

2024 Spring Conference

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Puerto Rico



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Harnessing Data and Analytical Tools for Large Complex Economic Damages

May 2, 2024

Agenda

- Introductions
- Key Issues in Complex Claims
- Management of Data
- Going Beyond the Data



Meet your presenters



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Current Climate / Key Issues

- Getting a handle on claims data volume
- Damages – policy allocations
- Policies exhaustion – excess carrier concerns
- Business interruption claims and complex liability analysis
- Data management and analysis - Transparency



Examples of Use

- Application of data analytics and data tools:
 - Managing of insurance claim
 - Damages exposure, both claims management and litigation
 - Internal reporting
 - Requesting authority
 - Setting Reserves
 - Establishing Settlement Appetite
 - Analyze reinsurance coverage - Who's POV?



Applications

- Product Recall & Liability Cases
- Sexual Abuse and Other Complex Cases
- Wage & Hour Disputes
- Legal Fee Reviews
- Commercial / Economic Disputes



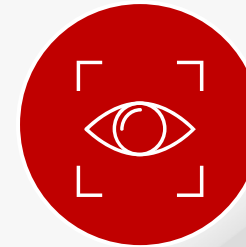
Forensic Accounting & Analysts



EXPOSURE
ANALYSIS



DATA ANALYSIS AND
CASE MANAGEMENT



EXPERT WITNESS
WORK



MODELS



MODEL AUDIT



DETAILED LOSS
CALCULATIONS



DEPOSITION/
TRIAL WORK



Case Study

- Use of a “forever chemical” in manufacturing
- Resulted in adverse health effects for employees, end users, and surrounding communities
- Estimated that thousands of lawsuits will be filed in MDL
- Hundreds of millions in both indemnity exposure and defense costs.



Management of Data



Where do I begin with no data?

- Claims- Early Phase - little to no data – options;
 - Examine policies in question
 - Study cases of similar nature
 - Use historical data and other publicly available information
 - Develop extrapolations from minimal data



Managing large data?

- Forensic technology and A.I.
- Streamlining review process - use of A.I. and other tools to extract and standardize data
- Provides analytical results and understanding of the makeup of the raw data before any further analysis is done
- Creation of platforms and tools to manage / compile data for ease of use.



Going Beyond the Data



Building the Model

Example Case Issues:

- Policy chart provided is 30+ years of coverage
- Complex tower of insurance that changed year-over-year
- Inclusion of Defense Costs
- Application of retentions and deductibles
- Application of policies as per-occurrence vs. aggregate
- Policy exclusions
- Allocation Methodology
- Future Claims
- Overlapping Insurance



Building the Model



Analyze and understand the inner-workings of the coverage charts



Review policy language



Review legal guidance provided by counsel



Review claimant data

Analyzing the Data
Received



Building the Model – What The Client Sees

Criteria

General:	
Claims Value	PMV
Allocation Methodology	Pro-Rata
Allocation Dates	Mix
Number of Occurrences (A)	One Per Claim
1972 - 1975 Policy Allocation:	
Drop Down	No
Professional Liability (A)	No
Policy Application	Per Term
Policy Limit	Per Occurrence
1985 - 1986 Policy Allocation:	
Drop Down	No
Policy Limit	Per Occurrence
1991 - 1992 Policy Allocation:	
Drop Down	No
Policy Limit	Per Occurrence

* User controlled fields are denoted in purple

Key Results

Description	N/A	1/1/1961 to 7/14/1972	7/15/1972 to 7/1/1975	7/2/1975 to 7/31/1985	8/1/1985 to 7/1/1986	7/2/1986 to 6/30/1991	7/1/1991 to 7/1/1992	7/2/1992 to 12/31/2008	Total
Claim Count (B):									
Severe Abuse	0	34	27	75	22	40	21	46	265
Non-Severe Abuse	0	153	117	396	78	195	102	280	1,321
Total Claim Count	0	187	144	471	100	235	123	326	1,586
Total Exposure									
	\$0	\$37,305,727	\$21,438,327	\$175,645,029	\$12,190,920	\$85,442,677	\$18,498,173	\$140,229,147	\$490,750,000
Of Which:									
Primary Policy	n/a	n/a	\$21,438,327	n/a	\$12,190,920	n/a	\$18,498,173	n/a	
Excess Policy	n/a	n/a	\$0	n/a	\$0	n/a	\$0	n/a	
Other Excess Policies	n/a	n/a	\$0	n/a	\$0	n/a	\$0	n/a	
XXX Exposure	n/a	n/a	\$0	n/a	\$0	n/a	\$0	n/a	\$0

