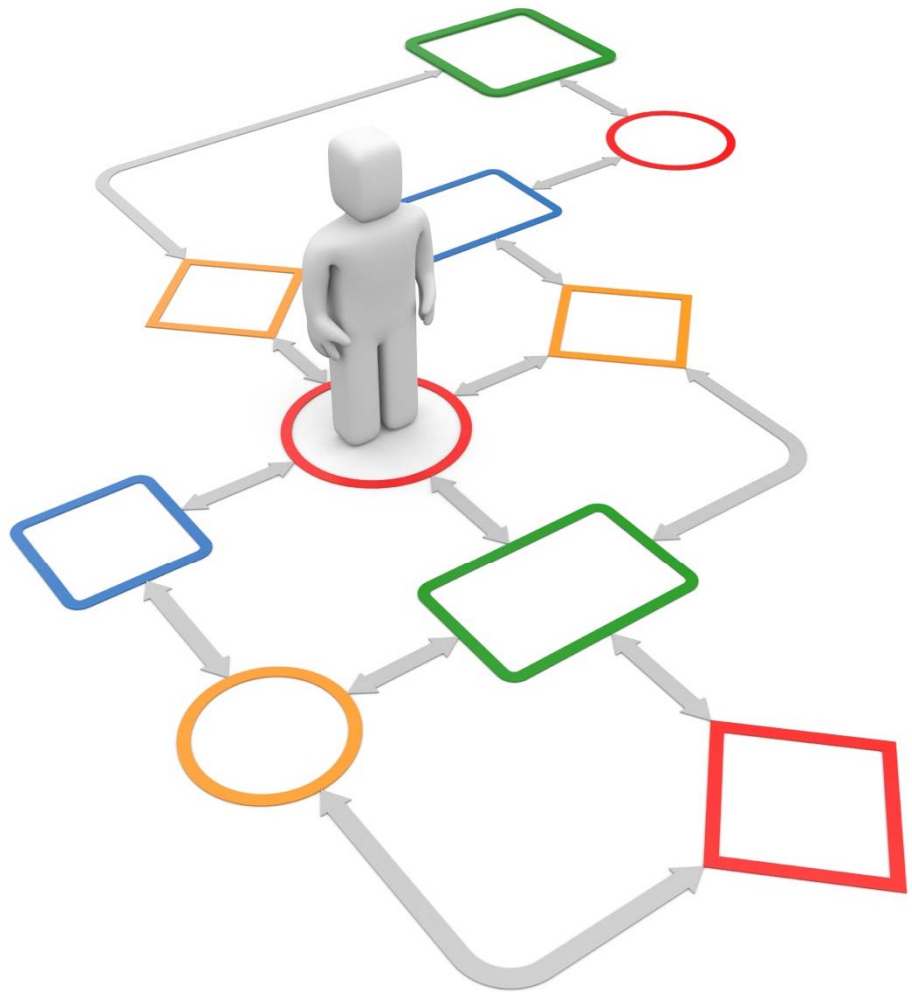


Claims Management Services

Get help to analyze the problem
and execute an effective
remediation plan



Your Challenge

From time to time, a business may face a significant claim (or group of related claims) that has the potential to disrupt their normal business activity. Examples include mass litigation or claims arising from: product liability, data security and privacy breaches, bankruptcy, environmental incidents, natural disasters, or significant customer issues, such as product rebates and recalls.

When such a claim or event occurs, especially if it is complex and involves significant potential liability, an organization needs to take action at several levels, including:

- Analyzing the magnitude and validity of the claim(s)
- Assessing options for developing a remedy to the problem
- Addressing related compliance, commercial, and reputational risks
- Demonstrating to stakeholders that an organized response is being implemented
- Executing according to a carefully structured plan

Even the most sophisticated organizations may find it difficult to initiate and manage these activities due to the size, scope, and complexity of the claim or event, the speed of response required, and the resources and costs necessary to respond in the appropriate time frame.

How We Can Help

Deloitte's Claims Management Services team has worked on some of the nation's largest and most complex claims management projects. We bring a wealth of knowledge and experience, structured approaches, and state-of-the-art technology to assist our clients in responding to large and rapidly-evolving claim situations, across the claims process life cycle (Figure 1).

