

DRIVE TO  
THRIVE



Tough times ultimately usher in change. They highlight our resiliency. They spur revival and promote progress. While 2021 is certain to be a year full of its own challenges, we're confident it will bring unforeseen opportunities for growth and fresh new ways of doing business – from renovated workspaces to entirely re-envisioned philosophies.

Throughout the year, we expect to see our clients prevail, and we want you to know – we're right beside you, bolstering your business and caring for your employees and customers. Our most pressing priorities remain rooted in how we can best support you and your organization: keeping employees physically and mentally healthy, mitigating and reducing risks and losses, and protecting and elevating your business and brand.

Those who thrive in the aftermath of adversity do so in large part not by simply staying the course, but by adapting, adjusting, remaining nimble and eagerly embracing change. As we move from “what now” to “what’s next,” Sedgwick’s thought leaders are spearheading efforts and initiatives that will keep our clients prepared for whatever comes their way. And just as we have for more than 50 years, Sedgwick is committed to being a partner you can turn to, rely on and trust to keep your organization productive and prosperous as you thrive in 2021.

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# RESILIENCE

## >>> READINESS

### Supporting physical, emotional and financial wellness

How do we address the lasting effects of 2020 on employees? The impact of COVID on our long-term physical, emotional and financial health will be felt around the world. For example, we may see financial health issues reflected in claims, settlements and fraud trends. By integrating resilience training programs, financial support resources, managed care programs, behavioral health initiatives and more in our workplaces, we will be better positioned to actively offer employees the tools to thrive versus just asking them to remain resilient as the long-term effects play out.

### Overcoming COVID-19 fear factor and fatigue

Burnout is real, and stress levels are on the rise for all after dealing with the ongoing hardships of a challenging year. For many individuals, the feeling of COVID fatigue brings a personal strain. For many organizations, that fatigue may also be felt in the struggle to succeed in a down economy, to keep up with demanding regulations and requirements, to maintain employee morale, to find the balance between technology and real-life connection. There may be fear and apprehension about returning to workplaces – even fear and apprehension about getting a vaccine. But as we look ahead toward a future with vaccines and additional treatments, organizations can help people feel more resilient and overcome potential fear factor of returning to the workplace through tangible measures: investing in workplace safety programs and industrial hygiene,

maintaining consistent communications, building supportive return to work programs, encouraging opportunities for expanding knowledge and skills through training and more.

### Planning for business continuity

What are the lessons learned from previous crises? How do we improve processes so that when a crisis happens, we are ready to respond quickly? Our industry is where clients turn when they need help protecting their core business – for example, managing business interruption, mitigating further loss, modifying operating systems, etc. We can be ready with crisis resources, recovery tools, action plans, support networks and more.

### Protecting your business and brand

Liability trends may change as we continue to see the impact of COVID-19. What will happen with general liability? Will we see an uptick in people bringing claims against retail, hospitals, airlines, etc. for exposure? Contact and exposure tracing may play a bigger part in risk mitigation. Due to the accelerated approval process for some testing products and supplies used to manage the coronavirus, will we see a rise in product liability cases or recalls? Product liability exposure also continues to be a concern for retailers – where does responsibility ultimately lie in marketplace selling structures? How much risk lies in the supply chain? How can we be ready to respond quickly to challenges and create a positive narrative, even if negative circumstances arise?

# PEOPLE

## >>> PRODUCTIVITY



### Adapting to the new remote reality

At the height of the pandemic, 42% of the U.S. labor force worked from home full time. Similar trends were seen across the world. In the U.S., work-from-home employees now account for more than two-thirds of economic activity. And many companies are already developing plans for more work-from-home options beyond the pandemic. Employers must keep employees that work from home engaged and safe post-pandemic, and work to combat feelings of isolation. Other areas to explore include safety, ergonomics and compensability from injuries for those working from home. Remote work, even if it only continues part time, makes workers' compensation and return to work more complicated for many employers, who are used to having more on-site oversight of employee recovery and progress.

