Workers' Comp

# From Profitability to Policy Change: Bill Wilt on the Enlyte Envision Trends Report

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## William Wilt

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**Tom Kerr (TK):** The P&C industry is navigating a period of significant change. From shifting labor market conditions and health care policy developments to economic factors, organizations are facing new opportunities and challenges that will shape the future of the industry.

To help make sense of these trends, we're joined by Bill Wilt, author of the opening chapter of *Enlyte's 2026 Envision Trends Report*, where he offers valuable insights into what's driving today's market, what leaders should be watching closely, and how organizations can prepare for what's ahead.

Bill, welcome to the Enlyte Envision podcast.

**Bill Wilt (BW):** Thanks so much, Tom. It is a real pleasure to be here and participate on this with Enlyte.

**TK:** You authored the opening chapter of the *Envision Trends Report*. Before we dive into specifics, what was the most important message you want readers to take away from the report?

**BW:** Oh, thanks. I would say, at a really high level, that the insurance industry is in a really good place. Balance sheets across the industry are broadly healthy. My sense is that there's prudent financial management taking place in the industry.

It's a fundamentally healthy industry, and that includes workers' comp and auto, as we'll talk about. In the opening chapter and at the outset, I would say that is the most important framework.

We do talk about supply and demand pressures and growing imbalances with supply growing faster than demand. But that creates normal cyclical pricing pressures that are likely to affect both workers' comp and auto.

But, in the grand scheme, the insurance industry really is in a pretty good place.

**TK:** OK, great. Which trends should leaders be paying the most attention to right now, and why?

**BW:** Well, let's see. My response to the first question shouldn't be taken that there aren't notable trends underway which could create potential challenges in the future. I would say in workers' compensation, a structural matter that's going to be unfolding surrounds the impact of the One Big Beautiful Bill Act and its impact on the health care markets. I'd say that's one trend that leaders should be watching and I suspect we'll talk more about that.

I would say the labor market and the rates of growth between wages and medical inflation are an important kind of pricing dynamic that I suspect all astute workers' comp listeners will immediately understand.

And then, I'd say the labor market generally. There are risks to the loss ratio as the unemployment rate goes higher. The U.S. just had our second or third fairly positive jobs report released, so the wheels would really have to come off for the unemployment rate to rise meaningfully. However, it's still something to watch because there is a lot of uncertainty in the labor markets.

And then, switching to auto trends that leaders should be paying attention to, I would say the behavior of the consumer in light of financial health vis-à-vis the economy, labor market, and issues of affordability broadly.

What I'm getting at is that auto physical damage results were really, really strong in 2025 for good fundamental reasons, but I suspect because of claim-reporting dynamics that intersect with these issues of affordability and auto purchases. The concern would be that tailwind, to the extent that there was claim underreporting, could turn into a headwind.

**TK:** OK. And Bill, was there anything in the research that surprised you?

**BW:** Well, having been around workers' compensation for decades now, it's always interesting and surprising to take a step back, look at the long-term trends and see how profitable it's been for the last 10 years or more. I know the combined ratio has been under 100 since 2015.

So that's pretty incredible. Students of workers' comp and those who've been in the industry will know it's historically been very cyclical. And so, to have such a long stretch of sustained profitability is surprising.

And then, thematically, it's similar in auto insurance. Over the last 10 years, it's been typically cyclical as so many lines of insurance are. But the rapid recovery in profitability and the inflationary years immediately post-pandemic has been something to observe. And I think we noted in the report that the auto physical damage combined ratio was around 80% in 2025, which is the lowest it's been this century.

**TK:** So, are you seeing any signals today that suggest the industry could look very different three to five years from now?

**BW:** I think so, yes. I don't like to be one of these analysts who always sees the glass half empty and sees risks around every corner. There are, to be sure, opportunities in the years ahead.

But, as is natural for analysts, we're kind of drawn to the side of risk. On workers' compensation, I would say there are interesting dynamics between claims with comorbidities and questions about behavioral health matters.

These are discussed in really interesting detail in the Enlyte report. It's not an area where I'm an expert, but for those who really want to get into the details, there's a lot to dig into in the report.

And I think they're very interesting. Workers' compensation intersects with and is really intertwined with the health care environment and the general health of the population. So, I think that will continue to evolve. The best I can observe is the jury is out as to whether that gets incrementally better or incrementally worse in the years immediately ahead.

And then, turning to auto, I would say it's really all about safety features. Now, a quick step back. I think those normal cyclical pressures of profit and less profit will continue, but overlaid on top of is this interesting dynamic with automobiles and these really consequential safety features that meaningfully reduce claims with bodily injury features.

