

96% Client Satisfaction

Claim System Strategy, a Case Study

PMA.
COMPANIES

PMA Companies

Premier provider of workers' compensation and related commercial insurance risk management solutions.

Business Overview

Founded in 1915, PMA Insurance Group provides risk management solutions with a specialization in workers' compensation insurance and offers commercial property, auto, and liability products and services to clients throughout the US.

Products and Services

PMA offers a full array of property & casualty coverage's supported by our superior services:

- Workers' Compensation Commercial Property
- Commercial Automobile Inland Marine Insurance
- Commercial Multi-Peril Umbrella Insurance
- General Liability International

Three Major businesses operating in 19 locations across the country.

The PMA Insurance Group, PMA Management Corp, PMA Management Corp of N.E., and Midlands Management Corp.



What drove PMA Claim System Strategy?

State Expansion – extend our claims service model

Aging technology – Inhibited growth and Flexibility

- State Expansion
 - TPA Clients
 - Loss Sensitive Clients

Efficiency goals

“The right adjuster on the right file”

In the Beginning.....

Two separate systems supporting the claims department
One Mainframe, Cobol, CICS Workers Comp

A second, PowerBuilder, SyBase system for Auto, Property,
and GL

And a number of interface points....

- Number of “Application” nodes identified = 47
- Number of node-to-node combinations is approximately 110.
- Number of node-to-node combinations involving FNOL, NC or PCCS is approximately 65
- Total number of interface messages examined is 259.
- Number of Integration Patterns identified = 17

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The Selection Process

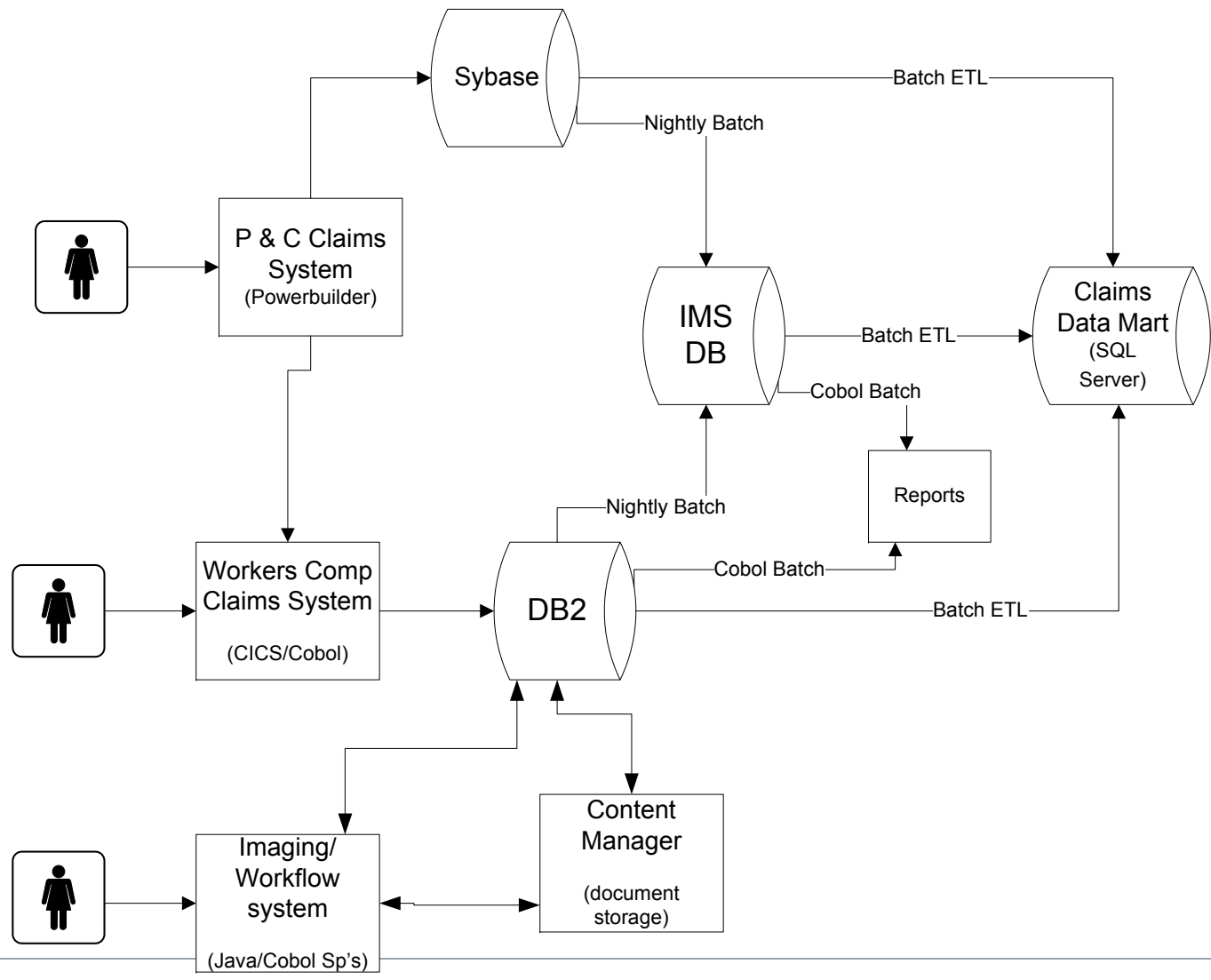
- Established a dedicated team to review and change current Claim Processing workflows
- The team spent 10 months in workflow review, concurrently performed some due diligence on ISV offerings
- Eliminated some ISV's based upon architecture (IT exercise)
- As workflow review was completed a combined IT and Claim team conducted a due diligence of ISV offerings
- Got down to two offerings and made a choice

