



SYNOPSIS

KEEP YOUR EYE ON THE PRIZE AND FOOT ON THE PEDAL CLAIMS MANAGEMENT MONITORING

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Purpose of your paper: Claims management monitoring" is an essential element within a risk management framework of an entity insuring or self-insuring insurance risks. The outcomes of an effective claims management monitoring provide valuation information such as characteristics or profiles of the underlying claims arising from the risks insured and behaviours of claims managers. Given the extent of data available within the workers compensation system combined with the sophistication of the tools now available to analyse that data we set out to discuss the current levels of monitoring and analytics actually being conducted. We seek to investigate the levels of monitoring undertaken in different segments of the workers compensation system and to comment on the impact that this level of monitoring could have on meeting the scheme objectives. We also offer a strawman approach to monitoring workers compensation portfolios to achieve better outcomes for injured workers, for employers and for the schemes overall.

Synopsis: In this paper we investigate the current monitoring practices adopted by insurers of workers compensation.

To do this we have conducted a survey which asked participants (including regulators) to report the level of monitoring they undertook on their workers compensation business, how they use the results in running their business including the extent to which it influences their strategy and day to day operations at each level within their organisation, the future direction of monitoring with in their organisation and the level of monitoring they thought would be optimal to manage this business.

The respondents to the survey included a mix of:

- Monopoly insurers of state schemes
- APRA licenced insurers
- Specialised insurers
- Self-insurers
- Other large players in the various workers compensation schemes:
 - Large employers not using self-insurance
 - Underwriters
 - Regulators

Each were asked what monitoring they do and level of data available, with a particular focus on claims management practices and outcomes, the frequency and breadth of monitoring and reporting, and the degree to which that monitoring was incorporated into the strategic management of the workers compensation business.

We then compared the observed monitoring practices against a strawman of what we hypothesised was an ideal monitoring arrangement for workers compensation. This strawman seeks to link monitoring and analytics practices to key performance indicators which in turn are aligned to promote the scheme and insurer objectives. The monitoring arrangement also allows for closer tracking of the liability valuation, providing insights into developing trends and warning of deteriorations across the portfolio.