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The AI Effect

Navigating Opportunity and Risk in Workers' Compensation

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Welcome



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New Product Names

- Sapiens Workers' Compensation Foundation *Powered by CoreSuite*
- Sapiens Workers' Compensation *Powered by SapiensGO*

Speaker



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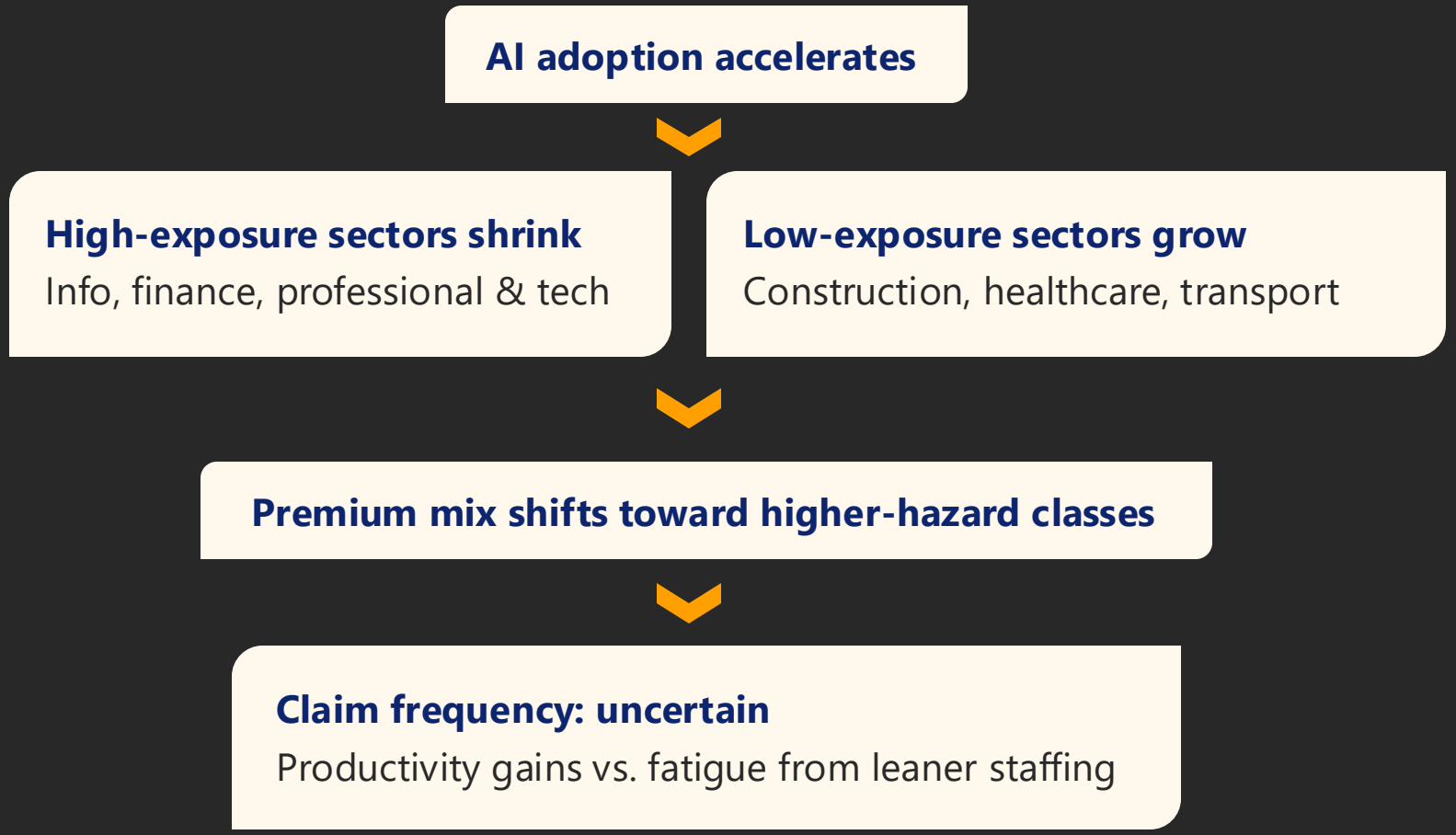
Overall Workers' Comp Industry Trends

Macro labor-market and premium-mix shifts reshaping the whole line

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AI-driven job shifts could reshape the premium mix

NCCI's Q2 2026 briefing traces AI adoption through to workers' comp exposure



Source: National Council on Compensation Insurance (NCCI) Q2 2026 Quarterly Economics Briefing; Risk & Insurance, 2026.

Different sectors, different exposure

AI adoption, 2026 employment trend and the premium implication, by sector

Sector group	AI adoption	2026 employment	Workers' comp premium implication
Info & professional/technical	High	Shedding jobs, ~28k/mo	Shrinking share of low-severity premium
Financial activities	High	Declining payrolls	Shrinking share of low-severity premium
Healthcare & social assistance	High, multi-task roles	Job gains (AI augments)	Growing share of premium base
Construction	Low	Solid job gains	Growing share of higher-severity premium
Transportation & warehousing	Low	Job gains	Growing share of higher-severity premium
Leisure & hospitality	Low	Job gains	Growing share of premium base

Source: NCCI Q2 2026 Quarterly Economics Briefing, 2026.

