



What Industry Trends Tell You About Your Casualty Program and How You Can Respond

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Today's Moderator



Rebecca Bole

EVP & Editor-in-Chief
Advisen

● Today's Panelists



Kelly Black

Managing Consultant
Aon Global Risk Consulting



Jeff Gehrke

Chief Risk Technology Evangelist
Ventiv Technology



Scott Smith

Director of Ergonomics;
Aon Risk Solutions
Aon Global Risk Consulting





Leveraging Analytics to Drive Strategic Total Cost Of Risk (TCOR) Reduction

Kelly Black, Aon - Managing Consultant
Scott Smith, Aon - Director Ergonomics
Jeff Gehrke, Ventiv Technology - Chief Risk Technology Evangelist



Leveraging Analytics

To Drive Strategic Total Cost Of Risk (TCOR) Reduction

A primary concern facing our clients today is how to reduce their Total Cost of Risk (TCOR). Some core questions associated with TCOR performance include:

- Are we performing well as compared to peers and benchmarks?
- Are claims and risk control programs effectively impacting Workers' Compensation TCOR?
- How can we leverage data/analytics to aid data driven strategic TCOR decisions?
- Are today's tough business challenges impacting the claim loss costs?

In this changing environment, challenges to managing TCOR are getting more complex. Data remains the key to managing TCOR and is more readily available than it has ever been.

▶ Leveraging Analytics

To Drive Strategic Total Cost Of Risk (TCOR) Reduction

Leveraging data is the key to identify cost drivers and create more effective and sustainable loss prevention and claims management efforts.

- Identification of where to focus efforts to reduce costs or improve processes
- Not an indictment of your program, but validation
- Establishes cost leakage or savings potential
- Allows for return on investment estimates



Drive Strategic TCOR Reduction

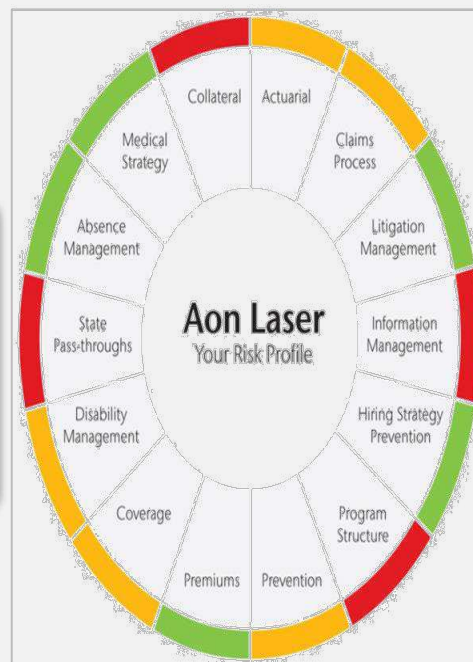
Leveraging Analytics

Establishing this initial profile will aid in implementing the most focused and cost conscious solutions, and will allow to benchmark progress to determine their effectiveness.

**Traditional Casualty Total
Cost of Risk**



■ Premiums ■ Losses ■ Administrative



▶ Risk Information Systems Capabilities

Is your RMIS system up to the challenge

- Configurability
 - Can the system be configured to meet the data and analysis needs
- Can your system capture the data elements needed
 - Are the data elements available and stored, both historically and current
- Can your system fully analyze the data to produce actionable information
 - Does the system have the ability to turn data elements into information
- Can your system produce reports and management dashboards
 - Can you track progress and identify trending
- Can your system have management logic to trigger key actions

▶ Application of RMIS Analytics Engine

To Leverage to Calculate Strategic Total Cost Of Risk (TCOR) Reduction

- Work in reverse; identify the key data elements needed to conduct the analysis needed
- Capture the data elements, both historical and going forward
 - Make sure you have the right information
 - If you don't currently have it, can you get it?
- Validate and cleanse the data
 - Only work with correct, current and clean data
- When you arrive at the set of metrics you want, make them a regular part of your reporting package
 - Measure and report on changes over time
- Use system logic to drive business processes and track process changes
 - Trigger safety actions
 - Identify potential “high risk” events that may grow to expensive claims

▶ Drive Strategic TCOR Reduction

Leveraging Analytics

- Aon's analytical approach has uncovered several trends that impact worker's compensation TCOR. One key trends is related to the aging workforce:

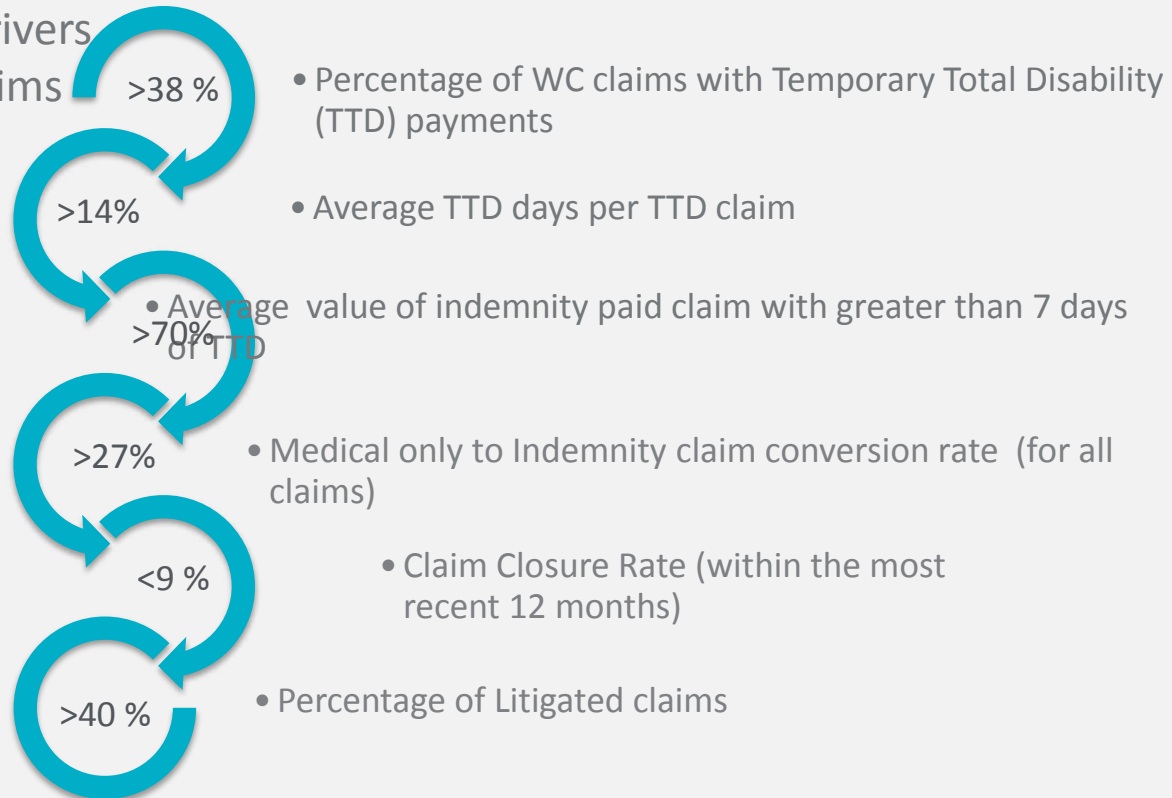
Aging Workforce

- The number of workers 55 years or older has risen, while other age groups have declined or stayed the same.
- By 2015, it is projected that this group will comprise 20% of the workforce. In the last decade, the 45 – 54 age group has increased 49%.

