will be paid and what amount each payee will receive
 - However, there isn't always a single event that occurs for all claims that indicates adjudication is done and payments can be made

Validation Levels and Adjudication



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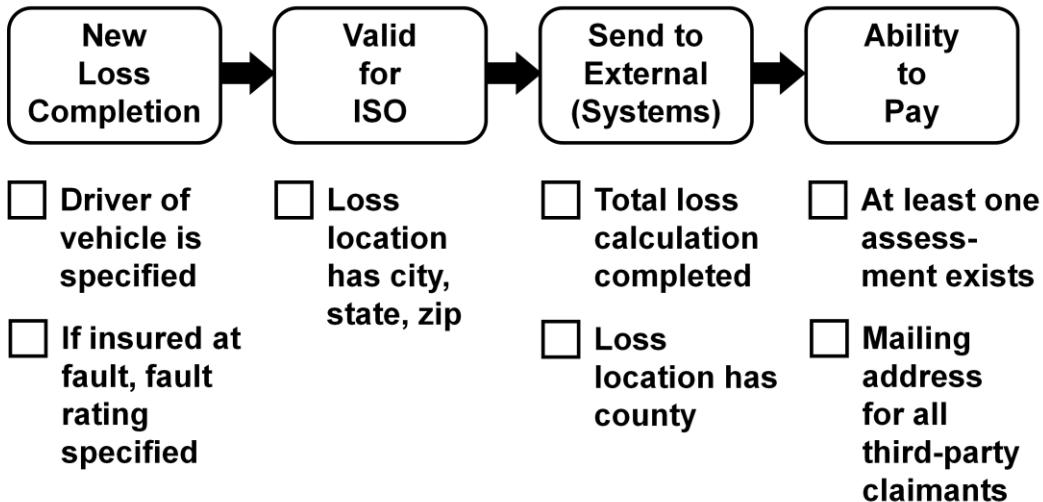
In the base application, there are five levels of maturity:

- Load save - This is the level a claim must be at in order to be imported from an external system. A claim at this stage has not yet been touched by a user via ClaimCenter.
- New loss completion - This is the level a claim must be at to be saved (or modified by a user if the claim is imported).
- Valid for ISO - This level is used to signify that the claim has the minimal information needed for filing with ISO.
- Send to external (systems) - This level is used to signify that the claim has the minimal information needed to send information about it to external systems within the carrier, such as a policy administration system which is trying to assess policy renewal rates.
- Ability to pay - This is the level a claim must be at in order to have payments written against it.

The Valid for ISO and Send to external (systems) levels are fully configurable. The other three levels are internal levels required by ClaimCenter and cannot be removed. You can also add additional levels not found in the base application.

These levels are referred to as "validation levels" because they are used both to validate whether a change can be made to a claim or exposure as well as what level of maturity to assign to the claim or exposure.

