

SAP Solution in Detail
SAP Claims Management



CLAIMS MANAGEMENT WITH SAP FOR INSURANCE

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EXECUTIVE SUMMARY

The insurance marketplace continues to challenge even the strongest industry leaders. New competitors enter the market, customers' demands increase, regulatory compliance becomes more complex, and the pressure to improve overall performance grows.

With SAP® Claims Management – an application within the SAP for Insurance solution portfolio – you get integrated, end-to-end, claims processing software that helps you streamline the handling of claims from first notice of loss through assignment, settlement, subrogation, and file closure. The application helps you resolve claims more quickly, while maximizing efficiency and cutting costs. SAP Claims Management can also help you better manage loss costs and loss-adjustment expenses – improvements that benefit your combined ratio. The application is scalable and flexible enough to handle your current and future needs for handling claims.

You can easily integrate SAP Claims Management into your existing IT landscape. Designed as a stand-alone application, SAP Claims Management also easily interfaces with internal, external, SAP, and non-SAP applications – both upstream and downstream. This includes other SAP for Insurance applications, such as SAP Insurance Collections and Disbursements and SAP Policy Management.

SAP Claims Management helps you improve the efficiency of your claims processing incrementally. You can add rules, roles, and workflows over time and deploy them as you need them. The SAP NetWeaver® platform, along with the SAP Claims Management internal technical infrastructure, provides the flexibility and power you need to expand the solution as your business evolves.



MANAGE ALL TYPES OF CLAIMS WITH SAP CLAIMS MANAGEMENT

SAP designed SAP Claims Management as a flexible application that can support the full life cycle of claim processes for your property, casualty, health, and life insurance businesses. It can help you automate straight-through processing of simple claims and provide knowledge workers with the tools they need to process more complex claims.

Streamlined Claims Processes

By automating processes that you once handled manually, SAP Claims Management can help reduce the time your claims handlers need to settle claims. When settling a claim resulting from a car accident, for example, streamlined procurement processes can condense by several days the time a claims handler needs to process each claim. Similarly, a native business rules engine can help you automate medical-only workers' compensation claims. The integration of external service providers – such as repair shops and rental car companies – with support for tracking the repair process can help you manage claims more effectively and control both loss costs and adjustment expenses.

With SAP Claims Management, you can commission external services directly from the application and control the progress of the claim by setting deadlines. The application recognizes service providers, appraisers, and property replacement services as business partners. You can assign external service providers as business partners with their own roles and add other partner-specific data. With the application, you can also display catalogs and contractual agreements so they are readily available to your claims handlers.

The business rules engine provides the intelligence needed to streamline other claims-related processes as well. The engine helps you automatically generate correspondence forms, create tasks, forward claims information to different systems, and perform additional business tasks.

SAP Claims Management also helps you automate and standardize claims processing so that employees across your enterprise handle claims similarly – which can significantly enhance the quality of your claims settlements. Claims handlers, for example, can use the workers' compensation benefit calculator to determine each state's workers' compensation benefits accurately, consistently, and according to each state's specific rules.

The electronic claim file in SAP Claims Management offers a complete and detailed view of each claim. You can authorize specific users to view certain data and documents at any time, from any location. You can achieve paperless claims handling and the resulting efficiencies by creating an electronic claims file.

With SAP Claims Management, you can achieve an immediate and quantifiable improvement in the efficiency of your claims processing by using integrated, consistent communications channels. This ensures the ready availability of all relevant claims data in electronic form. It also helps you monitor all activities and assures that all claims personnel have access to the information they need to complete their tasks as quickly as possible. Appraisers or case managers can, for example, access the electronic file to communicate with claims handlers, view relevant documents, and receive and complete their assigned tasks.

A Broad Range of Functions

SAP Claims Management provides robust functionality to help you streamline your claims processes.

Streamlined Notice of Loss

The timely and accurate capture of a notice of loss is critical to your business. The sooner you learn about a loss or claim, the faster you can trigger and control the claims process and offer your customers a higher level of service.