Our professionals have extensive experience in crisis management, incident response, project management, and data and claims processing. We provide services to our clients virtually anywhere in the U.S. and around the world through the global resources of Deloitte Touche Tohmatsu Limited and its member firms.

Our services include:

- Pre-settlement advisory
- Potential claim member and participant identification
- Economic consulting, including liability modeling
- Claim form design and development
- Call center setup and operation
- Web site design, development, and hosting
- Database creation and customization
- Data management and reporting
- Claims processing
- Opt-out processing
- Disbursements and funds management
- Claims operations evaluation
- Claims payment investigations
- Tax reporting

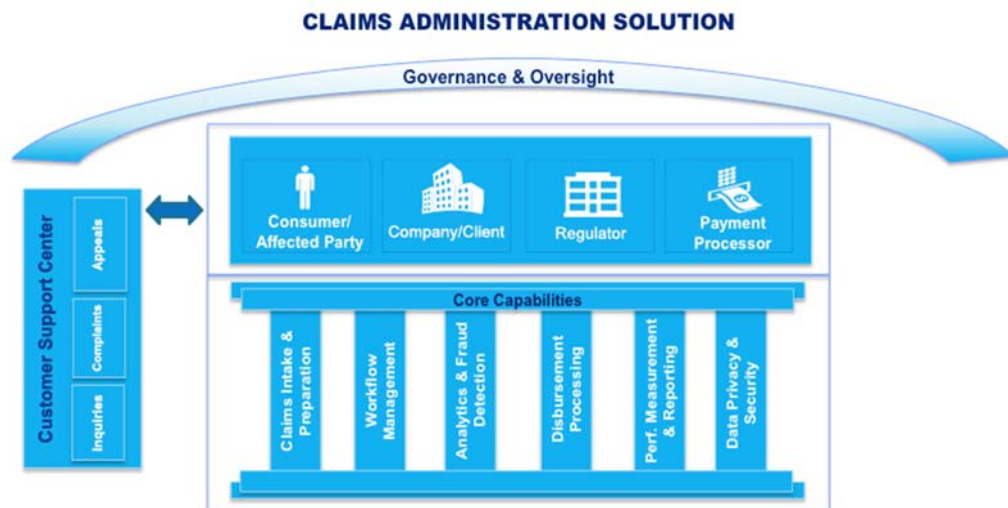
Figure 1. Services across the claim process life cycle



Our Solution

Deloitte applies a multi-faceted claims management model (Figure 2) to help companies achieve the cost efficiency of outsourced operational activities while retaining the governance, internal control, and risk management aspects that are so important to complex claims programs. This approach can enable organizations to keep pace with the speed of innovation in claims technology, smooth out spikes and troughs in volume, and respond to the legal and regulatory requirements associated with large-scale claim situations. The components of our solution are described in the following sections.

Figure 2. Deloitte's claims administration solution



Governance & Oversight

Deloitte's governance and oversight methodology aims to enhance typical program management functions. It focuses on strategic results and outcomes by aligning a company's claims management strategy with its organizational objectives; providing specific domain or technical knowledge; recognizing the importance of organization culture and human factors in implementing change; and enhancing the daily Program Management Office (PMO) function. In this way, the Deloitte governance and oversight approach provides direction for an integrated solution design.

Liability Modeling and Monitoring

Deloitte offers liability modeling and monitoring led by economists and statisticians possessing advanced degrees and experience with complex economic issues in litigation settings across many industries. In building an economic model to forecast future liability it is critical to have a deep understanding of the incentives affecting people's propensity to file a claim, as well as the potential magnitude of individual claims. Deloitte has developed an array of advanced modeling techniques based on state-of-the-art economic theory, statistics, and computational methods. Our economists have developed analytical tools designed to help solve specific liability claim issues in the following areas:

- Class-action lawsuits – our economists have assisted in class-action lawsuits, producing complex microeconomic, demographic, and statistical analyses across a broad range of industries and litigation settings.
- Business dispute damages – our economists have the experience required to calculate damages involving allegations of unfair or fraudulent business practices, including breach of contract, damage to reputation, and other sources of lost profit.
- Employment and labor economics – our economists have assisted clients with a full range of workplace issues, including alleged wage and hour violations, as well as alleged discrimination in hiring, pay, promotion, placement, and termination.
- Finance and securities litigation – our economists employ finance theory in securities litigation, such as conducting damages analyses in securities fraud 10b-5 cases.
- Fair lending and insurance – our economists help analyze issues concerning the provision of credit and insurance, such as allegations of gender, racial or ethnicity bias.

