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IN THIS ISSUE

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Building organizational culture: putting people first

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The past few years have been marked by unprecedented upheaval in the workforce. Employees and organizations the world over are reconsidering where and when work gets done. The pandemic, combined with the rising cost of living, has led many to examine their personal priorities and career goals — sparking a large-scale reshuffling of talent known as the Great Resignation.

Further, baby boomers are transitioning into retirement, leaving behind significant gaps in institutional knowledge and job skills. Members of Generation Z are eagerly entering the workforce but have different career expectations than their predecessors.

It is against this complex backdrop that organizations are engaged in a fierce war for talent.

CULTURE AS A DIFFERENTIATOR

In efforts to reduce attrition and attract new talent, employers are looking to use the strength of their organizational cultures to set themselves apart from the competition. Here, we highlight four qualities today's workforce seeks in an employer and how you can leverage the latest trends to enhance these aspects of your organizational culture, making it more attractive to current and prospective employees.

#1: MEANING AND BELONGING

With modern workers devoting so much time to their careers, they increasingly look to their jobs to provide them with a sense of purpose. Additionally, employees want to feel part of something larger than themselves and that their work contributes to making a meaningful difference in the world. This is especially true for younger members of the workforce, who tend to view work as not "just a job" but an extension of their personal identity.

To address the sense of purpose that workers crave, many job duties have been reframed in terms of their meaning and significance, rather than their mechanics. Postings for jobs in all sorts of fields — not just the traditional helping professions — now include words like "empathy" and "caring." For employers to successful hire and retain people to whom these values are important, they must continually work to provide caring employee and customer experiences, rather than merely paying lip service in their recruiting efforts.

Companies are putting greater emphasis on environmental, social and governance (ESG) as they strive to be responsible corporate citizens and the kind of organizations with which employees are proud to be associated. Efforts in this area focus on sustainability; diversity, equity and inclusion (DEI); strategic corporate giving; business ethics and other initiatives. In particular, embedding DEI into organizational practices helps employees feel a sense of belonging and comfort in knowing their full, authentic selves will be accepted and respected at work.

New research shows that Generation Z and millennial employee loyalty is directly related to organizational commitment to making a positive impact on society. Some employers are using volunteerism to demonstrate social responsibility and foster connections to the communities in which they operate. Giving employees paid time off to volunteer for a nonprofit, incorporating service projects into team meetings, and arranging for employee groups to assist at volunteer sites are just a few of the ways employers can reinforce their values while giving back; these approaches also give employees a greater sense of meaning and purpose in their connection to work.

#2: APPRECIATION AND RECOGNITION

When committing to an organization, people want to feel confident their hard work won't go unnoticed. They crave employers that value them as individuals and the unique traits and skills they bring to the team. Amid today's war for talent, recognizing employees isn't merely a nice thing to do; it's an organizational performance imperative.

Traditionally, employee recognition has focused on monetary rewards. Cash bonuses and other financial incentives have long been tied to employee performance. Those companies that offer performance bonuses to the third-party examiners and adjusters who service their programs well consistently view it as a win-win. The incentives demonstrate that these professionals are viewed as valuable partners who are appreciated for the support they provide; they also motivate high engagement and advocacy and reduce organizations' total cost of risk.

While it is certainly appropriate to compensate people for outstanding performance and to share organizational success with those who made that success possible, meaningful recognition must be about more than dollars and cents. According to a recent study, recognition has the greatest impact when it fulfills employees' needs and expectations and is authentic, equitable, personalized and embedded in the organizational culture. The research found that employees who have good workplace recognition experiences are three times more likely to feel strong loyalty to the organization, while those who report low-quality or infrequent recognition are at high risk for leaving.

Among today's workforce, recognition is less about receiving individual accolades and more about opportunities for connection. Employees want acknowledgement from senior leadership, kudos from their direct managers and avenues for recognizing peers for a job well done. Additionally, they are looking for workplace recognition to mirror their online social interactions. Organizations are using intranets and other digital platforms to showcase recognized employees, giving the workforce visibility into who was recognized and the opportunity to post messages of congratulations. The social aspects of recognition have taken on greater significance, now that many employees are dispersed and/or working remotely.

Team recognition is growing in popularity as a way for workgroups to celebrate their collective contributions, rather than highlighting one person's achievements above the rest. This can take the form of special group meals, spirit days, friendly competitions, social outings and themed events that demonstrate appreciation and foster camaraderie and belonging.

#3: HIGH LEVEL OF PERFORMANCE

Most people — top achievers in particular — approach each day with the sincere desire to do good work and perform well at their jobs. Developing a high-performance organizational culture is critical to helping employees stay motivated and deliver excellence.

A key element of driving performance is goal setting. Establishing individual and team goals at the outset of each year gives employees ambitions for which to strive. Regularly marking progress made toward those goals helps employees and teams stay on track and better understand how their efforts contribute to the organization's overall success. It's important to consider how goals are measured; for instance, an abstract goal like improving advocacy in workers' compensation must be broken down into elements that are quantifiable, such as reducing the number of injured workers seeking legal representation and (safely) increasing return to work rates.

Supporting an atmosphere of learning is another critical piece of high-performance cultures. Ongoing development opportunities enable employees to keep their skills sharp, gain new proficiencies, and enjoy personal and professional growth. When employers invest in employee development, people feel a stronger sense of belonging, well-being and loyalty. A 2022 workforce survey indicates that more than half the workforce is likely to leave their current employment if they do not receive ample and fulfilling professional development. Corporate universities, tuition assistance benefits, mentorship programs and access to other resources are regularly touted as attraction and retention tools.

Despite the current talent shortage, employees who are underperforming should not simply be overlooked on the presumption that no one better is available to replace them. Doing so threatens to have a detrimental effect on team morale and motivation. In most cases, employees can be coached to better performance, given additional skills training, evaluated for necessary accommodations, or transferred to a better-fitting role.

OVER 50%

of those who can work remotely all or most of the time want to do so for the foreseeable future

#4: FLEXIBILITY

When millions of people transitioned to working from home in 2020 to curb the spread of COVID-19, many discovered they enjoyed the benefits of remote work. Eliminating the commute to the office from their daily routines gave them more time to focus on other priorities, like caregiving, exercise and personal errands, or to get more work accomplished. Those in jobs with flexible timing found themselves thriving by working at the time of day (or night) when they perform best. Many in today's workforce want to feel a sense of empowerment — that their employer trusts them to get their work done well and on-time without someone standing over their shoulder. The evolution and popularity of flexible work ushered in by the pandemic has provided the balance and autonomy they've craved.

