

CONVERSATION THREADS FOR 2020



Ushering in a new decade means new conversations, new complexities, new and exciting trends to weave into our existing ways of doing things. Throughout 2020, Sedgwick wants our clients to know our top priorities have not changed: keeping your organization and employees healthy and productive, mitigating and reducing risks and losses, protecting your brand's reputation and containing costs.



By finding the common threads that connect us all, we can continue to come together as we explore everything from consumer experience to digital development. The many experts and thought leaders here at Sedgwick expect the following trends, topics and issues to influence and impact 2020 and beyond. We'll continue to monitor, share and dive into each idea throughout the year, watching for evolution and preparing for the future right alongside you.

Let's talk about...

- EVOLVING EXPERIENCE
- CARING CULTURE
- BREAKING BARRIERS
- COMPLIANCE COMPLEXITIES
- MAJOR MITIGATION
- DIGITAL DEVELOPMENT
- READY RESILIENCE
- WORKFORCE WATCH
- TRENDING THEMES



Evolving experience

Pairing digital-first technology with human-centered solutions will continue to help improve the claims experience and simplify the process for consumers.

CONVERSATION THREADS:

- Cloud-based technology and easy-to-use interfaces continue to grow and provide peace of mind for clients and consumers when faced with product recall scenarios. Auto adjudication technology is coming that will make it possible to scale up within hours to accept and process thousands of recall, warranty or other simple cases based on integrated rules engines.
- Valuable self-service tools help injured employees, individuals out on leave or liability claimants stay engaged, providing a real-time view of activity and improving recovery and resolution time. Consumers can refine their claims experience by choosing their communication preferences.
- In the international landscape, consumers are looking for leading technology that offers real-time access to information from carriers.
- Additionally, integration as a running theme goes beyond just integration of casualty and disability programs – it's now about a simpler user experience and connecting consumers to the right resources at the right time. The idea of a one-stop shop can span integration of systems, intake, data, contacts, best practices and more.



Continuous investment in technology, evolution of our own tools, and education of adjusters and the workforce is necessary as we respond to the pace of change as well as the expectations of today's consumers. These ongoing strategies support a singular experience that simplifies and enhances the customer experience, while at the same time driving consistency, efficiency and outcomes for organizations.



Caring culture

Across the claims spectrum, adjusters are evolving into partners and advocates for the consumer, offering claims expertise and assistance with a focus on empathy and compassion.

CONVERSATION THREADS:

- Advanced programs are being introduced to address specific needs with specialized care. One example is crisis care, which helps employers respond to violent workplace events, catastrophic injuries and complex claims by providing employees with a single resource for clinical guidance and medical care. Managed care options now include special tracks for those in need of surgery nurse programs, behavioral health services, pharmacy support and more. In another example, trained liaisons can be integrated to walk consumers with dementia through the property claims process.
- Keeping people healthy and productive is about more than just physical and mental health. Employers are thinking about the financial health of their employees (or the lack thereof) and the impact this has on work and productivity. A higher level of advocacy can help alleviate stress and absenteeism, including guidance on early pay programs, student loan programs, and assistance in care coordination and planning for employees with caregiver responsibilities.
- Physical therapy is trending; we are seeing an increase in the percentage of files receiving treatment early in the claim. This is good news as those claims have a lower propensity for surgery and opioid use; however, we are watching the trend from an initial cost perspective.
- State drug formularies are becoming increasingly common in the U.S. as officials continue to battle prescription drug abuse.
- Litigation management strategy is shifting into prevention mode; when advocacy is emphasized at the onset of a claim, we see far fewer litigated claims and, when combined with legal bill review, a scorecard approach and attorney benchmarking, we achieve better outcomes in litigated cases.
- More clients are asking about utilization review (UR), which is proving to be instrumental in protecting against unnecessary medical care and facilitating a safe recovery, particularly when evaluated in relation to litigation management. We're finding through analysis of our book of data that UR is not, as perceived by some, a trigger for increased legislation.

As a culture of advocacy permeates our interactions with consumers, it continues to reduce friction and costs, and contribute to a more positive experience and more favorable outcomes.