Our experience positions us to establish data systems that are appropriate for claims review, settlement, and reporting, which can enable timely and accurate reserving for short-and long-term losses.

Analytics and Fraud Detection

Deloitte provides integrated operational, fraud, geospatial, and reconciliation analytics that enhance the risk management and management-reporting capabilities of the client and all involved parties. These elements of the program include:

- Operational analytics, which support compliant, risk-focused claims administration processes with "look-back" capabilities for evaluating processes and results; "forward-looking" simulation tools, such as scenario planning and predictive modeling, for informed decision making; and granular process analysis for evaluation of specific functions or user efficiency within the claims administration life cycle.
- Fraud analytics, which integrate fraud detection, management, and prevention tools, including advanced data analytics and predictive models, to help identify anomalies in claimant information, as well as payments made on claims with a possibility of being fraudulent. By detecting patterns or anomalies in large claims databases, these analytical tools can identify

potentially fraudulent cases for further investigation, including potential cases of fraud at the first notice of loss, helping to avoid the “pay and chase” model, potentially reducing handling costs, and in some cases avoiding loss costs outright.

- Geospatial analytics, which help enable stakeholders to visualize and portray data to uncover relevant claims fraud patterns or trends, as well as leverage temporal data to facilitate both a retroactive evaluation of program performance and a predictive element of where potentially fraudulent events might occur in the future.
- Reconciliation analytics, which support a compliant, risk-focused claims administration process for prompt identification of conflicting claims, duplicate settlement requests, and other claims variances.

Claims Administration System

Deloitte’s claims management solution includes a proprietary tool that facilitates the administration and management of complex, high-volume claim scenarios and serves as a central repository for the management of claims. It is a customizable infrastructure for performing data reconciliation, processing, and storage; fraud and other analytical checks; and payment disbursement processing. Additionally, it is scalable so a company can expand and contract the claims management operations in response to potential peaks and troughs in claim processing. Specific capabilities of Deloitte’s Claims Administration System (CAS) include:

Workflow Management — seamless workflow processing and integration of critical data throughout the claims process, including the creation of data workflow audit trails and supporting documents that are stored with the settlement information.

Customizable Portal-Based Access — a Web portal that provides convenient, secure, and consistent access to help multiple authorized users as they carry out program objectives, such as evaluating claims management performance, confirming compliance with regulations and reporting requirements, and monitoring operational effectiveness and efficiency.

Claims Intake and Preparation — the integration of multiple data streams from multiple sources into an integrated data set to pave the way for use of analytics and reconciliation, which can increase the scope of analysis and accuracy of resolved claims.

Claims Adjudication and Reconciliation — CAS provides sophisticated workflow and functionality to support the evaluation, adjudication and reconciliation of individual claims or groups of claims. These features enable clients and project team members to document decisions, identify trends in settlement values, and adjust the program continuously based on experience throughout the life of the program.

Disbursement Processing — the transformation of payment data into a disbursement-ready instrument, including disbursement calculations and preparation of customizable disbursement files providing required details about the payments.

Performance Measures and Reporting — metrics for tracking historical, current, and future performance against internal and external requirements, and real-time reporting, both standard and custom, to support decision making and analysis, increase the transparency of controls, and measure the impact of controls on each claims management process.

Data Security and Privacy — broad-based security and analysis of claims management data to help verify completeness, conformity, uniqueness, and validity.

Data Hosting

Deloitte's claims management solution centralizes claims data into a single repository to help improve the efficiency of data collection, aggregation, access tracking, and maintenance throughout the claims management life cycle. Our approach also includes ongoing monitoring of data processing job performance and response times to help identify performance bottlenecks. In this way, our hosted solution helps to reduce claims management complexity, cost, and time demands.

Client Support Center

Deloitte's claims management solution also includes a Customer Support Center to handle specific inquiries, complaints, disputes, and appeals associated with a specific claim.

Why Deloitte

Deloitte has a long history of supporting large corporations and government entities with customized claims consulting and administration services that are based on leading industry practices and the integration of advanced technical and analytic techniques.

