



# How to Manage Workers' Comp Claims: The Complete Employer Guide for 2026

A guide for business leaders, HR teams, and claims contacts in mid-size and large businesses





Your delivery driver is rear-ended at a stoplight. The other driver's clearly at fault, so you assume their insurance will cover everything. You don't report a workers' comp claim.

Weeks later, your employee hires an attorney. The attorney directs them to a medical provider and takes them off work. By the time you realize what's happening, you've lost control—neither you nor your carrier's adjuster are receiving work status updates or medical records.

This scenario plays out more often than you'd think. Many mid-sized and large businesses treat workers' comp claims as something carriers handle. You file the paperwork, trust the process, and hope costs stay reasonable. But a wait-and-see approach is expensive—for both you and your injured employees. Worse still, failing to report because you assume “someone else will handle it” can cost you control of the entire claim.

The direction a claim takes is determined in the first days after injury. According to the National Council on Compensation Insurance (NCCI), claims reported three weeks after an injury are almost 30% more costly than claims reported within one week. That's not just about money—delays mean delayed care, extended recovery times, and damaged employee trust.

You don't need to become a claims expert—you do need to know the critical moments where your involvement matters most. This guide shows you exactly where your action has the most impact, and how early intervention protects both your people and your bottom line.

**Important note:** This guide covers general principles that apply across most states, but workers' compensation is regulated at the state level and requirements vary significantly. Always confirm reporting deadlines, benefit rules, and procedural requirements with your carrier or broker for your specific state(s).

“...claims reported three weeks after an injury are **almost 30% more costly** than claims reported within one week.”

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## Chapter 1

What drives workers' compensation claims costs?



Injuries happen in every industry. Strong safety programs prevent many of them—but not all. Understanding what drives claims costs shows you exactly where to focus your energy for maximum impact.

### Frequency vs. severity

Frequency is how often injuries happen while severity refers to how much an injury costs. Look at your loss runs from the past three years, with your carrier or broker, to see patterns driving workers' comp costs in your business:

#### **High frequency, low severity** **(multiple minor strains or slips, trips, and falls)**

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Invest in prevention like [wearable safety devices](#), [slip-resistant shoes](#), and proper lifting equipment as well as active claims management.

#### **Low frequency, high severity** **(a few claims totaling hundreds of thousands of dollars)**

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Focus on the strategies in this guide—especially early reporting and return-to-work—to manage claims costs.

Most mid-sized to large businesses have both patterns. While prevention can reduce the risk of injuries happening, active claims management manages the costs that arise from the inevitable injuries that do happen.

### Medical vs. indemnity costs

Medical-only claims cover treatment for minor injuries where the worker returns to work quickly. Indemnity claims, where workers miss time, cover both medical care and lost wages. This distinction matters because indemnity is where costs can explode. A \$14,000 bruised tailbone becomes a \$28,000 claim when light duty isn't accommodated and the worker stays home for weeks.

### Reserves and future premiums

Claim reserves are the estimated costs a carrier sets for a particular claim. These estimates drive your [experience modification factor \(ex-mod\)](#), [loss ratio](#), and [subsequent premiums](#). Early direction (or management) often impacts a claims reserving accuracy more than reserve reductions that occur later in the life of the claim, especially if that occurs after policy renewals or Unit Statistical Reporting. This is why early reporting and active management matters.

## Your role vs. your carrier's role

Understanding who controls what is essential to influencing outcomes.

### Your carrier typically controls

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- ✓ Claim adjudication and compensability decisions
- ✓ Medical bill payment
- ✓ Indemnity payment issuance
- ✓ Legal defense when required.