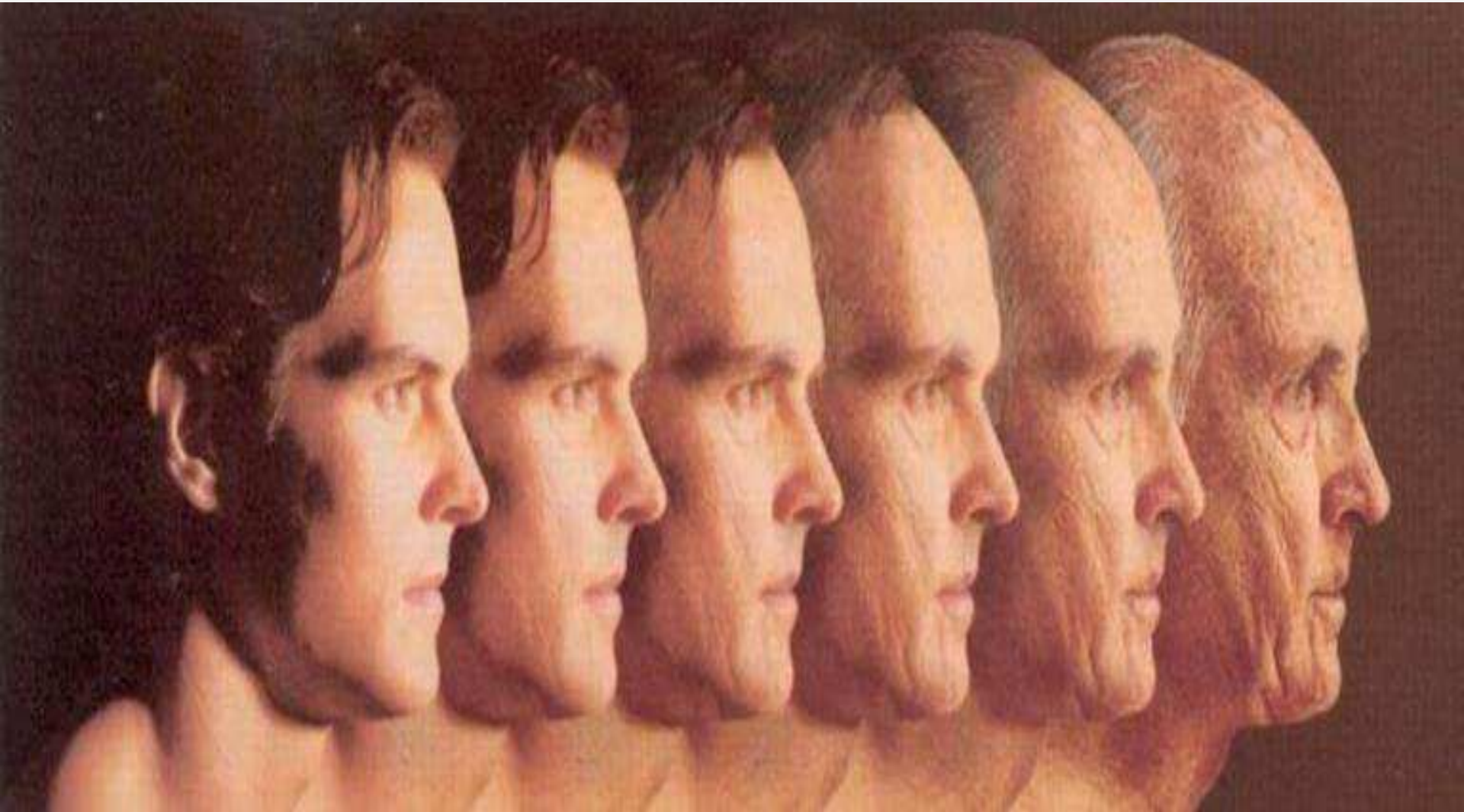
The Impact of Aging

Workers' Compensation Costs

Key Cost Drivers
on ≥ 45 Claims



▶ What Happens As We Age?



Research Indicates Negative Impacts

Health and Function

Obesity

- Obesity doubles work limitations
- Elevated heart rate
- Reduced lung function
- Slower reaction time
- Decreased joint range of motion



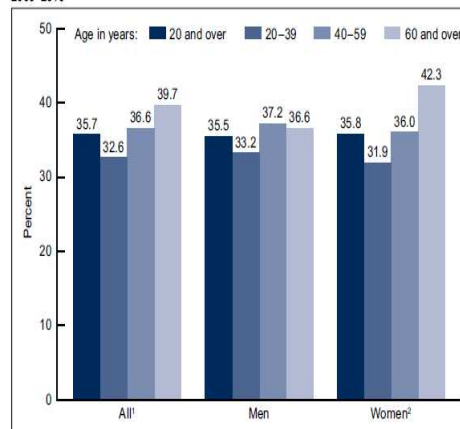
Aging

- Decreased strength
- Muscle mass reduced
- Reduced fitness level
- Lower aerobic capacity
- Body fat doubles
- Poor visual acuity
- Poorer auditory acuity
- Slower cognitive speed and function



In 2009–2010, 35.7% of U.S. adults were obese.

Figure 1. Prevalence of obesity among adults aged 20 and over, by sex and age: United States, 2009–2010



¹Significant increasing linear trend by age ($p < 0.01$).

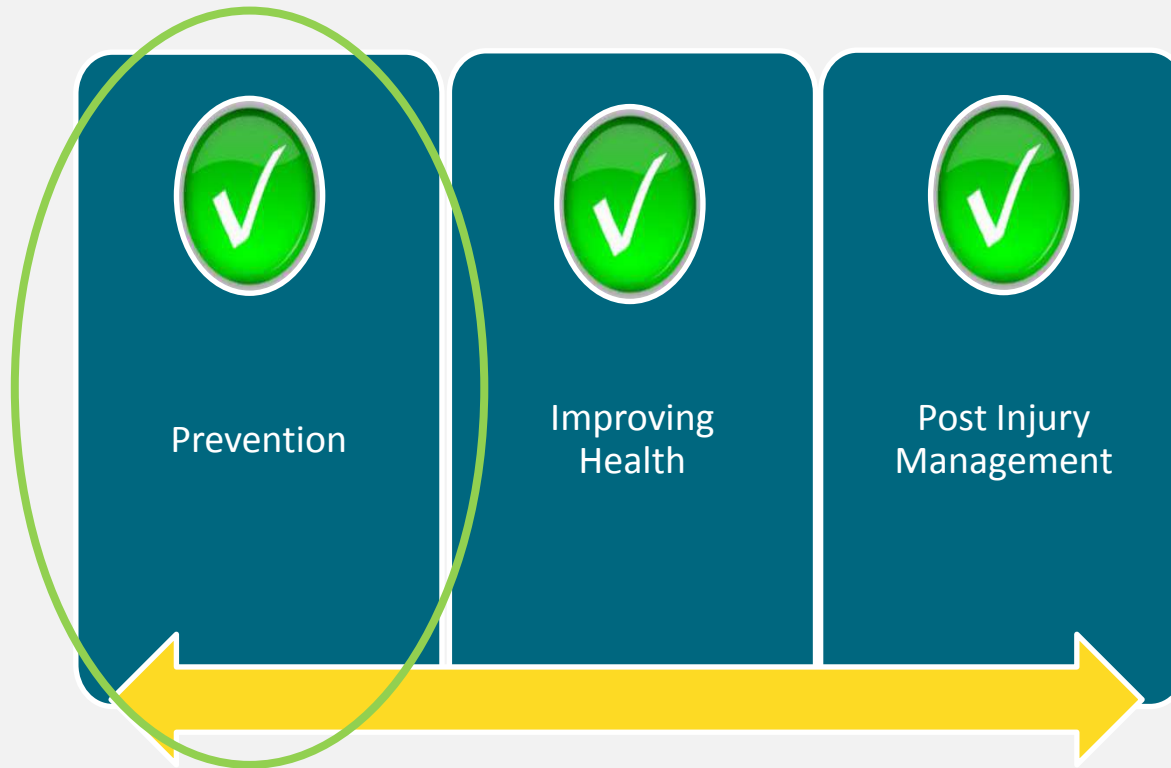
²Significant increasing linear trend by age ($p < 0.001$).