Each Level Has Conditions



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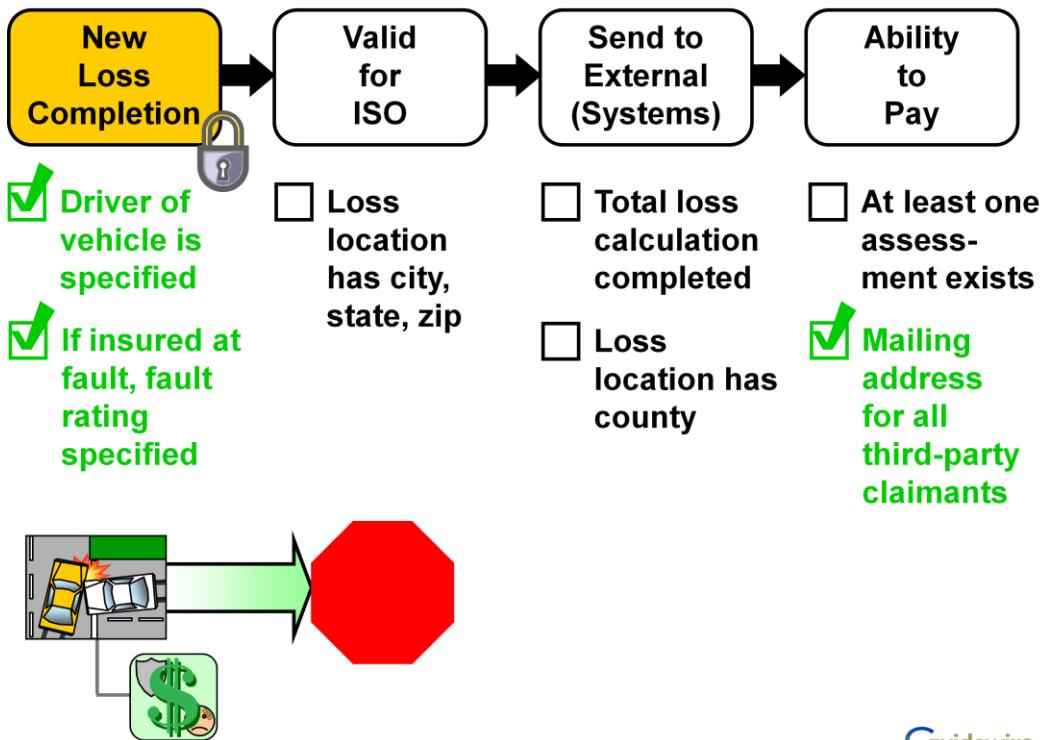
Every maturity level (validation level) has one or more conditions associated to it. These conditions identify what must be true of the claim or exposure in order to achieve that level of maturity. The example above is a set of claim maturity conditions in which:

- A claim must have a specified driver and, if the insured is at fault, a specified fault rating to achieve the "new loss completion" level.
- A claim must have a city, state, and zip code for the loss location to achieve the "valid for ISO" level.
- A claim must have the total loss calculation completed for all exposures involving vehicle losses, and the county of the loss location must be specified to achieve the "Send to external (systems)" level.
- A claim must have at least one assessment and the mailing address for all third-party claimants to achieve the "ability to pay" level.

Maturity levels are enforced in a cumulative fashion. In other words, a claim must meet all the rules at **and below** a given level to achieve that level. In the example above, a claim cannot reach the "valid for ISO" level simply by having a city, state, and zip code for the loss location. It must also still meet all the conditions of the "new loss completion" level. To reach "ability to pay", a claim must essentially meet all the conditions at all levels.

Validation rules can also be tied to a claim's loss date. This gives you the ability to phase new requirements into ClaimCenter (or relax old ones) without making the requirements active at the same time. For example, a new law might state that, as of January 1, 2009, a given personal auto's medical payments coverage cannot cover passengers in a car unless they are family members of the policy holder. You could create this as a validation rule which stated "IF loss date >= Jan. 1, 2009 AND coverage is 'medical payments' AND claimant's relationship to insured is not 'family member' THEN throw a validation error".

The "New Loss" Level



In order to be saved initially, a claim or exposure must meet all of the rules specified for the "new loss completion" level. In the example above, a claim has been created with:

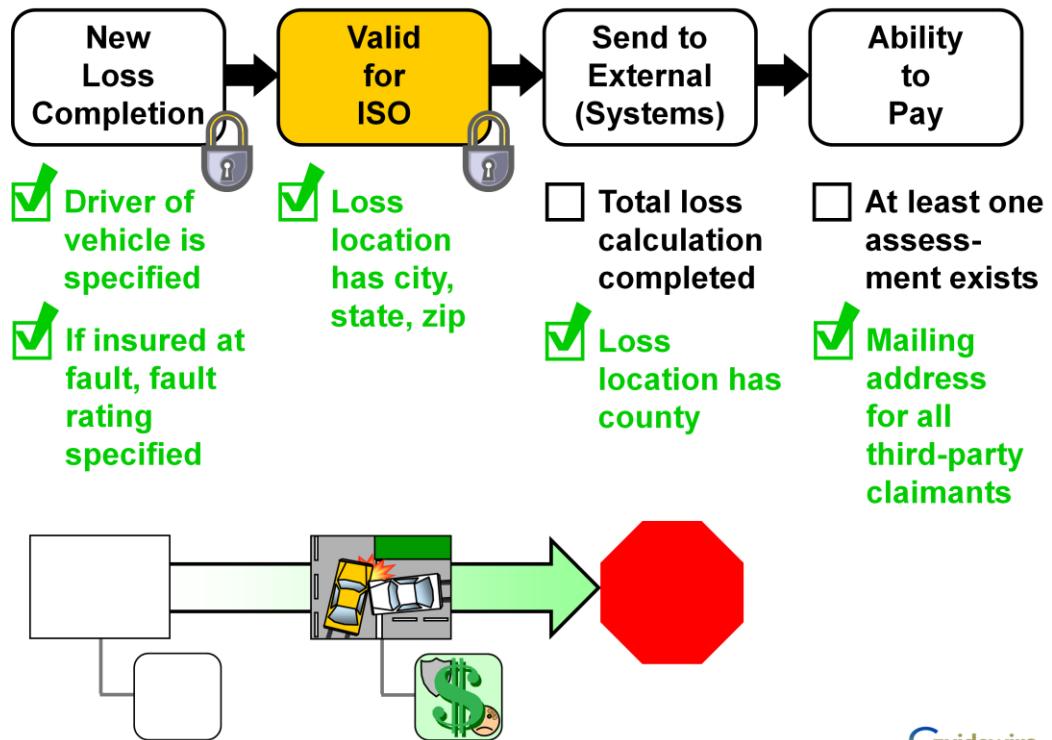
- A specified driver
- A specified fault rating
- No zip code for the loss location
- No total loss calculation complete
- No county for the loss location
- No assessments
- A mailing address for the one third-party claimant

The claim meets all the rules for the "new loss completion" level, so the save is permitted and the claim is created. (If the user attempts to create a claim with no driver specified or a claim with the insured at fault and no fault rating specified, then the user will not be able to finish the new claim wizard and error message identifies exactly why the claim cannot yet be saved.)

In the base application, if a claim is created from an imported FNOL, then it starts at a lower level known as the "load save" level (which is not shown in the diagram above). The rules at the "load save" level specify the minimal amount of information an FNOL must have in order to be imported into ClaimCenter. However, the claim must meet all rules at the "new loss" level before any changes can be made to it.

Theoretically, a claim or exposure could be created that meets all the conditions for "new loss completion" and one or more additional levels beyond "new loss completion". In this case, the claim would start at the furthest level possible. For simplicity sake, this discussion assumes that the logic at each level is robust enough that it is unlikely a new claim or exposure will meet more than the first level when it is first created.

Promotion to More Mature Levels



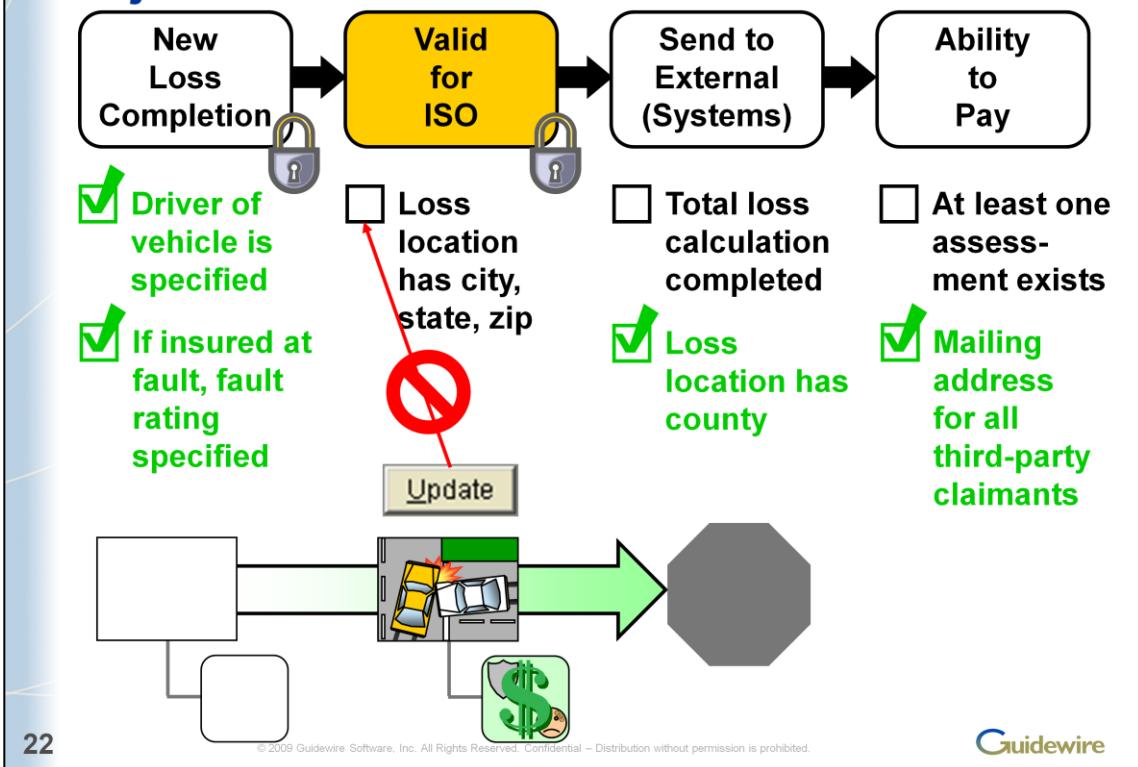
The maturity level of every claim and exposure is managed by the rules engine.