### You influence

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- ✓ How quickly a claim is reported
- ✓ The quality and accuracy of information provided
- ✓ Communication with the injured employee
- ✓ Availability of modified or transitional work
- ✓ How quickly issues are identified and escalated

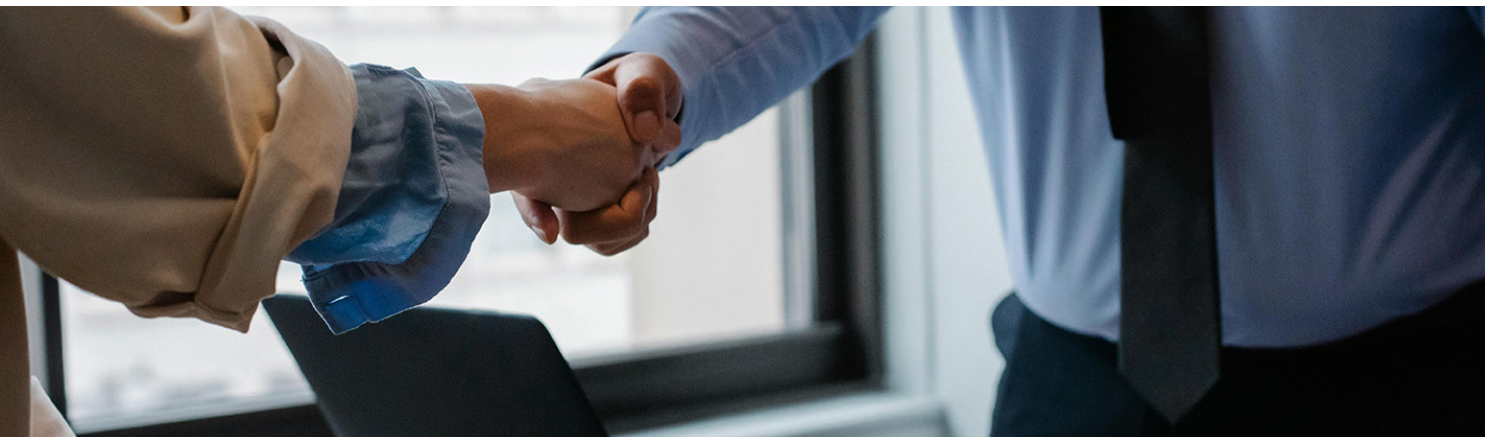
### Your broker's role as an expert guide

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A strong insurance broker is your advocate and expert guide throughout the claims process. They can help:

- ✓ Help you understand what to expect
- ✓ Leverage carrier relationships
- ✓ Advocate on your behalf
- ✓ Identify issues early
- ✓ Facilitate resolution

While your carrier administers claims, how actively you manage a claim can materially affect its length, cost, and long-term impact on your business.





## Chapter 2

Four ways you can influence  
workers' compensation claim costs

Claims don't spiral because of the injury—they spiral because small issues go unnoticed. A missed appointment here, a communication gap there, and suddenly you're facing litigation.

Active claims management changes this dynamic. It's intentional, timely, and focused on keeping claims moving forward. You stay informed, understand where a claim is in its lifecycle, and act quickly when progress stalls. AI can support this approach by analyzing large volumes of claims data to surface critical moments for intervention and recommend specific actions.

"Sometimes claims get stuck," says Jonathan Cook, vice president of product at Kinetic Insurance, [in a recent article with Nationwide on AI in claims management](#). "They wind up in a holding pattern where the action plan is the same because there are no big changes and there's no noticeable improvement for the injured worker."

These four strategies give you leverage at the moments that matter most.

## 1. Change outcomes by reporting claims early

Early reporting is one of the most effective ways you can reduce workers' compensation claim costs.

When you report injuries immediately:

- ✓ Your employees receive appropriate care sooner
- ✓ Adjusters can investigate while details are fresh
- ✓ Medical direction is clearer
- ✓ Return-to-work planning begins earlier

Delayed reporting, on the other hand, increases uncertainty and costs. Claims you report weeks after an injury are more likely to involve higher medical utilization, longer time away from work, and attorney involvement.

[According to the NCCI](#), delayed reporting dramatically increases both costs and legal risk. Claims reported three weeks after an injury cost 30% more than claims reported in week one. Wait four weeks, and costs jump 40%—plus, litigation risk doubles from 16% to 32%.

**What does early mean?** Reporting deadlines change by state. Speak with your carrier or broker for deadlines relevant to your state. Most carriers recommend reporting an injury within 48 hours, as, generally, temporary disability pay begins on day four.

