



How to Process all those Claims in a Class Action

MAY 2022
Case Study



Background

A class action claim was filed against a leading biotech company in the United States.

The company manufactures several generic drugs used by leading pharmaceutical companies across the world.

The company has started manufacturing essential drugs and supplies for pharmaceutical companies producing the Covid-19 vaccines.

The biotech company has scaled up its operations to match the client companies' global requirement of the chemical compound required for the coronavirus vaccine and booster dose.



The Case

- A class action litigation was recently filed against the biotech company for neglect of environmental and worker safety standards while manufacturing class 4 drugs.
- As alleged, the biotech company's choice of production technology and the quality of active ingredients was substandard, exposing the workers and surrounding environment to serious health hazards.
- A class action refers to a legal proceeding by more than one individual (the plaintiff - the person alleges wrongdoing) against a single defendant. It is a claim on behalf of a wider group of people affected by the same conduct.
- According to experts, the biotech company is just one of the innumerable companies that will face litigation as companies are restarting operations after the pandemic.

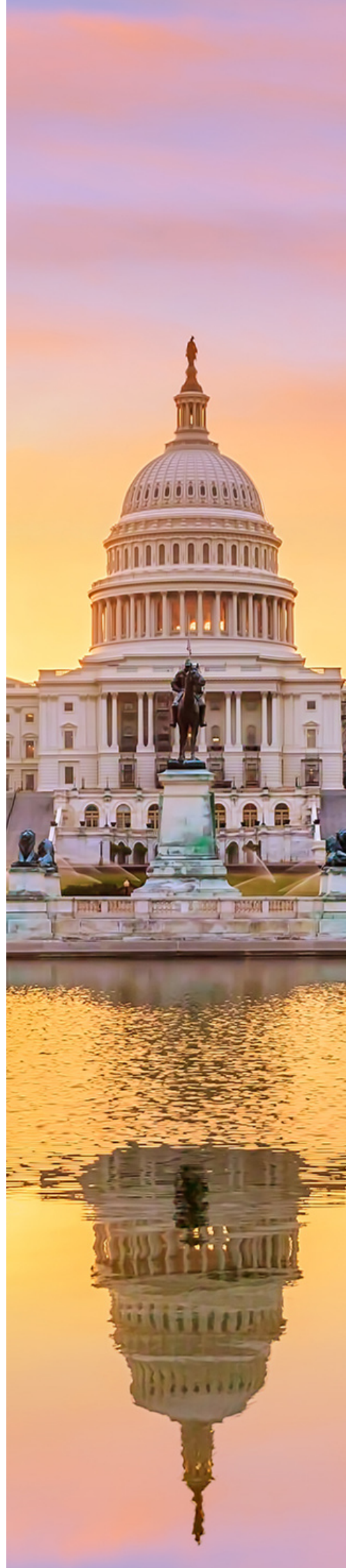


Why do Lawmakers Need to Worry About Class Action Deluge

There is an air of uncertainty in business operations and businesses may be put under scrutiny for their working standards in areas like working conditions of blue-collar workers, wages, discrimination, supply chain breakdowns, payment contracts, etc.

With this, law firms are bracing themselves up for the influx of class action litigation.

The pace of class action lawsuits has gone up after the devastating impact of the pandemic on the global economic trends. People are finding ways to compensate for the damages, and the corporations are at the receiving end.



In this case, the plaintiff alleged that the biotech company failed to account for the improper disposal of industrial waste that is a residue of class 4 drugs. The plaintiff also accused the biotech company of massive and continuing negligence towards workers' safety standards while dealing with hazardous substances.

The class action claim against the biotech company led to massive claim filing, investigation, legal notice exchange, documentation, and claim processing.

Law firms need to prepare themselves to deal with expected increase in the class action lawsuits as these claims involve high volume data and document management.



The Extent of Work in a Class Action

Legal cases are tiring and may extend over months and years. Class action suits require mass post mails, emails, phone calls, and paperwork.

This gives rise to a surge of legal and paralegal activities like data management, document processing, information exchange, phone, and email communication, etc.

Reasons for Outsourcing the Various Aspects of Class Action

The increasing implication of class action poses various challenges for the companies concerned and their liability insurers. Law firms and companies can outsource to experts to settle class action claims. Outsourcing solutions are available for class action cases concerning data management, document processing, plaintiffs management, and claims processing.

As the claims function is not a core activity, companies are driven to outsource services by competitive forces. However, the claims function is considered a key differentiating factor in the marketplace for companies. It can be the “proof of the pudding” if an insurer can show that they were delivering good value for money.