Breaking barriers

From the point of need, throughout a claim and through to resolution, our industry continues to shine a light on ways to reduce and break down barriers to care for injured individuals, as well as removing inefficiencies that can slow down resolution of property claims.

CONVERSATION THREADS:

- Access to providers may prove to be the most impactful issue for workers' compensation in the years ahead. Shortages in the healthcare workforce, particularly the mental health field, have become a concern as these experts are essential to providing holistic care, combatting opioid issues and supporting the health of an aging population.
- Virtual care is becoming more common as a means of speeding access to providers – especially in areas where experts are in shorter supply or higher demand – and it is delivering results for early adopters. As we understand more about which types of injuries, conditions and exposure events are most appropriate for the use of telemedicine, how do we encourage greater adoption?
- Concierge services are expanding beyond whole health advocacy and now incorporate additional ways to make life easier for those in need. For casualty and disability claims, that could be anything from finding ways to support everyday activities like grocery shopping and getting to and from appointments. For absence and productivity management, it could include offering backup childcare, caregiver resources or home repair networks. For property claims, it can include streamlining the repair process and connecting specialized resources like building consultants and forensic accountants.
- Global companies are looking for ways to set a consistent standard around the world in benefits and care for workplace injuries, leave programs, absence management, travel claims and more. Centralized global intake is a starting point, enabling simpler interactions with consumers, easier exchange of information between teams and more robust tracking. But one question is how can we help establish an auditable standard for adjusting, while adapting for local customs and considering fairness across regions?

These cases emphasize the need for connection, collaboration and communication. Connecting the right resources at the right time will improve the consumer experience, control costs and lead to even better outcomes.



Compliance complexities

Business owners around the world may face different compliance challenges, but they all are concerned with how to stay on top of regulatory changes, streamline their processes, create stronger work environments, maintain safety and keep compliance simple.

CONVERSATION THREADS:

- In the U.S., the pace of change for continued expansion of paid leave programs including family and medical leave, paternity leave, caregiver leave and more is creating a need for employers to take a closer look at their insourcing vs. outsourcing approach.
- Variation in the global and regional patchwork of cyber security and data privacy laws – which continue to expand – exacerbates already complicated compliance risks and costs for employers.
- Despite 30 years of the Americans with Disabilities Act, employers still have many questions. Businesses can benefit from continued education, administrative support and legal guidance to simplify the complex rules and regulations at the intersection of disability and leave programs. In addition, reinforcing interactive process protocols and understanding that there is no one-size-fits-all solution for accommodations will help ensure employees have access to specialized programs tailored to their needs.
- With inconsistent federal and state regulations, marijuana usage and its impact on the workforce continues to be a complicated issue in the U.S. Challenges around coverage, clinical guidance, workplace safety, workforce testing, and liability related to both recreational and medical marijuana usage will remain top issues in the coming year. Perhaps countries with established and emerging policies on marijuana usage can provide guidance as we focus on the individual within the broader scope of workplace safety.
- Building owners and the construction industry are weighing compliance challenges, remediation costs and coverage shortages as they face a combustible cladding crisis in some parts of the world, particularly Australia and the U.K. As the impact of the issue spreads, businesses are also bracing for project delays, job losses, business interruption and relocation considerations.

In a confusing and complex environment, support is key. This can include ongoing education for employees and managers as well as identification of partners and resources to provide reliable direction and advice.

REGULATORY CHANGES

STREAMLINE PROCESSES

STRONGER WORK ENVIRONMENTS

MAINTAIN SAFETY

05 Major mitigation

Major and complex losses are becoming an increasing concern for all lines of business. When facing extreme weather events, crisis management situations, the impact of “nuclear” verdicts and other precedent-changing forces, the question is, “How can we prepare for the unexpected?”