Our claims administration and management team has considerable experience in managing the life cycle of claims processing for various clients. We leverage the more than 170,000 Deloitte professionals globally who have specialized knowledge and diverse backgrounds, including:

- Certified public accounting
- Business consulting
- Statistics
- Economics
- Data analysis
- Technology

This group of experienced professionals, combined with the global reach and technical resources of the Deloitte Touche Tohmatsu Limited (DTTL) member firms and their affiliates, enables us to respond to the complex and diverse needs of our largest corporate and government clients.

The Deloitte difference:

- The resources and experience to address large, complex, and rapidly evolving cases
- Sophisticated liability modeling to help evaluate many potential scenarios
- Advanced data analytics that can be applied to each aspect of a claims program
- A strong fraud detection component designed into remediation and settlement programs
- High-quality, cost-effective services through dedicated offshore resources – Deloitte employees – skilled in addressing large-scale data management and processing
- Geospatial technology that uses location data to help assess the appropriateness of claims and claim populations
- Specialists in related disciplines, such as insurance and tax, and industry-specific experience, including pharmaceutical, manufacturing, financial services, and government.

Illustrative examples of our experience:

- **Claims management for a chemical company.** We helped our client to develop and manage a complex voluntary claims resolution program involving more than 450,000 incidents of alleged property damage. The client was faced with several class action and individual lawsuits and was subject to scrutiny from the EPA and several State Attorneys General. Working with the client and counsel, we assembled a multidisciplinary international team to address different areas of the voluntary and settlement claims programs. We developed a customized web-based application to process claims, store claim documentation, and provide secure access to the client and third parties. In addition, we assisted with the development of controls for fraud detection and avoidance of duplicate claims. We helped research and develop detailed pricing tables to value property damage and other claim administration costs, and we assisted in expediting settlement of class actions, saving the client millions of dollars in transaction costs.
- **Claims management for a bankrupt broker-dealer.** Deloitte was retained by the Trustee of a bankrupt broker-dealer to assist with complex claims management functions and help the Trustee in the orderly liquidation of the business assets. Leveraging its deep broker-dealer knowledge base and extensive bankruptcy experience, Deloitte helped perform an extensive analysis of the client's systems, its trading and financing activities, and its relationships with securities exchanges, custodians and clearing agents. To streamline the claims reconciliation process, Deloitte used the CAS system to retrieve information in real time from the claims agent, warehouse documents and customer communications, and reconcile claims. In addition to providing claims management services, Deloitte assisted the Trustee in the liquidation process by helping manage the Trustee's information technology infrastructure and accounting, finance and tax functions. Deloitte also served as a trusted advisor in settlement negotiations with the client's affiliates.
- **Assessment of claims center for an oil company's class action administration operation.** We helped our client assess the claims center for a class action administration operation. Our approach included an assessment of the claims processing work flows, the design and use of the claims database, and a review of the organization of the physical claim files. We examined a sampling of claim form submissions, including supporting documentation, and we independently evaluated each of the sampled claims against the settlement agreement criteria. We helped identify inefficiencies in processing that resulted in processing errors, as well as system errors and design issues with the database, leading to modifications that aimed to prevent over-payments to class members. We also provided both claims processing and accounting expert witness testimony in a related international arbitration.
- **Forensic investigation for a United States District Court.** The Court needed to identify and qualify thousands of claimants whose asbestos settlements were misappropriated by their counsel. We assisted with determination of the scope and amount of misappropriated funds through forensic investigation and reconstructed more than 100,000 financial transactions. We helped reconcile 27 bank and investment accounts, reconstructed more than 6,600 qualified claimants' records, assisted representatives from organizations whose settlement funds were misappropriated help determine equitable distribution, facilitated equitable distribution to asbestos victims not covered by settlements, and provided expert witness testimony and reporting.
- **Claims management related to a price fixing settlement for a vitamin company.** We were court-appointed to administer the settlement of a national price-fixing class action. Eighteen different defendants elected to settle this industry-wide litigation on a national basis for \$140 million. The class members eligible for benefits under the terms of the settlement included: direct purchasers and distributors, intermediate purchasers, and consumers. Our dedicated team assisted with the review and processing of claims submitted in multiple languages. We helped report to the courts and the settlement counsel management committee. We used a web-based claims administration system to facilitate both claims processing and communications with class members, and we provide ongoing services to administer the multiple settlement distributions in this action.

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