The rules engine has a series of "validation rules" for claims and exposures. The validation rules store the conditions. Whenever a change is made to a claim or exposure, the rules engine reviews the validation rules.

- If the change violates a condition at the object's current level or any previous levels, then the change is prevented. This prevents objects from slipping backwards in the business process.
- If the change does not violate any condition and the object's current level or any previous levels, then the change is allowed.
 - When the change is allowed, the rules engine automatically checks to see if the object meets all of the conditions at the next level. If any condition is not met, then the object remains at its current level of maturity. If all of the conditions are met, then the object is advanced to that level and this process is repeated.

In the example above, the user provided a city, state, zip code, and county for the loss location and then saved the claim. The change did not violate the conditions at the "new loss" level, so the change was allowed. The rules engine checked to see if the claim now meets the "valid for ISO" level. It does, so the claim is advanced to that level. It then checks to see if it meets the "send to external" level. It meets some but not all of the conditions at the "send to external" level. (The total loss calculation has not been completed.) So, the claim is promoted no further than "valid for ISO".

Objects Cannot Move Backwards

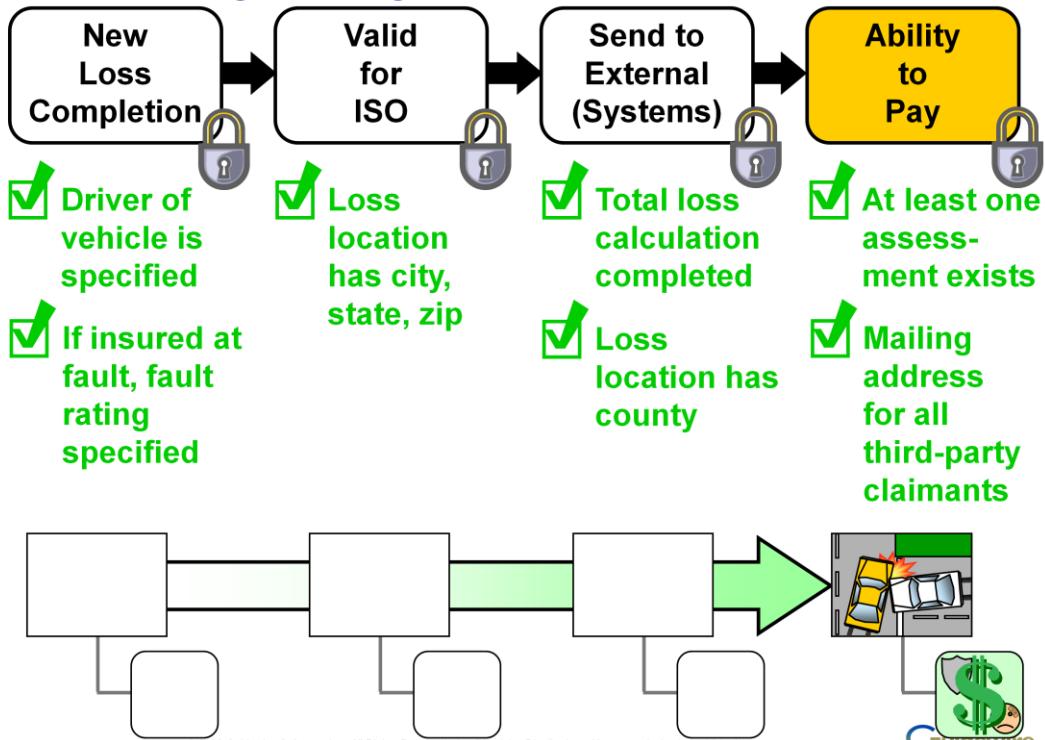


ClaimCenter does not allow claims or exposures to move backwards in terms of object maturity. Once a claim or exposure has reached a given level, then any change that would cause a condition at or below that level to become false is prevented. For example, in the scenario above:

- If the user attempts to save a change in which the city, state, or zip code has been removed from the loss location, the save will be **prevented**. This is because the change would cause a condition at the claim's current level to become untrue.
- If the user attempts to save a change in which the driver of the vehicle becomes unspecified, the save will be **prevented**. This is because the change would cause a condition below the claim's current level to become untrue.
- If the user attempts to save a change in which the county has been removed from the loss location, the save will be **allowed**. This causes a condition to become untrue, but the condition is associated to a level above the claim's current level. The only conditions which must remain true are those at or below the claim's current level.
- If the user attempts to save a change in which the vehicle license plate is removed, the save will be **allowed**. This is because no validation condition references the license plate.

ClaimCenter prevents objects from regressing in maturity because at any given point, ClaimCenter may take action on a claim or exposure based on its level. (For example, ClaimCenter might send the claim to the ISO ClaimDatabase once it reaches the "Valid for ISO" level.) If the object is allowed to regress, then systems outside of ClaimCenter would have inaccurate information about the claims. (For example, the ISO ClaimDatabase would have misleading information about a claim.)

The "Ability to Pay" Level

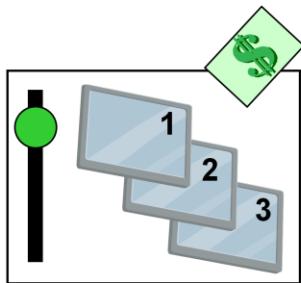


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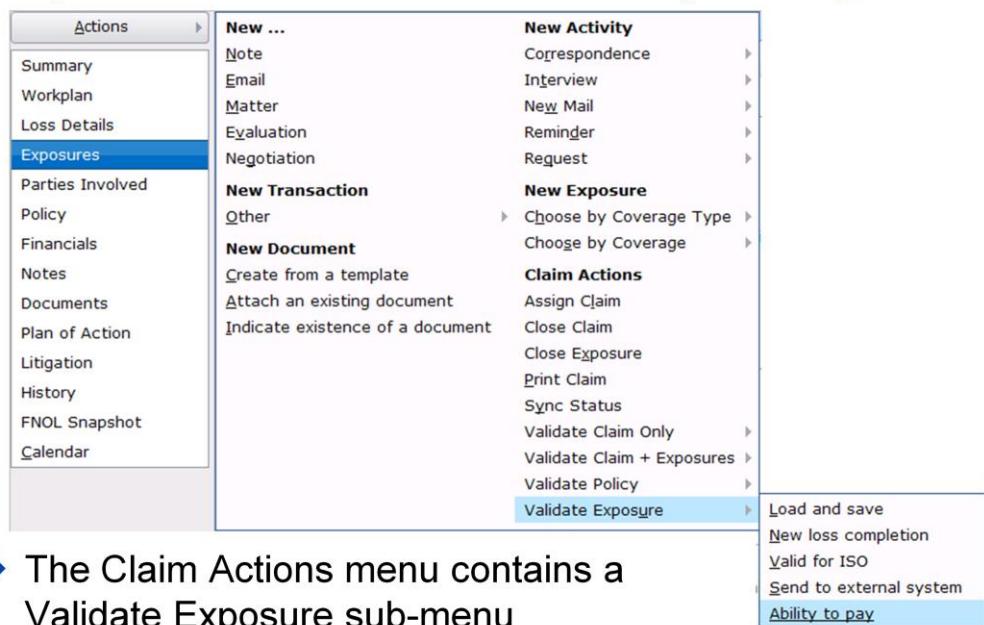
Eventually, enough changes are made to the object that it reaches the "ability to pay" level. At this point, all conditions at all levels have been satisfied. From a business perspective, you can consider this the end of the adjudication process. A claim which is at "ability to pay" is ready to have checks written against it.