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Do these forces raise or lower claim costs?

Two forces pull costs up and down. The net effect is still an open question.

Upward pressure

Mix shifts to blue-collar work
Higher-hazard classes gain payroll share

Medical severity accelerating
+4% medical & indemnity claim severity, 2025

Downward pressure

Claim frequency still falling
-2% in 2025, on top of -6% the prior year

Bureau rate filings cut costs
~-5% average loss-cost change, 2025 to 2026



Net direction: leans upward
NCCI frames this as an open question, not a forecast.

Source: NCCI 2026 State of the Line; NCCI Q2 2026 Quarterly Economics Briefing.

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Impact to Insureds (Employers)

Prevention technology employers are deploying on the job site

How AI detects hazards before they become claims

Cameras, wearables and predictive models close the loop from data to action

Inputs

Cameras
Protective gear & proximity detection

Wearables & connected sensors
Fatigue, gas, noise sensors

Incident history
Near-miss & injury records

AI engine

AI hazard-detection engine

Pattern recognition and predictive risk scoring across every input, in real time.

Outputs

Real-time alerts
Missing protective gear, fall risk

Predictive risk score
Flags high-risk injury conditions

Automated response
Lockout, dispatch, escalate

Source: Roboflow; ScienceDirect; VoxelAI; Avigilon, 2026.

Different hazards need different sensors

Six hazard categories, mapped to AI technology

Hazard type	AI technology	Example
Missing protective gear	Computer vision (image-recognition AI)	Camera flags a worker without a hard hat
Falls & proximity	Vision + smart harness sensors	Sensing carabiner flags unanchored fall risk
Fatigue & ergonomics	Wearables (smart helmets, vests)	Tracks repetitive strain and fatigue signals
Gas, noise & heat	Connected environmental sensors	Real-time gas-leak or heat-exposure alert
Equipment failure	Predictive maintenance sensors	Vibration data flags a machine before breakdown
Risk of serious injury	Predictive analytics on near-miss data	Flags unsafe-behavior patterns before an incident

Source: Roboflow; ScienceDirect; VoxelAI; The Conversation; Avigilon, 2026.

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Impact to Injured Workers

What's improving, and what's at risk, for people with a claim

What changes for people with a claim

AI is speeding access and treatment, while raising new fairness questions.

What's improving

24/7 claim access
Chatbots replace hold time for status & scheduling

Faster path to treatment
Days-to-first-treatment down ~50% since 2021

What's at risk

Algorithmic bias
Models trained on past claims can repeat old denial patterns

Black-box denials
~1 in 3 insurers don't regularly test models for bias

Adjuster empathy is the check on the algorithm
55% of adjusters report unmanageable caseloads in 2026, the human check on AI is stretched thin.

Source: WCRI; AI Standard of Care; ieatraining.org; Risk & Insurance, 2026.

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Impact to Workers' Compensation Carriers

Where AI is reshaping underwriting, claims and adjuster capacity

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AI adoption is real, but still maturing

Insurers are moving from pilots toward production, unevenly.

87%

Carriers building or planning an AI platform

60%

Have a defined AI strategy, enterprise-wide or by unit

55%

Of adjusters say caseloads are too high, up from 40% a year earlier.

Source: AWCBC; Carrier Management; Risk & Insurance, 2026.

Four areas are seeing most of the impact

Underwriting, claims triage, fraud detection and workforce capacity

Where AI is landing

Underwriting

AI risk scores speed pricing, using historical and sensor data.

Claims intake & triage

AI reads the injury report and flags concerns earlier.

Fraud detection

Flags abnormal patterns across large claims data sets.

Workforce capacity

Eases caseloads as veteran adjusters retire.

Source: Gradient AI; Risk & Insurance, 2026.

THE TRADE-OFF

Every gain carries an open question

Five areas where the upside and the risk sit side by side

Area	Benefit	Risk / challenge
Underwriting	Faster, more precise risk scoring	Can encode historical bias into pricing
Claims intake	AI speeds up reviewing injury reports	Misreads incomplete medical records
Fraud detection	Flags abnormal claims patterns	Most evidence is unstructured text
Workforce	Fewer adjusters handle more claims	Doesn't close the underlying skills gap
Compliance & bias	Pushes formal AI governance programmes	1 in 3 insurers don't test for bias

Source: WorkersCompensation.com; Gradient AI, 2026.

TAKEAWAY

Augment the adjuster, don't replace the judgment

Every source points the same way: AI compresses the busy work, people still own the judgement



Working AI tools together, not just buying more of them, is the 2026 differentiator.

Insurers who connect AI insight directly into adjuster workflow are the ones cutting claim duration and litigation rates - not the ones buying the most models.

Source: Sollers Consulting, CLARA Analytics white paper, 2026.

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Questions?

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