Every workers’ compensation, liability and disability claim produces data and lots of it. Analyzing this data in a way that provides important insights can be difficult. Often times, employers, carriers and brokers receive reports summarizing data, but how can it be used in a way that makes a difference?

Who we are
Sedgwick risk modeling is designed to take data analysis to the next level – one that delivers insights that lead to meaningful interventions. We are uniquely qualified to provide this level of service. For more than 40 years, Sedgwick has been leading change, providing innovation and improving outcomes for its clients across a broad range of organizational enterprises.

Since 2004, our risk modeling team has been setting the standard for the entire industry.

We provide national expertise and teams of recognized experts committed to meeting the needs of our clients.

What is risk modeling?
Sedgwick’s innovative combination of data, technology and knowledgeable industry experts help our clients uncover the trends that lead to successful claims resolution.

Most current predictive modeling techniques try to identify patterns that, if not acted upon, will repeat.

We customize that basic approach further by using the client’s own data to provide a much richer, robust and meaningful analysis of their claim information.

Risk modeling may be a new term to some, but the overall goal is similar to traditional data analysis. At its core, Sedgwick’s approach to risk modeling is the process of discovering patterns in data that cross the event, claimant and environment.

The goal is to transform data into actionable information to support the strategic decision process and to prevent and mitigate injuries and accidents. Rather than relying on a single approach to data compilation and analysis, we select from a number of statistical techniques to create a proprietary approach to risk modeling.

Sedgwick Risk Modeling provides clients with information and insights that help identify patterns in data that can’t be found through traditional reporting.
RISK MODELING

Consider all the information captured from just one claim:

- Location
- Age
- Marital status
- Industry
- Job function
- Length of time on the job
- Education

There are multiple combinations of characteristics and variables that can shed light on why a claim might lead to higher exposure. The complexity of these relationships makes it difficult to ascertain this information using traditional reporting methods.

Because of this complexity, finding meaningful insights in claims data is challenging at the desk level – not because examiners aren’t experienced – or because they don’t understand – it’s because there is simply so much of it – and because no single examiner has seen every claim within the client’s experience.

This doesn’t mean they aren’t a vital part of the system – they are. At Sedgwick, we believe risk modeling is there to enhance, not replace the experience of examiners, giving them an additional tool to help inform and guide them through the adjudication and settlement process.

The critical step – using data to develop interventions

Data analysis and the development of strong models is just part of the process. The use of analysis to develop targeted interventions is a critical element that cannot be overlooked.

The best model in the world is useless if it is not deployed through a strong intervention.

Modeling and interventions are the double value that we bring to our clients.

Effective risk modeling begins with thoughtful data analysis. Data analysis is a process through which data are transformed into information, and in turn, provide a decision point that results in action. Actions within the risk management arena generally take the form of an intervention or series of interventions, such as return-to-work initiatives, nurse case management, safety programs and allocation systems.

We support the intervention process through program evaluation techniques that:

1) evaluate the outcome of an intervention, or
2) identify an opportunity for an intervention.

For example, lost time statistics provide the current state of affairs for a given employer based on the total or average number of days away from the job for workers’ compensation claims. These descriptive statistics alone tell the “what is.” The statistics become more valuable when they enable risk professionals to understand the drivers to lost time as they relate to the characteristics of the claimant, the claim, and the environment in which the incident occurred. Understanding the larger picture opens up opportunities to target specific actions, positions, locations and other details that affect future claims.

The Sedgwick difference

It’s the larger picture that helps set Sedgwick apart. We don’t just provide analysis or reports. We provide the answer to “now what?” We become our clients’ partner to use data to create interventions targeted specifically to the findings uncovered from data.
We offer a true enhancement of the traditional claims management process – one deeply rooted into the partnership between Sedgwick and our clients.

**No matter what some companies may say, predictive modeling in and of itself does not save money. It simply identifies those opportunities that can be addressed with targeted interventions.**

We can also provide insight on what happens in terms of cost and outcomes if interventions are ignored, providing powerful information risk managers can take to the C-suite to secure buy-in and support for key programs.

Sedgwick clients benefit from:

1.) Leading-edge systems to support the capture, storage and retrieval of data for analysis
2.) In-depth expertise in virtually every industry
3.) Knowledge and expertise required to conduct thoughtful data analysis and meaningful reports
4.) Our ability to leverage opportunities identified through targeted interventions

**Customized for every client**

We know that every client’s business is unique. When it comes to predictive modeling, some companies use a standard approach that only looks for patterns in claims. We recognize that thresholds vary by exposure. We don’t set an arbitrary number for every client. We validate that dollar figure based on data. We start by looking at all claims that represent the top 25 percent of volume, cost and lost time. That figure then becomes the basis for our model.

**Key Elements of Risk Modeling**

- Business understanding – define the question
- Data understanding – identify and match data to the question
- Data preparation – derive, cleanse and format
- Modeling – choose the analytical method
- Evaluation – validate the method
- Deployment – operationalize the results

Our experienced risk modeling team uses a series of techniques to build, test, and validate a model that identifies those claims most likely to exceed the threshold. These claims are then scored and reviewed by the examiner to ensure accuracy, and to monitor the profile reports to see if broader trends appear across examiners, jurisdictions, industries and other key factors. Ultimately the level of detail provided is up to each client.

The foundation for our risk modeling is JURIS®, Sedgwick’s claims management system, which gives examiners access to a range of information and resources critical to claims and care.
**Commonly Asked Questions**

**How long does the risk modeling process take?**
Most projects are completed within two to three months.

**Can data outside our own claims be used?**
Yes, as one of the largest aggregators of claims data in the world, we offer our clients access to a robust range of information to incorporate into analysis as desired. Our analysis tool is industry, as well as system, agnostic, meaning that we aren’t just reliant on data in our claims system. If clients want to focus on data from a single area such as loss control or from multiple claims systems – we can do so. Data do not have to come from the JURIS® system alone.

**How do you deploy your findings?**
Most of our clients use information to deploy interventions at the nurse case management or return-to-work level, or as part of safety programs. We will deploy our interventions wherever it is most beneficial to each client.

Contact us today to learn more about Sedgwick risk modeling and how we can help provide the data and insights that lead to actions and meaningful interventions.

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