

Kemper Insurance/Injury Sciences

Kemper turns to WrExpert to root out injury fraud.

Every P&C insurer has to deal with them (and occasionally life insurers, too—see “Private Eyes Watch for Corpses that Blink,” in the March 15, 1999, *National Underwriter*). They’re what Mark Burnam, claims systems and operations manager for Kemper Insurance’s Individual and Family Group (IFG), calls “opportunistic claimants.”

They’re the ones whose first reaction to a fender-bender is to grab their necks and shout “Whiplash!” hoping to get five-figure checks from Kemper IFG or some other insurer for soft tissue injuries—the kind that can’t easily be detected, or disproved, by a physician. Like every carrier, Kemper realizes some of these injuries are real and deserving of payment. “Our job is to pay people what they are entitled to,” Burnam said. But “we don’t want to pay what is not legitimately owed.”

Differentiating between the two has never been easy and has often been expensive. Insurers have to bring in experts to examine the physical evidence from an accident and issue an opinion on the severity of the injury. That can be a costly proposition and often leads to acrimony between the claimant and the insurer, which in turn leads to a court date. This goes against the basic principle of claims settlement: “You want to get in early and not let a \$500 claim turn into a \$10,000 claim,” Burnam said.

“We need a way to address opportunistic claimants,” Burnam said. “It is tough to decipher these accidents without experts, but having experts engaged on every claim can be cost prohibitive.”

Enter WrExpert, software designed by Injury Sciences to enable claims adjusters to determine the possible severity of minimal-impact injuries. Kemper IFG was familiar with Injury Sciences, but it wasn’t until the 1999 ISOtech conference that Burnam first saw WrExpert. After the management team sat through a demo, it was sold on the program. For one thing, unlike other kinds of software, there wasn’t anything else in the market to compare with WrExpert. “They were really the only game in town,” he said of the Injury Sciences team.

Kemper IFG and Injury Sciences negotiated a deal in the Spring of 2000. They began a pilot program for the southeast states in July and another for the northeast in September, tracking the results carefully, according to Burnam. Satisfied with the results, the company began a full rollout this spring, and Kemper IFG adjusters throughout the nation now have access to the system.

Burnam estimates that Kemper has 10,000 bodily injury claims a year involving people who don’t hold Kemper personal lines policies. Of those claims, approximately 25 percent involve soft tissue injuries. Those are now being run through the WrExpert program.

“It is hard to judge success in the new areas, but in the [Southeast and Northeast], where they’ve been using the system for a while, we’ve had some success in deterring

opportunistic claims or intervening in a case to make a settlement,” Burnam said.

WrExpert has not reduced the need for accident investigation experts, especially when such cases reach courtrooms. “We would never go to trial with WrExpert as our sole expert,” Burnam said. “What the software does, though, is identify cases up front that we should look at more closely.” WrExpert has also reduced the turnaround time for claims.

Because it’s only been a year since Kemper started using WrExpert, Burnam said it’s too soon to say how the still-open WrExpert cases will be resolved. “We’ve brought in accident reconstruction experts,” he said, “and after they’ve looked at the cases, they feel that WrExpert has been more conservative—in favor of the claimants,” he said.

While most of Kemper’s claims reps have endorsed the software, there are still some that resist. “Our challenge is to have our claims reps continually use this as a tool, but still judge each claim on its own merits,” Burnam said. “It’s a huge culture change for many of our people. We’ve had to learn new phraseology. We used to refer to these accidents as ‘minimal impact’—now we call them ‘low velocity.’” —ROBERT REGIS HYLE

“There wasn’t anything else in the market to compare with WrExpert.”

We like WrExpert, too. See “Top Dogs.”



THE COMPANY: KEMPER INSURANCE
INDIVIDUAL AND FAMILY GROUP
NET WRITTEN PREMIUM (PERSONAL LINES): \$955 MILLION
WEB SITE: www.kemperinsurance.com



THE PRODUCT: WRExpert FROM
INJURY SCIENCES
WEB SITE: www.injurysciences.com

Top Dogs

Here are five great products (and companies) you may not know about, but should.

Every once in a while, we come across a product or a vendor that just impresses the heck out of us. Maybe it's the 'wow' factor when we see a demonstration. Maybe it's the usefulness and clarity of the company's vision. Or maybe it's how simple, obvious, and *necessary* the product is.

