



# 10 DATA POINTS TO PREDICT LITIGATION

## in Commercial Auto Claims

CLARA  
Analytics

After years of record losses, commercial auto insurance carriers experienced a reprieve at the beginning of the COVID-19 pandemic as many drivers reduced time on the road. However, 2021 saw loss ratios shoot high once again, often surpassing pre-pandemic levels.

There are a multitude of factors that impact [loss ratios](#), including increased severity of accidents and rising repair costs, as well as escalating litigation. Profitability depends on risk management, especially identifying and implementing viable strategies for commercial auto claims adjusters to prevent or reduce the impact of attorney involvement and litigation.

**Artificial intelligence (AI)  
can analyze claims data to  
improve these outcomes.**



## Structured Data That Can Predict Attorney Involvement and Litigation

While most experienced adjusters would know that certain claims details are signs of likely attorney involvement and potential eventual litigation, AI can improve the speed and accuracy with which this data is assessed.

There are five types of structured data adjusters need to look for to determine probable attorney involvement and impending litigation.

1

### **Types and number of vehicles involved**

The laws of physics factor greatly into accident severities. Eighteen-wheelers can cause havoc when they collide with anything, even at relatively low speeds.

2

### **Accident location**

Certain locales have reputations for being very litigious. Many of them are well known, but others less so. Having access to intelligence developed from a multi-carrier database of litigated claims is an advantage you'll want to have.

3

### **Injury details**

Here too, there are some obvious serious injuries that are likely to lead to attorney involvement. But beyond the obvious ones, less severe injuries when combined with other accident details yield important clues.

4

### **Accident type**

Rear-end? T-Bone? Chain reaction? Head-on? Lane-change? These and other accident types all carry their own rates of litigation. Here's where deep analysis of the data makes a difference.

5

### **Vehicle damage**

Understanding the extent of damage to the vehicles goes a long way to evaluating which claims will likely have attorney involvement, but also is a determinant of which attorney-involved claims will become litigated.

Of course, commercial auto claims often contain more information than the structured data listed here. This unstructured data presents unique challenges for predicting attorney involvement and litigation.



# Unstructured Data That Can Predict Attorney Involvement and Litigation

A great deal of data and information collection for commercial auto claims occurs over the phone while the adjuster is asking questions and documenting answers. In a perfect world, this information would be entered into the claim system as structured, standardized data.

However, much of this information is entered as cryptic data in the claim's notes. While what's entered here makes perfect sense to the individual adjuster, each adjuster has their own style of collecting information. AI can augment the work of a claims adjuster by analyzing and assessing this unstructured data.

The following are examples of information found in real claim notes (edited to protect confidentiality) with explanations of how AI can elevate data processing.

1

## Indications of fault and liability

`"Insd emp/drvr contact became uncomfortable. He attempted to reset/fix and rear-ended clmt...chain reaction."`

That's a brief excerpt from a claim note.

### HOW AI CAN REDUCE RISK

By evaluating thousands of related examples, AI like Natural Language Processing (NLP) can flag this claim as high-risk from the moment the adjuster enters it into the notes.

2

## Answers to key questions that aren't in the claim system

`"Was the driver an employee? Yes. Is there an alcohol consumption policy? No."`

The claim adjuster knows the answers to these questions because they are in her notes but she has 80 other claims open that she's handling.

### HOW AI CAN REDUCE RISK

An AI algorithm can pick up this information and add it to the claim's scoring automatically.



3

### Verification of accident details

"email from insured with photos confirms hvly impct accdnt."

#### HOW AI CAN REDUCE RISK

NLP can translate this into information that a scoring system can use.

4

### Details of injury severity

"BC was passngr...went to ER...admitted for 2 days...mltpl tests...no injuries."

In the claim system, this case may show that the claimant was admitted to the hospital. But the notes provide additional, useful details.

#### HOW AI CAN REDUCE RISK

NLP can identify key indicators of potential litigation based on the adjuster's detailed notes.

5

### Insights about claimants

"2 fatals in CV...T unsure if CV is insured."

There's ambiguity here as to whether the claimant's vehicle was insured.

#### HOW AI CAN REDUCE RISK

Structured data does not handle ambiguity well, but NLP can use it.

Of course, commercial auto claims often contain more information than the structured data listed here. This unstructured data presents unique challenges for predicting attorney involvement and litigation.



## Natural Language Processing (NLP) Predicts Litigation

As the examples show, a good AI model can serve as the adjuster's eyes, ears, and memory to keep track of these data points and aggregate their presence to deliver a holistic score and intervention actions.

Identifying key indicators of attorney involvement and litigation relies on AI's ability to analyze a range of words used to describe the same incident details. NLP is the AI science answer to this problem. NLP ingests and evaluates words, phrases, and sentences to interpret meaning. More importantly, it can do the same with a breadth of cryptic shorthand language.

Therefore, using NLP can improve claims managers' ability to avoid litigation, and if litigation is indicated, decide how best to proceed.

## Utilize AI to Manage Commercial Auto Claim Outcomes

Navigating claims management, especially in the context of the many variables and linguistic representations of commercial auto claims, does not have to be difficult. Using AI like NLP can alleviate time burdens for those managing claims as well as provide data-backed recommendations based on cumulative analysis of large data sets.

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