NOTE: Estimates were age adjusted by the direct method to the 2000 U.S. Census population using the age groups 20–39, 40–59, and 60 and over.

SOURCE: CDC/NCHS, National Health and Nutrition Examination Survey, 2009–2010.

The cost of obesity among U.S. full-time employees is estimated to be \$73.1 billion, according to a recently study by a Duke University obesity researcher published in the "Journal of Occupational and Environmental Medicine".

▶ What Can Employers Do?



▶ Prevention

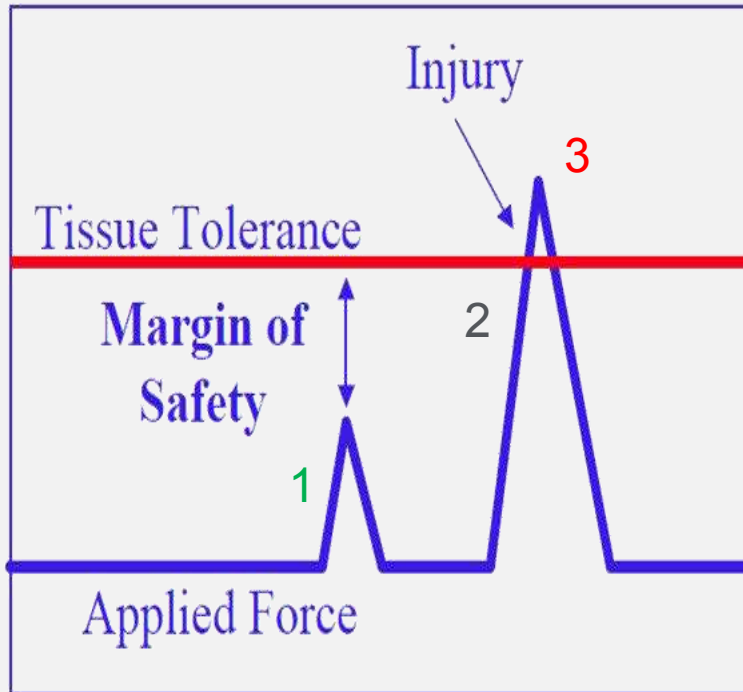
Work-Related Musculoskeletal Disorders (WMSDs)

- Refers to those injuries in which the work environment and the performance of work contribute significantly
 - California Ergonomics Standard (Title 8)
 - General Duty Clause – US National
- The goal of ergonomics is to reduce the likelihood of developing these WMSDs and to improve the internal productivity and efficiency (i.e. musculoskeletal, physiological and cognitive)

