



CASE STUDY

Workers' Compensation Consulting Shifts Claim Reserving Practices



The Request

Resolve a number of open claims and reduce the amount of open reserves.

In 2020, a middle-market customer hired Brown & Brown as its broker and asked our claims team to participate in the triannual claim reviews. The designated claims team from Brown & Brown began the process by reviewing a selection of open workers' compensation claims through the carrier's online claim system. This integral part of the claim reviews process allowed the team to understand the claims and confirm or develop an aggressive action plan to bring those claims to resolution. In addition, all claim payments and reserving practices were reviewed. As part of the first claim review, 15 claims were evaluated with total open reserves of \$763,046.

The carrier's online claim system presented challenges. In many cases, the insufficient volume or details in the claim notes meant the Brown & Brown team could not fully evaluate the claim exposure. Examples of this included:

- Limited to no medical documentation of the claimant's ongoing medical treatment or recovery plan
- Limited to no legal documentation of litigation activity
- Limited detail on the medical bills paid (only total dollars paid and date of service available)



The Solution

Dedicated Claims team performed thorough reviews & developed aggressive action plan.

To assist in these evaluations, the carrier provided claim status reports which contributed additional details the carrier believed to be important to the claims.

During Brown & Brown's claim review, the team found that 13 of the 15 claims being evaluated had significant reserving issues. Based on these findings, the carrier agreed to \$64,746 in reserve reductions. Beyond those immediate reductions, the carrier also agreed to review the claims for an additional \$391,643 in various reserves for accuracy and further reduction.

The Brown & Brown claims team's efforts in reviewing the claim activity and reserving lead to the carrier reassigning the open inventory to a new claims adjuster, who would be able to more effectively meet the service expectations of the customer and execute the process using industry best practices.

After four months, our team completed a second claims review. Through the solutions our team administered during the prior claims review, the open claim count was reduced to 10 claims, and the total open reserves also dropped by \$412,666 to \$350,380.

After the first claim review with Brown & Brown, the Chief Financial Officer (CFO) commented that they had previously attempted to address what they felt was excessive reserving with their previous broker without any success. The CFO was impressed with the effectiveness and speed of the process that Brown & Brown achieved in a short timespan. The company was left in a stronger position once claims were reduced from 15 to 10 and reserves were decreased from \$763,056 to \$350,380.



The Results

Closed 5 claims within 4 months and reduced reserves by over 50%.



How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving employee benefits program.



Find Your Solution at [BBrown.com](https://www.BBrown.com)

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