"Ability to Pay" and the Payment Wizard



- ▶ The payment wizard is a series of screens that guide users through the process of creating checks
 - For a given claim, you can start the payment wizard only if the claim is at "ability to pay"
 - In order to use money in a reserve line, the exposure which owns the reserve line must be at "ability to pay"

Objects That Are Not At "Ability to Pay"



- ▶ The Claim Actions menu contains a Validate Exposure sub-menu
 - You can use this to validate an exposure to determine what must be done to move it to "Ability to pay"

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You can also validate policies. A user might want to validate a policy if the policy was unverified or if some other change was made to the policy object in ClaimCenter after it was retrieved from the policy administration system. Policy validation rules are similar to claim and exposure validation rules, except for the fact that the policy does not have an inherent maturity level.

Validation Results

(2) 3rd Party Vehicle - Marcus Sato (Up to Exposures)

Exposure

| | |
|------------------|--|
| Loss Party | Third-party liability |
| Primary Coverage | Liability - Property damage |
| Coverage Subtype | Liability - Property Damage - Vehicle |
| Coverage | 2002 Pontiac Grand Prix (2GDH967 / California) |
| Adjuster | Carlos Oppley |
| Group | Auto1 - TeamB |
| Status | Open |
| Create Date | 05/23/2008 |
| Validation Level | New loss completion |

Validation Results

| Clear |
|---|
| Errors on current page: |
| ◆ Vehicle : Vehicle incident description must not be empty |
| ◆ Vehicle : The Vehicle Identification Number (VIN) must be present |

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The validation results screen lists all conditions with the claim and/or its exposures which are preventing it from reaching the level specified from the Claim Actions menu. In the example above, the exposure is not at "ability to pay" because the vehicle incident has a description field which is empty.

ClaimCenter does not automatically report which level a condition is tied to. If you wanted a user to be aware of the level, you could add this to the message text. (For example, the text above could read "Vehicle: Vehicle incident description must not be empty. [Valid for ISO]".

If a user is interested in knowing what conditions they need to meet to achieve the next level, they can validate a claim and/or exposure for a specific level. (For example, if a claim is at "New loss" and you want to know what you need to do to make it "Valid for ISO" (as opposed to make it go all the way to "Ability to Pay"), then you can validate the claim and/or exposure specifically for the "Valid for ISO" level by selecting that level from the Validate menu.

Lesson Objectives Review

You should now be able to:

- Describe the issues involved in the adjudication process
- Describe ClaimCenter functionality relevant to:
 - The adjudication of auto claims
 - The adjudication of workers' comp claims
- Describe how claims and exposures mature to the point where payments can be made against them

Review Questions

1. What is the primary purpose of validation levels?
2. At the end of the new claim wizard:
 - a) What happens if the claim does not meet all the conditions at the "new loss completion" level?
 - b) What happens if it meets all "new loss completion" conditions, but none of the "ability to pay" conditions?
3. For a claim that is at "new loss completion":
 - a) When does ClaimCenter check to see if it can promote the claim to the next level?
 - b) What circumstances will make the promotion possible?
4. What ClaimCenter functionality is unavailable to claims that are not at "ability to pay"?
5. Once it is at "ability to pay", can a claim slip backwards to a less mature level?

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Answers

1. Validation levels are used to track the maturity of a claim and its exposures during adjudication.
2. a) The claim cannot be saved. It must be modified until it meets all conditions or cancelled.
b) The claim is saved and is at least at the "new loss completion" level. It may be at a later level (such as "Valid for ISO" or "Send to External") if it meets all the conditions at these levels, but if it does not meet all the "ability to pay" conditions, then it will be below "ability to pay".
3. a) ClaimCenter checks every time a change is made to the claim or its sub-objects.
b) When the claim meets all conditions for the next level, it is promoted to that level.
4. You cannot start the payment wizard on claims that are not at ability to pay.
5. No. ClaimCenter prevents any change that would cause a claim to no longer meet the conditions for the level it is at or for any level below the level it is at.

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