To assure such quality service, you can help customers report claims by giving them fast and simple ways to notify you. With SAP Claims Management, you can create a first notice of loss or first report of injury through any communication channel.

SAP Claims Management supports your particular loss notification business model so that you can configure the software to meet your business needs and channel the right claims to the right personnel. You can, for example, ensure that your call-center representatives, internal claims specialists, or preferred service providers handle certain claims. SAP Claims Management helps you meet such needs by incorporating industry standards like ACORD XML. Such standards help streamline your claims notification process by supporting the real-time exchange of data among producers, insurers, rating bureaus, service providers, and other partners.

Robust Analytical Functionality

Reporting tools in SAP Claims Management help you deliver practical information to all levels of your claims organization. With the SAP NetWeaver® Business Intelligence (SAP NetWeaver BI) component, you can produce comprehensive analyses of your claims information. You can present such analyses graphically, export the analyses to other media, and navigate through multiple layers of claims data. SAP Claims Management provides claims-specific sample reports; you can also create role-specific dashboards or online reports. These reports provide real-time displays of key performance indicators.

Comprehensive Negotiation and Litigation Support

SAP Claims Management helps you negotiate settlements, which is a critical claims-adjusting process. Within the negotiation section of the electronic claim file, you can document and display all offers, demands, and histories of specific negotiations. Claims handlers, supervisors, and other authorized claims personnel can quickly determine the status of any claim, including which parties proposed offers, when they proposed them, and the amount of the offers. Claims handlers can also use the data in the negotiation section to document their arguments and prepare for discussions, arbitration, or mediation.

If litigation is involved, SAP Claims Management helps you capture all relevant information. You can track and manage multiple lawsuits for each claim, as well as class-action lawsuits.

Flexible Functions for Reserves

You can set up reserves manually or automatically for each type of coverage. SAP Claims Management supports case, supplemental, incurred-but-not-reported, and unallocated-loss-adjustment-expenses reserves.

Multiple Payment Capabilities

When you pay compensation via a bank transfer or check, SAP Claims Management creates a payment order and transfers the order to invoicing software – such as SAP Insurance Collections and Disbursements – for execution. The recipient application performs all other financial-accounting steps, such as updates to the general ledger.

SAP Claims Management also supports payment reversal, reassignment, reconciliation, and tax-reporting tasks, such as those required for United States Form 1099. You can set up repetitive payments or batch payments together and hold them for future dates. Every payment automatically reduces the related reserve. The application can forward reserves to other financial-accounting software.

Integrated Collections and Disbursements: Subledger Accounting

For all claims payment processing, SAP Claims Management supplies data to SAP Insurance Collections and Disbursements or other billing and payment software with comparable functionality. The application posts reserves to a general ledger in the mySAP™ ERP Financials solution or other general ledger software, rather than transferring them to a collections and disbursements application.

Fast, Accurate Loss Settlement

The settlement process involves two key elements: the accurate identification and rejection of unjustified claims and the satisfaction of legitimate claims quickly and comprehensively. Business rules within SAP Claims Management can inform claims handlers of potential fraud; you can also integrate the application with external fraud-detection software. You can automatically identify and manage coverage issues through a coverage-referral process. During the creation of payments, the compensation calculation automatically considers a claim's compensation limits and deductibles.

Subrogation and Salvage Support

SAP Claims Management supports subrogation and salvage processes. You can identify subrogation potential early, assign responsibilities to subrogation specialists, and negotiate and manage recoveries in lump sums or payments over time.

Supplier and Vendor Management

To support more efficient claims processing, you must develop measurements for tracking the performance of your management processes and provide ways to query the measurements.

SAP Claims Management helps you monitor the activities of service providers and the quality of their services. This functionality helps you ensure your claimants' long-term satisfaction and ensure that the services actually reduce the losses incurred. System logs document each action and change involved in a claim. You can transfer the completed records to a data warehouse, from which you can perform the necessary analysis.

