

# TOP THREE CLAIMS CHALLENGES FACING PROGRAM ADMINISTRATORS AND MGAs AND HOW TO OVERCOME THEM

Key strategies to help Program Administrators and MGAs stand out from the competition and essential tips on how to achieve successful claims outcomes now and in the future.

# The Top Challenges in the Industry

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Marketplace opportunities abound for Program Administrators (PAs) and MGAs, but in a landscape complicated by pandemic-related pressures, social inflation, and nuclear verdicts, there are several challenges with which to contend. While some may choose to handle claims management internally, there is significant value in engaging a strategic claims management partner. Doing so supports enhanced growth when the demands of ongoing compliance, data security, and recruitment can be expertly managed by a third-party administrator (TPA).

PAs and MGAs in specialty lines or start-up mode, in particular, are looking to capitalize on the expertise of a TPA, such as Gallagher Bassett (GB), in the many industries and verticals with which we have experience.

## REGARDLESS OF THE CLAIMS MANAGEMENT ARRANGEMENT IN PLACE, THERE ARE THREE KEY CHALLENGES FACING PAs AND MGAs:

- 1** The ever-increasing severity and complexity of all types of claims. With nuclear verdicts and social inflation becoming more commonplace, managing claim severity and complexity is critical for PAs and MGAs.
- 2** Retaining and accessing claims experts when you need them to help strategically deploy underwriting capital.
- 3** Keeping pace with technology and innovation to enable access to data insights and deliver a best-in-class customer experience. Without an innovative approach to claims management and customer experience, it is difficult to differentiate products and services in a highly competitive space.

These challenges are compounded by a changing regulatory environment and scrutiny facing MGAs, PAs, and Carriers. Let's explore the key strategies for overcoming these challenges to achieve successful claims outcomes now and in the future.



# Addressing the increasing severity and complexity of claims

**The strategic solution is to partner with external experts who can provide the full scope of services to a PA or MGA. Shifting staffing obligations to a TPA with proven experience resolving complex claims enables a swifter and highly specialized response backed by best-in-class technology and operating models to drive a superior outcome.**

Selecting a partner with the highest level of expertise in not just the breadth of services but also the industry at hand is critical to ensuring the partnership-building process between MGA and TPA is seamless and delivers an industry-leading customer experience. In this way, PAs and MGAs partnering with Gallagher Bassett also mitigate staffing challenges, gain access to a state-of-the-art RMIS platform with best-in-class data analytics, and remove the burden of keeping pace with ever-evolving technology needs.

Specialty lines written through PAs and MGAs require a specialized claims operation to mitigate their risk, and GB offers a robust team of specialists that can easily adapt to these risks.

It is not recommended to have generalists handling high-complexity risks, such as a professional liability or a major transportation loss where adverse verdicts can be in the hundreds of millions of dollars. Instead, PAs and MGAs need experts who understand such risks.

Our partners have achieved greater success as we have specialized focus and best practice management to ensure a specialist with the right experience for the claim is at the helm.

**[Read more about PA and MGA marketplace solutions with GB](#)**

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Other aspects to consider in the face of increasing claims complexity include:



The need to benchmark results, not only against national standards but also industry best practices, is critical.



Don't become complacent thinking a good loss ratio will be maintained in the long term without active and improved management.



Be careful not to compromise your access to industry-leading claims talent, even if that means engaging a strategic claims management partner, to support your business growth and manage complex risks and specialty niches.



Evaluate and consider the value of independent consultation to understand if your claims management process is adhering to best practices, has the right specialists and experts involved, and if the RMIS platform used is industry-leading.



Don't limit your ability to market your claims expertise by missing out on the credibility and specialist capability of a strategic partner such as Gallagher Bassett.

Partnering with Gallagher Bassett provides PAs and MGAs with access to claims professionals with deep technical expertise across all lines of coverage, complexities, and specialized liability.

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## 2 Accessing top talent exactly when you need

**It is more difficult than ever to recruit and retain staff, but access to claims management experts with deep technical expertise is critical to the success of Program Administrators (PAs) and MGAs.**

We are living through the age of the great resignation, making it a challenge to retain staff. Increased competition for top talent has made it more difficult for PAs and MGAs to retain the experts that live and breathe their underwriting claims specialization. The pandemic has exacerbated business interruption borne of resignations, while the impact on staffing during sick leave or vacations is felt more significantly in MGAs' smaller claims departments.

Gallagher Bassett is well-versed in the start-up and small business marketplace. Not all PAs and MGAs have been in the business for extended periods, and a strategic partner can help establish a toehold in a particular niche. As an MGA builds out its portfolio, access to quality claims management experts with deep technical expertise and flexible staffing to match the ebbs and flows of the business is critical.