### Closing the talent gap

Economic uncertainty from the pandemic put retirement plans by many baby boomers on hold, giving employers some relief in retaining much-needed talent during a time of industry shortages. According to a recent survey, 1 in 4 baby boomers says they will postpone retirement due to the pandemic. However, this aging population is more vulnerable to the virus, which may amplify risks already realized by some employers. On the other hand, some employers were forced to utilize early retirement offers vs. furlough to reduce the workforce during economic slowdown, and may find themselves struggling to fill the knowledge gap as a result. How can succession planning and training be used in this scenario?

### Combating COVID-related workforce challenges

Unemployment and furlough are still a struggle as the economy deals with the pandemic; protections are needed for both employers and employees. For many employers, the complexity of dealing with a system that may not be as familiar to them – let alone working through the nuances of government-supported relief programs/furlough programs and the impact they could have on benefits or claims – can be a strain. Additionally, presenteeism continues to be a concern as employees adapt to shifting scenarios and a blending of worker and caregiver roles. Where do you turn for assistance when resources are reduced? How do you support your workforce through transitional times? Organizations that incorporate cross-training, flexible work and other innovative programs will be the ones thriving despite the challenges.

### Choosing a “people first” strategy

How can businesses prioritize the safety and wellbeing of employees across sites and across borders? As we emerge from a time of isolationism and resume cross-border transactions and travel, global experts must work together, coming to the table to rebuild ties, minimize risks and share best practices. We envision an expansion of global accident and health programs to help take care of people across the world, and more of a focus on behavioral health and other managed care tools in global regions beyond the U.S.



## CARE

## >>> ADVOCACY



### Addressing essential worker burnout, healthcare shortages and PTSD trends

Post-traumatic stress disorder (PTSD) claims are expected to rise among not just traditional first responders like police and firefighters, but also for healthcare professionals and other workers on the front lines of the pandemic and dealing with cumulative trauma. Learning from and benchmarking against peers can be invaluable for those in the healthcare space and other essential industries. Mental health support will be critical, as will guidance for evolving legislation. We also may see even greater personnel and capacity shortages in the healthcare system as the impacts of COVID-19 stretch out.

### Leading with empathy for claims and beyond

Technology continues to evolve the claims experience, but the human factor remains at the forefront of what we do. As technology evolves, it is changing the claims process, freeing people up to have more capacity for the human connection in a claim compared to the busy work of a claim.

### Navigating drug trends, testing and treatment

As we look toward further COVID-19 treatments and vaccines, challenges may arise in distribution, tracking or compliance. We're also keeping an eye on the evolution of drug therapies in the fight against chronic diseases and opioids, the possible decriminalization of psychedelics, changing laws surrounding marijuana and more.

### Continuing care in a socially distanced future

As clinicians worldwide rapidly transitioned from in-person to telehealth visits during the COVID-19 pandemic, it required managing many changes at once – and left many wondering what will come next, now that specific telehealth regulations have been temporarily loosened. Continuation of telehealth after the pandemic will depend on access, reimbursement and other regulatory issues. And while telemedicine, telePT, remote patient monitoring and other remote options are evolving, we can't forget about the changes we may continue to see for in-person care, as well. Will we continue to see lag time in treatments and surgeries, and how will it impact claims outcomes?

### Cultivating concierge-level service

In property and auto claims, we see trends toward end-to-end solutions, integration of claims and ancillary services, to help streamline processes. Managing all touchpoints from intake to resolution with concierge-level service makes things simpler for insurers and insureds, and leads to better outcomes and customer satisfaction.