CONVERSATION THREADS:

- Pre- and post-loss preparedness is becoming even more critical as we constantly try to outsmart natural disasters and major events. Innovative catastrophe models in the property claims arena can assess potential exposure to natural events, access real-time policies and identify opportunities for integrating resources like building consultants or engineers to help mitigate the risks.
- From high-profile cases involving opioids and other prescriptions, pesticides, head trauma, gun violence claims, malpractice and allegations of impropriety, the mounting severity of high-stakes and high-cost cases can affect the severity of future claims.
- With recent, groundbreaking court decisions as a backdrop, product liability exposure has become a growing concern. To what extent is a retailer responsible for the products sold in their physical locations, as well as in an online marketplace? The courts are opening up a realm of possibility for lawsuits and challenges, as well as increased exposure for retailers and third-party vendors, particularly those without adequate coverage.
- Marine exposures are becoming even more complex when factoring in the many elements of claims from employers' liability to environmental issues and other specialty risks, and the need to comply with conflicting international and domestic maritime laws. Further, as the future of marine technology becomes reality, with ships becoming more autonomous, the industry will face new safety and cyber threats.



The potential for major and complex losses continues to grow as we face existing and emerging risks. Technology improves the way we prepare and respond, and preparedness is key. Aligning the right resources ahead of time makes response and mitigation less stressful in the moment and more successful in the end.

06 Digital development

Digital evolution forces us to rethink the claims process as we know it. With the next wave of technology, we will see big changes in the way adjusters work, reducing cost and delivering faster and smarter response.

CONVERSATION THREADS:

- Artificial intelligence (AI) continues to disrupt our known processes and redefine the claims path. AI can now comb through data and notes and prescribe action; it can identify when – and which – clinical resources should be used for the best outcomes; it can support return to work (RTW), analyzing body mechanics to create functional job descriptions. However, AI does not replace the human element within our industry; it informs decisions, helps appropriately direct resources, and enhances our ability to respond and react.
- Care models are evolving to include the broader scope of health tech – including digital health, virtual health/telemedicine, mHealth (app-based and mobile health tools), AI and machine learning – as well as its use case in preventative care, disease management and overall well-being. Now that we are seeing greater implementation within group health, it's important to talk about what this means for workers' comp, disability, leave and beyond.
- Advanced tools for behind-the-scenes connectivity, including web services and application programming interface (API) technology, are opening up new options for seamless claims system interaction and integration of external support services.
- There is a prevailing need to update older, legacy infrastructure and hardware to capitalize on technologies such as AI, machine learning and the Internet of Things (IoT), while also protecting against system vulnerabilities and cyber risks.
- Advanced analytics and the value of data will influence future reporting for customers, brokers and risk managers, and challenge existing conventions, moving from traditional diary management to measurement of outcomes and benchmarking for program success.



We are only starting to see the impact of more prevalent and capable mobile technology, health tech, advances in APIs and telematics, and tangible tech like autonomous vehicles, drones and wearables. It will take investments in time and resources, but we can look for continued improvement in the speed of resolution, communication, connectivity and the overall user experience.



Ready resilience

No matter the reason for a claim, whether property, casualty, benefits, marine or any other type, or where it happens around the world, developing the ability to recover quickly is a common theme.

CONVERSATION THREADS:

- Whether responding to natural or manmade catastrophes or severe accidents or incidents, employers must take proactive steps for emergency preparedness. Disaster recovery planning is a gap area for many; pre-planning can include action plans, communication plans, advanced alignment of crisis resources, repair networks and other partners.
- Cyber resilience is moving to the forefront as businesses become ever more dependent on technology in order to function and their exposure to cyber risks is heightened. Organizations must continue to anticipate cyber attackers' objectives and implement prevention measures like cyber hygiene policies for their workforce; they also must shift the focus toward cyber resilience and brand protection measures in the event of an attack.
- Mental health and wellness is another area where resilience comes into focus – resources and guidance can be valuable in support of any workplace accident, life event, catastrophic situation, motor accident or property loss.
- Work/life balance is important for health, but few employers help their employees manage this challenge well; with burnout now classified as an ICD-11 occupational condition, resiliency training may be a useful tool to help employees cope.

In our industry, we are well-equipped to provide the right guidance, tools and support to help our clients and consumers bounce back when faced with challenges. Businesses need to find ways to stay agile and responsive; choosing the right partners and resources will make a big difference.