Tackle the great resignation talent crunch by:

- ✓ Bolstering your resourcing with a TPA for access to claims management professionals with deep technical expertise and specialized skills.
- ✓ Recruiting professionals with transferable skills supported by a superior onboarding program and ongoing training.
- ✓ Enabling flexible working arrangements built on trust.

Gallagher Bassett's dedicated Carrier Practice is an efficient and flexible operating platform—we attract, develop, and retain top talent in a fulfilling career in claims management. Our claims professionals act as an extension of your team, no matter the location or claims specialty, so PA and MGA partners always have access to the right professionals to drive superior outcomes.

[Read more about improving operating performance and outcomes for an industry start-up](#)

# Keeping pace with technology advancements

Keeping up with ever-evolving technology can be challenging and costly. Partnering with a TPA allows access to best-in-class systems customizable to each business.

If Program Administrators (PAs) and MGAs want to continue underwriting, they need high-quality, accurate, and targeted data that can integrate with their risk mitigation efforts. The enhanced regulatory environment worsens this dynamic, as you need technology that can not only integrate but also be flexible and customizable enough to cover insights unique to each business.

Keeping up with ever-evolving technological developments and providing the risk analysis necessary to manage books of business is a costly exercise for PAs and MGAs, which is why many partner with a TPA. To ensure all parties are getting the best out of the process, it comes down to having a best-in-class RMIS system that reviews the operational performance and outcomes of your claims management.

While PAs and MGAs may not have the capital to create a RMIS system, or the ongoing investment to continue transforming their technology in line with industry developments, partnering with a

TPA can circumvent this upfront and ongoing expenditure and instead gain access to superior systems and platforms. Ensure your TPA offers an industry-leading RMIS platform and that the team has the analytics capabilities to interpret data insights to inform business decisions.

Engage in open communication and collaboration with your TPA to drive an impactful outcome. Together, create a specific set of KPIs that will inform the industry best practice needed to achieve them.

Act with the confidence that comes from the cutting-edge stewardship and benchmarking capabilities of Gallagher Bassett's award-winning RMIS platform, LUMINOS, and our suite of proprietary claims management decision tools.

See below for a snapshot example of our LUMINOS Claims Strategy Dashboard.

## Read more about our LUMINOS RMIS

**Basic Filters**

- Branch
- Age of Claim
- Total Incurred

**Accident Data**

- Accident Date
- Accident Description
- Claimant Name
- Part of Body
- Benefits State

**Claim Data**

- Disability Status
- In Suit
- Surgery
- Reporting Unit
- Resolution Manager
- Branch

**Financial Data**

- Total Incurred
- Net Paid
- Remaining Reserve
- Total Recovery

**Claim Strategy Dashboard**

Branch Name: ALBUQUERQUE | Age of Claim (Months): 0 | 245 | High SMART Score: Yes | Waypoint is Higher: Yes | In Suit: Yes | Volatile Part of Body: Yes | Future Medical Settle: Yes

Annuity Potential: Yes | Total Incurred: \$2 | \$3,054,939 | No Profile Alert: Yes | Waypoint is Lower: Yes | Under Investigation: Yes | Disability: Yes | Reporting Lag: Yes | Approaching Medicare: Yes

