

INDUSTRY INSIGHTS

*LOGIC LEADS THE WAY
TO INFLUENCE.*

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Through the 2023 Industry Insights series, GB Public Sector is taking a closer look at three critical factors that public risk managers can use to improve their sphere of influence within and across their agencies and departments. Our series is guided by the famed *Aristotelian Triad* of *ethos* (trustworthiness), *pathos* (empathy), and *logos* (logic).

In our previous edition, we explored ways risk professionals exhibit *ethos* or build trust with their agency counterparts through the effective use of a Risk Management Information System (RMIS). We now turn our attention to the second leg of the influence triad: *logos* or logic.

Logic, at its core, is the study of reasoning and arguments. It is a methodical way of analyzing and evaluating arguments to understand and distinguish between valid and invalid reasoning. Logic deals with concepts such as truth, validity, and soundness and is used to construct arguments and draw conclusions based on premises or assumptions. The goal of logic is to use a set of rules and principles to determine the logical coherence and consistency of arguments.

A deductive argument is a logical process in which a conclusion is formed from a collection of true premises. It is a type of argument designed to provide conclusive evidence for a particular claim or proposition by relying on the logical connections between the assumptions and the conclusion. In other words, a deductive argument begins with a general theory and then moves to a specific application or example to demonstrate the validity of the theory. The purpose of a deductive argument is to prove a conclusion with a high degree of certainty based on logical reasoning and empirical evidence.



In this edition of Industry Insights, we explore how public risk managers, who are charged with making valid and sound decisions about their risk and insurance programs, leverage the logic of unbundling their risk management program to a third-party claims administrator. These arguments are particularly pressing in the current economic climate.

All sectors of the economy have felt the pressure of insurance market conditions since 2021. Rising costs and less capacity have increased insurance spending for the past two years. Given that every dollar a public entity spends is spent from a finite budget, there is an added level of pressure for public risk managers.

Industry experts and market commentators predict that insurance rates will continue to rise¹ into 2023. Amid these market conditions, there are economic solutions public risk managers can employ to reduce their total cost of risk (TCOR). A critical element of any risk management program is ensuring quality claim handling and effectively managing costs.

Pursuing self-insurance and unbundling claims management to a third party administrator (TPA) will further support public risk managers in their unwavering pursuit of protecting the public trust. Furthermore, we recognize three key premises that help form an argument in favor of increased self-insurance.

Self-insurance empowers public risk managers to develop customized solutions that best suit their programs. Taking on more risk through a self-insured retention offers public risk managers more control and the ability to truly own their risk management program. Gallagher Bassett (GB) helps transition public entities from traditional bundled arrangements with carriers to self-insured programs each year. We guide these public entities through this transition, explaining each critical component of the implementation process and providing training to all key stakeholders.

We understand that no two risk management programs are alike. There is no such thing as a one-size-fits-all approach. Everything about your program is designed with a client-centric methodology, and GB's implementation reflects that approach.

By converting to a self-insured program, public risk managers can tailor service instructions for their claims teams to follow while handling each and every claim the entity experiences. The service instructions outline preferred points of contact, preferred vendors, settlement authority, reserve authority, etc.



Self-insurance grants public risk managers deeper insight into program

performance. One of the keys to success in our public entity clients' programs is a strong partner to support their reporting needs and put meaningful information in their hands. Our industry-leading² RMIS platform, Luminos, provides all the data inquiry and analytical tools required to successfully oversee and manage all aspects of a risk management program.

We offer public risk managers more than 100 standard report, graph, and dashboard templates that make it easy to create almost any report, including every type of tactical report for day-to-day plan administration, strategic reports to capture important trends, and forensic reports that open up the world of real cost drivers. Important for public risk managers to note is the ability to drill down reports into individual departments, locations, etc., to get a real insight into both holistic and partial program performance.

In the true spirit of transparency, we also allow access to individual claim notes, transactions, financials, quality audit scores, and more—this heightened level of transparency fosters trust.

Self-insurance affords public risk managers the opportunity to establish long-term

partnerships with their entrusted claims teams. When selecting a TPA, you want a partner that has the ability to work with you and your organization for an extended period of time. GB is approved by hundreds of excess carriers in the marketplace, allowing our clients the flexibility to maintain their claims program despite carrier changes.



As the excess and surplus (E&S) insurance market continues to grow in 2023³, public risk managers must recognize the importance and logic behind keeping their claims teams consistent while exploring the E&S market. The result is a consistent, dependable claims team that understands you, your program, and your goals year after year. A reliable claims team serves as a compass for public entities and drives the delivery of superior outcomes and results.

Throughout 2023, we're exploring the innovative ways the public sector leverages partnerships in claims administration to expand a public risk manager's sphere of influence. In this edition, we looked at how unbundling your risk management program to a TPA, now more than ever, is entirely logical. We detailed three overarching premises supporting this logical conclusion, including the ability to customize your risk management program, a heightened level of clarity regarding overall program performance, and the opportunity to maintain a consistent claims team that knows you and your program well.

We look forward to connecting with you on these topics and more. Thank you for your support, readership, and valuable feedback on our Industry Insights series. We love hearing from you.

Follow us on our social media channels to stay up to date, and please visit the Industry Insights Hub for more information on GB's other areas of expertise.



Meet the Experts

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¹ Commercial insurance price hikes to continue in most lines | [Business Insurance](#)

² RMIS Report | [Redhand Advisors](#)

³ 5 E&S Trends to Watch in 2023: Risk & Insurance (riskandinsurance.com)