**Best practice:** Report an injury within 24 to 48 hours to mitigate loss and ensure best outcomes.

Early reporting is one of the **most effective** ways you can reduce workers' compensation claim costs.



## How to build an early reporting system

- ✓ **Train your managers on the importance of prompt reporting.**  
Your managers need to understand their responsibility—both to your company and to the injured worker.
- ✓ **Post claims reporting guidelines in accessible spots throughout your facility.** Your supervisors should be able to easily access reporting information like phone numbers and the information needed to file a claim.
- ✓ **Report all claims.** If an injured employee alleges workers' compensation, report the claim regardless if you think it is a workers' compensation claim or not related. Your adjuster will make that determination per jurisdictional guidelines.
- ✓ **Document the reporting process.** Your process should designate who's responsible for reporting incidents, as well as who fills in if the primary contact is absent.
- ✓ **Use nurse triage if your carrier offers it.** Triage lines help injured workers understand next steps immediately and steer them to appropriate care—preventing ER visits for minor injuries and ensuring serious injuries get proper treatment.

Take a deeper dive into [why you should report a workplace injury immediately](#).

## 2. Keep claims moving by communicating early and often

You play a critical role in maintaining consistent, clear communication between your injured employee, the claims adjuster, and medical providers.

When injured employees understand what's happening and feel supported, they attend appointments, follow medical restrictions, and stay engaged in recovery. When communication breaks down, they often feel frustrated or disengaged which often leads to delayed recovery and litigation risk.

### Real example: A \$150K+ lesson in claim communication

A delivery driver was chased by a dog and fell, injuring his wrist and bruising multiple body parts. The employer filed a workers' comp claim, indicating no treatment was needed. When the employee confirmed he wasn't seeking care, the claim was closed.

Two months later, the employee's condition worsened, and he stopped working. The employer knew—but assumed the filed claim meant there was nothing more to report.

The carrier didn't learn about any of this until many months later—when the employee's attorney filed a formal claim petition.

Without that critical update, the claim deteriorated rapidly:

- |   |  |
|---|--|
| ✗ Without early intervention, the injury worsened | ✗ The employer lost the opportunity to influence care or costs |
| ✗ The employee remained off work for 5+ months    | ✗ Total cost to date: More than \$150,000                      |
| ✗ The employee hired an attorney                  |  |

**The takeaway:** Many employers don't realize a closed claim can reopen—or that they should notify their carrier when an employee's condition changes, even months later. Without that communication, carriers can't help you manage the claim, capture important details, or coordinate early return-to-work plans that protect both the employer and the employee.

## How to communicate effectively throughout the claim

- ✓ **Reach out immediately after the injury.** Express concern for their well-being and explain what happens next: they'll receive medical treatment, an adjuster will review their claim, and you'll stay in touch throughout their recovery.
- ✓ **Set expectations about the claims process.** Give the injured employee the information they need regarding who to contact with questions and how they can check on their claim status. Let them know, as part of the standard process, they may receive a call from an adjuster to review their injury.
- ✓ **Check in regularly—at least weekly.** Focus on your employee's well-being and recovery path. Share any barriers to recovery with your adjuster.
- ✓ **Discuss return-to-work options early.** Don't wait until they're cleared. Plant the seed that modified duty or light duty work may be available when the time is right.
- ✓ **Be the connection point.** If the employee has questions for the adjuster or needs to relay information about their treatment, make yourself available to facilitate that communication.

## 3. Reduce indemnity exposure with Return-to-Work programs

"A return-to-work program is more than a nice thing to do," says Bonnie McCaig, director of claims at Kinetic Insurance, [in a recent article with Nationwide](#). "The evidence strongly supports a significant ROI by providing a supportive pathway to full recovery with tangible benefits to the employee and employer."

Indemnity costs are driven by time away from work. The longer your employee is out, the more expensive your claim becomes and the less supported their recovery is. Often, you and your employee miss out on RTW benefits simply because you don't have a process to act quickly.

