Claims: Late Reporting Costs You Money!

Workers' compensation insurance in California has been a hot topic for business owners over the past two decades. As a business, you may feel the financial weight of increasing premium costs in the wake of unexpected employee accidents. One way to stem the tide of mounting premium costs is by proper "in house" claims management.

Timely claims reporting to your insurer can not only save time, but also money. The longer a business waits to report a claim to the insurer, the more likely the claim will increase in cost. Adversely, increased claims costs means a higher experience modification, which results in higher premiums.

Combating this problem begins with the business organization and its management team. Reporting a claim as quickly and accurately as possible is the first step in controlling your premium costs. Insurance industry standards recommend reporting a claim within the first 24 hours of occurrence. Industry wide claims costs and lost wage payments increase after three days, and these factors can impact the business's future Experience Modification and premiums.

Decreasing claims reporting "lag-time":

Below are two simple steps that can drastically decrease the "lag-time" on reporting employee injury claims:

1. Retraining supervisors and management on "in-house" accident investigation and reporting:
Companies need to have the proper communication channels in order to effectively investigate the cause of an employee accident and diagnose what can be done to prevent reoccurrence. It is also important for the company to have procedures in place to react to and report an employee accident immediately. Supervisors and managers should feel comfortable filling out an Accident Report and also have the training necessary to obtain vital information from an injured employee. Since details of an accident are freshest within the first 24 hours, it is essential that those responsible for the "in-house" accident investigation and claims reporting be thoroughly trained and understand the importance of prompt claims reporting.

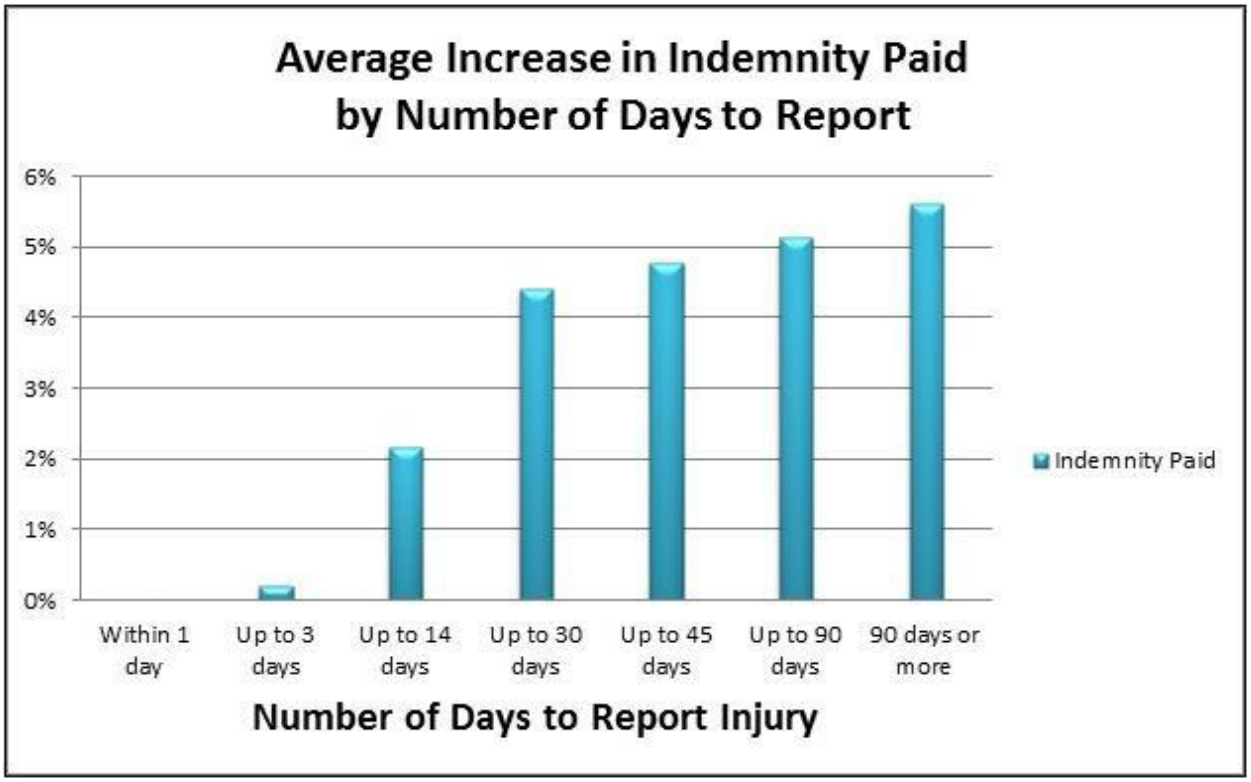
2. Revise and restructure the company's claims reporting process:
Streamlining the accident investigation and claims reporting process is instrumental to timely claims reporting. Having an outlined procedure can further benefit the claims reporting process. In addition, having a couple members of management trained in accident investigations and claims reporting can prevent delays if supervisor or management absences occur. A business should make sure that employees understand the proper communication channels when notifying the employer of a work related injury. In addition, the business should eliminate redundancy by assigning the claims reporting responsibility to one or two supervisors/managers or administrators.