# TECHNOLOGY

## >>> CONSUMER EXPERIENCE



### Embracing analytics and capitalizing on the value of data

Economic uncertainty combined with sudden changes in customer habits and pain points have prompted many businesses to turn to data analytics in search of more cost efficiencies and opportunities for automation. The surge in analytics adoption and spending is evident in all sectors, including small enterprises. In claims, we see text mining opening up new opportunities; we can analyze sentiment to address potential issues earlier in the claims cycle – and take a new angle as we look at ways to use data to support litigation management and claims closure decisions.

### Keeping up with the rapid pace of innovation

The ability to gather data in a timely manner is a luxury in a time of crisis. How do we leverage data to help clients make decisions when facing key issues, such as supply chain disruption, business interruption, property damage, data breach or recalls? Staying ahead of the curve is hard. Leveraging partnerships and collective expertise is essential. In the midst of uncertainty, technology enables us to pivot quickly. Artificial intelligence (AI) is informing our process and, with a strong people/technology partnership, we are able to work more efficiently and effectively – streamlining the process overall and giving us the capability to adapt with speed in times of crisis and need.

### Guiding the digital journey

The digital experience is changing. Our industry hasn't been as focused on this in the past, but it's being forced to catch up – speed has changed, use cases have changed (e.g., contact

tracing, vaccine tracing) and we are using technology in new ways to automate or support the claims process. Advanced digital tools are enabling integration and communication between systems, straight-through processing of lower-value claims, auto-routing of complex claims, flagging of fraud indicators, virtual adjusting of property and auto claims, and beyond – the possibilities continue to grow.

### Supporting individuals through self-service enhancements

Changes in customer behaviors and preferred interactions will continue to shift, with a continuing trend toward the use of digital services and self-service channels. The need for self-service tools has never been greater; technology is critical to improve overall claims experience and outcomes, and to mitigate risks. One example at Sedgwick is the evolution of mySedgwick – expanding to new lines, new scenarios.

### Increasing access and acceptance of virtual tools

We continue to find ways to move the typical in-person experience online, introducing or expanding tools within the claims industry like remote field adjusting apps, drones, virtual site visits and stewardship meetings, virtual ergonomics and safety assessments, and digital classroom experiences for training. The challenge is remaining authentic in a digital world. For healthcare, with the greater adoption and acceptance of telemedicine and other virtual options, what comes next? New and expanding options – including advances in remote patient monitoring – can support the process and outcomes, but also could come with some risks.



# EVOLVING RISKS

## >>> RESPONSE

### Mitigating the perfect risk storm

A natural or manmade catastrophe – extreme weather and effects of climate change, environmental pollution and environmental damage, ransomware attacks or other cyber events – affect property and operations across agriculture, marine, logistics and many other industry segments and international markets. Combined with the continuing pandemic, disaster creates the perfect risk storm that could hit any business. Catastrophe response has been tested like never before as first responders and field adjusters face social distancing guidelines, quarantine and lockdowns; regular fieldwork becomes a logistical maze. Identifying and mobilizing resources to meet the needs of insureds, particularly in surge situations, becomes infinitely more challenging – and critical.

### Addressing gaps in a hardening market

Emerging from 2020, many things are coming together to accelerate the hard market: less capacity, new exclusions, social unrest, severe weather, social inflation and more. What options are available for the insured when capacity shrinks, rate increases and coverage gaps creep in via policy language? Risk mitigation takes on a new level of importance. Captives and self-insurance become more attractive alternatives. In the U.S., we watch for movement on a federal insurance backstop for COVID-19, similar to the protections given under TRIA.

### Smoothing out supply chain disruptions

Essential workers that keep the supply chain flowing will continue to be susceptible to pandemic risks, including social distancing, persistent lockdowns, and quarantine requirements. As the pandemic continues, essential workers will continue to require PPE and hazard pay. IT and other support services may deteriorate because of vendor issues. Service suppliers, particularly offshore vendors that operate extensively in areas hit hard by COVID-19, may have limited or no ability to work remotely.

