



# Claims Settlement Intelligence Application

**Client**

Property Insurance Carrier in  
Phoenix, Arizona

**Industry**

Homeowners Property  
Insurance

**Solution**

AI-Enhanced Settlement  
Evaluation Negotiation  
Support System

## Challenge

Phoenix property insurer handling 35,000 annual homeowner claims faced 25% of settlements requiring multiple negotiation rounds, \$4.6M annual costs from prolonged settlement discussions and legal disputes, inconsistent settlement offers across similar claims creating customer dissatisfaction, claims adjusters spending 40% of time researching comparable settlements, and difficulty determining optimal settlement amounts balancing customer satisfaction with cost control.

## AI Consulting Approach

- Settlement Pattern Analysis: AI consultants analyzed three years of settlement data, claim characteristics, and negotiation outcomes to identify optimization opportunities using historical settlement patterns and basic valuation algorithms.
- Intelligent Valuation Implementation: Machine learning models processing property details, damage assessments, local market conditions, and historical settlements to recommend optimal settlement ranges and negotiation strategies.

## AI Solution

- Settlement Recommendation Engine: AI application analyzing property characteristics, damage extent, local repair costs, and comparable settlements to suggest optimal settlement amounts
- Negotiation Strategy Guidance: Simple algorithm providing adjusters with data-driven talking points and settlement ranges based on successful historical negotiations
- Comparable Claims Analytics: System identifying similar past claims and their settlement outcomes to support valuation decisions and customer communications



- Settlement Timeline Prediction: Basic forecasting model estimating likely negotiation duration and recommending proactive strategies to accelerate resolution

## Implementation (19 weeks total)

- Data Analysis (4 weeks)
- Valuation Model Development (7 weeks)
- System Integration (6 weeks)
- Testing Training (2 weeks)

## Key Results

### Settlement Efficiency:

- 14% of settlements requiring multiple rounds (vs. 25%), \$2.7M reduction in negotiation and legal costs, improved settlement consistency across similar claims

### Adjuster Productivity:

- 65% reduction in time spent researching comparable settlements, faster settlement decisions, enhanced customer communication quality

### Business Impact:

- \$3.2M annual value creation, improved customer satisfaction with settlement process, 195% consulting ROI, strengthened claims resolution capabilities

### Technologies:

- Settlement analysis algorithms
- property valuation models
- claims database integration
- adjuster decision support tools