Claim Number	Claimant	Resolution Manager	Branch Name	Accident Date	Accident Description	Total Incurred	Net Paid	Remaining Reserve	Total Recovery	Reporting Unit	Part of Body	Surgery	In Suit	Current Dis. Status
04-00482-WC-01	DOE JANE	SMITH JOHN	SACRAMENTO EAST	9/5/2007	EMPLOYEE WAS INJUR...	\$343,093	\$218,286	\$124,807	\$0	Reporting Unit 1	0130 - Knees left	Yes	Yes	Full Duty
04-12404-WC-01	SMITH JOHN	DOE JANE	ST. LOUIS	7/20/2013	EMPLOYEE WAS INJUR...	\$218,593	\$25,485	\$193,108	\$328	Reporting Unit 2	0008 - Back lower	No	Yes	Disability D
04-056428-WC-01	DOE JANE			12/27/2001	EMPLOYEE WAS INJUR...	\$64,738	\$32,904	\$31,834	\$0	Reporting Unit 3	0008 - Back lower	Yes	Yes	Full Duty
04-093003-WC-01	SMITH JOHN	DOE JANE	SACRAMENTO EAST	5/24/2002	EMPLOYEE WAS INJUR...	\$876,723	\$563,726	\$312,937	\$0	Reporting Unit 1	0012 - Back upper (thoracic)	Yes	Yes	Disability
04-080053-WC-01	DOE JANE	SMITH JOHN	COLUMBUS	8/1/2001	EMPLOYEE WAS INJUR...	\$883,432	\$382,424	\$501,058	\$0	Reporting Unit 1	0008 - Back lower	Yes	Yes	Off Work
04-090432-WC-01	DOE JANE	SMITH JOHN	SACRAMENTO EAST	11/2/2006	EMPLOYEE WAS INJUR...	\$765,358	\$450,173	\$315,185	\$1,154	Reporting Unit 1	0000 - Multiple Body Parts	Yes	Yes	Off Work
04-100084-WC-01	SMITH JOHN	DOE JANE	SYRACUSE	1/6/1987	EMPLOYEE WAS INJUR...	\$369,022	\$259,582	\$109,440	\$0	Reporting Unit 3	0008 - Back lower	No	Yes	Off Work
04-064882-WC-01	DOE JANE	SMITH JOHN	MISSOULA	9/1/2001	EMPLOYEE WAS INJUR...	\$348,847	\$94,783	\$254,064	\$0	Reporting Unit 3	0036 - Neck - Multiple Bdy	Yes	No	Off Work
04-080133-WC-01	SMITH JOHN	DOE JANE	SACRAMENTO EAST	9/3/2005	EMPLOYEE WAS INJUR...	\$505,129	\$112,279	\$392,850	\$375	Reporting Unit 3	0000 - Multiple Body Parts	No	Yes	Off Work
04-092461-WC-01	DOE JANE	SMITH JOHN	SACRAMENTO EAST	4/24/2008	EMPLOYEE WAS INJUR...	\$482,870	\$306,878	\$175,991	\$0	Reporting Unit 1	0040 - Shoulder, right	Yes	Yes	Off Work
04-138610-WC-01	DOE JANE	SMITH JOHN	SACRAMENTO EAST	9/26/2014	EMPLOYEE WAS INJUR...	\$123,996	\$45,746	\$78,250	\$183	Reporting Unit 1	0000 - Multiple Body Parts	Yes	Yes	Off Work
04-138627-WC-01	DOE JANE	SMITH JOHN	SACRAMENTO EAST	10/5/2015	EMPLOYEE WAS INJUR...	\$377,890	\$76,432	\$301,458	\$0	Reporting Unit 3	9999 - Not Otherwise Class...	No	Yes	Off Work
04-141111-WC-01	SMITH JOHN	DOE JANE	BOSTON	2/13/2016	EMPLOYEE WAS INJUR...	\$505,078	\$105,609	\$400,069	\$0	Reporting Unit 1	0008 - Back lower	Yes	No	Off Work
04-141112-WC-01	SMITH JOHN	DOE JANE	SACRAMENTO EAST	2/29/2016	EMPLOYEE WAS INJUR...	\$344,919	\$24,253	\$320,666	\$0	Reporting Unit 3	0112 - Multiple lower extre...	No	Yes	Off Work
04-103334-WC-01	DOE JANE	SMITH JOHN	SYRACUSE	4/20/2007	EMPLOYEE WAS INJUR...	\$237,105	\$100,860	\$136,245	\$0	Reporting Unit 1	0008 - Back lower	Yes	Yes	Off Work
04-110334-WC-01	DOE JANE	SMITH JOHN	SYRACUSE	11/3/2010	EMPLOYEE WAS INJUR...	\$279,572	\$116,138	\$163,434	\$0	Reporting Unit 3	0040 - Shoulder, right	No	Yes	Off Work
						\$171,514,119	\$100,418,674	\$71,095,445	\$72,712					

**Advanced Filters**

- High S.M.A.R.T. Score
- Rx Profile Alert
- Waypoint Variance
- In Suit
- Under Investigation
- Surgery
- Disability
- Volatile Part of Body
- Reporting Lag
- Future Medical Settlement
- Approaching Medicare Eligible
- Annuity Potential

**Predictive Data**

- S.M.A.R.T. Score
- Variance from Waypoint
- Rx Profile Alert
- Clinical Guidance (in progress)
- Future Litigation (in progress)

# Differentiate yourself in the marketplace

**In a competitive, ever-changing market, it is important to differentiate yourself by delivering a successful claims operation to grow and retain business.**

In this competitive, entrepreneurial, creative, and ever-changing space, a successful claims operation is key to differentiating yourself and outpacing the competition. GB can support you by delivering better risk management and claims outcomes, which ultimately helps reduce your total cost of risk. A high-performing claims operation drives improved underwriting results and enables actionable underwriting insights, helping differentiate PAs and MGAs in the marketplace.

