

## At A Glance

# Claims and Data Management and Analysis

### Overview

Data are fundamental to managing and analyzing a firm's potential liabilities, particularly when that firm is faced with class action lawsuits, mass tort litigation, product recalls, securities investigations, or claims of alleged employment discrimination. For more than 20 years, NERA experts have been managing and developing large and complex datasets, augmenting data as needed, and performing sophisticated analyses to address the complex issues that arise in these cases. NERA brings together the required disciplines—including economics, statistics, computer programming, claims management, accounting, epidemiological modeling, and insurance modeling—to address the most complex problems of assessment and valuation of liability claims. Our work has encompassed a broad array of industry sectors and product lines, including:

- Asbestos
- Firearms
- Mold
- Tires
- Automobiles and ATVs
- Large trucks
- Pharmaceuticals
- Tobacco
- Beryllium chemicals
- Medical devices
- Railroad cars
- Building products
- Mixed dust
- Silica

### Key Areas of Expertise

#### **Managing and Coding Hard Copy Claim Files.**

NERA experts have mastered all aspects of managing and triaging documents, capturing data, and organizing information from claims files to generate electronic claims databases. We set up file systems to manage claims files; develop coding protocols to capture the information required for claims resolution and analysis; and develop and implement checks on the process to ensure accuracy and avoid bias. We have coded large numbers of personal injury and property damage claims.

#### **Managing Large and Complex Electronic Datasets.**

Our cases often require that we develop statistically reliable estimates of, for example, how many defective products were distributed, how many employee meals were missed, how many stock transactions were processed, how many individuals were damaged, and how many claims will be filed.

To answer these questions, our experts have worked with data comprised of more than 200 million records, compiling data from upwards of 600 interlinked tables. NERA has the programmer expertise and in-house technology to construct and analyze electronic datasets of more than four billion records and we are resource flexible, meaning that we can scale up to meet the demands of any project.

**Statistical Sampling and Data Analysis.** Where relevant records or data are not easily accessible or where electronic data are available but an in-depth review would be time-consuming and expensive, NERA experts have developed well-designed statistical samples to extract a small but reliable subset of the relevant population for review. We use rigorous sampling and statistical techniques to determine whether a sample is representative of the population and have testified about sampling methodologies. NERA experts have designed samples for a variety of purposes, including:

- estimating the size of property damage or personal injury classes;
- quantifying the rate of product defect, contamination, or failure;
- determining the expected rate of injury or illness;
- assisting in the resolution of insurance disputes; and
- conducting cost effective preliminary analyses to aid in directing legal strategies and future research.

**IT and Programming Capabilities.** NERA works continuously to upgrade our data analysis capabilities. We have a core group of expert programmers, dedicated in-house high capacity servers, and close relationships with major vendors such as SAS and EMC to bring the latest technology to bear on our work. In addition, the members of NERA's Technology staff, representing more than 100 years of IT experience, collaborate to maintain and expand our highly available, cutting-edge data processing environment.

## Client Experience

In a case involving Congoleum Corp.'s pre-packaged bankruptcy, Congoleum's insurers hired NERA experts to investigate the Claimant Agreement that Congoleum had entered into with plaintiffs' counsel. Using Proof of Claims forms, NERA designed a database and protocol to capture demographic, exposure, and medical information and assessed whether the claims approved for payment would have had value in the tort system, based on the quality of the claims and whether the case would have standing (accounting for tort reforms, deferred dockets and statutes of limitations in different jurisdictions). Judge Nicholas Stroumstos of the Superior Court of New Jersey Law Division of Middlesex County ruled in favor of the insurers, finding that the Claimant Agreement was neither reasonable nor made in good faith, and that the insurers had no coverage obligations for the Claimant Agreement under New Jersey law.

For a large national retailer, NERA experts investigated allegations that employees did not receive all of their scheduled meals and breaks, and that they had not been compensated for time worked off the clock. Using electronic payroll, timecard, and cash register data, NERA assembled multi-million observation datasets that recorded employee activity, and determined patterns of, and followed, employee behavior across systems and time periods. NERA found that the statistical evidence did not support the alleged violations.

In a suit brought by the NAACP against handgun manufacturers, distributors, and importers, NERA experts used the Federal Bureau of Alcohol Tobacco and Firearms data which included detailed data on all guns used in crime in the US for an eight-year period of time. NERA analyzed the number and source of handguns used in crime; the relationship between guns used in crime and the practices of manufacturers and dealers; and quantified the impact of the allegedly negligent sales and distribution practices on the use of guns in crime. US District Judge Jack B. Weinstein accepted NERA's analysis, calling our findings "robust, adequate, accurate, and reliable."

In a class action lawsuit to compel medical intervention, a large tobacco company was faced with allegations that it owed medical treatments for illnesses associated with smoking. NERA experts were asked to provide statistical evidence on issues of commonality of the proposed class seeking certification across a variety of US states. To generate accurate estimates, we needed to account for demographic patterns, including mortality and morbidity, and to understand how these patterns were related to smoking behaviors. The analysis required us to aggregate and manage large, complex data sets from multiple sources, including data from the US Census.

## About NERA

NERA Economic Consulting ([www.nera.com](http://www.nera.com)) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA's economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world's leading law firms and corporations. With its main office in New York City, NERA serves clients from more than 25 offices across North America, Europe, and Asia Pacific.

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