

# eXposure Manager ( $X^m$ ) General Damage Engine

## Introduction

In Liability exposure evaluation, Medical and General Damages (GD), representing pain & suffering, are the two major components. While Medical for the most part is deterministic based on the bills submitted for evaluation, GD is very subjective. Given the same facts and venue surrounding a case, each CR may interpret them differently to come up with a different GD estimates. There lies the need for a tool to bring more consistency in these GD evaluations based on both physical and environmental factors.

## Exposure Base

The concept of Pain & Suffering is nebulous and requires a measurable base on which to quantify. Since the manifestation of any physical injury and its severity could be viewed in terms of medical services and treatment patterns, the medical dollars in some shape or form could become the exposure base for estimating GD.

However, any direct use of medical dollars in GD estimation would be very misleading. Injury characteristics and GD dynamics vary significantly in the way providers employ ICD-9's and CPT codes in treating each injury. As a way to bring more equity into GD measurement,  $X^m$  uses a proprietary method in transforming all the medical information into an exposure measure.

## Environmental Factors

GD awards by juries vary significantly not only from State to State but by regions within States. Also, human behavior is such that people of certain jurisdictions are a lot easier to negotiate than others. Unless these environmental factors are brought into GD deliberations, settlement expectations would not be realistic. X<sup>m</sup> developed a method by which these factors are brought into its GD estimating platform, so that the settlement expectations become more realistic and consistent.

## Best Practices

The GD Engine calibrated to represents client's own best practices. X<sup>m</sup> employs a proprietary sampling and data collection technique to gather GD and other exposure relevant data for its research in developing GD Engines. This engine, reflecting the client's best claim handling practices, captures injury and injury severity and other environmental factors critical for liability evaluation. The GD Engine estimate for each claim class is at best an aggregate, indication and it is the Claim Representative (CR) that brings other case specific factors to drive settlements. The X<sup>m</sup> approach to GD is so unique that its historical settlements not only bring consistency but also significant speed up in the settlement process.