

## Summary

After an employee is injured, Liberty Mutual can help get that employee on the path to the best possible recovery and return to work by establishing an empathetic rapport, helping them understand the WC process and what to expect under their state's WC system, and ensuring the employee has timely access to appropriate and effective medical care.

**Prompt claim reporting** is one key factor in this process because it allows the claims adjuster to make the important initial contact with the injured employee in a timely manner. Once they connect with the worker, they can begin learning about the injured worker's injury and challenges, helping the injured employee access appropriate, timely and effective medical treatment, and answering the employee's questions about the WC system.

## Post-injury best practices

The more injured employees feel like the company cares about them and will adequately support their recovery and return to work efforts, the better the outcome should be for that injured worker. When work-related injuries create other challenges for injured employees, potentially impacting other aspects of their life, claims specialists need to find out about those concerns and help alleviate them while handling the claim. We believe prompt reporting is a critical part of the post-injury process, with the goal to help set up the injured employee for a successful outcome.

Best practices start with a robust, positive organizational culture around injury reporting. How a manager responds to a worker reporting an injury could play a pivotal role in affecting that employee's attitude toward a successful return and the disability time.

Below are some best practices to follow when it comes to reporting claims:

### **Educate employees about their responsibility to report injuries**

Make sure this information is refreshed with employees at least annually.

### **Encourage workers to seek appropriate medical treatment if needed**

Discuss injuries with workers in private to encourage open communication. Communicate positive messages to injured workers (e.g., "we want you back!"). Express concern and do not blame or belittle injured workers.

### **Designate an individual to be responsible for reporting claims and administering compliance**

Consider having a backup to be responsible so that claims can be reported as they occur, 24 hours a day, seven days a week. This will help eliminate confusion and make sure injured employees understand whom to notify when injured.

### **Notify Liberty Mutual or your third-party administrator (TPA) immediately**

This will allow an assigned claims specialist to contact the injured employee right away. Provide complete known information about the circumstance of injury; supplying the assigned claims specialist additional updates promptly thereafter is equally critical.

### **Hold supervisors accountable for following accident reporting procedures**

An empathetic and supportive response to the injury by a supervisor/HR is typically the best way to establish a positive rapport internally.

### **Measure and monitor report timeliness**

Liberty Mutual's recommended best practice is to target 80 percent of claims reported within three days.

### **Understand the scope of injury and contributing factors**

By understanding how the injury happened (when feasible), you will gain valuable insight to help prevent future occurrences.

### **Follow up with the injured worker frequently**

Ask how the employee is doing and make sure they know you value them as a part of your team. Acknowledge their concerns and help them navigate the injury process. Work with the injured worker proactively on stay at work or return to work opportunities and any needed job modifications.

## Impact of late reporting on claim outcomes

While not all of these recommended best practices for employers are measurable, claim reporting promptness can serve as an indicator of effective post-injury behaviors as employers who report claims promptly are likely to follow best practices in other post-injury areas too (supervisor/injured employee interaction, supportive culture, etc.).