### Building upon the value of partnerships

What will we see for the future of outsourcing and resourcing as we navigate a time of economic uncertainty and fluctuation? It's critical to have reliable and steady partners. Whether there's a need to scale up or scale back on staff or services, a need to move into new markets as the economy and resources shift, a need for technical insight in specialty areas, or a need for expert guidance connected to compliance and regulation, a broader vision is essential.

### Protecting against cyber risks and system vulnerabilities

The new working-from-home economy heightens the risk for cyber attacks, and employers must stay ahead of cyber criminals, the rise in phishing-related attacks and ransomware.

## REGULATORY CHANGE

## >>> COMPLIANCE



### Complying with new and changing regulations

The pandemic puts an additional burden on employers for safety, tracking and reporting. Employers are keeping up with guidelines for quarantine, social distancing, back to business safety protocols and vaccinations as a focus on safety for employees and customers remains a priority. Integration and collaboration between corporate healthcare, workers' compensation/employers' liability and disability/leave efforts and teams will be more critical as rapidly changing legislation blurs the lines and requires transparency and information sharing. In the U.S., regulation is expected to continue and expand in 2021 for both insurers and employers, stretching the market from a compensability and liability perspective. We see coverage being mandated for exposures not taken into account during the underwriting process; premiums being deferred or refunded; rules changing on how personal lines, auto specifically, are written; and non-cancellation measures placing a burden on policies.

### Planning for compensability challenges

Compensability determinations will prove influential as we assess the financial implications of business interruption and compensability lawsuits across the globe in areas like general

liability, medical malpractice and directors and officer's liability. Presumptive compensability laws introduced in different U.S. states set aside protections for essential workers, including first responders and healthcare workers. In these scenarios, safety and mitigation responses are critical, and documentation, expert guidance and the ability to trace and investigate may tip the scales in uncertain situations. We will watch how things shift as new rules and programs are forged to mitigate future pandemic impact.

### Guarding privacy under new laws and practices

New privacy regulations continue to take effect across different regions of the world, and the privacy concerns raised in connection with contact tracing efforts are a sub-issue that may have more significance in 2021. With the growing number of contact tracing apps and technologies used in tracking COVID-19 infections (and possibly vaccinations), privacy protection is paramount. Once people start resuming their normal routines, contact tracing will be essential to containing emerging clusters of coronavirus infections. But even the best-intentioned plans are going to raise questions and be at risk of privacy violations.



## TRENDS

### >>> TRANSFORMATION

#### Adjusting for a post-COVID reality

COVID-19 has fundamentally changed the way we work, interact, consume and live – and it's changing the trajectory of the claims process. What impact will we see from delayed surgeries? Delayed court decisions? Improper work-from-home ergonomics? Increasing healthcare shortages? Long-term impacts of the coronavirus on health and on reserves? How can we smoothly reintegrate our workforces through back to business initiatives? We will need to remain nimble as we see how these questions are answered throughout the year.

#### Thriving despite economic challenges

Organizations will continue to look for various strategies to stay afloat during the remainder of the pandemic and its economic fallout. While nearly every sector is suffering, demand for travel will continue to be disproportionately affected, with the effects rippling across other industries, including hospitality, tourism, retail and entertainment. The future will look different as we adapt, including a shift toward on-demand or gig models. Those who can embrace new models will find opportunity to thrive.

#### Responding to political shifts

Following major elections in the U.S. and elsewhere, we will see how new administration and regulations will have a direct impact on handling of the pandemic, immigration, healthcare, trade and more. Geopolitical issues are affecting the insurance sector and claims internationally, as well, with the U.K. facing post-Brexit changes. Civil unrest in different parts of the world – the U.S. and Hong Kong, for example – will increase demand for insurance protection in a tough market.

#### Focusing on diversity and inclusion

With social justice movements happening around the world, companies are focusing efforts on promoting diversity in the claims industry and beyond, actively assessing inclusive hiring practices. More diverse perspectives bring more diverse solutions, ultimately helping provide better products and services to clients.