Structured RTW programs help you:

- ✓ Bring employees back safely sooner
- ✓ Maintain productivity
- ✓ Improve morale and retention (replacement of frontline employees [costs 40% of their salary](#), according to Gallup)
- ✓ Reduce potentially fraudulent or exaggerated claims

Effective RTW programs focus on capabilities, not limitations. Even temporary or modified duties—like clerical work, light housekeeping, repairs or maintenance—can significantly reduce your indemnity exposure while supporting recovery.

"The evidence [for a return-to-work-program] **strongly supports a significant ROI** by providing a supportive pathway to full recovery with tangible benefits to the employee and employer."

**Bonnie McCaig**  
Director of Claims,  
Kinetic Insurance

Replacement of frontline employees costs

**40%**  
of their salary



A study from Johns Hopkins University found that workers' compensation costs went down by 54% over 10 years when a combined claims management and RTW program was used.

54% ↓

Reduction in workers' compensation costs over 10 years

## How to build an effective return-to-work program

- ✓ **Develop and distribute a written policy.** Your policy should include goals, eligibility criteria, roles and responsibilities, and processes.  
[Design your RTW program with this implementation guide.](#)
- ✓ **Proactively identify modified work duties and establish a job bank.** Think through this before injuries happen. For example, last-mile delivery drivers on modified duty, based on their specific restrictions, could complete administrative tasks, participate in new-hire recruitment and onboarding, complete inventory, or perform light housekeeping or repairs.
- ✓ **Train your supervisors on the program's goals, procedures, and expectations.** Your frontline supervisors are the ones who'll make or break your RTW program. When they understand why it matters and how to implement it, compliance follows naturally.
- ✓ **Communicate with healthcare providers and employees.** Notify healthcare providers of modified duty opportunities. Communicate with employees to address any concerns with the program and adjust as needed.
- ✓ **Offer modified duty as soon as their treating doctor provides work restrictions.** If a doctor clears your employee for any work—even limited hours or light duty—that's your window to reduce indemnity costs.
- ✓ **Evaluate the program's effectiveness and celebrate success.** Track how many employees return to work, how long they were on modified duty, and how much cost was avoided in indemnity. Share wins with your team to build momentum.

The objective of a good RTW program is to help injured workers **return to gainful employment.**

### Kinetic client success story

Stinger Logistics significantly reduced their losses with a defined RTW program.

**Indemnity claims dropped by 70%, and costs decreased by 64%.** Alongside national logistics companies FedEx and PepsiCo, they received an award in 2025 for excellence in workers' compensation.

[Read the full case study](#)



## 4. Monitor claims to prevent small issues from becoming expensive problems

Many claims don't become costly because of the injury itself—they become costly because something goes unnoticed.

Common examples include:

- ✗ **Missed medical appointments.** The longer your employee goes without scheduling an office visit, the more likely they are to accumulate lost work time and indemnity payouts.
- ✗ **Changes in work restrictions aren't communicated.** Work restrictions are the signal you can safely get your employee back on the job.

Without visibility, these issues can persist for weeks before you intervene.


How to monitor claims effectively:

- ✓ **Assign a designated claims handler.** Have a single contact responsible for managing the claim from start to finish. This provides continuity and accountability while keeping claims moving.
- ✓ **Set a time aside each week to review claims.** Regular reviews of overall claim data as well as specific claim progress, treatment plans, and RTW status help keep claims on track. This is especially valuable if claims are one of the many jobs you do. Block 30 minutes every Friday—it's how you catch issues before they compound.
- ✓ **Build a collaborative relationship with your adjuster.** Exchange direct contact info so adjusters can reach you, agree on how often you will check in, and treat the adjuster as your partner.
- ✓ **Provide timely and accurate information.** Respond quickly to adjuster requests to maintain momentum.
- ✓ **Keep detailed and organized documentation.** Log calls, emails, approvals, and follow-ups to reduce misunderstandings and support consistent decision-making.

Most claims become costly because something goes unnoticed.







You're on track to keeping your insurance costs down!

## Chapter 3

# How technology supports active claims management

The gap between passive and active claims management used to be time and expertise—specifically, how much time someone could dedicate to monitoring every claim and whether they knew what to do next. AI-powered platforms are changing that equation by automating the monitoring you'd do manually if you had unlimited hours and guiding you on what to do next.

