2017 CLAIMS TRENDS

From a growing talent shortage to changing customer expectations, the claims industry will experience many changes in 2017. Find out what claims trends are in store this year.
The volume of insurance claims is projected to decrease within the property and casualty arena. Thanks to the growing use of sensor systems, including home monitoring and connected vehicles, claims frequency in relation to exposure is on the decline.

In fact, these systems have gone a long way in claims prevention and mitigation. And this trend will only continue as driver assistance technology and increased safety technology become more and more common. However, this long-term downward trend is contrasted with an increase in claim volatility. Despite the decrease in the number of claims, many insurers are seeing an increase in the severity of claims across a range of products.

- **10 million** autonomous cars will be on the road by 2020.
- Customers with telematics are 20 percent less likely to have an accident.
- The total number of reported road accident fatalities is down nearly 40 percent since 1994.
- Average annual claim severity has **jumped to 3.10 percent** from only 0.27 percent in 2011.

*Source: PropertyCasualty360, Ernst & Young, Verisk*
Insurers Face a Dramatic Increase in High-Cost Claims

Thanks to the Patient Protection and Affordable Care Act, health insurers are seeing a drastic uptick in new customers. The result of this growth in health plan subscribers is a dramatic increase in high-cost claims.

Large claims are now occurring at a frequency that was unthinkable just a few years ago. Adding to this challenge is the rise of high-deductible plans, which provide low premiums, but often require low-cost preventative care to be paid for out-of-pocket. As a result, insureds are putting off doctor visits, resulting in higher cost claims in the long run. These claims can be challenging for plan employees as they are increasingly complicated and require careful review of multiple diagnosis codes.

- **9.2 million individuals** enrolled in health coverage during the 2017 open enrollment period.
- The prevalence of high-deductible plans has grown nearly **300 percent** since 2009.
- **1.2 percent** of insureds are high-cost claimants.

Source: Centers for Medicare & Medicaid Services, PartnerRe, American Health Policy Institute
In these times of need, claims operations must ramp up quickly in order to effectively and efficiently meet the spike in demand. However, many claims organizations have not focused on backfilling their bench of aging and retired talent. As a result, they are dealing with a drastic talent shortage. Today, they face a growing absence of accessors, adjusters and third-party suppliers, which are needed to meet the demand of sudden weather-related events.

We are continuing to see an increase in the frequency and localization of weather-related events. Floods and damaging storms are rapidly becoming major issues for insurance organizations.
Sensors are Revolutionizing the Claims Industry

More and more devices are being linked to the ever-growing Internet of Things. Consumers are now able to closely monitor homes, businesses and, of particular importance to health insurers, individual behavior.

Insurers are now able to pull data from wearable devices that measure personal fitness and even analyze medical conditions; that information can then be used to provide better risk assessment. They are able to stay updated on their insureds’ health conditions and receive alerts when there is a change. Within claims, organizations are using the data collected through wearable devices to initiate the claims process and control fraudulent information. This automated initiation of the claims process is helping to reduce turn-around times and helping to enhance customer satisfaction.

The revenue from the global wearable electronic products market is expected to reach nearly $12 billion by the end of 2020.

Source: PropertyCasualty360, Capgemini
Modernized Technology is Leading to Increased Automation

The growing focus on technology and innovation are creating increasingly automated claims processes. Looking forward, it is predicted that the vast majority of simple claims—those less than $1,000—will be settled through automated, rules-based processes.

This shift toward automation is expected to limit potential for human error and promote operational accuracy and speed. As more and more claims functions are being automated, streamlined workflows are promoting higher levels of productivity. Now, leaner teams are able to process more claims. This growing efficiency is key to organizations being able to keep up with evolving customer experience demands. As a result, this growing automation is expected to help alleviate the long-standing talent shortage in claims.

Source: PropertyCasualty360
Disruption is changing the way customers look to interact with companies. Thanks to personalized products, efficient processes and evolving service interactions, the bar for customer experience has been raised. Within claims, this is leading to improved self-service tools and personalized interactions. Organizations are introducing apps that allow customers to receive accurate and timely information about their claims statuses. They are able to monitor their claims throughout the entire process; and in some cases, customers prefer handling less complex claims entirely through digital channels. In addition, consumers now expect to be able to engage via any or every channel—including digital and social—requiring organizations to implement omni-channel capabilities.

85 percent of U.S. customers will conduct their business relationships without human interaction by 2020.

Source: PropertyCasualty360, INSLY, Gartner
Claims Organizations Face a Growing Talent Shortage

The long-predicted war for talent is here and the claims industry is feeling the pinch. Insurers are seeing their tenured claims professionals mature and prepare for retirement. In fact, more than 100,000 professionals are expected to be retiring within the next ten years.

In addition to an aging and retiring workforce, the claims sector is also facing a static market. Thanks to competitive compensation and successful engagement efforts, many active claims professionals are content with their current jobs and plan to remain in their posts until retirement. This entrenched workforce is uninterested in shifting organizations or roles. The result is a labor reality where there is a lack of potential claims talent available to meet future demands.

The median age for claims employees is 43 years old.

70 percent of claims adjusters are over the age of 40.

Source: BLS, Deloitte
The Jacobson Group’s claims professionals can make an immediate impact on any increased volume of claims. Our clients have used our team of specialists for a variety of needs including tactical support during system implementations, backlog reduction, claims run-out and coverage for peak periods. These experienced professionals have the proven product line expertise and a wealth of systems knowledge to assist you with processing, adjustments, recoveries, audits and more.

Getting the right talent at the right time is necessary to keep business moving forward. As the nation’s leading insurance staffing agency, we provide qualified professionals with the specific product line and functional expertise necessary for success. Leveraging our nationally-recognized name and network within the insurance industry, we quickly deliver the insurance staff our clients require.

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