Over the years, we've written about these products as we've come across them (one, WrExpert, is even in this issue—see

"Case in Point," page 1), but this month we decided to do something more.

Of the better products we've seen, a good number of them are simply lacking the mindshare we think they deserve. Some are made by smaller companies, or companies playing in narrow niche markets. Others are made by bigger corporations, but haven't blipped on the radar screens of the insurance industry.

So we took this opportunity to pick five companies and five products we think are worth a few minutes of your time. These aren't by any means the only ones that impressed us; there are plenty of those, from large and small vendors alike. But there are only so many pages in each issue, and these five stood out as being a little different—a little 'cooler' if you will. And, perhaps more importantly, these five aren't as well known as we think they should be.

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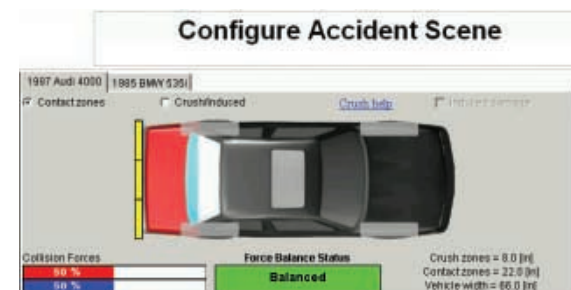
Toe bone connected to your foot bone, Your foot bone connected to your ankle bone...
—James Weldon Johnson and J. Rosamund Johnson, "Dem Dry Bones"

It may be the oldest joke in auto insurance: "My neck! My neck!" Whiplash is the poster child of soft-tissue injuries, but there are plenty of others, and they share a common premise: They're hard to prove (or disprove) and they're easy to collect on.

With fraud a multi-billion-dollar problem for carriers, and with those same carriers looking for effective ways to reduce their loss ratios, finding a way to fight soft-tissue-injury fraud seems like a good place to start.

It seemed that way to us, too.

Contrary to what many laypeople think, there is a science behind the possibility of whiplash. Newton's laws of motion apply—the vehicles involved are moving in just such a direction and at just such a speed, and they weigh a certain amount (as do the occupants). Only so much energy is transferred to the neck of the guy in the passenger seat who's screaming for an ambulance (and a lawyer). What's important is knowing how *much* energy, and how much it takes to actually injure a human neck. There's no trick. Engineers and doctors know how the human body works and what stresses bone and muscle can take. The rest is mathematics.



Using a clear, intuitive interface, users tell WrExpert about the accident, and WrExpert tells users about the potential injuries.

So Injury Sciences took the physics, medical science, and engineering behind soft tissue injuries and codified it, then added a pretty face (what you might call a graphical front end). The result is WrExpert, a standalone piece of software that can tell a claims adjuster whether or not the injury someone claims is really possible under the accident's circumstances.

WrExpert takes into account a lot of variables: the speed and direction of travel of the vehicles, their make and model, the positions of the passengers, and so on. How do the crumple zones on a 2001 Camry affect the 165-pound front-seat passenger in a head-on collision? What happens to a 280-pound man in the rear seat when the 1998 Taurus he's in gets hit from the side by a 2000 Explorer? If the claimant says his head hit the side window, WrExpert can tell you how likely that is.

Is it 100 percent accurate? Of course not; there are too many variables involved.

(Students of chaos theory, rejoice.) But it's more than good enough to tell an adjuster whether a claimant's injury is likely, unlikely, or falls somewhere in between. And it's not as if you get a red, yellow, or green light; WrExpert provides a detailed report that might scare away potential scammers, along with those back-of-the-phonebook lawyers expecting an easy settlement.

And lately, Injury Sciences has gone a bit further.

WrExpert's newest feature may smack of Big Brother, but that's not so bad when you get to play the part. By integrating with the diagnostic equipment in later model cars—the stuff that tells the airbag whether or not to deploy—WrExpert can get detailed information about the accident, such as speed, braking, engine RPM, and so forth. That makes the software's determination more accurate.

Injury Sciences worked with Vetronix, the maker of that automotive 'black box,' giving WrExpert access to better information than witnesses are able to deliver. So no longer will someone be able to claim "He didn't even slow down!" when the black box says the driver was slamming on the brakes.

Like any claims-related product, WrExpert probably isn't going to break any case wide open, or suddenly bring your loss ratio down 10 points. But in an area rife with scammers and opportunists, it's a nice weapon to have in your arsenal. **td**