Why not just enhance the current system?

- Any Claim system older than 10 years is still mainly tracking Financial transactions and more specifically the payment activity
- Weak fundamental Data Model in legacy
- Little room to track the level of detail needed to perform Claim job
- Claim job is an event driven job poorly supported by the linear nature of older technologies
- Medical detail and medical management is a growing effort within the Comp arena and needs data and analytics to address the issues
- Comp is a state regulated business
- Florida Expansion
- Poor underlying architecture, reflecting shifting corporate priorities over a number of years
- Non Comp lacked much of the functionality to support the Claims professional
- Time To Market

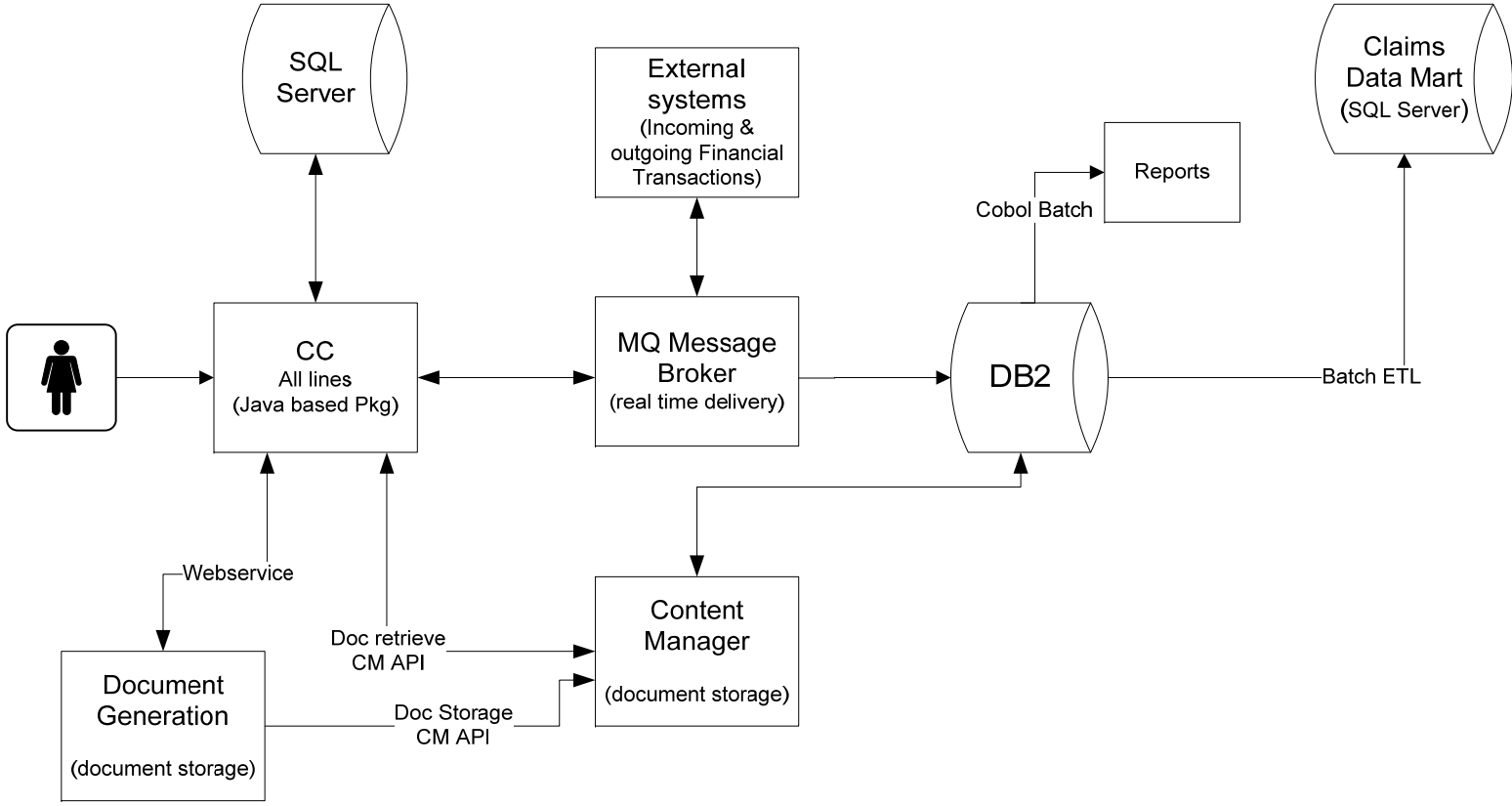
The Development life Cycle

- Combined the underlying data architecture
- Approach was to isolate much of the downstream integration from the application (ODS)
- In the meantime, project team started process of detailed requirements being instantiated into the application
- The repository took 10 months of work and went live in October of 2008
- Project Hiatus from November 2008 to Jan 2009 for overriding business objective
- Project resumed in earnest in February 2009
- UAT testing began in May of 2009
- Pilot in Richmond office began November 2009
- Countrywide rollout began in February of 2010 and concluded in August of 2010