▶ The Aging Population

Peak Force Injury

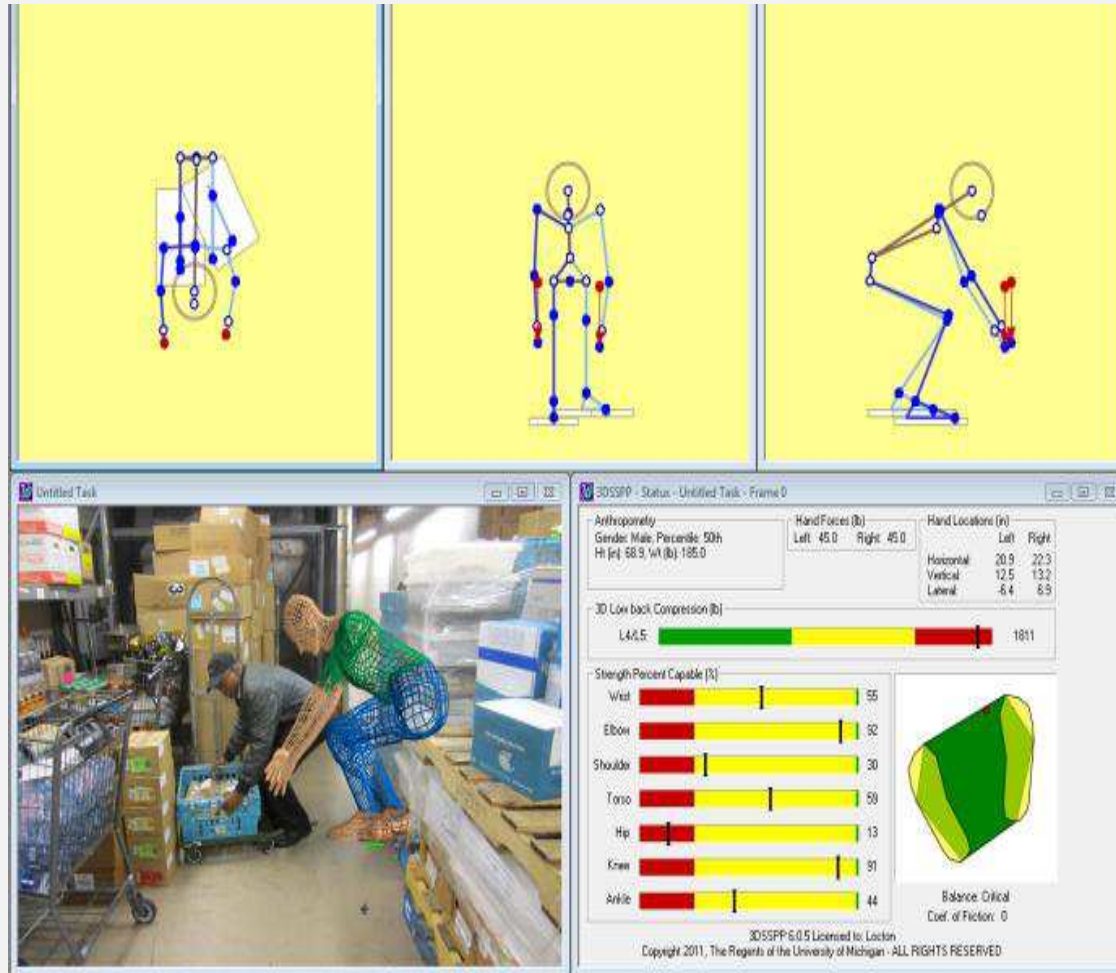
Force



Time (Employee Age in Years)

