

BEST'S REVIEW® ISSUES & ANSWERS:

- WORKERS' COMPENSATION
- ARTIFICIAL INTELLIGENCE

Insurance leaders discuss the importance of embracing technology in managing workers' compensation issues and developing artificial intelligence.

Interviewed Inside:



Phillip Maddox
Nationwide



Marc Rothchild
Xceedance

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Workers' Comp Technology



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Phillip Maddox, a Workers' Compensation Senior Consultant with Nationwide, highlighted the company's long history of success with workers' compensation, emphasizing the importance of embracing technology. "As we advance in the workers' comp space, we will continue to evaluate and integrate technological advances that benefit our customers and our role in the insurance industry," he said. Following are excerpts from an interview.

What issues do you see that may impact the continued success of the workers' comp line?

The workers' comp market has maintained positive results for over a decade in part due to improved workplace safety controls and claims management that have kept loss frequency relatively flat. However, in the middle- and small-market sectors, we see margins compressing due to increasing loss severity trends. Issues such as an aging workforce, comorbidities, impaired workers, and medical inflation are putting pressures on loss severity for the line. This means that risk management and loss mitigation will be critical to profitable workers' comp growth.

What role does technology play in supporting workers' comp risk management?

Being successful in the workers' compensation space requires not only understanding the challenges of the workers' comp line and what is driving losses, but also offering solutions at the job site and plant level to manage those risks and then being able to quickly pivot to bring those solutions into play. Technology is a key part of that. Technology brings speed and accuracy to the critical first steps of the risk management process: the identification of loss exposures and the analysis of complex data. It improves our ability to predict and prevent, but technology does not always offer a solution. Nationwide combines the benefits that technology offers with the workers' comp experience of our associates to help bring about effective solutions for our business partners.

Do you have an example of using technology to help "predict and prevent" in the workers' comp space?

Yes, our use of computer vision and AI technology to conduct workplace ergonomic assessments lets us do in minutes what used to take hours. With computer vision, we can capture the needed data of a construction, manufacturing, retail or service task without disrupting the job. With the speed of AI, we can quickly quantify which task elements present the greatest ergonomic risk for injury.

Phillip Maddox

Workers' Compensation Senior Consultant
Nationwide



"We aren't looking to be everything to everybody, but we are leveraging technology with our expertise to be the best workers' compensation solution for our customers in those areas where we choose to compete."

Visit the Issues & Answers section at bestsreview.ambest.com to watch an interview with Phillip Maddox.

This allows us to combine our risk management expertise with input from our members to find the best solutions for reducing risks and objectively measure the impact of those changes.

What challenges are there in keeping pace with constantly evolving technology?

It's easy to get over-focused on the bells and whistles of new technology and lose sight of the end goal, which is using the capabilities that technology offers to support our abilities to predict, prevent and solve. It's critical to support and evaluate new technologies that come along—such as our resource for impairment testing that uses cognitive-based gamification to identify a work-ready state—but we also continue to use existing technologies to their fullest. One example of this is our virtual visit capabilities that utilize mobile device technology to provide live consultative support via our risk management team. We were able to use this rapid response capability to quickly align our best resources to address the industrial hygiene service needs of a commercial client and bring about a solution to prevent loss.

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Enhancing Claims With AI

Marc Rothchild, SVP and Head of Claims at Xceedance, explained that his team is fully equipped to understand the guiding principles of artificial intelligence. “We are well prepared to navigate the potential ramifications, especially since claims are handled within a highly regulated environment,” he said. Below are excerpts from the interview.



Marc Rothchild

SVP and Head of Claims
Xceedance



“At the end of the day, it’s crucial that your adjusters are available to offer both guidance and empathy to the claimants who need it most, whether it’s a homeowner or a business impacted by a major event.”

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What are some best practices when managing a surge in claims after a cat event?

Certainly, there’s much you can do to prepare in advance of a storm. This includes proactively sending out communications, ensuring policyholders know how to submit their loss, and, most importantly, confirming that they are in a safe place. In terms of team readiness, you may need to ramp up staffing, relocate resources, and have the necessary technology in place to respond effectively. There are now various channels to capture losses, beyond the traditional phone call. Once claims start coming in, it’s crucial that adjusters work as efficiently as possible. Several technological solutions can help balance these surging caseloads.

How will AI reshape the future of claims?

A few key areas where we see AI making an impact include the first notice of loss and the claim intake process. This could involve utilizing chatbots or other technologies that capture information from submitted losses. Since claims often come in through different channels and formats, they may not always be as clean as a standard claim form. Additionally, AI can support adjusters throughout the claim’s life cycle. Basic inquiries, such as a customer wanting to know the status of their claim, can be handled through AI-related technologies, improving efficiency.

What challenges do insurers face when adopting AI in their claims process?

One of the biggest challenges is understanding what’s acceptable from both a regulatory and client perspective. Insurers deal with a diverse range of clients, whether it’s an individual insuring their home or auto, a small business, or a large corporation with multiple policies. Each of these stakeholders has different expectations and levels of familiarity with the claims process. It’s vital to consider all these factors during the design, testing, and implementation of AI solutions.

What are some steps insurers should take to ensure smooth implementation of AI?

One key step is to have the right teams and governance structures in place. For claims, this means involving subject matter experts, ideally someone currently managing an active caseload or part of the claims management team, in both the design and testing phases. This approach ensures the solution will be applicable and beneficial in day-to-day operations. Additionally, you need a technology and data team that is knowledgeable about the latest advancements, ensuring AI is used appropriately while adhering to data privacy and governance standards. Since the insurance industry is highly regulated, it’s essential to involve the compliance team throughout the process to identify potential roadblocks and secure necessary approvals before going live.