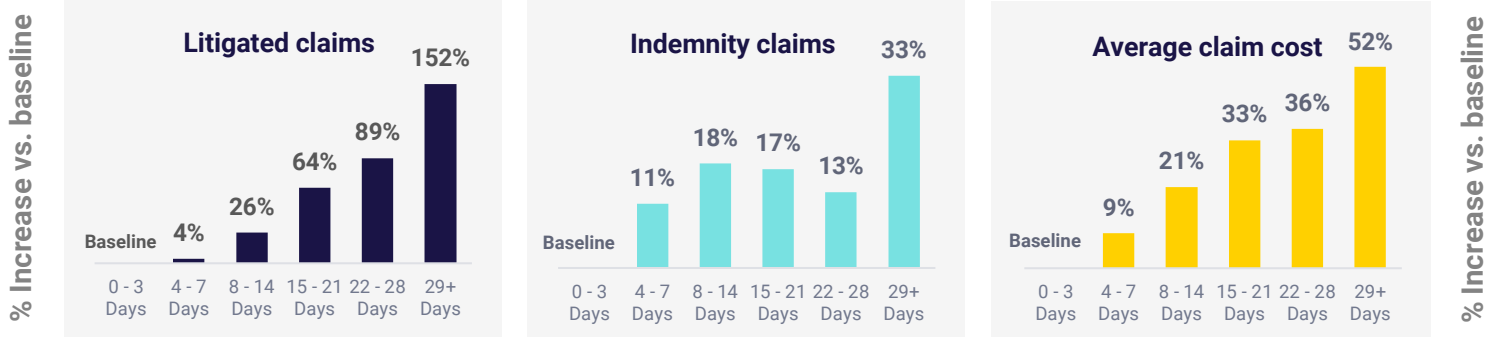
In order to determine the impact of effective claim reporting practices, Liberty Mutual conducted a study selecting key metrics that track closely with good claim outcomes for the injured employee: litigation rates and percent of claims for which employees lose time from work (indemnity or lost time claims). These metrics are easily measurable and align with optimal outcomes for the injured employee.

The results of this reporting lag study establish a connection between the delay in reporting and worse outcomes for the injured employee. Using the 0 to 3 day period as the baseline, late reported claims show significant cost increases beginning after one week, partially attributable to the worsening outcomes summarized in the box on the right. More results from the Liberty study are summarized in the graphs below.

**Key takeaway**

Claims reported after 29+ days are **33% more likely to become an indemnity claim** than claims reported in 0 to 3 days and are **152% more likely to be litigated**.<sup>2</sup>

Additionally, the National Council on Compensation Insurance has published a report that supports Liberty's findings. It shows that attorney involvement becomes more common as the report lag increases<sup>1</sup> and that claims with more than a two-week delay in reporting are characterized by more use of lump-sum payments and a lower closure rate<sup>1</sup>, suggesting that claims with a delay of more than two weeks are more complex to settle and take longer to close.<sup>1</sup>



These outcomes suggest that employees see worse outcomes when claim reporting is delayed. Liberty Mutual believes being an advocate for the injured worker is critical for getting the best outcomes for everyone involved, especially for the injured worker. Part of advocating for the injured worker is to encourage all policyholders and customers to establish best post-injury best practices, including prompt claim reporting.

## Conclusion

As illustrated in the studies referenced above, claim reporting practices can have a significant impact on the outcome of a claim. Some of the main impacts of prompt reporting are summarized below:

- Delayed access to appropriate, effective medical attention and Liberty's Outcomes-Based Network (OBN) and Preferred Provider Organization (PPO).
- Higher rate of litigation and attorney involvement<sup>1</sup>
- Higher likelihood of becoming an indemnity claim<sup>2</sup>
- Inability to maximize on injured worker's inclusion in return to work programs
- More complex to settle and take longer to close<sup>1</sup>
- Can impact relationship between worker and employer

<sup>1</sup> "The Relationship Between Accident Report Lag and Claim Cost in Workers Compensation Insurance", Jan. 2015, National Council on Compensation Insurance.

<sup>2</sup> Liberty Mutual study focused on the workers compensation line of business. Claim costs and % indemnity claims were derived by developing losses and claim counts were developed to their estimated ultimate values using standard actuarial methods and not adjusted for inflation or benefit level changes. Includes allocated loss adjustment expense (ALAE). Each claim was capped at \$250,000 to minimize the impact of outliers on the dataset. Percent litigated claim counts were not developed to estimated ultimate and were derived by studying 18M maturation for each year. Indemnity claim defined as any claim with >\$0 in Indemnity Incurred. Data excludes claims that resulted in a fatality, as catastrophic claims are more likely to be reported immediately. Data based on Liberty Mutual Insurance National Account size customers using three-calendar years of 2016 through 2018.