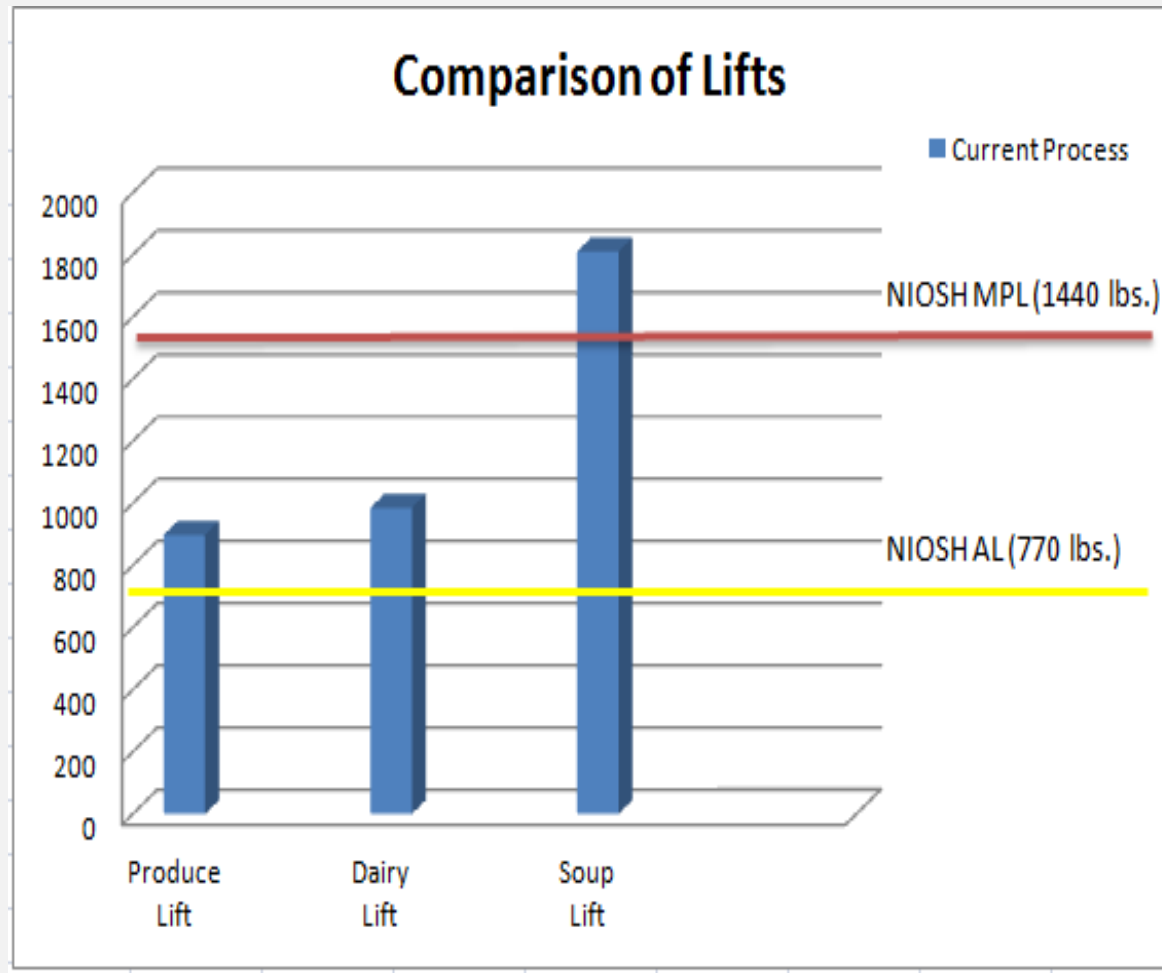


► Risk and Aging



Disc Compressions

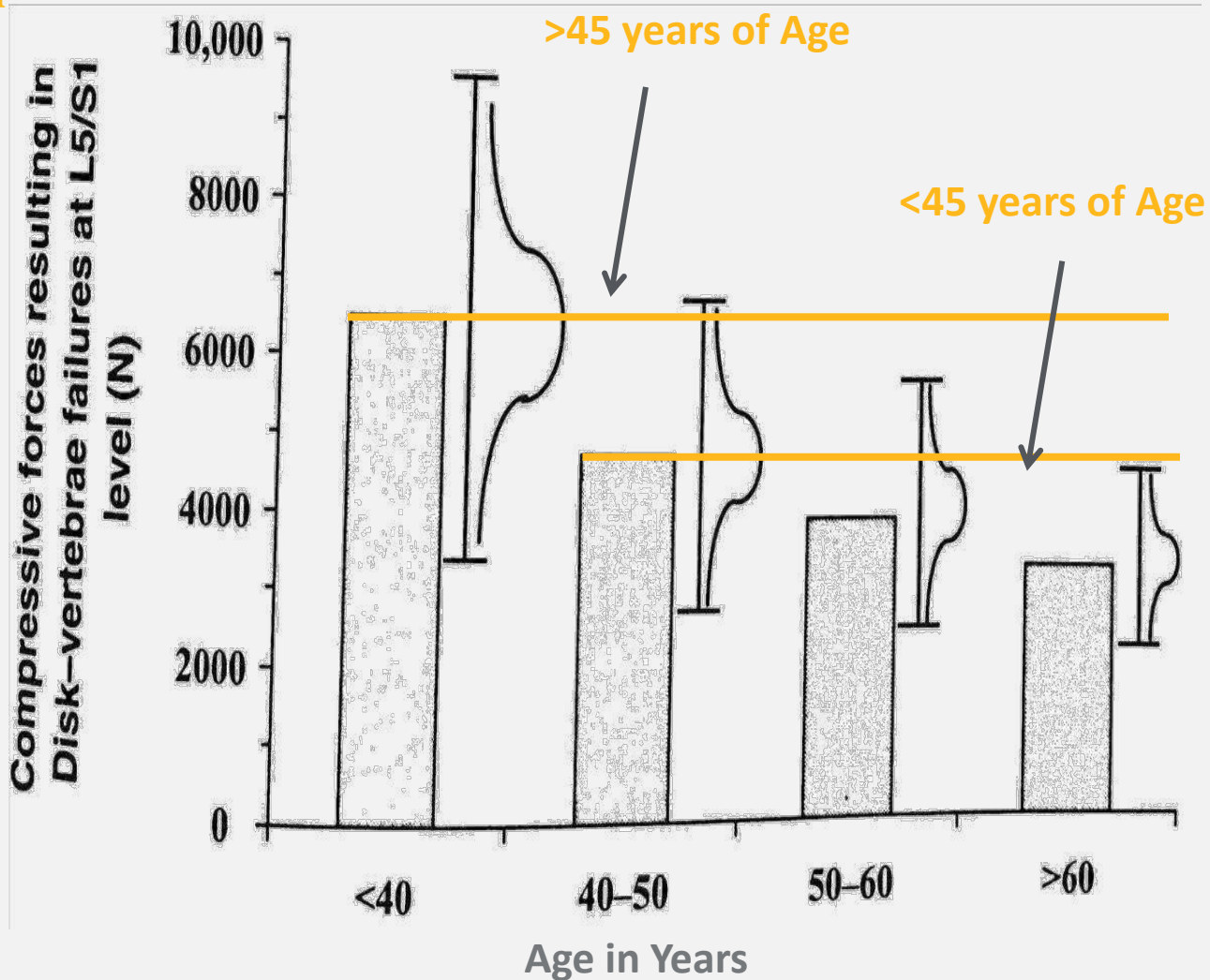
Risk Thresholds Unchanged in over 20 years