Addressing the top three challenges with the help of a TPA enhances your presence in the market while helping grow and retain business. Delight your customers with innovation and responsiveness by partnering with Gallagher Bassett and receive industry-leading expertise, credibility, and superior claims management.



# Introducing your PA and MGA marketplace partners

## Meet the experts behind your success



**AMY O'BRIEN**  
**Vice President | Carrier Practice Sales**

Amy O'Brien heads up new business development for MGA and MGU programs, captives, and alternative market claim outsourcing arrangements for Gallagher Bassett. Amy serves as the sales liaison to the program manager, carrier, and other stakeholders, and oversees the financial aspects of the property and casualty programs including the proposal process, pricing, and contracting.



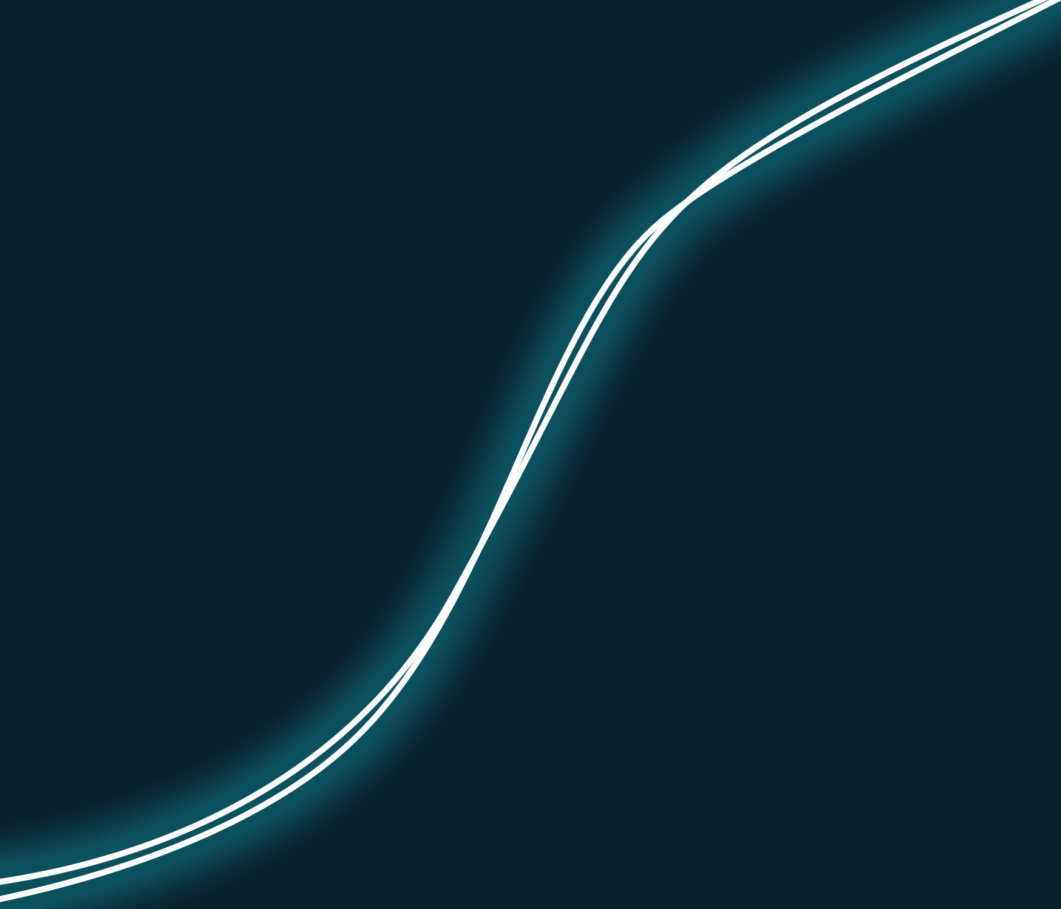
**JON STAMBAUGH**  
**Senior Vice President | Carrier Practice**

Jon generates market intelligence and business development for Gallagher Bassett through maintaining strategic relationships in the insurance sector. With key specializations in risk management, alternative risk and insurance carrier related opportunities, Jon develops winning strategies that drive businesses forward into success.



**ROB BLASIO**  
**Managing Director | GB Specialty**

Rob Blasio is Managing Director of GB Specialty, an operating division of Gallagher Bassett with concentrations in high-risk liability areas, including healthcare, professional liability, product liability, transportation, cyber and construction. Prior to joining Gallagher Bassett, Rob founded Western Litigation and was previously engaged in private legal practice in Chicago specializing in defense of physicians and hospitals and in the defense of insurers in insurance coverage disputes.



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