The longer the time in between the accident and report, the less control your insurer and your company have in managing the claim properly.

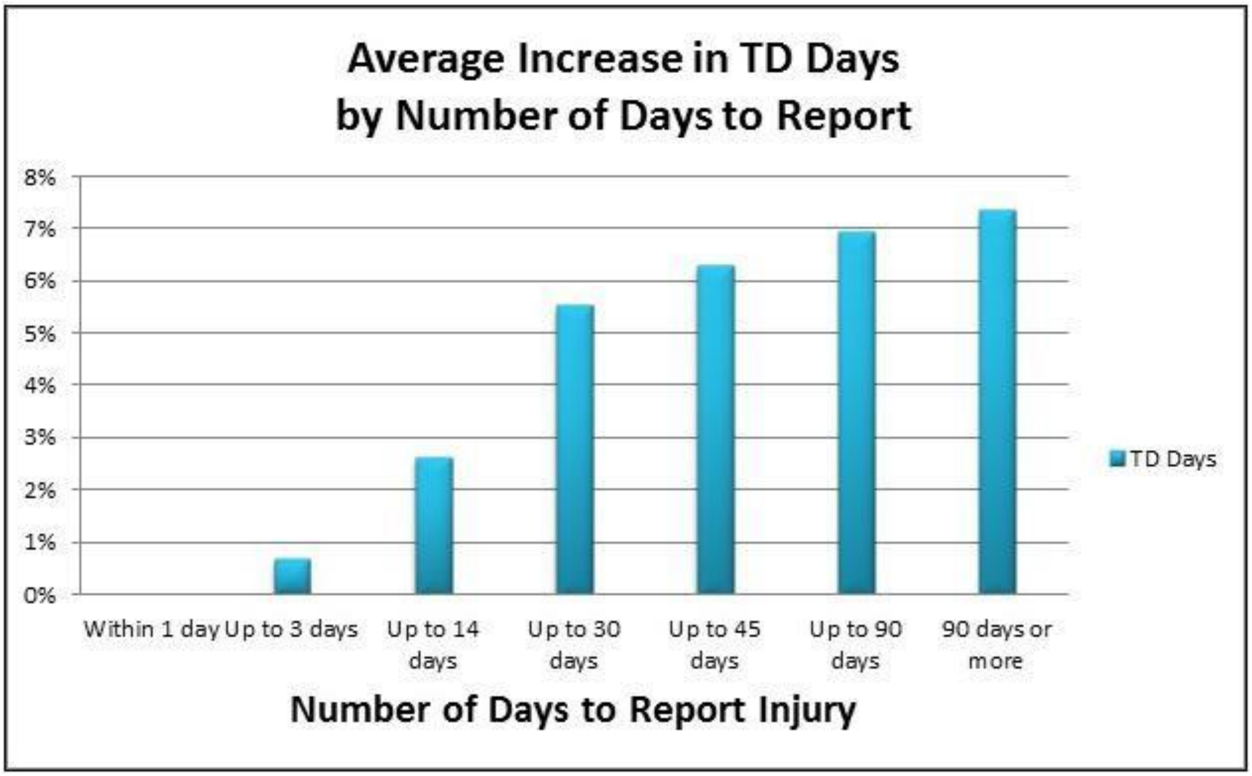
Timely claims reporting can save you money, reduce your chance of having a litigated claim, and help with the overall morale of your workforce. If the employee feels that they are receiving proper care and that their employer cares the less likely they are to hire an attorney. Reporting a claim to PacificComp within the first 24 hours allows us to provide the services which you expect, all while allowing us to manage and control the claim in the best way possible for all parties involved.

Pacific Compensation Ins. Co : Claims Data

The graph below represents the percentage increase in claims' dollar paid out (indemnity paid), as a result of late reporting:



This graph depicts the percentage increase in "total disability" days claimed by an injured worker, as a result of late reporting:



*information depicted in the graph above was gathered from PacificComp Claims Department data.