Most employers presumed their workforces would return to the office once the peak risks of COVID had subsided. Having people in the office, they reasoned, would ensure productivity levels were maintained, enable managers to better monitor their teams, and help employees feel connected to their peers and the organization.

However, employers have seen how challenging it is today to retain employees and attract new talent without offering some level of flexibility. A 2020 Pew Research Center survey showed that over 50% of those who can work remotely all or most of the time want to do so for the foreseeable future — and that number is likely even higher today. Another study found that about half of all workers are likely to seek other job opportunities if not given flexibility in their work schedules and locales. The trends of the Great Resignation have shown this to be true, with less flexible employers and industries struggling to find and keep talent.

Organizations that wish to remain competitive in meeting current workforce expectations should continue to evolve their cultures to embrace greater flexibility. Making those adjustments requires some innovation and planning, but employers stand to gain a lot from the investment. Eliminating geographic requirements from job positions, for example, widely expands talent pools to include candidates in multiple locations and those with varying transportation access and physical mobility. Additionally, employers can save on costs associated with office space, relocations and more. Study results and data from our book of business demonstrate that flexible work options reduce absences from work. Perhaps most importantly, flexibility can improve employee satisfaction and well-being without sacrificing productivity, leading to improved talent attraction and retention.

Of course, not every type of job lends itself to flex time or working from home. There are other flexible work models that employers can consider, such as split shifts (with an extended break in the middle of the day) or compressed schedules of fewer but longer days (such as four 10-hour days per week). While it may not be feasible for employers to offer all of these options to everyone, many can implement at least one to most employees, giving people greater balance and autonomy without jeopardizing operational effectiveness.

PUTTING PEOPLE FIRST

These are just four of the many facets of organizational culture that affect the employee experience and, in turn, whether people choose to stay with or join an organization. An overarching factor, which we would be remiss not to address here, is front-line leadership. People managers play a critical role in how all aspects of culture are operationalized. Organizational initiatives cannot succeed without the positive support and reinforcement of people managers. One employee's experience may dramatically differ from another's, depending on the leadership style of their managers and how those managers put the culture into practice each day. Employers looking to build stronger organizational cultures will benefit from further developing and educating their people managers.

Here at Sedgwick, we have three guiding principles to align our collective efforts and thought processes: the colleague experience, the customer experience and profitable growth. It's quite intentional that colleague experience comes first on that list. Sedgwick has long believed that if we take proper care of our colleagues, they will take good care of our customers, and the rest will fall into place for the business.

The disruptive workforce trends we've seen in the past few years make this philosophy more relevant than ever. If employers want to attract and retain top talent in today's competitive environment, they must keep people at the center of their decision-making and work to foster cultures that can support employees during tumultuous times.

The environmental landscape: different geographies, similar stories

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Extreme "macro environmental" events — from California fires to flooding across Australia to the unprecedented high temperatures in the U.K. — are leaving no corner of the world untouched.

Regardless of geography, we're hearing similar stories and seeing the indisputable effects of climate change on the environmental landscape.

KEEPING UP WITH CLIMATE

Long-time residents of the Bahamas, Florida and Louisiana will no doubt remember back to 30 years ago this August, when Hurricane Andrew made history as the third-strongest hurricane ever recorded. The storm "set a new standard of damage to expect from major hurricanes," technology for predicting hurricanes came under great scrutiny, and research funding and forecasting efforts became a top priority.

Twelve years after Andrew, Hurricane Charley made landfall in Florida on August 13, 2004 — the first of four devastating storms that blasted the state within six weeks' time and left what was, at the time, nearly unfathomable damage. Since 2016, though, every hurricane season has recorded storms with higher-than-average numbers and intensity. The days of hoping things will simply "go back to normal" are behind us.

To put it bluntly: the modeling systems insurers are using to evaluate and predict catastrophes may well be outdated in failing to account for accelerating climate change. And where previous predictive models were based on past experience, many experts believe that existing data may prove increasingly unreliable and, frankly, incapable of keeping up with the increase in frequency and severity of natural disaster incidents.

And so, the assessment of risk is quickly going out the window.

HOW CATASTROPHE AFFECTS THE INSURANCE INDUSTRY

Flashing back to late 2019, no one could have anticipated the impact of a "cold-type of virus" on the world. It underscored how reliant we are on global supply — food from Asia, fuel from Russia — and became the most tangible example in modern history of just how interconnected we are. Economic impacts can be subtle, but significant; spiraling inflation in the U.K. seems to be driven mainly by the Ukraine crisis and Russian energy supply issues.

In South Asia, an area particularly vulnerable to flooding, it's predicted that from now to 2050 more than 62 million people will be displaced due to climate-caused disaster, barring drastic worldwide changes to address greenhouse gases. This will have a massive economic impact, exacerbated by ongoing international supply chain issues.

BEING READY FOR ANYTHING IS AN ONGOING CHALLENGE.

And there are a number of potentially significant global environmental issues that could give rise to almost unprecedented insurance exposures, such as microplastics in our oceans and food chains and PFAS (and kindred compounds) pollution. These may have a tremendous and as yet unforeseen impact on human health. We've already seen several PFAS-related claims arising from firefighting media pollution events.

So if we have to remodel how we predict and prepare for catastrophe, will we have to increase premiums? (Spoiler: yes.) Can businesses afford to insure themselves? What will be the broader impact on capitalism?

We're seeing it play out in Florida today, where businesses are experiencing the perfect storm of not enough adjusters, not enough access to materials like shingles and lumber, and not enough capital to afford the insurance it would take to get those things in place. Couple that with the fact that "Florida accounts for only 8% of homeowners' insurance claims in the nation, but is responsible for about 76% of litigation," and it's no wonder we're seeing the crisis unfolding before us.

It's a vicious circle: If people and businesses can't afford insurance, if they decide to risk moving forward uninsured, economic growth will undoubtedly suffer.

THE DIFFERENCE-MAKERS

Different countries have different approaches to climate policy: Developing countries are driven by economics, and their priorities are understandably quite different from what we expect in economic powerhouses like the countries comprising the G8.

Current commitments of leading economies are unlikely to make enough of a difference now to create substantial change over the next 10 years. But, if in that decade, we take the right steps, we'll see the benefits.

It will come in the form of renewable energy like wind farms, solar panels, electric cars, better recycling, with a drive for less waste — and perhaps most importantly, in a greater willingness by the world's governments to implement and enforce these types of advancement. Corporations implementing bold and progressive environmental, social and governance (ESG) efforts is also crucial.

