Workers' Comp

Managing the Evolving Claims Workforce

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One of the biggest issues impacting the P&C industry is the changing labor market. As a result of the pandemic, employee norms around work are changing and impacting in diverse ways. Many older professionals have chosen retirement, while others have left the industry for new opportunities. This leaves payers with a big challenge to bridge the knowledge gap as younger professionals enter the market.

In this quarter's Enlyte Executive Insight, Steve Laudermilch, EVP of Mitchell Casualty Solutions Group, offers solutions on how leaders can best integrate the new workforce and embrace the strengths of the new P&C generation.

Claims management is experiencing heavy turnover at the desk level, pressuring claims organizations to attract, hire and train resources. What is one of the biggest challenges claims leaders face in integrating new adjusters into their roles?

Steve Laudermilch (SL): It is important to first emphasize the depth of the workforce challenge we are facing. A report by the National Association of Mutual Insurance Companies indicates 50 percent of the current insurance workforce will retire over the next 15 years. In addition, a 2022 survey by *Property Casualty 360* found nearly a quarter of all claim adjusters anticipate retiring within the next five years. These stats portend a talent chasm awaits yet, even today, claims organizations are stressed to quickly find and develop new adjusters.

Once new, but inexperienced, adjusters are onboarded, the primary objective is to quickly ramp them into productive claim handlers. Prior to the pandemic, formal adjuster training was augmented by "in-office osmosis" – listening to experienced adjusters as they talk on the phone with claimants, medical providers, and lawyers; and negotiate claims. A shortage of highly technical adjusters coupled with remote and hybrid work has altered that workplace dynamic, creating new hurdles for adjuster training and knowledge transfer. Even as claim organizations find their equilibrium, accelerating talent development will remain an operational challenge.

As long-time claims management professionals retire or seek opportunities in other sectors, what's the top concern companies have in transitioning from a more experienced to a less experienced workforce?

SL: The challenge of transitioning to a claims staff with less tenure and expertise is magnified by several factors. First, high turnover puts pressure on claims organizations as caseloads become bloated as vacancies are backfilled. Empty seats also precipitate claims reassignments, requiring busy adjusters to get up to speed on older claim files. Most claims departments are well equipped to handle this; however, a shortage of experienced technicians to take the load adds stress to the process.

A more troublesome issue is the menacing profile of claims now populating an adjuster's inventory. The surge of social inflation — a trend of rising claims costs due to increased litigation settlements, jury awards, anti-corporate bias and aggressive plaintiff attorney tactics – is adding a high degree of difficulty, especially on third-party auto liability claims. In fact, research by Verisk shows the average size of verdicts over $1M is up 1,000 percent from 2010 to 2018, exploding from $2.3M to more than $22M. In 2019 alone, there was a 300 percent jump in verdicts of $20M or higher.

As organizations continue to deal with short staffing and less experienced adjusters, it is more important than ever to equip claims professionals with tools to recognize and manage combustible, but often camouflaged, claims.

What are some technology solutions claims organizations can employ to retain the knowledge and decision-making experience that may be lost as long-term professionals leave the industry?

SL: The feedback we receive from our customers is that the solution hinges on better tools and decision support to guide their claim handlers – especially the unsuspecting junior adjusters who encounter potentially explosive claims. That's where decision support can be an "early warning system" that helps bridge the knowledge and experience gap. By embedding intuitive analytic tools into the claim process, it lifts the technical expertise of low-tenured adjusters and provides the guidance and insight to effectively identify and handle more complex claims. For instance, functionality integrated into our platforms can signal the following to an adjuster:

- Delays and gaps in treatment
- Treatment extending beyond guidelines
- Relatedness and appropriateness of treatment to injury diagnosis

High data volumes in a usable format is the key, and Enlyte has several billion medical records that will allow us to deploy analytic insights to adjusters. For workers' compensation, connecting medical data (injury type, treatment patterns, etc.) with claimant data, such as age and comorbidities, can help flag cases with high severity relative to disability guidelines. For our third-party auto claims, we take bulky demand packages, which may include hundreds of medical bills, and organize and scrutinize them for the adjuster. The output is a synthesized, logical summary to help prep them for negotiation.

To further help mitigate potential legal abuse impacting our industry, we are armed with a vast database that includes 23 million medical providers. Enlyte is beginning to work with our customers to analyze these medical bill records to reveal if certain patterns exist between plaintiff attorneys and specific physicians, physical medicine providers, and the like. The objective is to provide adjusters with fact-based analysis and insight to better discern a claim's fair value.

We've talked about challenges claims organizations are experiencing in the current labor market, but what are some of the positives that this younger workforce brings to our industry?

SL: This evolving workforce creates an interesting opportunity to rebrand claim management. We have been confronted with an aging workforce for several years, and the pandemic and Great Resignation have only

accelerated it.

So, while claims organizations are struggling to fill vacated positions, there is a much-needed youth movement underway. And though these new professionals are green relative to claim handling, they're seasoned veterans in their affinity for digital capabilities. They are well suited to quickly adopt and implement the technology tools available to them.

For an industry that is traditionally sluggish about innovation, this change is promising. I think this budding youth movement will help motivate our industry to the next level of innovation and advanced claims capabilities, and I'm looking forward to what comes next.



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