Workforce watch

We've talked about changing workforce demographics and ways to attract and retain talent for years... but that doesn't change the fact that these are still key issues – for the insurance industry and beyond. What strategies are gaining viability in addressing ongoing productivity challenges?

CONVERSATION THREADS:

- Many industries across the world are facing talent shortages as the population ages, immigration patterns change and demographics shift. This talent gap becomes even more evident when considering the mismatch of skills required for available positions as compared to the capabilities or preferences of the labor pool. Protégé programs, apprenticeships and on-the-job training initiatives – especially those focused on technology – are gaining in popularity for succession planning and generation-to-generation knowledge transfer.
- We have a responsibility to serve a more diverse range of consumers than ever before, not only with four and five generations represented in the workplace, but also considering diversity in culture, gender identity, political and religious ideology, and more.
- In an aging population, the prevalence of chronic conditions is expected to grow along with healthcare spending. And with a significant percentage of older workers choosing to remain active in the workplace, the use of evidence-based medicine to understand the causation of claims will be increasingly important. Additional steps in the investigation and clinical triage process may be needed to help clarify the injury and ensure employees receive appropriate care.
- The recent passage of Assembly Bill 5 in California will fundamentally change the state's gig economy, including how the flexible workforce is classified and paid. This new law may have a sweeping effect on other states, particularly as it impacts benefits and compensation challenges.
- For the at-home workforce, it's important to address safety, ergonomics, security, liability, transparency, engagement, reporting and tracking. When used as part of the RTW process or as an accommodation, how are work-from-home options most effective?
- RTW and modified duty programs are gaining renewed interest in support of both physical and mental recovery – our data shows a 25% increase in claims with RTW services over the past two years. Many employers are focused on developing more robust functional job descriptions to support transitional work. And employers with limited on-site opportunities are looking to not-for-profit organizations for placement options.

Caring for the workforce and addressing labor shifts and productivity challenges will continue to be part of the conversation. It's our responsibility as an industry to share our ideas for innovation and growth.



Trending themes

During 2020, we expect several topics to increase in relevance, from geopolitical concerns – particularly with major elections taking place in the U.S. and elsewhere – to the impact of climate change and connected regulations in different parts of the world. Cyber threats will continue to intensify and the hardening insurance market may cause organizations to take a new look at their strategies.

CONVERSATION THREADS:

- We continue to see acceleration in climate volatility, high costs to businesses from weather events and their effect on communities, lost biodiversity affecting industry segments like farming, and companies facing responsibility for environmental damages. As the pressure to take action on climate change resonates across the globe, the P&C industry is slowly moving away from insuring and underwriting dirty sources of energy. The insurance industry plays an important role in understanding potential environmental liability exposures, and in making choices with sustainability in mind.
- Political polarization and its impact on decision-making, regulation and trade can be seen in the U.S., U.K., Brazil, Philippines, Argentina, Peru, Germany and beyond. Globalization forces us to look at risks to supply chains and labor supplies. Additionally, more organizations are evaluating the options and benefits of a global perspective on workforce absence that integrates thinking, goals, processes, products and technology to address absences and productivity overall, not just in individual lines of business.
- Cyclical market and economic challenges are a predictable unknown, but this year may find us facing the impact of potential recession and we are beginning to see the signs of a hardening insurance market, which could prompt organizations to explore captives and other methods of alternative risk. In an environment of increased economic pressure, how can we prove the value of investing in risk management?
- What will be the next generation of cyber risks? The fifth generation of mobile networks (5G) will undoubtedly improve everything from smart devices to the Internet of Things, including a surge in development and deployment of driverless cars, trucks and ships. This may add to a higher volume in cyberattacks and an increase in cyber exposures, as well as stretch the boundaries of existing regulations and guidelines.
- Real-time payment services developed by technology giants and fintech start-ups continue their advance, challenging the financial system status quo and offering new options for the claims industry, but as new payment technology evolves, we must also consider security and fraud concerns.

The year may bring many emerging risks, and the only constant is the necessity to evolve and adapt. Strong partnerships and thought leadership will help provide guidance through the uncertainty and support planning for the unpredictable.