Controlled Access and Security

SAP Claims Management makes it easy to control access to claims information. You can configure authorization levels for access to reserves and payment data and limit employees' access to the particular screens or fields they need to perform their tasks. You can also authorize external service providers, such as auto body shops and appraisers, to access only the claims data they need.

Flexible Assignment of Claims Handlers

You can configure SAP Claims Management to forward claims for additional processing according to such criteria as:

- Distribution of tasks by region
- Assignment of tasks by specialized skill sets, such as litigation specialists or case managers
- Claims handler availability and workload
- Substitute rules

Easy Integration with Existing Systems

You can easily integrate SAP Claims Management with both internal and external systems. Standardized interface technology, such as business add-ins, simplifies integration with external systems and is available for specific business events to help you insert your own programs or source code without modifying original objects. Such flexibility greatly accelerates implementation, even in complex application landscapes.

SAP Policy Management Integration

SAP Claims Management integrates within SAP for Insurance and third-party policy management solutions to provide coverage verification. A policy snapshot gives you key policy information, such as the responsible agents and overviews of policies and existing coverage.

The integrated applications help you track policyholders' coverage for reported events or incidents so you can determine whether you must compensate policyholders for their losses. When you create claims, SAP Claims Management uses the relevant policy numbers and claims dates to retrieve and display current policies residing in the policy management application.

During the policy validation process, SAP Claims Management helps you determine whether policies and insurance coverage exist and whether to exclude certain periods from benefits if the claimants have not paid their premiums. During the claims validation process, the application helps you determine whether there are any risk exclusions or violations of obligations under the policies and whether the policies cover the injured persons or damaged objects.

Business Partner Integration

A data structure central to all SAP applications, the business partner is a central customer record that captures in a single repository all relevant data about a business partner. Any SAP or non-SAP application can access the record, which ensures that you capture the information once and use it consistently wherever needed.

SAP Claims Management refers to all business partners involved in claims as claims participants. A claims participant can be a person (such as a policyholder, beneficiary, or premium payer), a group, or an organization. SAP Claims Management helps you manage all partner relationships, including those with prospects, customers, brokers, agents, banks, service providers, employees, and reinsurers.

SAP Claims Management handles partner-related data maintenance tasks, such as data changes and consolidation, duplicate recognition, and corrections. SAP Claims Management can store detailed information about each business partner, such as each participant's percentage of liability. It provides extensive search and reporting functionality and a single, enterprise-wide view of each customer, vendor, policyholder, and the other business partners involved in a claim.

Document Management Integration

You can easily integrate SAP Claims Management with popular document and content management applications. SAP Claims Management organizes, indexes, and associates incoming documents with the appropriate electronic claim file. It can also automatically or manually generate outgoing correspondence and forms, and automatically associate them to the electronic file. SAP Claims Management can store all common formats, such as digital images, video, and recorded statements.

ENHANCED CLAIMS MANAGEMENT PROCESSES DELIVER BUSINESS BENEFITS

SAP Claims Management can help you achieve significant advantages. With SAP Claims Management, you can:

- Eliminate paper-based claims processing functions
- Deliver a higher quality of customer service data
- Quickly and accurately evaluate and settle claims
- Control costs associated with lost revenue
- Optimize reserves
- Manage claims costs
- Allocate assets more effectively
- Eliminate delays in assigning claims
- Enhance loss control from data collection and analysis

With SAP, you know you always have a competitive edge. As the proven leader in enterprise business software, SAP continuously sets industry-defining standards for stability, reliability, system availability, data-quality management, support for multiple languages and currencies, and customer service and support.

POWERED BY SAP NetWeaver

SAP Claims Management is powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business solutions rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.



MAKE YOUR CLAIMS MANAGEMENT PROCESSES MORE EFFICIENT

SAP for Insurance is a complete solution portfolio that helps you optimize your operational processes and make better business decisions. These solutions support the entire life cycle of an insurance contract – from distribution management through policy management, claims, billing, and reinsurance. The SAP NetWeaver platform supports all SAP for Insurance solutions.