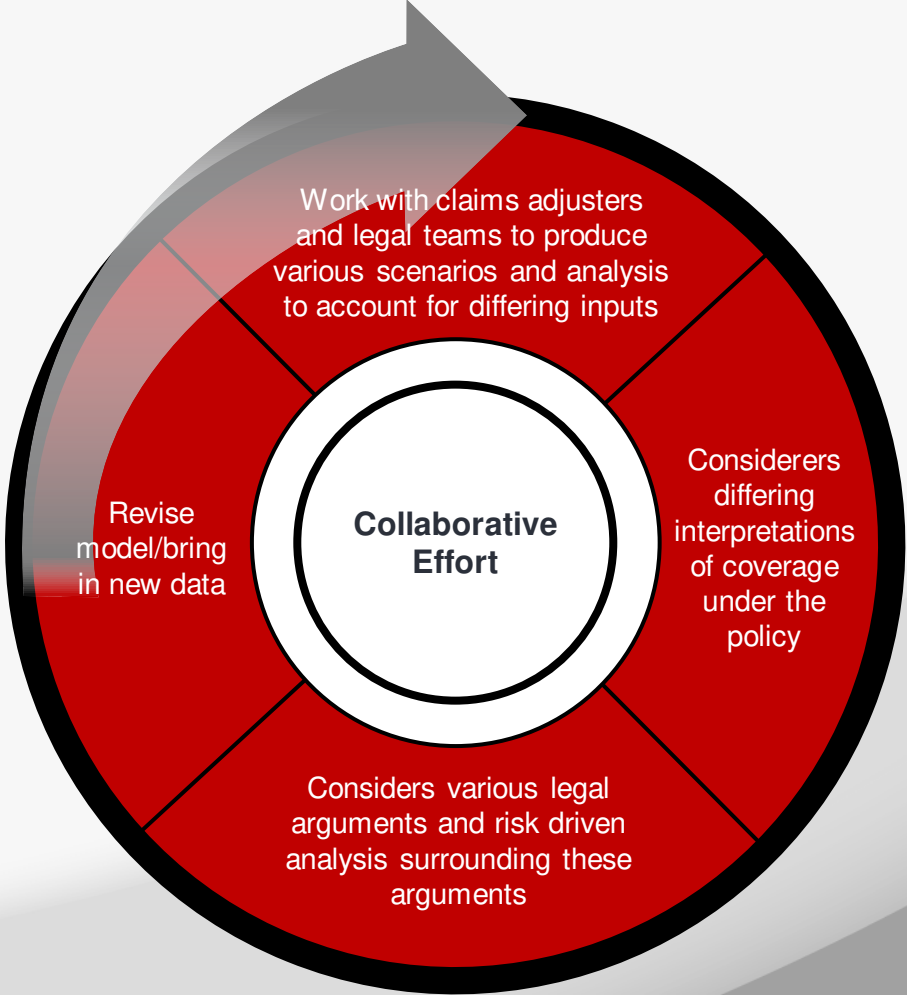
Criteria

General:

Claims Value	PMV
Allocation Methodology	Pro-Rata
Allocation Dates	Trigger
Number of Occurrences (A)	Pro-Rata
Settlement Value Discount	0.00%



Collaborative Effort



Modeling Deliverables

- All tools have pros and cons – and often a combination is best.

- Great for rapid prototyping
- Broadly familiar

Excel



- Great for communicating insights on LOTS of data
- Can be shared in-browser

Tableau/PowerBi



- Enormously flexible and performant
- Specialized

Python/R



- Provides client-available inputs and controlled access for specialized tools

Cloud Hosting



Decision Tree Analysis



Example Decision Tree



Panel Discussion



Questions?