What's interesting is here we are in 2026 and about 30% of cars on the road have some combination of advanced safety features, but we're really entering the steep part of that S-curve that is typical of adoption rates.

And so, over the next 10 to 12 years, that 30% is going to more than double. And I think that will be consequential in the context of auto insurance, the frequency of accidents, and how severely people are injured when there are accidents. So, I'd point to those trends.

**TK:** OK. Earlier, I asked you about what you thought the biggest surprises were from the report. With that in mind, were there any big misconceptions employers and claim leaders might have about these emerging trends?

**BW:** Well, let's see. As I think about that, what immediately comes to mind is the fundamental actuarial principle that the past is predictive of the future. I'm an actuary by background. It's the lens through which I view much of the insurance industry.

So, I'm keenly aware that's an underpinning of both actuarial work and insurance broadly: the past being predictive of the future. I would suggest that any company leaning on that too heavily could find their financial results go a little sideways in the years ahead.

Because I'm of the view that that relationship between, say, the next five years and the recent past is different than it has been over the last several decades. So, I think insurers need to always be mindful of the past but really need to be looking ahead and thinking about all these dynamics that we're talking about and that are highlighted in the report — technology, policy changes, behavioral changes and so forth.

**TK:** And you offer some great insight in the trends report with your research and analytics. So, taking in all that, where do you see organizations making avoidable mistakes?

**BW:** Oh, interesting. Let's see. As an analyst, I typically look at industries from the top down. I love getting into the weeds and details that are shown in the report. But, if I were to stay squarely within my lane, and that is looking at the industry top-down and thinking about workers' compensation and auto, I would say the really substantial string of profitable years that workers' comp insurers have enjoyed is great. But, when I think about that, I suspect that financial managers would like to see some of those cycles smoothed out.

I wouldn't say those are mistakes, necessarily. I think the health of the industry is enhanced, especially vis-à-vis policyholders, whether they're people driving cars or businesses purchasing commercial insurance products and workers' comp, when insurance is a smoother and less cyclical product as to both price and availability. So, we're all in this kind of never-ending cycle of learning and improving, only to find that the goalposts are constantly being moved.

But I would say that, from a high level, insurers and managers have an opportunity to smooth out the cycle. It'll benefit them as well as policyholders.

**TK:** OK, great. And in terms of avoiding mistakes in the future, if you're a claims executive reading this report, what's one action you should take in the next 12 months?

**BW:** Well, let's see. If I start with workers' compensation, I would say an easy one to follow, because the data is reported monthly, is to watch the gap between wage and medical inflation. Wage inflation has been stronger than medical inflation for several years. There's a graph in the report to show that.

And that's been a really nice tailwind to workers' comp insurers that have been lowering rates by 1% or 2%, on balance, for several years. But if that gap narrows — and certainly if it turns around and medical inflation goes higher than wage inflation — that tailwind quickly becomes a headwind.

And then, you said one action, but I'll give you two on workers' compensation. I think executives would do well to look for pockets of medically uninsured people among their policyholders, as we talked about with the One Big Beautiful Bill Act and people leaving the Affordable Care Act, for instance. Study their claiming behavior and see if it's different than it might have otherwise been. By doing that, they'll be able to react quickly.

One action for the next 12 months on auto insurance: I would say it would serve managers well to try to be inventive in understanding the claim reporting dynamics, especially auto physical damage claim reporting dynamics over the last year or two.

It was 2023 or 2024 when auto insurance costs really spiked and a lot of policyholders may have dropped physical damage coverages or really increased their deductibles. And it feels like we're entering a phase where, as I said maybe a couple times now, a claim tailwind could turn into a claim headwind based on the cost of auto insurance, the financial health of the consumer, and how they're feeling about taking on the risk of having their premium increase if they report a claim.

Lots of interesting dynamics. Your listeners will be smarter than me about maybe what or how to study it, but I think they would be well served to be thinking about that as we head into the second half of 2026 and into 2027.

**TK:** OK. And that wraps up the questions I had, Bill. Was there anything else that you wanted to add regarding the report?

**BW:** Yeah. Thank you. I found it a really comprehensive overview of what's happening in workers' compensation and in auto casualty. It's chock-full of interesting data that I, as an analyst, don't typically have access to.

So, I hope to study it further and make some hay with it, and I suspect others out there will as well.

**TK:** Thanks, Bill. And listeners can learn more by checking out the 2026 Enlyte Envision Trends Report here. We'll be revisiting additional topics of the Trends Report in coming episodes of the Enlyte Envision podcast. Until then, thanks for listening.




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