SAP designed SAP for Insurance solutions specifically for the insurance industry. It is the only integrated set of solutions that can help you streamline and optimize the global business operations across your entire insurance value chain.

To learn more about how SAP can help your insurance company improve its claims management processes, call your SAP representative today or visit us on the Web at www.sap.com/insurance.

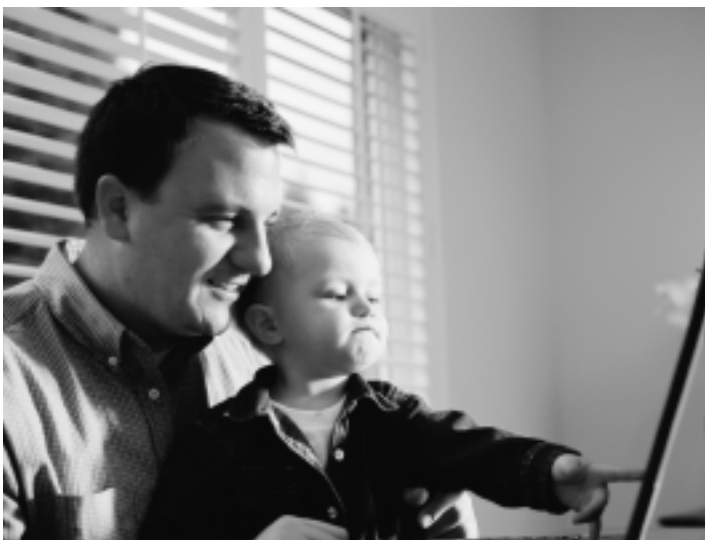


Table of Business Processes Supported by SAP® Claims Management

Business Process Support	Special Features of SAP Claims Management
Claims handling and fulfillment	<ul style="list-style-type: none"> ▪ Streamlines claims settlement processes ▪ Supports litigation processes
Claims vendor and service integration	<ul style="list-style-type: none"> ▪ Directly commissions external services ▪ Assigns external service providers as business partners
Notice of loss	<ul style="list-style-type: none"> ▪ Provides customers with multiple contact channels ▪ Delivers detailed information on claims participants ▪ Easily checks for claims duplication ▪ Enables easy customization of claims controls ▪ Provides flexible assignment of claims handlers ▪ Supports industry data exchange standards
Electronic claim file	<ul style="list-style-type: none"> ▪ Offers detailed view of each claim ▪ Electronically manages all claims-related documents ▪ Supports different user groups ▪ Intelligence claims management using business rules framework
Negotiation and litigation support	<ul style="list-style-type: none"> ▪ Documents and displays all negotiation-related data ▪ Captures and tracks all litigation data
Analytical functionality	<ul style="list-style-type: none"> ▪ Delivers standard reports to all claims personnel ▪ Provides role-specific dashboards and online reports through the SAP NetWeaver® Visual Composer tool
Loss settlement	<ul style="list-style-type: none"> ▪ Identifies and rejects unjustified claims ▪ Quickly satisfies legitimate claims ▪ Detects fraud ▪ Calculates compensation limits and deductibles
Claims reserves and payment processes	<ul style="list-style-type: none"> ▪ Creates reserves for each type of coverage ▪ Creates payment orders ▪ Transfers orders to invoicing software
Collections and disbursements	<ul style="list-style-type: none"> ▪ Supplies data to SAP Insurance Collections and Disbursements
Subrogation and salvage	<ul style="list-style-type: none"> ▪ Enables subrogation and salvage efforts
Audit	<ul style="list-style-type: none"> ▪ Tracks performance of claims management processes ▪ Monitors service providers' activities
Controlled access and security	<ul style="list-style-type: none"> ▪ Enables controlling access to claims and claims data
Integration with existing systems	<ul style="list-style-type: none"> ▪ Integrates with SAP and non-SAP applications, including all SAP for Insurance solutions ▪ Manages all business partner relationships ▪ Electronically manages documents ▪ Manages procurement activities

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