Six Trends **Affecting Worker's Compensation Insurance**

Workers' compensation coverage plays a major role in connecting injured employees to the care they need to return to work as quickly and safely as possible. It's also mandatory coverage in most states, so it's crucial for your organization to develop an effective workers' compensation program. Read on to learn more about the trends impacting workers' compensation insurance and employee health and safety.



Telemedicine use—Since the COVID-19 pandemic, the adoption of telemedicine in workers' compensation has accelerated and is expected to remain relevant. It allows virtual medical services for injured employees, providing convenience and accessibility. Telemedicine benefits include saving time and transportation costs, offering easy access to specialists and promoting faster recovery.



Focus on mental health—Employee well-being, encompassing physical, mental and emotional health, is essential for workplace safety and business objectives. To address well-being, businesses should consider mental health initiatives, as poor mental health correlates with workplace accidents and higher costs.



Inflation effects—Inflation impacts the commercial insurance market, including workers' compensation. Medical inflation, wage inflation and higher employee pay are all key contributors to the cost of coverage. Medical inflation has been relatively low due to past profitability and fee schedules in some states. However, it is expected to increase in the future. Wage inflation has risen as businesses increase pay to attract and retain workers, potentially leading to higher workers' compensation premiums. There could be challenges in maintaining a balance between wages, benefits and premiums, leading to short-term disconnects.



Mega claims—The surge of exceptionally large claims in recent years, totaling $3 million or more, has impacted the cost of workers' compensation insurance. These claims typically arise from severe and possibly permanent on-the-job injuries. Mega claims can impact companies as they are often complex to manage and can create significant financial burdens.



Aging workforce—The past decade has brought on an aging workforce. According to the U.S. Bureau of Labor Statistics, the share of employees over the age of 55 in the labor force is expected to increase to nearly 25% by 2024 (up from 21.7% in 2014). Such a statistic is notable, as the cost of workers' compensation claims generally increases as employees age. Because health typically diminishes with age, the impact of minor injuries can be more severe for older workers—taking them longer to fully recover.



Use of wearable safety technology—Businesses are increasingly adopting wearable safety technology to reduce employee injuries and workers' compensation claims. These electronic devices can monitor employees' behaviors, provide real-time safety instructions and allow safety managers to adjust the work environment. By implementing these devices in the workplace, businesses can promote a safer work environment.

We are here to provide much-needed market expertise. Contact us today for additional risk management guidance and workers' compensation solutions.

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