



Lag Time

Timely Reporting of Claims Can Save Your Company Money

Lag time is defined as the delay between an incident occurring and the insured filing a claim with the insurance carrier. Sometimes employees fail to report injuries, and other circumstances may also delay claims reporting, but reporting incidents as soon as possible leads to lowered costs.

While the connection between lag time and claim cost may not be immediately apparent, there is a strong correlation between the two ideas. This correlation was apparent even years ago; [Insurance Through Leadership](#) posted an article titled [Lag Time and the Cost of Claims](#) in 2012 citing studies as far back as 2001 that showed an increase in claims cost from 18% to 45% after two to five weeks' lag time.

Another article titled [The Relationship Between Accident Report Lag and Claim Cost in Workers Compensation Insurance](#) by the [National Council on Compensation Insurance](#) (NCCI) has a variety of charts and valuable statistical information related to lag time. One of interest shows that attorney involvement steadily increases the longer the employer delays reporting. Also noteworthy is that additional payments to injured employees increase in both size and frequency as the delay grows larger. In any case, having the safety culture required to report incidents to your insurance carrier as quickly as possible can result in lowered claims costs, and lowered claims costs can mean lower premiums in the future.

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