ALL HANDS ON DECK: A CASE STUDY IN HANDLING CATASTROPHES

Australia's recent flooding is the latest example of extreme weather-related events wreaking havoc. The team of Sedgwick colleagues responding to the disaster never lost sight of our philosophy that caring counts — and never more so than in a crisis.

The event:

- 2022 floods were the fourth-largest recorded catastrophe in Australia's history.
- They spread from Queensland to New South Wales, covering more than 1,200 kilometers along the country's eastern coastline.

The big picture:

- "Surge" staffing solutions
    - Sedgwick called in nearly 100 colleagues from other regions because there weren't enough colleagues available to handle the influx of claims. International adjusters came from Mexico, Canada, Ireland, the U.K. and the U.S. And additional team of commercial adjusters in the U.K. and Ireland assisted with desktop claims.
    - Human resources are a growing need in nearly all industries, in all countries, stemming from businesses that are struggling to source their own qualified people adequately. The workforce — and how to recruit — is rapidly changing, and "be ready for anything" is an ongoing challenge.

- Temporary housing
    - To really help people in the wake of devastation, it's imperative to look at the damage holistically — and to house the people, quickly and cost-effectively.

- Helping the helpers
  - Caring has to start at home. To care for our colleagues who suffered their own losses in this difficult time, Sedgwick provided field adjusters with mental health support and additional procedures, including:
    - Onboarding for international adjusters, with a "crash course" on onsite inspections and the Australian climate, including wildlife
    - Increased training on dealing with customers in difficult circumstances (e.g., declined claims)
    - "Youth week" program designed with our youngest colleagues in mind, as this is the first job for many of them and they may find themselves overwhelmed by the challenging cases

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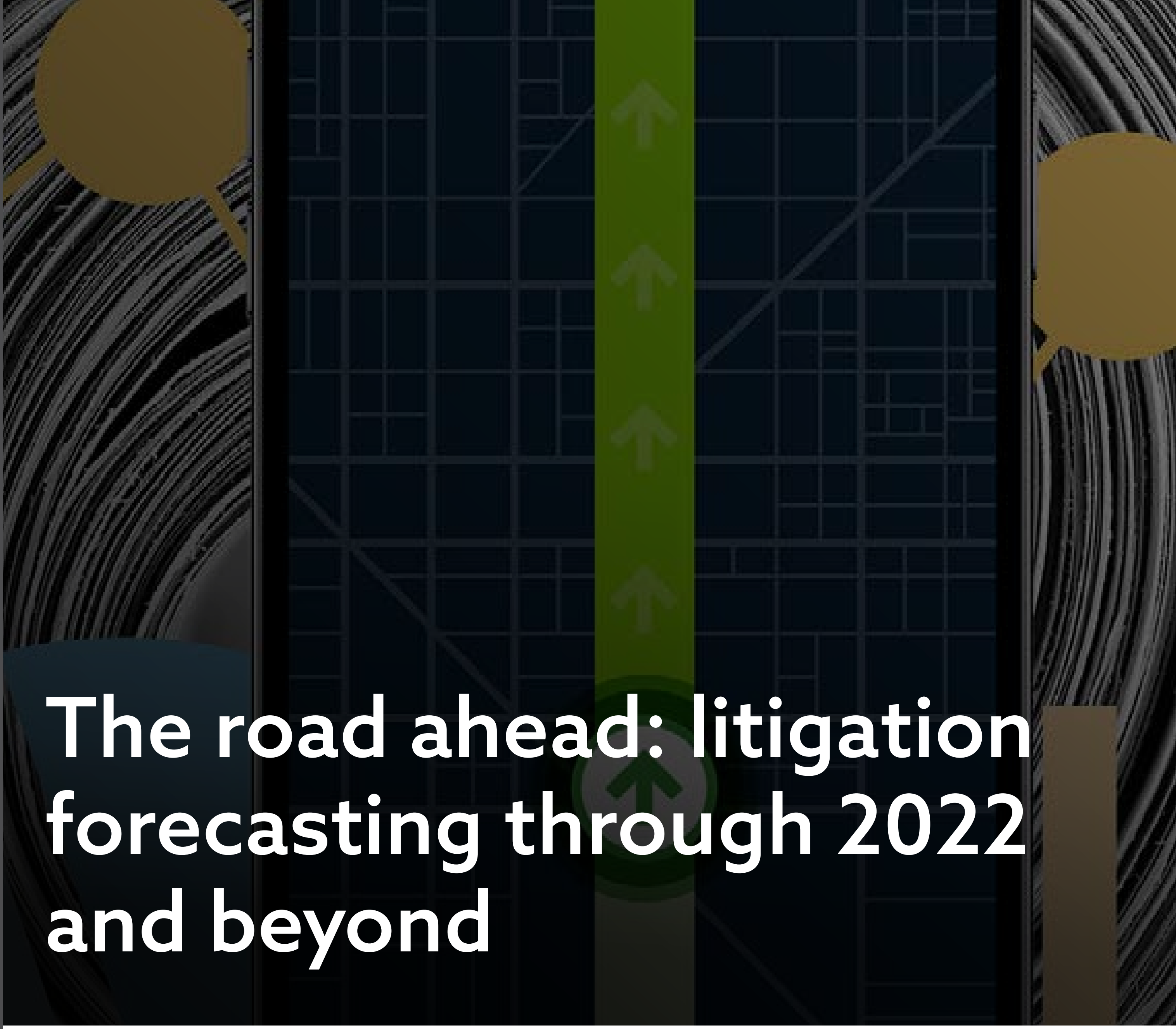

The road ahead: litigation forecasting through 2022 and beyond

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Industries around the world are striving to adjust to the societal, business and economic realities of the times. Corporations subject to litigation, like general liability and auto in particular, are focused on understanding what it all means for their industry. While much is unknown, what we do know is that charting a path forward depends on several factors, including:

- an organization's ability to analyze data
- the insights to identify relevant trends
- a commitment to exploring promising solutions
- the foresight to build a long-term strategy for today and tomorrow

A LOOK AT THE CURRENT LITIGATION LANDSCAPE

The past few years have been a bumpy ride for the industry. COVID-19 impacted everything, including litigation. While cases declined considerably in 2020 at the pandemic's height, beginning in late 2021 Sedgwick began to see more claims with attorney involvement at first notice of loss, indicating that cases were rising. In 2021, the industry also saw its first $1 billion award, a record that lasted only months before an astounding $301 billion award was announced. A study by Verdict Search found that between 2019 and 2020, there was a 300% increase in awards of $20 million or more.

