Key Points

• Colossus software increases the objectivity of a claims evaluation by providing a recommended claims settlement range for the general damages portion of a bodily injury claim (pain and suffering) based on a detailed computerized review of the available medical history and an insurance company’s tuning of the software using historical data from its prior experience with settlements in particular regions of the U.S. for similar injuries.

• When a claims adjuster uses Colossus to assist in the claims evaluation process, the process is more consistent and more objective. Without a computerized tool such as Colossus, the adjuster’s determination of the general damages portion of a settlement could be affected by errors or by bias. Through a clearly defined process that includes use of the Colossus software, insurance companies can realize more consistent settlement payments to claimants and reduce outliers.

• Colossus does not settle or determine any claim; it assists the adjuster in doing so. CSC advises all of its insurance company customers that the claims adjuster should determine the final claim based on available information.

Learn How Colossus Assists Claims Evaluation

This guide walks through commonly cited myths about CSC’s bodily injury claims evaluation software and explains the facts as known by CSC.

Myth: Insurance companies use the Colossus software to reduce claims payments and achieve cost savings goals.

Fact: Insurance companies use Colossus to improve objectivity and consistency in their claims processes. With Colossus, the result for any specific claim evaluation could be higher or lower depending on the unique, individualized facts of each situation. While any tool could conceivably be misused, insurance companies have legal duties to their policyholders, and regulators oversee insurance company claims procedures to ensure compliance with the law. Regulators oversee claims procedures whether or not the insurance company uses a computerized claims system such as Colossus. No regulator has ever found reason to bar an insurance company from continuing to use Colossus.

Myth: CSC has said that its insurer clients have reduced their overall claims payouts by using the Colossus software.

Fact: CSC does not advise its insurance company clients today to use the Colossus software to reduce overall claims payouts. CSC recommends that Colossus only be used to assist an insurance adjuster’s professional judgment in determining a claims settlement. Colossus software increases the objectivity of a claims evaluation in either the insurance company or claimant’s favor by providing a recommended claims settlement range based on a computerized review of the available medical history and an insurance company’s tuning of the software using historical data from its prior experience with settlements in particular regions of the U.S. for similar injuries.
Myth: CSC claimed that the main function of Colossus is to achieve consistent payouts when, in fact, it was to realize cost savings at the expense of consumers.

Fact: CSC’s marketing materials and insurer interactions today consistently tout to insurers the ability of the Colossus product to establish consistent recommended settlement ranges. To the extent that CSC’s past marketing materials from a decade ago or more suggested otherwise, they were wrong. Colossus benefits the individual claimant in that it can lead to faster claims estimates from claims adjusters.


Fact: Insurance companies employ the Colossus software to improve objectivity and consistency in their claims processes. With Colossus, the result for any specific claims evaluation could be higher or lower depending on the unique, individualized facts of each situation. As a result, Colossus does not automatically or necessarily lower indemnity payouts or loss ratios, or improve surplus or profitability for an insurance company. To the extent that CSC’s past marketing materials from a decade ago or more suggested otherwise, they were wrong.

Myth: The use of the word “consistency” to describe the benefits of Colossus is an attempt to avoid the word “savings.”

Fact: Through a clearly defined process that includes use of the Colossus software, insurance companies can realize more consistent settlement payments to claimants and reduce outliers. The reduction of outliers — claims paid too low or too high — could lead to savings, but that would depend on the specific circumstances. Here’s a real-world example of how the use of the Colossus product as part of the overall professional adjustment process can promote more consistent settlement of the same claim among a group of eight different claims adjusters.

Myth: Colossus is a “black box” cloaked in secrecy.

Fact: CSC delivers extensive documentation to its insurance company customers explaining in detail how Colossus works. The level of detail provided exceeds the software industry standard. In addition, the Colossus interface has been improved over the years to increase ease of understanding for insurance company personnel of how it functions. Finally, CSC provides a public website for increased understanding of the software at www.colossuseducation.com.

Myth: Colossus eliminates the personal touch that once existed in claims adjustments.