## What these systems actually do

### Real-time claim monitoring

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**Traditional approach:** You review claims weekly or monthly, lag time can mean catching issues after they've compounded.

**Technology approach:** Platforms analyze every claim against historical patterns daily, flagging deviations immediately. A medical appointment gets canceled with no follow-up scheduled? You get an alert the next day, not three weeks later when the adjuster notices treatment has stalled.

### Return-to-work tracking

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**Traditional approach:** You remember to check for updated work restrictions, or you miss updates hidden in different systems.

**Technology approach:** Systems alert you the moment a doctor changes restrictions from “no work” to “modified duty”—critical timing since indemnity becomes mandatory in most states after waiting periods expire (typically 3-7 days).

### Predictive prioritization

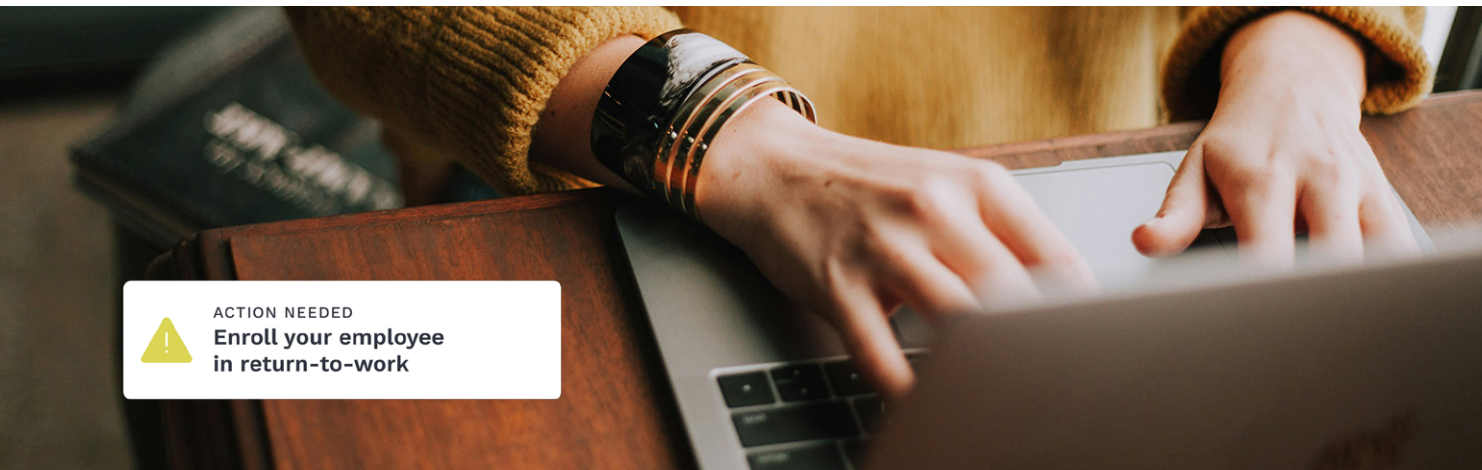
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**Traditional approach:** You treat all claims equally until one obviously goes wrong.

**Technology approach:** Algorithms assess each claim's litigation risk, expected duration, and cost trajectory based on injury type, industry, and treatment patterns. You focus your time on the 15% of claims driving 85% of your costs.



ACTION NEEDED  
**Enroll your employee  
in return-to-work**



## When it's worth considering

- ✓ **You've had claims unexpectedly escalate:** if routine injuries have turned into six-figure claims and you couldn't pinpoint when things went sideways, claims monitoring platforms show you the warning signs.
- ✓ **Your state has short waiting periods:** In states where indemnity kicks in after three days, the ROI on RTW tracking is immediate. Missing that window by even 48 hours multiplies costs.
- ✓ **You have limited staff for claims management:** If claims are one of the fifteen things you do, automation gives you leverage. You can't watch 10 claims manually, but you can respond to two alerts.
- ✓ **It's included as part of your workers' compensation policy:** If your carrier, like Kinetic, provides claims monitoring tools as part of your policy, the barrier to entry is zero. Not using them means you're leaving employer control on autopilot when you could be steering toward better outcomes.