Disc Compression Safety Levels

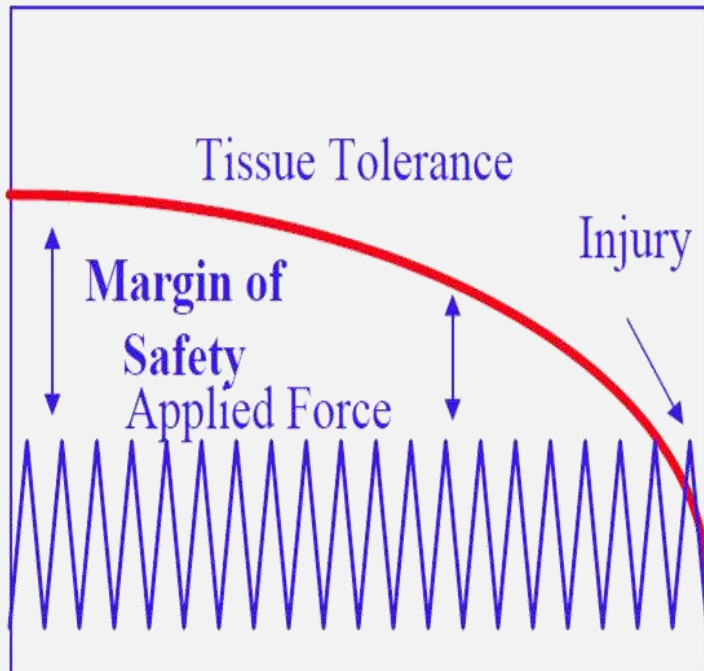
Age Specific



▶ The Aging Population

Cumulative Force Injury

Force



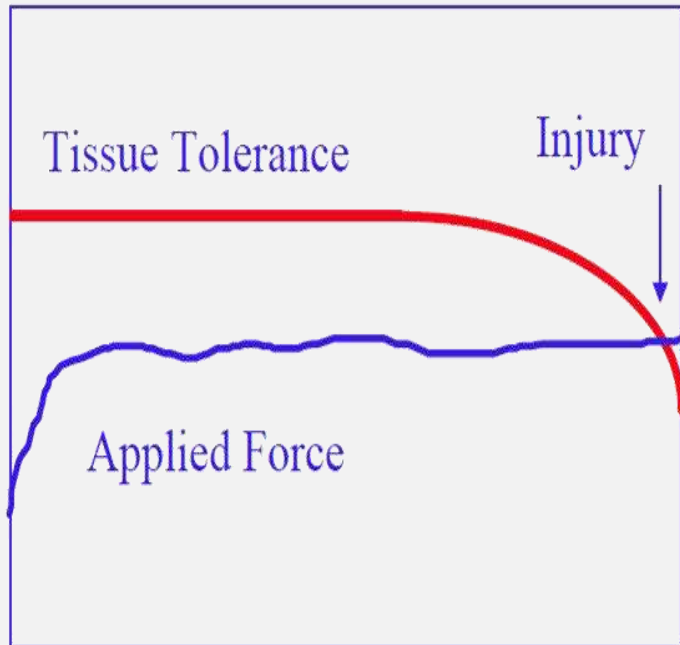
Time (Employee Age in Years)



▶ The Aging Population

Low, Constant Force Injury

Force



Time (Employee Age in Years)