Therefore, it is valuable to leave it to an outside professional organization. Any customer dissatisfaction may lead to risk. Thus, outsourcing is more than costs and benefits.

Law firms need to design and customize all the class action claims procedures and processes to the exact requirements of the matter. They need to ensure accuracy and efficiency for every executive task. It includes

- Formatting direct mail notices
- Establishment of notice fulfillment services
- Coordination with the USPS (United States Postal Service)
- Database management
- Claim adjudication (paper and electronic)

Challenges faced by the Law Firm in the Biotech Company Class Action Claim

The law firm handling the class action claim in the biotech company's case was looking for outsourcing services to smooth class action claim processing. The law firm connected to ARDEM. Here are the challenges it was facing.

- **Increased Intricacy:** The current class action claims process is increasingly intricate. To increase the pressure, applicants/plaintiffs focus on board members, and the biotech company faced increased Directors & Officers (D&O) claims.
- **Data Management:** Claim processing involves numerous parties, and the law firm needed to process plenty of correct information accordingly. Every claim case requires incredible data to be processed to review, adjudicate, and finalize the claim. It requires huge time and effort to collect all the needed information and documents. More fields mean errors may occur, mainly if the process is manual.
- **Technology Risk Management:** Cyberattacks are common threats that businesses face today, regardless of industry. Hacking, social engineering, and malware can cost companies billions. The law firm tends to store sensitive company and customer information on data networks. It is not surprising why they are a target for cybercriminals. Unexpected technology risk is present in the legal industry, to augment older records. In view of the public and media pressure, in this case, the law firm needed expert services to handle sensitive client information.

How ARDEM Helped

ARDEM inputs and manages data faster and more efficiently by leveraging technology. We leverage the most advanced data capture technology, including document imaging, Optical Character Recognition (OCR), and Intelligent Character Recognition (ICR).

The sophisticated processing handles all mails, faxes, and electronically submitted claims. All claim processing work is handled with privacy. The clients are free from the worry of privacy of the information and data of the company and plaintiffs.

- ARDEM used its in-house cloud-based network to provide the law firm with the latest cloud computing solutions that include cloud-based collaboration platforms and cloud-based BPaaS solutions for data processing and conversion, among other things
- The law firm got timely, responsive, and scalable solutions from ARDEM to manage the flood of unexpected reports, notices, and other paperwork regarding the lawsuit.
- The expert data analyst teams at ARDEM offered high accuracy to the law firm in managing the legal data.
- The data mining and formatting services of ARDEM helped the law firm save the billing hours by reducing the hundreds of hours involved in the processing of datasets.

- The technology setup and cataloging of documents required niche knowledge and experienced handling. ARDEM helped the law firm save on hiring and training costs by offering financially-viable expert solutions.
- Since class action claims require an immediate influx of additional litigation experts and support staff, which is often a temporary requirement, ARDEM helped the law firm save up to almost 30% costs by eliminating the need to permanently hire and maintain legal and paralegal staff.
- With the stringent data regulations levied on data storage and information security, the law firm was struggling to keep the biotech company's classified data secure from cybercrime and theft. Moreover, the biotech company refused to share the law firm's additional financial burden of keeping their data secure from a breach. When ARDEM intervened and took charge of the data processing and hosting, the biotech company found it more digestible as the costs were projected by a third party. The biotech company valued the expertise offered by ARDEM in litigation support and was willing to share the burden of data and information security with the law firm.
- The internal teams at the law firm were working on multiple cases and were facing issues like internal politics and multidimensional tasks. ARDEM stepped in as a dedicated specialist with scalable staff and resources for the class action claim case.
- The law firm was able to get quick briefs and meet the court deadlines to help the law firm in concluding the case more quickly. Due to this, the law firm could save valuable lawyer time and take up additional higher-value and strategically profitable work.

The Final Word

Law firms and claim administrators have limited expertise in activities that may be crucial to the case but lie outside the legal arena. The law firm could mitigate its litigation risk and deal with the biotech company's action claim lawsuit more efficiently by outsourcing its legal and paralegal requirements to ARDEM.

With vast claims management experience, ARDEM's technology provided the law firm with 24/7 access to all updated case information. ARDEM's expert litigation outsourcing helped in the tracking of the status of notices sent and claims received or intelligent importing and data validation processes.

All this was easy for the law firm without having to waste time processing invalid claims. ARDEM's team carefully monitored timelines to process data and ensured that every stage of the claims processing ran on schedule.



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