Fact: Colossus is used to assist claims adjusters in determining settlements for general damages. CSC advises its insurance company customers that Colossus is a tool for the claims adjuster, who makes the final decision and thus retains a personal touch in the process. The claims adjuster always makes the final decision about a settlement.

Myth: State insurance regulators have failed to police insurance companies’ use of Colossus.

Fact: Insurance regulators oversee insurance companies, their claims processes, and the payments made to claimants to ensure compliance with the law whether or not the companies use computerized claims systems such as Colossus. Over the course of many regulatory investigations – including a 2009-2010 National Association of Insurance Commissioners’ market conduct examination of Allstate – regulators have reviewed many claims adjusted using Colossus, and no regulator has ever found reason to bar an insurance company from continuing to use Colossus.

Myth: The consumer cannot see the claims recommendation from Colossus.

Fact: Most insurance companies will show the claims recommendation from Colossus to a consumer, if requested.

Myth: Insurance companies use Colossus to establish reserves.

Fact: None of CSC’s customers have used Colossus to establish cash reserves.
**Myth: Colossus software assesses the propriety of medical bills, and medical payments are calculated into the Colossus claims recommendation.**

Fact: Colossus allows claims adjusters to input special damages information such as medical payments; however, the recommended settlement range that Colossus provides to claims adjusters is for general damages only and does not include special damages such as medical payments. Since Colossus does not address the propriety of medical bills, insurers can use software from other vendors to do so.

**Myth: The settlement by defendants in the Hensley class action litigation proves that Colossus harmed claimants.**

Fact: The court-approved settlement in the Hensley case did not require CSC to pay any damages to the class. As a result of the settlement, CSC now provides additional information about the Colossus software through a public website (www.colossuseducation.com). The settlement allowed CSC's customers to continue to use the software, and it allowed CSC to continue to market the software to new customers.

**Myth: CSC was the only software company named in the Hensley class action litigation.**

Fact: CSC was one of three software companies, including ISO and ClaimIQ, and dozens of insurance companies named in the lawsuit. The litigation was settled, and CSC was not required to pay any damages to the class.

**Myth: The June 4, 2012, Consumer Federation of America report “Low Ball” provides important new evidence of harm to consumers caused by Colossus.**

Fact: The Consumer Federation’s discussion of CSC and Colossus focuses on old documents from as long ago as 1993 while ignoring the changes and improvements that CSC has made in more recent years. While these documents were all before the court in the Hensley class action litigation, the court in 2009 approved a settlement in that case that did not require CSC to pay any damages to the class.

**Myth: CSC does not use medical experts to develop the knowledge base embedded in Colossus.**

Fact: The defined processes within Colossus have been built with the input of more than 300 subject matter experts including claims adjusters, claims managers and medical experts such as physicians. CSC continually updates the Colossus software with the input of medical and insurance subject matter experts.

**Myth: Colossus software adjusts claims.**

Fact: Colossus, a tool for professional insurance adjusters for use as part of the settlement process, provides a recommended settlement range to claims adjusters, and only a claims adjuster can adjust claims.

**Myth: The Colossus program automatically tunes itself.**

Fact: The Colossus program is tuned by the management team at an insurance company using the company’s historical settlement data.

**Myth: Colossus makes recommendations based on legal representation.**

Fact: Some insurance companies have asked CSC to customize the Colossus software to capture information relating to the claimants’ legal representation; however, Colossus does not use that information in any way in making its recommendation to the adjuster of a settlement range for general damages.

**Myth: Colossus treats claimants differently depending on their status.**

Fact: Colossus software treats all claimants the same, regardless of race, ethnicity, religion, sexual orientation, insured status, type of accident, etc. Gender can influence a recommended settlement range, but only because of medical differences between genders.

**Myth: CSC collects data from clients to set industry-wide tuning values.**

Fact: CSC does not collect or aggregate customer data and does not recommend specific tuning values to its insurance company clients.

**Myth: CSC receives a percentage of the “savings” from clients that may be generated after implementation of Colossus.**

Fact: CSC receives no payments based on benefits realized by its clients. CSC is paid a fee for licensing or leasing the Colossus software.

*For more information about Colossus, call 800.345.7672 or send an email to inforequests@csc.com.*