In some states, indemnity kicks in after **three days**. Missing the window can multiply costs.

## What you can do without technology

If you're not ready for a claims management assist from technology:

- Block 30 minutes every Friday for claims review with a standard checklist
- Set calendar reminders for your state's indemnity waiting period
- Build a simple spreadsheet tracking: injury date, last medical visit, current restrictions, next scheduled appointment
- Actively follow up with the medical provider and/or adjuster for work status updates and restriction changes.
- Confirm light-duty options match current medical restrictions.
- Partner closely with your adjuster – exchange direct contact info and agree on communication frequency
- Discipline matters. Technology makes active management scalable; discipline makes it happen at any size.







## Chapter 4

# Take action on your claims





🕒 7d overdue

ACTION NEEDED

**2 missed Rapid Return-to-Work shifts for Taylor Brown.**



You are likely to incur increased costs if this is ignored.

Start with one change this week:

- ✓ **Monday:** Establish a 24-hour reporting standard. Email your managers with new workers' compensation claims reporting guidelines.
- ✓ **Wednesday:** Schedule your first modified-duty planning session. Block 60 minutes to identify 5-10 light-duty tasks available in your facility.
- ✓ **Friday:** Block 30 minutes on your calendar for weekly claims review. Create a simple spreadsheet with these columns: Employee name, Injury date, Last medical visit, Current restrictions, Next scheduled appointment.

Pick one. Do it this week.

## Beyond week one: Build your support system

Once you've established your internal processes, strengthen your external partnerships:

- ✓ **Audit your carrier resources:** Call and ask what claims monitoring tools, reports, or support programs are included in your policy. Many employers have access to resources they've never used.
- ✓ **Engage with your broker:** Discuss claims with your broker to identify patterns and create strategies to address them. Brokers see trends across clients that you might miss.
- ✓ **Know your adjusters:** Get direct contact information for the adjusters handling your claims.

The difference between passive and active claims management isn't complexity—it's intentionality. Active claims management starts with a single intentional action. Take yours today.





## Appendix

# Frequently asked questions about workers' compensation claims



## **What should I do immediately after an employee is injured?**

First, ensure your employee receives appropriate medical attention. Report the injury to your insurance carrier as soon as possible—ideally within 24 hours.

Early reporting lets the claims process start quickly and helps make sure your employee gets the right care. It also reduces the chance of mistakes or delays that can make the claim cost more. You should also document the incident, gather basic facts, and maintain open communication with your injured worker.

## **Can employers influence a workers' compensation claim after it is filed?**

Yes. While you can't control medical decisions or claim adjudication, you can influence how smoothly a claim progresses.

Your actions that often make a measurable difference include:

- Maintaining regular communication with your injured employee
- Coordinating modified duty or RTW opportunities
- Responding quickly to adjuster requests
- Addressing missed appointments or changes in work restrictions

When you stay consistently engaged with claims, they're less likely to stall, escalate, or become litigated.

## **What increases the chance a workers' compensation claim becomes litigated?**

Claims are more likely to involve attorneys when:

- You delay reporting
- Communication is poor or inconsistent
- Your injured worker feels unsupported or uncertain
- You don't explore RTW options
- Claims lack clear direction early on

Active claims management, early intervention, and consistent communication reduce friction and help prevent your claims from escalating unnecessarily.





## About the authors

This guide was developed by Kinetic Insurance's claims management team, collectively representing over 30 years of experience in workers' compensation claims across safety-critical industries like manufacturing, logistics, and hospitality.

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## Citations

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Workers' Compensation Costs, NSC Injury Facts, accessed January 2, 2026

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## About us

At Kinetic, we're transforming workplace safety and workers' compensation with innovative tools that empower you to stay ahead of risks. Our technology helps you proactively assess hazards, address issues swiftly, and get your team back to work safely.

[www.kineticcomp.com](http://www.kineticcomp.com)