

## Settlement Solutions for the Trucking Industry



According to the Federal Motor Carrier Safety Administration, more than 4,300 people were killed in accidents involving semis and other large trucks in 2016, a 28 percent increase over 2009. Additionally, over 145,000 were injured in accidents involving trucks.

Truck related claims are some of the most catastrophic in the industry, and require special handling from the date of the occurrence.

Accelerated Settlement Solution practices allow clients to gain a wealth of technology, data and experience to alleviate headaches and help to manage the claim in a methodical and cost-effective manner. The practices often reduce the average expected cost of the case by 10-20%, and often 30-40% in larger cases.

### Recent Findings

When we review trucking industry loss information from insurance companies, third party administrators and self-insured clients, we notice that legacy claims (those claims that are open for longer than one year, or are greater than

\$25,000 in reserves) are becoming a larger part of the claim portfolio.

We find at times that long diaries are being placed on cases with only minimal support for the reserves. Normally, an attorney and their staff are the primary resources managing a claim, and they are not prepared to address the immediate challenges of establishing a value and setting reserves for insurance purposes.

As senior enterprise risk and claim managers know, this could be an extremely dangerous and expensive manner to manage a claim due to uncontrollable damages and costs. Additionally, the information associated with this type of management is limited to the *legal process* and not the *strategic settlement costs*.

There are many reasons for these conditions in a risk and claim management operation.

- The severity and complexity of legacy and chronic claims have worsened over the last few years.
- Many managers believe that claim adjusters don't have adequate resources to deal with everything related to a catastrophic claim, and their case loads are growing to levels that make effective claims handling a difficult exercise.
- Once the immediate emergency has been resolved, insurers may not communicate critical information from the investigation to assist in managing the claims and ongoing operational risk.

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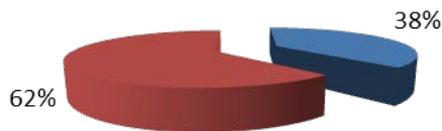
- There may not be a reasonable basis for establishing a reserve without detailed medical data from the investigation or litigation process.

## The Results of Our Study

During the process of analyzing our proprietary and various partners' data, we have found interesting statistics to show that an integrated Accelerated Settlement Solution approach provides significantly reduced loss costs for individual cases and programs versus a normal approach.

### Benchmarked Aggregate Accelerated Settlement Solution Final Results

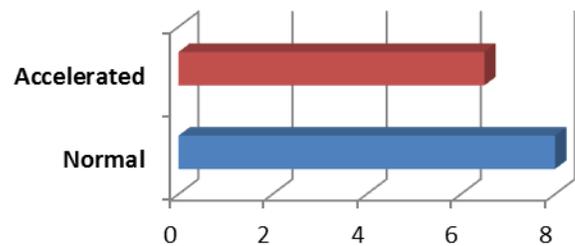
- Reduction from expected final results



Sources: Blackburn Group, Inc. Proprietary Claim Data, Select Private Loss Cost Data, Centers for Medicare & Medicaid Services, A.M. Best, Risk and Insurance Management Society, Advisen, and Business Insurance.

Additionally, we reviewed the normal timeframe to resolve significant claims, and compared the results with our source data. Remarkably, the clients who employed an Accelerated Settlement Solution approach were able to eliminate 20-25% of the time associated with "open" legacy claims depending upon the type of casualty loss reviewed.

### Years "Open"



Sources: Select Casualty (Liability and Workers Compensation) Blackburn Group, Inc. Proprietary Claim Data, Select Private Loss Cost Data, Centers for Medicare & Medicaid Services, A.M. Best, Risk and Insurance Management Society, Advisen, and Business Insurance.

## The Questions to Ask Yourself

Most risk, claim and benefit managers want to be proactive in identifying and solving open legacy claims. However, inefficiencies with vendors and lack of resources limit just how much influence they can have over the process.

- Do you have enough time and manpower to devote to overseeing catastrophic claim handling activities?
- Do you have a systematic or standardized process for identifying and managing claims for settlement?
- Do you have technology and professional service teams to be able to execute your Best Practice Risk and Claim Management Guidelines?

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## The Value Equation

We have found that organizations that are employing advanced teams of people with specialty settlement solutions technology are far outpacing their peers in reducing their aggregate claims costs, and ultimately their loss and combined ratios.

Additionally, it is an advantage to employ an integrated, specialized approach to these efforts including:

- Strategic Predictive Analytics,
- Medical Lien Verification and Negotiation,
- Accelerated Settlement Medical Cost Projections,
- Medicare Set-Asides and MMSEA Section 111 Mandatory Data Reporting,
- Life Care Planning,
- Structured Settlements,
- Custodial Account Administration,
- Special Needs Trust Development, and
- Associated Financial Planning.

For example, if the past two years of a claimant's medical data are analyzed and benchmarked with other "best practice or accelerated" cases, the final results tend to be similar and are significantly less costly. Also, if

different firms handle the functional requirements of a final Settlement Solution the results generally appear to be "normal" as described in the graphics above. We have seen several reasons for this including redundant and disconnected analysis without technology, variations in experience applied to the review of the analysis, and a tasked-based approach to the professional service.

By using a unique and integrated approach, and an extensive results-oriented, technology-based benchmarking capability with specialized claim and clinical teams, the final total costs of a claim are significantly reduced.

## About Blackburn Group

**Blackburn Group is an enterprise risk and claim settlement solutions professional service firm specializing in a variety of integrated claim settlement products and services. Our partners have over 40 years' experience delivering advanced product and service solutions for the risk, claim, and insurance industries.**

**We have been recognized by A.M. Best Company as a leading resource for both Enterprise Risk Management (ERM) and Claim Settlement Solutions, and are ranked number one by Google in searches for these subjects. In our thousands of projects, we have been able to help our clients close 60-80% of their legacy cases within 2 years, and have reduced the outstanding reserves from 15-40% from the start of the project.**