

RECAP

The Claims and Risk Management Working Group met during The Council's 2023 Legislative & Working Groups Summit, Feb. 13-15, in Washington, D.C. Jen Weathersbee, vice president and executive director of claims and risk management services at InterWest Insurance Services, and Gwen Luu, commercial lines director at JGS Insurance/Baldwin Risk Partners, co-chaired the meeting. The agenda included a peer exchange on some of the issues, roadblocks, and opportunities that members of the working group face as part of their day-to-day roles and responsibilities. The Council Academy team presented on the various talent development programs and opportunities available to all member firms, and an FBI special agent spoke about cyber risk to round out the day.

PARTICIPANTS

Participants included individuals from the Claims & Risk Management Working Group, as well as a handful of members from other working groups and from The Council's board of directors, who floated from meeting to meeting during the Summit.

AEGIS Insurance Services

Amwins

The Boon Group

Cadence Insurance

CBIZ,

Conner Strong & Buckelew

Descartes Underwriting

Gehring Group, a Risk Strategies

Company

HUB

Huntington Insurance

Insurance Office of America

InterWest Insurance Services, LLC

JGS Insurance/Baldwin Risk

Partners

Johnson, Kendall & Johnson

Kelly Benefits

Leavitt Group

McGriff

Marsh McLennan Agency

MJ Insurance

Moreton & Company

OneGroup

The Paladin Group

Patriot Growth Insurance Services

Propel Insurance

Unison Risk Advisors

Woodruff Sawyer

WTW

PEER EXCHANGE

Talent

The group has spent significant time over the last few meetings discussing work in the post-pandemic world. At this meeting, members focused on several topics falling under that umbrella, including **return-to-work** policies. Firms are handling this in a variety of ways—some are requiring employees to be in-person 3x/week, some 2x/week, some 1x/week, and some are allowing the employee to choose when they come in. There was consensus that remote work is the expectation and that employees everywhere feel empowered to prioritize quality of life/time.

- **Pros**

- Value in going into the office – “the office is alive” on those established anchor days
- Ability to hire outside of particular region(s), broadening talent pools

- **Cons**

- Challenge of finding cohesion and maintaining culture
- Missed and miscommunication when people aren't together
- Greater learning curve and lack of being mentored long-term (consensus that this is a broader industry challenge)

- **Other**

- Some feel a push to bring people back to the office

- Client-facing roles treated differently
- Most firms are working to ensure the policies in place are adhered to but no plans to tighten at this time
- Some firms have taken away workspaces for those who aren't going in a certain number of days; if and when they come in, they must "hotel"

The war for talent, including attraction and retention, continues to present challenges for many firms. Young talent in particular seems to have outlandish expectations on the speed at which they move up the proverbial ladder and their **compensation** while doing so. There are also challenges for firms to compete with "exorbitant" salaries that other companies are offering. One new trend is some employees are taking less salary for the ability to work remotely.

Referral programs are being used by some firms as a natural sourcing of good candidates to help with retention and increase awareness and internal buy-in. One firm, for example, awards \$2000 for referrals that stay with the company a certain amount of time.

Similarly, **recognition programs** are popular among employees. Easy lifts like highlighting a consultant of the week are an opportunity to build positive cultures and helps pave the way for internal stickiness. Employee engagement groups (and letting the EEs run them) gives people purpose and ownership and helps drive internal activities and staff engagement.

On the topic of **quiet quitting**, some firms are using artificial intelligence to monitor clicks/activity. In many cases, what managers thought of some of their people, the AI report validated.

- Systems being used to monitor activity:
 - Applied Analytics which pulls from the EPIC AMS
 - Origami
 - Homegrown

Claims Processing

The group spoke at length about their perception that carriers were losing claims handling employees at high rates. This is showing to be problematic when the process is slowed and you haven't built that expectation with the client, leading to frustration. Brokers are then having to spend more time managing expectations with clients.

One possible solution for carriers could be **outsourcing** this role, but as the group talked about its own experiences outsourcing operational brokerage roles, there were a lot of mixed feelings about outsourcing as a solution. Some teams noted success in hiring stay-at-home moms to do repetitive action tasks that were not same-day time sensitive.

Alternatively, others are complimenting their internal teams with direct claims reporting technology that takes brokers out of the "process."