Multiple factors are fueling the current climate. Social psychologists note that after the past few years of deprivation and uncertainty, some believe compensation is warranted (both plaintiffs and jurors). The normalization of high verdicts is having a ripple effect across the industry. According to a 2021 Milliman study, losses are growing at a faster pace than insurance premium rate increases.

WAGE INFLATION ALSO IMPACTS LITIGATION

As salaries increase to recruit and retain workers, another factor that must be considered as contributing to verdicts is wage inflation, which is currently at 5.2%, according to the Bureau of Labor Statistics' July release.

Sedgwick analyzed how wage inflation impacted clients in terms of disability payments and time people were away from work to better determine its impact on judgments. Taking 1 million workers' comp claims and examining weekly wages for claims, we compared them year over year. On average, daily disability payments increased 4.7% for workers' compensation claims and 1.5% for average medical payments as compared to 2021. We can expect medical costs to increase in 2023 as well, due to adjustments to workers' compensation medical fee schedules.

Litigated claim expenses, such as legal defense, surveillance, appraisals and special investigations, also continue to rise. According to data from the National Association of Insurance Commissioners (NAIC), costs as a percentage of the total incurred losses increased by 4% from 2017 to 2019 and, depending on the specific line of liability business, can account for as much as one-third, or even one-half, of total incurred losses.

What does all this analysis mean for the industry? That we must focus on and address a range of issues contributing to the current escalation in litigation expenses.

OTHER FACTORS INFLUENCING TRENDS

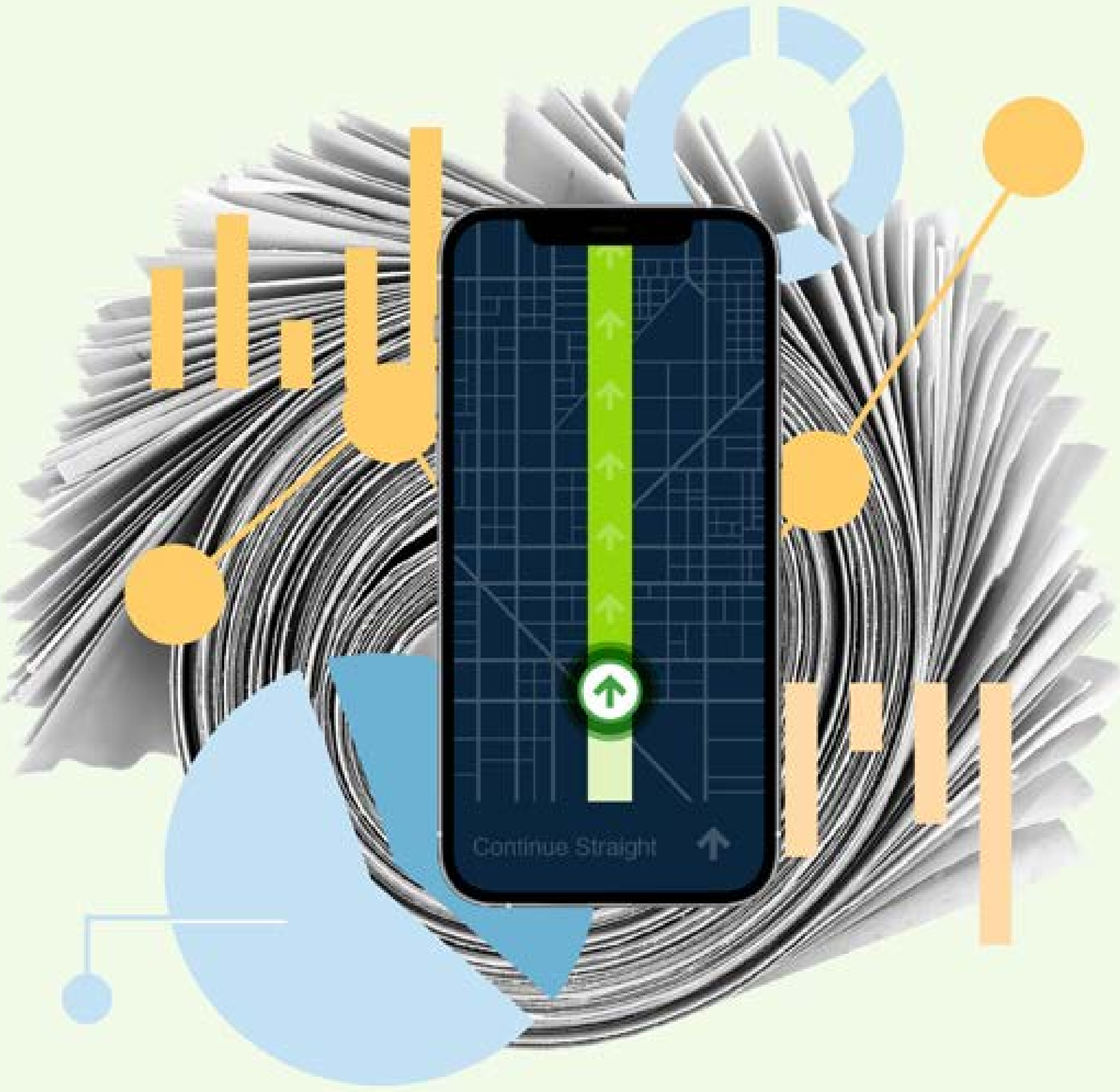
Here are a few to monitor:

1. **Third-party funding.** One trend we're seeing is more funding from third parties — specifically large legal firms. Because of all the dollars they invest up front, the concern is that there will be less opportunity for settlements or realistic verdicts. (For more information, explore Sedgwick's commentary paper on litigation trends.)
2. **Global marketplace.** Escalating verdicts appear to be a distinctly American phenomenon. However, regions like Great Britain, France, Germany, Australia and Asia will want to closely monitor their ecosystems and note trends.
3. **Environmental, social, governance (ESG) cases.** While still an emerging "must-have" component of an organization's best practices, as ESG grows in importance it could become a factor influencing litigation. The U.S. has already seen the first few cases involving ESG.

WHAT ROLE WILL TECHNOLOGY PLAY IN LITIGATION AVOIDANCE AND MANAGEMENT?

While understanding the litigation landscape is a crucial step, equally vital is exploring solutions. What can we do to address the challenges of today's litigation marketplace?

One promising strategy is the adoption of predictive modeling, which uses data to help identify litigation-prone claims and develops alternative workflows that can be readily implemented to focus on prevention and resolution.


