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WORKERS' COMPENSATION INJURY CLAIMS ON THE RISE –

Here's What You Can Do to Prevent Losses

The December 19/26 issue of *National Underwriter Property & Casualty Magazine* reported a rise in Workers' Compensation Injury Claims for the first time since 1997. This figure, while disturbing, is not a surprise considering the tough economy over the last several years.

The financial challenge of American workers parallels that of underwriters who offer workers' compensation insurance to employers. The 2011 "State of the Line" study conducted by the National Council on Compensation Insurance (NCCI) reported "the nationwide lost-time claim frequency increased 3 percent—the first increase since 1997." The factors contributing to this increase include rising medical costs, a spike in claims due to the economic recession and an American workforce that is growing older and more obese. The good news is that there are several

actions your organization can take to keep workers' compensation injury claims low:

- **Focus on loss prevention and the claims administration process;**
- **Implement effective return-to-work strategies; and**
- **Create a culture of safety within your organization.**

Developing and maintaining an effective Workers' Compensation program is another excellent defense for reducing losses. Elements of a sound Workers' Compensation program include:

- **Smart Hiring Practices:** Conduct thorough background checks on all applicants by verifying work history and references.



Require prompt reporting of claims and coordinate this procedure with claims adjusters.

- **Promote a Drug-free Workplace:** Combine pre-employment testing with a written substance abuse policy that includes "for cause" random drug tests for current employees.

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• **Establish a Safety Culture:**

Demand management commitment to productivity, quality and safety. Encourage employees to report and correct potential safety hazards. Draw program ideas from the valuable resource of employee input and feedback. Assign responsibility for injury prevention and claims management.

• **Incident Investigation:**

Immediately investigate all work-related accidents and focus on finding the root causes of the incident rather than placing blame. Upon finding the root cause, apply corrective actions immediately.

• **Maintain Accurate Records:**

Records provide documentation of accidents, incidents, close calls and other safety-related data. They are also essential to legal and other evidentiary proceedings. Good recordkeeping may mean the difference between proving that an alleged injury is or is not work-related.

• **Prompt Injury/Incident Reporting:**

Early notice of an injury is essential, especially if questions arise regarding the validity, compensability or severity of an alleged injury. Require prompt reporting of claims and coordinate this procedure with claims adjusters.

• **Return-to-Work Programs:**

Develop alternative, productive work or modified duties for injured employees who cannot return to their full work responsibilities immediately. Communicate frequently with the

employee and the physician during treatment. Develop partnerships with occupational medical specialists.

• **Compliance with Safety Rules and Laws:**

Know which laws and rules apply to your organization and follow them. Most workers' compensation and workplace safety rules and laws serve vital functions to protect employers and employees.

• **Education:** Educate management and employees on applicable safety practices and injury prevention as well as incident reporting and emergency procedures. Educated employers and employees are essential to making workplace safety successful.

• **Fraud Prevention:** Develop and enforce an anti-fraud policy. Educate all employees on this policy and stress the potential consequences of committing fraud. Maintain comprehensive employee files and take action immediately when an accident or injury occurs. Establish a close working relationship between the insurance carrier and the healthcare professional(s).

All of these actions are timeless, proven methods for cutting claims and related workers' compensation costs. *National Underwriter Property & Casualty Magazine's* Excellence in Workers' Comp Risk Management award winner Kennametal, Inc. embraced these initiatives and reduced its Workers' Compensation costs from \$2.8 million in fiscal year 2008 to \$1 million in fiscal year 2011. The number of claims was cut from 293 to 125 over this same time period.

Contact Gallagher Bassett Risk Control Consulting Services today at 630-285-3573 for more information on customized consulting services and programs designed to reduce your exposure to workers' compensation and other related losses.

-Information excerpted from "Workers' Comp Injury Claims on the Rise for First Time Since 1997," National Underwriter Property & Casualty, December 19/26, 2011, Vol. 115, No. 43 and www.insurance.about.com, "Top 10 Ways to Cut Workers' Comp Costs," by John Davenport.



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