

Market Outlook

Unlike other lines of coverage, the market for workers' compensation insurance has remained stable across most states and industries, performing as an outlier by producing profitable underwriting results. According to the National Council on Compensation Insurance (NCCI), the private carrier combined ratio for workers' compensation in 2020 carriers was 87, up from 85 in 2019, marking the seventh consecutive year of underwriting profit. Nevertheless, there are still trends that could pose concerns within the market for 2022—such as COVID-19 risks, widespread labor shortages and a rise in mega claims. Looking ahead, we predict that workers' compensation rates will remain stable, with some organizations experiencing rate decreases and others seeing minimal rate increases.

2022 Price Prediction

Overall:

-2% to +5%

Developments and Trends to Watch

- **Wearable safety technology**—In an effort to minimize employee injuries and subsequent workers' compensation claims, many organizations have turned to wearable safety technology in recent years. These devices can help monitor employees' behaviors on the job, alert them of hazardous situations and provide real-time safety instructions—thus promoting a safer work environment, mitigating injuries and lowering workers' compensation costs. According to ABI Research, the wearable technology market is projected to reach \$60 billion by the end of 2022.
- **Telemedicine offerings**—Telemedicine, which allows employees to receive medical services virtually after they've been injured on the job, has continued to rise in popularity over the years. Especially amid the ongoing COVID-19 pandemic, telemedicine has become an increasingly attractive option for employees to receive medical services without physically visiting a doctor's office or navigating limited clinic availability. In fact, 25 states either added or expanded telemedicine offerings for treating occupational injuries due to the pandemic, the Workers' Compensation Research Institute reports. What's more, a recent survey found that 83% of patients who currently use telemedicine plan to continue doing so even after the pandemic ends.
- **Qualified worker shortages**—The U.S. Bureau of Labor Statistics confirmed there were more job openings available in 2021 than there have been in the last two decades. Due to these labor shortages, many employers have begun hiring a large number of inexperienced workers. Yet, this practice comes with workers' compensation risks; employees with less than five years of experience contribute to 43% of workplace injuries, according to a recent survey conducted by the Golden Triangle Business Roundtable in Texas. This is likely because such workers often lack years of safety training and may be more willing to take unnecessary risks.
- **Mega claims**—A mega claim is an exceptionally large claim, totaling \$3 million or more in incurred losses. In the scope of workers' compensation, these claims typically stem from employees experiencing severe (and possibly permanent) injuries on the job. The NCCI reports that mega claims have reached a 12-year high—increasing in both frequency and severity.

Tips for Insurance Buyers

- Enforce workplace health and safety measures to help protect your staff from COVID-19 exposure and limit the likelihood of related claims.
- Implement safety and health programs to address common risks, especially when using a loss-sensitive workers' compensation program.
- Consider implementing various digital solutions—such as wearable safety technology and telemedicine—to help prevent and treat injuries within your workers' compensation program.
- Develop an effective return-to-work program that properly supports employees in the process of healing from a work-related illness or injury and resuming job duties following their recovery.