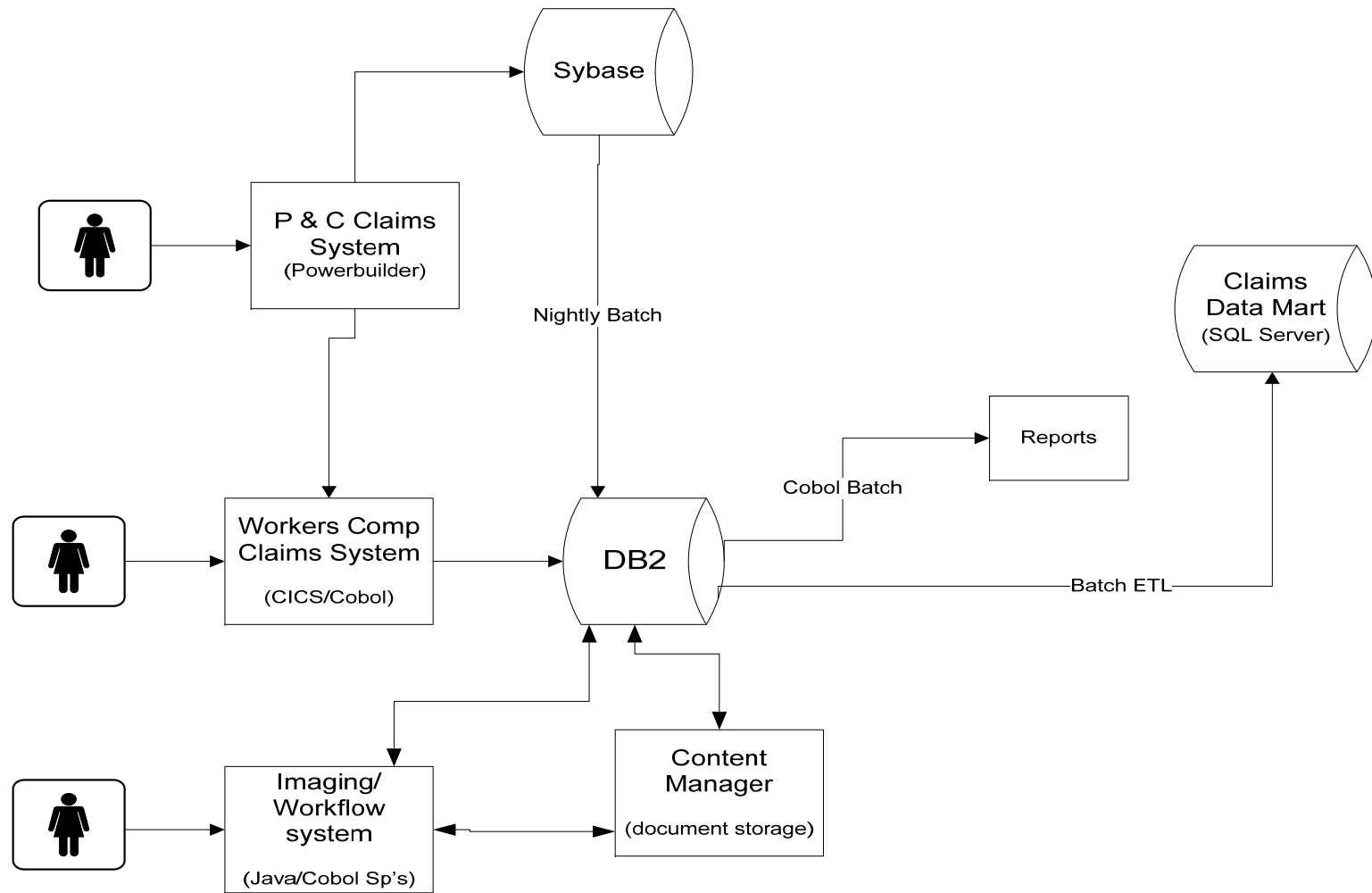
New PMA Claims Infrastructure – Post Rehosting Project

- New Front end, including workflow
- Messaging Architecture
- integration with document generation & viewing applications



PMA Claims Infrastructure – Phase 1 of Rehosting Project

- Eliminated IMS DB
- decreased data sources for Reports/DataMart



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How did it end up?

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A different view...

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How are we measuring success?

- QA scores will be measured over time looking for overall rise in median score across all offices
- Average Closure rate reduction – Right adjuster on right file
- Lower Costs to enter new states – Kentucky and Alabama
- More flexibility in the workflow – PMAMC of NE
- Higher Compliance results = lower fine exposure
- Lower Loss Ratio

Some lessons

- Agile methodologies are poor for legacy environments
- Harvesting Business rules out of Legacy Systems is challenging
- Expect huge change management issues
- Initially reserving patterns will change – have the actuaries on board
- Claim systems have many tentacles out to other processes (started that way)
- For Mid-size companies separating development from production is still tough
- It is O.K. to delay a project for the right reasons (Steering Committee)
 - Document it and remind people