Risk Management

The group pointed out risk management challenges including continued **multijurisdictional regulatory compliance** (e.g., COVID regulations ending but not clear as to when and how, and also different among states), **risk transfer** (e.g., large opportunity for cross-selling but currently not used), and **ESG** (environmental, social, governance). As explained in this recent *Leader's Edge* piece, [The ESG Storm Is Upon Us](#), "The corporate marketplace is now rife with a broad range of ESG initiatives. In pursuing these initiatives, well-meaning companies are responding to a variety of constituents who are demanding more ESG-related engagement: owners/shareholders, employees, customers, investors and, increasingly, regulators."

Technology & Data

Discussion around technology and data is always interesting. Members continue to express frustration with the lack of **data standardization** and carriers' lack of sharing data. In the same vein, members were frustrated with the increasing difficulty of complying with security/**privacy laws** from state, individuals, and insurers.

In terms of artificial intelligence (AI) and virtual reality (VR) uses in insurance, an interesting exchange came about as some members shared their experience using the new AI text generator, [ChatGPT](#), as well as VR technology to help with incident investigation and claims adjusting reporting.

- Claims Systems for Brokers:

- Sagitta
- Origami
- Aclaimant

COUNCIL ACADEMY PRESENTATION

To complement this discussion on talent and to help the group identify some tangible solutions to move the needle on employee retention and training, The Council Academy team presented on a host of current programs and offerings, from self-paced, online courses to intensive in-person programs. Click the links for additional details.

Internship:

- [The Council Foundation Scholarship Program](#)
- [Intern Summer School](#)

New-to-Industry:

- [It's All About Risk](#)
 - [Course Details](#)
- [The Insurance Professional School](#)
 - [Course Details](#) for the P/C curriculum in partnership with the University of Georgia
 - [Course Details](#) for the benefits curriculum (**new in 2023!**) in partnership with the University of Wisconsin

Upon completion of the full learning experience, participants take an exam for the APRI ([Accredited Professional in Risk & Insurance](#)) designation, conferred by The Council and The Institutes.

Leadership:

- [Broker Smackdown](#)

For additional information on our Academy programs and to learn more, we are happy to connect you with the team lead for these offerings.

CYBER INCIDENT RESPONSE FROM A LAW ENFORCEMENT PERSPECTIVE

FBI Supervisory Special Agent David Fine of the Bureau's D.C. Cyber Task Force led a discussion about cyber security and what organizations can do to minimize cybercrimes from harming their companies. Cyber intrusions are becoming increasingly sophisticated and cyber-crime is now the FBI's #3 priority behind only counterterrorism and foreign counterintelligence. Being that no organization can reduce cyber security risk to zero, the focus of the presentation centered on hardening your network and training your people to mitigate losses. As SAA Fine stated, it's not *if*, it's *when*. The best way to mitigate risk is to educate your employees on cyber hygiene and patch your software.

Notable takeaways:

- External actors are highly motivated by financial reasons (90%+) and espionage (5%+)
- Most attacks target servers and people
 - 82% of breaches involve people/employees
 - Social engineering is 90% of the problem as the average internet user is the most vulnerable
 - LinkedIn and Facebook are two of the most harmful corporate security issues (i.e., employees broadcasting to the world their interests, their backgrounds, their companies, their skills, etc.)
- 95% of data breaches would be stopped by patching software
- It typically takes 60-90 days before an organization realizes a breach occurred
- If an incident occurs, there are 3 conversations to have ASAP:
 - Executives

- Insurance Carriers
- FBI
- The FBI need will need logs + network topology + backups (if available)
 - Money losses have a high chance (~80%) to be retrieved if FBI is contacted within 48 hours of incident
- Integrating people/data/systems from M&A: treat the acquired firm as if it has no defense/cover at all

Sources:

- 2022 Data Breach Investigations Report, Verizon
- M-Trends, Mandiant Special Report 2022
- CyWatch: 24-hour response center
 - www.fbi.gov/investigate/cyber
- Special Agent Fine can be reached directly at dgfine@fbi.gov or 703-686-6860

SAVE THE DATE!

The next Claims & Risk Management Working Group will meet **September 6-7, 2023**, at The Council's offices in Washington, D.C. Please reach out to us with topic requests or recommendations as we prepare to gather in the fall.



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