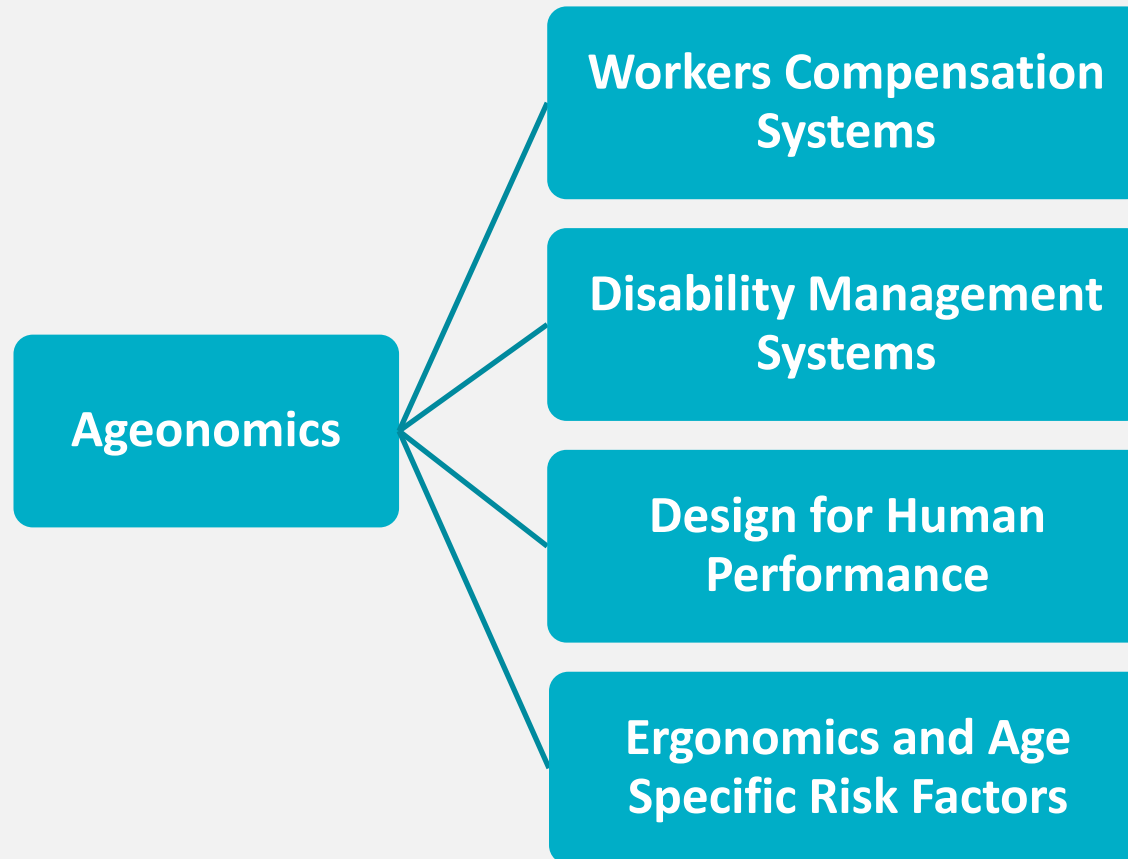


▶ Your RMIS as an Action Trigger

A fully-functioning RMIS is more than a data storage tool

- Identify injury/illness types that should have special attention
- Trigger actions from
 - Insurer claim function/TPA
 - In-house Risk Management/Claim/HR/Legal
- Track outcomes based on cases involved in special-handling
- Report on outcomes-based criteria

▶ Ageonomics™ Possible Solutions



▶ Ageonomics™ Possible Solutions

- Casualty Analytics Diagnostics to determine aging population issues associated with costs and potential TCoR savings
- Age-adjusted risk assessment tools to assess risks factors
- Age-adjusted design guidelines for engineering human performance
- Age-adjusted training programs
- Safety and ergonomic staff training in Ageonomics™
- Ageonomics™ Program Gap Analysis

▶ Q&A



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The RIMS Benchmark Survey includes industry data for more than 52,000 insurance programs from 1,457 organizations.

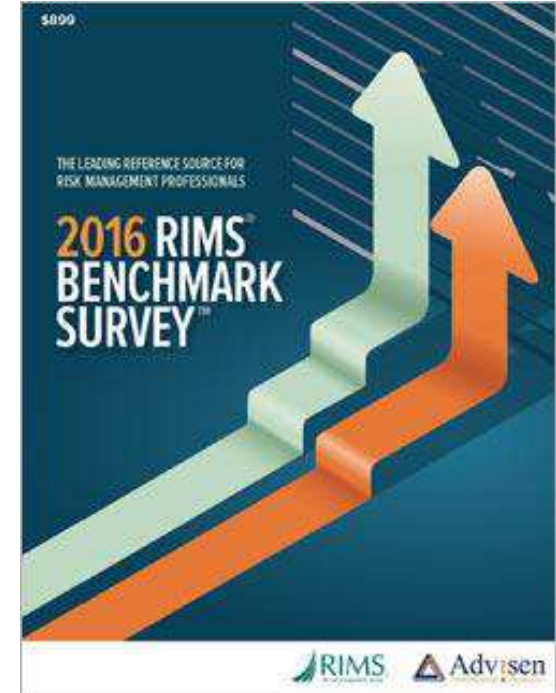
New Cyber Insurance Coverage Chapter!

New this year is a special chapter examining cyber insurance coverage.

Key features of this chapter include:

- Major coverage provisions
- Limits purchased
- Retentions assumed
- Premiums paid
- Major carrier market shares

This information will inform risk managers and their brokers in the design and construction of a cyber insurance program.





Contact Us

Advisen Ltd.

1430 Broadway

8th Floor


New York, NY 10018

www.advisenltd.com

Phone +1.212.897.4800

advisenevents@advisen.com





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