Help Reduce Workers’ Compensation Lag Time to Improve the Bottom Line

When it comes to the cost of insurance, there are some things we simply can’t control. Yet unfortunately, rising costs create challenges for carriers and their agency partners, who must face questions from consumers as to why insurance “costs so much.” That’s why the insurance industry continues to look for ways we can help to reduce costs, especially when a reduction can have a direct impact on premium.

Workers’ compensation – a vital form of protection for businesses – has several cost drivers that impact premiums: rising medical costs, escalating prescription prices, a high frequency of claims, workers taking more time off work, and high dollar amounts for the claims being filed. While some of these factors cannot be controlled, recent studies by the National Council on Compensation Insurance show that the lag time in reporting claims has a direct impact.

Some of the findings from those studies include:

- Claims reported within three days cost 15-20% less than claims reported after three days.
- The average cost of a claim increases 3% every day the claim report is delayed.
- Injuries reported two weeks after the date of the accident cost an average of 18% more than those reported during week one.
- Claims reported during weeks three and four average a 30% greater cost.
- Claims reported after a month show a 45% increase.

In addition to increased costs, longer lag times could result in longer wait periods for employees to return to work. Some of the reasons cited for this include:

- An injured worker may visit a primary care physician rather than an occupational physician, who has a better understanding of how to get employees back to work.
- The worker may feel the injury is being ignored, which could cause the worker to seek out an attorney.
- Quicker reporting means faster medical treatment and faster return-to-work rates.

Talk to your policyholders about the importance of reporting a workers’ compensation claim within 24 hours. Let us help! Click here to download a helpful information guide you can give policyholders to aid you in your conversations.

Let’s work together to reduce lag times, control costs and help your policyholders maintain productivity in their businesses.

Questions? Feel free to contact Michael Lightsey, Loss Control technical coordinator, at michael.lightsey@fmins.com or (800) 234-1133 ext. 4240.