Continue Straight

Nuclear verdicts – those more than $10 million – are becoming the norm

In the near future, we expect to be able to incorporate artificial intelligence (AI) models, which will allow us to enhance datasets to make better directional decisions, like the optimal venue for a specific trial. Or, we can use AI and machine learning (ML) to run plaintiff comparisons and get insights into expert witnesses and whether or not they have a bearing on outcomes.

AI and ML will become more robust and valuable as we continue to add more datasets — from both internal and external sources and make them more sophisticated and granular. In short, the more information points we add, the more it helps us refine our strategy and ensure we have a strong, solid and objective approach to the litigation process.

As technology continues to evolve, it expands the kind of information we can unlock. We can now read sentiment in unstructured data (i.e., notes fields). If the claimant mentions the word 'attorney' in an email, we can flag that claim. The sooner we can get at-risk claims to experienced adjusters, the sooner we can intervene and potentially save millions of dollars.

WHAT DO AI AND ML BRING TO THE LITIGATION MANAGEMENT PROCESS?

The ability to...

- Compare similar claims to gather insights into litigation and settlement trends and potential strategies.
- Identify litigation prevention models by data mining case notes (Sedgwick can look at cause, code, structure, severity, data details of claims, etc.).
- Look for key words in notes and other unstructured data sources within claims — which helps us predict the likelihood of a specific outcome earlier in the process.

SMALL NUMBER/BIG IMPACT

It's important to remember that while new technology is exciting and promising, the ultimate goal for its adoption must be to prevent a claim from advancing to litigation — and certainly from resulting in a nuclear verdict. If we improve modeling through predictive analytics, we have a much stronger opportunity to stop claims from escalating.

While it's important to be vigilant, bear in mind that only a small percentage of claims (1-2%) are litigated. However, it's a disproportionate share of the overall cost of settling claims for an organization. If we can use technology to eliminate even a small portion of those claims that go to litigation, it can tremendously impact the bottom line.

DON'T FORGET THE HUMAN TOUCH

Because of our reliance on the transformative effect of technology, it's easy to forget that many claims can be avoided by simple, personal communication. Organizations miss opportunities to settle by not understanding the mindset of claimants and what drives them to file a lawsuit.

A caring approach and open communication can counteract situations where a claimant or plaintiff might feel overlooked or even blamed for an accident; we must train adjusters to have advocacy-focused conversations. Other steps that can improve resolution efforts include:

- Early settlement offers
- Mediation
- Involving trusted external parties to help discuss and resolve the issue

FIVE CRITICAL AREAS TO UNDERSTAND ABOUT P&C LITIGATION TODAY

1. The pandemic muted claims and lawsuits — but the respite is over.
2. There continues to be an increase in the number of claims with attorney involvement at the first notice of loss.
3. Litigation rates and costs continue to rise.
4. "Social inflation," among other factors, continues to be impactful, increasing the severity and frequency of litigation.
5. Nuclear verdicts (those in excess of $10 million) remain a serious concern and are becoming both larger and more frequent.

BUILD YOUR LITIGATION MANAGEMENT ARSENAL

Despite complexity and uncertainty, there are proven strategies for litigation management. It's essential to focus on the right tools in your litigation management arsenal — including people, technology and data — and to develop and implement plans now. While the focus must always remain on prevention, there will be times when a claim still proceeds to litigation. Once a suit is at hand, companies should focus on employing strategies and tactics to reach an amicable pre-trial settlement.

When this is not appropriate or available, specific trial strategies to consider include:

- Be fully aware of the plaintiff's approach (e.g., taking the spotlight off the actual accident and focusing on ancillary issues like past safety, etc.).
- Use the information and data from your ESG reports to highlight the good the organization does.
- Humanize the corporate defendant. Counter the "reptile theory" typically employed by the plaintiff's counsel, so people can relate to a business as an essential contributor to a community and not just a faceless entity with pockets.

We can also gain useful insights from social psychology. For example, anchoring is a cognitive bias to rely on a reference point for decision-making. Studies have shown that anchors we can tie to understandable and believable derivations are more persuasive. Competent, affable experts and explanations that are easily understood and supported by compelling and relatable graphics will also resonate with jurors.

One of the more promising strategies to appear over the past few years is the development of the attorney score card. Sedgwick is at the forefront of developing an objective tool to measure optimal attorney performance that will ultimately benefit the entire industry. The company's data-based tool examines outcomes, costs, jurisdictions, settlement rates, expertise and more. The analysis provides important insights for clients and helps to ensure the most qualified and successful litigator is assigned to a case. Most importantly, it will help develop accountability among litigators and encourage the best in the industry to do even more.

PREPARING FOR THE FUTURE

Trends indicate that litigation and related costs are increasing. Clearly, it's time to allocate additional attention and resources to claims at risk of escalating and to identify means and methods to avoid or mitigate them. However, let's remember that change also brings opportunity.

There are steps we can take. Businesses at risk for litigation can strive to collaboratively develop new approaches such as prevention, training, educating adjusters, and working to improve their image and reputations in the areas where they are active — and where court cases may be held.

A better understanding of the challenges, and a plan to map the path to more predictable outcomes and even reduced risk, will help smooth out the litigation journey for the future.

View Sedgwick's commentary paper: Liability, litigation trends, drivers and strategies.

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Expert view

an interview with Marwan Shiblaq, president, workforce absence

Since joining Sedgwick in 2011, Marwan Shiblaq has worn a number of hats, succeeded in multiple leadership roles and made a lasting impression on myriad colleagues across the organization. We sat down with Marwan to learn a bit more about his journey, and to hear what he believes is in store for the future of workforce absence.

edge:
Before we dive into your newest adventure — taking the helm of Sedgwick's workforce absence division — we're always interested to hear what led our leaders to their current position. Can you give us the quick version of what brought you to us?

Marwan:
I came to Sedgwick after about 18 years with Nationwide, which is headquartered close to my home outside of Columbus, Ohio. *(editor's note: Go Bucks.)* I worked predominantly in Nationwide Financial, but one of my proudest accomplishments during my tenure was pitching executives a "health and wellness" concept.

As it evolved, that concept resulted in the integration and acquisition of several organizations (including GatesMcDonald). Our strategy focused on supporting employees across the entire health continuum, including health promotion/wellness, disease management to end-of-life care, disability and leave, and a number of preemptive services related to chronic conditions.

In 2006, the organization asked me to help integrate the various sales teams and set up a sales structure based on our outlined health and wellness goals. Then, about a year later, they named me chief operating officer.

edge:
And how did that journey lead you to Sedgwick?

Marwan:
When Nationwide ultimately decided not to pursue that direction, Sedgwick recognized the opportunity and purchased that component of the business. They asked me to continue overseeing the absence and disability business, as well as a number of disability operations within Sedgwick. And here I am.

edge:
And how much you've accomplished for Sedgwick in the 10-plus years since! What were your thoughts when the Sedgwick leadership team approached you about assuming Darryl Hammann's role as president of workforce absence?

Marwan:
Darryl left big shoes to fill, no doubt — he retired from this position after a nearly 30-year-long career here at Sedgwick. I'm honored to follow in his footsteps and to oversee the continued growth of our workforce absence business. That, and it's an incredible team, one I'm especially proud to lead.

edge:
What has your role entailed so far?

Marwan:
It might sound counterintuitive, but for me, one of the first things on my to-do list has been to step back, in order to go forward. 2020 was a bit of a "false positive" for us. Turnover was quite low, and workforce absence services were considered essential throughout the pandemic, so we continued working full-steam ahead. Our team grew, and we believed we had adapted to a telecommuting environment without sacrificing productivity and that everyone had developed the necessary skills — including coping skills — to forge ahead.

As we began to shift our mindset from this being a temporary change to a permanent new way of working, we faced some challenges: burnout started to look different; turnover began to occur at a rate we had never seen before. New colleague assimilation in a virtual environment was difficult. They had never known Sedgwick before COVID-19, and hadn't had an opportunity to experience our "caring counts" culture firsthand. Turnover among those newest colleagues increased significantly. So we had to take a step back and ask ourselves — which strategies will help our colleagues not just cope, but thrive?

Initially, my thought was to give colleagues one week in the office and one week working remotely. It would be the best of both worlds: collaboration and community interaction, with the benefits of telecommuting. It looked great on paper. Unfortunately, it didn't take into account a handful of variables we couldn't see coming, like issues with inflation, the conflict in Ukraine and its impact on the economy, ongoing supply chain issues, civil unrest, a resurgence of the pandemic ... needless to say, there's still a lot going on in 2022.

We had to acknowledge we are much closer to a fully telecommuting environment than an agile environment. Our job was to figure out how best to support our colleagues — both existing and new — in that space. We've also continued to grow, promoting colleagues into leadership roles, many of whom had never led a virtual team before. What tools would they need? What new ideas to embrace? Technology, sure, but also new strategies. So we shifted focus.

With our colleagues and teams spread throughout the country, now more than ever we need to create virtual opportunities to establish communities, address the challenges with isolationism head on, and find a way to help them establish, maintain and expand their support network. I think understanding the current challenges our colleagues — leaders and individual contributors alike — are facing will help us work better as a team, bottom-up and top-down, to address those needs one at a time.

Creating positive momentum that we can continue to build upon daily, weekly, monthly and into 2023 will put our organization and our people in a great position to not only sustain our past and present success but to further elevate the standard we set for the entire industry.

While our workplace may have changed, our imperatives have not: to put our leaders in a position where they can support and care for our colleagues, and our colleagues in a position where they can succeed in taking care of our clients and their employees.

edge:
How has our changing definition of the workplace affected workforce absence?

Marwan:
Workplace accommodations are definitely changing, for one thing, because the platform is changing. And those changes have created new requests. Mental health is a big component, and we're seeing more and more of these types of claims.

People are social — to different degrees, sure, but social nonetheless. Being in the office provides a particular kind of support system, the opportunity for direct interaction — an impromptu water cooler chat, a quick question for a peer or supervisor — and, perhaps most importantly, the ability to feel and see empathy. All those small, daily moments help us feel like we're a part of something, a community, a team that performs the noble act of caring for and helping others. That type of benefit is hard to pinpoint, but it certainly doesn't exist in the same way in organizations, like us, experiencing a massive shift from brick and mortar to telecommuting. That is our collective focus at Sedgwick, how we capture that for new colleagues and maintain that for existing colleagues.

We had to acknowledge we were in a fully telecommuting environment — our job was to figure out how best to support our colleagues in that space.

edge:
Shifting gears, talk to us a bit about how Sedgwick is positioning the middle market.

Marwan:
Before we head down that path, I think there's a fundamental misunderstanding in a lot of circles about what "middle market" actually means. It's more than just a client of a certain size or type — it's about clients who are at a certain stage in their lifecycle.

Let's say we have two clients, each considered to be middle market based on their employee headcount. Just looking at that number ignores the nuances between those organizations; their goals and challenges are driven by many factors, not just their size.

I feel strongly that we shouldn't be a solution provider for everyone; trying to be everything to everyone can't be done well. We need to know who we are, who we can help, and focus on making a difference there. The products and services that add the greatest value are those that address the unique needs of our customers; to that end, the mid-market client journey is a specific one, and one we're continuing to refine. There's so much room for growth in this space. So many emerging partnership opportunities. I know we're all excited to see where it goes.

edge:
What kind of opportunity do you see in the integrated space?

Marwan:
That's a complex issue, and it's a great idea in theory. The term "integrated" is typically defined as occupational and non-occupational together. The challenge is that internal structures on the occupational (e.g., workers' compensation) side usually report up through risk, while non-occupational (e.g., benefits) report up through human resources. To put together a truly comprehensive, integrated strategy, you need those two respective groups to agree on a shared goal or mission.

When we have both areas represented and aligned, it's a compelling value proposition that no one else in the market can replicate. As more clients evolve and look at their world holistically, our integrated capabilities will put us in a great position to expand our services and increase our customer base.

edge:
What kind of growth do you anticipate internationally?

Marwan:
We can all agree that workforce absence is a broad, global issue, one that's hardly contained to North America. The challenge abroad is that each respective country has their own cultural customs, their own political environment, their own language… it's hugely variable. We have a lot of U.S.-based, multinational clients who are absolutely interested in the opportunities, and we'll continue to explore potential solutions with internal stakeholders around the world.

Sedgwick's recent acquisition of DHS in Australia is a big step in this direction, taking what has been a theoretical expansion perspective for many years and bringing it to life. Kimberly George and Eric Malterre are leading this effort for Sedgwick and all of us are very excited about the possibilities. I think we'll see more clients looking for broader global support, and we'll link our U.S. programs and best practices to those global initiatives.

edge:
Without the benefit of a crystal ball, what do you see when you look ahead, not just in the near future but long term, in workforce absence?

Marwan:
I see everyone working through many of the same worries: talent acquisition and talent management, reevaluating their approach to achieving success, and in some cases redefining success entirely. Highly competitive industries, like tech, are going to continue to focus on making benefits more rich, creating more flexibility, offering more "carrots." Much of it is based on the makeup of their employee population — as it should be. It looks different for companies that work fully remote, or even hybrid, than it does for those that are dependent on on-site workers.

Organizations by and large have an overall culture, value system and some recognizable, clearly defined brand characteristics. But each organization also has subcultures ... and subcultures within those subcultures! At Sedgwick, about 99% of our workforce absence colleagues are now working from home. That's 7,500 subcultures to account for as we conduct training, provide support and guidance, foster growth and development, and create a sense of team.

So our primary focus today and into the future will be figuring out what approach will best address the "new needs" of our colleagues, and how we'll succeed with any and every change — internal or external — that comes thereafter.

We'll continue to work toward creating a "readiness culture" with a belief and attitude that we can take on anything that comes our way, confident that we're ready and prepared to do so.

MARWAN SHIBLAQ

Marwan Shiblaq is president of Sedgwick's workforce absence operations. With more than 25 years of experience in the insurance industry, he most recently served as a managing director in workforce absence, overseeing the teams servicing many of Sedgwick's premier clients and one of the fastest-growing areas of the organization. He has also served as our senior vice president of disability and absence management, with responsibility for claims operations in multiple regional hubs. Prior to joining Sedgwick through an acquired company, he held numerous leadership positions, including chief operations officer with oversight responsibility for the company's health, medical, absence and disability operations teams across all locations.

Community spotlight: our evolving commitment to ESG

BY **HEATHER LAWLEY**
global head of diversity, equity and inclusion (DEI) and environmental, social and governance (ESG)

Since Sedgwick's inception, acting with purpose has been an integral part of our mission. This is reflected in our decades-long commitment to social action, honorable business practices, and caring for all — our colleagues, clients, communities and the planet.

As Sedgwick grows, so does our strategic approach to environmental, social and governance initiatives. We have developed an intentional, multiyear strategy designed to maximize our global impact by 2030.

REDUCING ENVIRONMENTAL HARM

Sedgwick is committed to caring for the environment, and we've built that into our ESG framework.

There are the small, incremental steps: for example, urging colleagues to shut down computers and turn off lights when not in use, switching to reusable bottles, paring down packaging, and conserving water. There are also sizable initiatives whose impact we're already seeing.

Sedgwick is working to decrease its carbon footprint by minimizing non-essential business travel, using virtual site inspection tools when possible, reducing the size of our car fleet, increasing our use of electric and hybrid vehicles, and more. Many of our teams have transitioned to hybrid work environments post-COVID. In doing so, we've taken action to reduce our collective greenhouse gas (GHG) emissions.

Other key environmental initiatives include reducing our e-waste tonnage and paper use. Through technology repair programs, donations and partnerships with reputable recycling companies, we're extending the useful life of systems and lessening our e-waste and its harmful toxins. To cut down on paper use, Sedgwick goes digital whenever possible, including leveraging QR codes and converting business cards, brochures and other materials from paper to digital. These strategies have enabled one of our business units to reduce its use of paper by 46% since last year. Other divisions are eagerly following their lead.

In addition, we have a longstanding tradition of providing environmentally-focused solutions to assist clients in effectively managing their own impact on the planet. Sedgwick's brand protection division helps clients respond quickly to potentially harmful product recalls, and our repair solutions division chooses sustainable construction options whenever possible. Our EFI Global team offers engineering, fire investigation and environmental consulting solutions to help clients minimize the adverse impact of an event before, during and after it occurs.

FOSTERING A STRONG SOCIAL FABRIC

Just as Sedgwick is deeply committed to preserving the natural world, we also are dedicated to supporting the larger social environment. Caring for our 30,000 colleagues, as well as our clients and the worldwide communities in which we operate, is an active, intentional process. It starts with ensuring that our social fabric is structured to foster diversity, equity and inclusion. DEI is woven into the culture of our organization and embedded in our people practices, including hiring, development, performance management and the colleague experience. We believe this is critical to creating a work environment where every person can thrive.

Community engagement is and has always been integral to our social strategy. Sedgwick provides charitable contributions to organizations that do good in the world — specifically those that are aligned with our company and people strategies and the causes our colleagues and clients value. We also provide hardship grants to colleagues in need through our Sedgwick Family Fund.

Sedgwick has a supplier diversity program to ensure that our vendor profile reflects the diversity of our customer base. We aim to strategically develop and diversify our supplier base and opportunities for socio-economically disadvantaged businesses. It is making a tangible difference: Over the past four years, we have more than doubled our annual percentage of spending on subcontracts to and procurements from diverse and disadvantaged business enterprises, including those owned by women, military veterans and ethnic minorities.


closer look


sedgwick
EXPAND YOUR VIEW

Sedgwick goes digital whenever possible … These strategies have enabled one of our business units to reduce its use of paper by 46% since last year.

A HIGH STANDARD OF ETHICS AND VALUES

We also have a multipronged governance strategy that reflects our steadfast commitment of more than 50 years to business ethics, data privacy and security. We strive to do the right thing, operate in line with our caring counts philosophy, and uphold the highest ethical standards. Our strong foundation in this area is one reason why more than 10,000 clients around the world entrust Sedgwick with their claims.

We recognize the importance of customer data and have robust programs in place that not only ensure a high level of security, but also proactively identify and protect against threats. Our suite of global policies provides colleagues with procedural guidelines and reinforces the importance of privacy, confidentiality, security and ethics in our everyday work. A combination of technical safeguards and well-informed colleagues helps to ensure the security of our customers' data.

Privacy is core to Sedgwick's operating procedures, and regulatory and legal compliance is an essential component of our solutions. Privacy and data resources are embedded throughout the organization for the important purpose of facilitating compliance with global data protection laws. We are always looking for ways to do it more efficiently and effectively.

Sedgwick's commitment to ESG initiatives is not new; it's simply evolving and deepening with time. As a global organization, we are working diligently to harness our role as responsible stewards of the planet, while taking care of people and organizations with the services we provide. Our ESG strategy not only encapsulates Sedgwick's current commitments and solutions, but also looks to the future as we plan for these and other initiatives in the coming years.

At Sedgwick, we put our values into tangible action, and by doing so we will maximize our collective impact by 2030. Together, we can strengthen our social fabric, protect the environment, and stay true to our commitment to care for each other — always.

Edging up

Short takes on emerging industry issues and service enhancements – new PFML programs, our expanded ancillary care solutions, and reimbursement support services and benefits for Oregon employers

Paid leave program updates

BY **BRIDGET CASWELL**
director product compliance and statutory administration, Sedgwick

Maryland establishes new PFML program

Maryland recently enacted the Family and Medical Leave Insurance Program to provide paid benefits to employees on leave for a variety of reasons. The state already requires employers to provide unpaid leave under its existing Flexible Leave Act and Parental Leave Act. Senate Bill 275, which became effective on June 1, 2022, requires all covered employees to contribute to the program, as well as covered employers with 15 or more employees. Contributions begin October 1, 2023 and benefits begin January 1, 2025.

All employers that employ at least one individual in the state are covered, but only those with 15 or more employees must make contributions to the program's fund. Under the new law, an employee who has worked at least 680 hours in the 12-month period immediately before the date that leave begins is covered. Self-employed individuals can also opt-in to the state program.

A covered employee may receive temporary benefits when on leave to care for a child during the first year after the child's birth or placement through foster care, kinship care, or adoption, to care for a family member with a serious health condition, for the employee's own serious health condition which makes them unable to work, to care for a service member who is the employee's next of kin, or because the employee has a qualifying exigency arising out of a family member's deployment as a service member.

Covered employees may receive up to 12 weeks of benefits during each 12-month period. The 12-month period begins on the first day of the calendar week in which the employee applies for benefits. However, an employee can receive an additional 12 weeks of benefits if they request leave to care for a child during the first year after the child's birth or placement and become eligible for benefits due to their own serious health condition during the same 12-month period.

Employers must give a written notice of rights and duties under the law to each employee at the time of hire and once per year thereafter. The new law details the information that must be included in the notice. Additionally, if an employee requests leave under the law, or if an employer knows that an employee's reason for leave may qualify for benefits under the law, the employer must notify the employee of their eligibility for benefits within five business days.

New PFML program in Delaware

The Healthy Delaware Families Act is a new paid family and medical leave (PFML) insurance program that provides benefits to employees on leave. While payroll contributions to the program are set to begin on January 1, 2025, employees may not use the benefits until January 1, 2026. Employers with 25 or more employees are subject to all provisions of the law. Employers with ten to 24 employees are only subject to the law's parental leave provisions.

Under the new program, employees can use paid leave benefits for the birth, adoption, or placement of a child through foster care and to care for the child during the first year after their birth or placement, to care for a family member with a serious health condition, for the employee's own serious health condition, and for a qualifying military exigency as defined in the federal Family and Medical Leave Act. Parental leave may be taken for a maximum of 12 weeks, while medical, family caregiving and exigency leave may be taken for six weeks total in any 24-month period. A maximum of 12 weeks of leave may be taken in any one year. According to the new law, employees are only eligible to use benefits once in a 24-month period, except for parental or reduced schedule leave.

The program requires employees to provide notice to their employer at least 30 days before the date they intend to take leave. If that is not possible, employees must provide notice as soon as practicable. When an employee takes leave for their own serious health condition or to care for a family member with a serious health condition, they must provide a certification issued by a health care provider.

Employers must provide written notice of the law's provisions to each employee when they are hired and when they request covered leave or when the employer knows that the leave may qualify for benefits under the law. Additionally, employers must display a poster with employees' rights in a conspicuous location in the workplace that is accessible to employees. The poster must be displayed in English, Spanish and any other language that is the first language spoken by at least 5% of the employer's workforce, if one has been provided by the state.

RESOURCES

Maryland Family and Medical Leave Insurance Program
https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0275

Healthy Delaware Families Act
https://legis.delaware.gov/json/BillDetail/GenerateHtmlDocumentEngrossment?engrossmentId=25023&docTypeId=6

Ancillary care service expansion

BY **EILEEN FUENTES RAMALLO**
managing director, ancillary services, Sedgwick

Earlier this year, Sedgwick expanded its ancillary care services with the acquisition of Orchid Medical, a nationwide provider of ancillary medical management solutions for the workers' compensation industry. The acquisition helps us grow our ancillary care solutions and continue helping clients provide high quality, cost-effective services for their injured employees.

With this investment, we are further strengthening our holistic approach to caring for clients' injured and ill colleagues, helping them return to maximum health and productivity. Sedgwick's ancillary network now includes more than 40,000 providers and suppliers that offer services to support employees on the road to recovery. With the acquisition, we have expanded and enhanced key services available through our network including diagnostic imaging and prosthetics. We also have negotiated rates with our large network of ancillary service providers, making it easy to carry out employee treatment plans while controlling medical costs.

We are also focused on simplifying the process. Our enhanced processing system will further streamline our ability to assist employers by providing a single point of contact for a broad range of ancillary care needs. Our dedicated care coordinators offer concierge-level support and help manage requests for a wide array of products and services including durable medical equipment, home health, diagnostic imaging, translation and language, and transportation and travel support. We offer a 48-hour scheduling guarantee for all services, as well as same day or next day service for urgent requests.

Sedgwick offers a comprehensive array of integrated or independent managed care solutions tailored to each client's specific needs and designed to produce the best possible outcomes. For more information on our managed care offerings, visit sedgwick.com/managed-care-solutions.

RESOURCES

Sedgwick's managed care solutions
https://www.sedgwick.com/managed-care-solutions

Sedgwick continues to help employers benefit from Oregon's EAIP program

BY **CHERYL DANNEN**
project manager, Sedgwick

Sedgwick offers administrative services to help clients participate in the Oregon employer-at-injury program (EAIP), which offers reimbursements to employers that provide transitional duty options for injured employees.

The Oregon EAIP reimburses employers 50% of the employee's early return to work gross wages for up to 66 workdays within a 24-consecutive-month period. Reimbursements can be requested retroactively for up to two years, in most circumstances. The services we provide support the reimbursement process and help employers benefit from the EAIP.

For employers that wish to participate, Sedgwick completes the administrative steps starting with identifying qualified claims and adding the necessary system fields. Employers provide the required payment details for the state forms including the employee's modified job description, hours and wages paid while working modified duty. Once all the information is gathered, our team completes and submits the forms.

Having the ability to provide these services in-house and manage EAIP details and claims information on the same system increases efficiency for our clients and examiners. Our claims management system includes features to track periods of modified duty and the reimbursements from the state and routes the reimbursements directly to your existing account.

If you have any questions about the requirements of the EAIP, please contact your client services director at Sedgwick.

RESOURCES

Oregon EAIP
https://wcd.oregon.gov/rtw/Pages/eaip.aspx

Oregon Workers' Compensation Division website
https://wcd.oregon.gov/Pages/index.aspx

sedgwick.com