# The Hidden Cost of Assumed Competency: How Training Gaps Are Driving Claim Severity, Not Just Claim Frequency



In loss prevention meetings and underwriting reviews, one phrase still appears far too often.

"They were trained."

On the surface, that statement feels reassuring. It implies preparation. It suggests due diligence. It offers a sense of closure. But as insurers move into 2026 facing sustained increases in claim severity, that assumption is becoming one of the most expensive blind spots in risk management.

The uncomfortable truth is that many organizations are not dealing with a lack of training. They are dealing with assumed competency. Training happened at some point in the past, often in a different role, under different conditions, with different equipment. Over time, that training quietly decays. When an incident occurs, the gap between what was assumed and what actually existed becomes painfully visible.

For insurers, this gap matters because it directly influences how small incidents turn into large claims. While frequency trends may appear stable, severity tells a different story. Longer disability durations. Higher medical costs. More aggressive legal action. More difficulty defending employer actions. Training gaps are woven through all of it.

As 2026 approaches, insurers who understand this dynamic are rethinking how they evaluate risk. Those who do not are still surprised when seemingly minor claims spiral out of control.

### Why Severity Is the New Battleground

Over the past decade, many insurers have invested heavily in frequency reduction. Engineering controls improved. Hazard awareness increased. Safety programs became more common. In many sectors, these efforts worked. Incidents declined or stabilized.

But severity did not follow the same trajectory. Instead, serious claims became more expensive, more complex, and more difficult to resolve. In many cases, the injury

itself was not catastrophic. What made the claim costly was what happened after.

Delayed reporting. Improper response. Conflicting accounts. Weak documentation. Inconsistent training records. These factors rarely prevent an incident, but they almost always influence how severe the outcome becomes. Assumed competency sits at the center of this problem. When organizations believe people are competent because they were trained once, they stop verifying whether that competency still exists. Insurers pay the price when it does not.

## What Assumed Competency Looks Like in the Real World

Assumed competency rarely announces itself. It hides in everyday operations.

An employee was trained on a task five years ago and has performed it hundreds of times since. No refresher felt necessary. A supervisor learned procedures informally after being promoted from the floor. No formal training was documented. Equipment was upgraded, but training materials were not updated. A worker transferred roles, but their training record did not follow them.

None of these situations feel reckless. In fact, they feel efficient. Training takes time. Refreshers feel redundant. Experienced workers are trusted. Supervisors are expected to know what to do. The problem is that when something goes wrong, trust and experience are not evidence. Insurers need proof, timelines, and consistency. When those are missing, claim severity increases.

## How Training Gaps Magnify Claim Outcomes

To understand why assumed competency drives severity, it helps to look at how claims unfold.

In the early stages, insurers assess whether the incident was foreseeable and whether reasonable steps were taken to prevent it. Training is central to that assessment. If training was outdated or inconsistent, the employer's position weakens.

As the claim progresses, medical decisions are scrutinized. Was the injury reported promptly? Did the worker understand reporting requirements? Was the supervisor trained to respond appropriately? Training gaps here can extend disability duration and complicate return to work planning.

Later, if litigation arises, training becomes a focal point. Plaintiff counsel often asks not whether training occurred, but whether it was current, relevant, and reinforced. When records show a one-time course years earlier, assumed competency is exposed. Each stage adds cost. Not because the injury was worse, but because the response was less defensible.

## One Time Training and the Illusion of Permanence

One of the most persistent myths in workplace safety is that training, once delivered, remains effective indefinitely. In reality, skill decay is well documented. Procedures blur. Shortcuts creep in. Informal practices replace formal ones.

From an insurance standpoint, one time training is particularly risky because it creates the illusion of permanence. Employers feel protected because training occurred. Insurers discover too late that the protection expired.

This is especially true in roles involving infrequent high-risk tasks. Emergency procedures, lockout processes, confined space entry, and equipment maintenance are

not performed daily by many workers. Without refreshers, competency erodes quickly. When incidents occur in these contexts, assumed competency often collapses under questioning. Insurers are left defending actions that cannot be clearly tied to recent, relevant training.

## Supervisors as the Weakest Link

Loss prevention professionals frequently note that supervisors play a disproportionate role in claim severity. Not because they cause incidents, but because their actions after an incident shape outcomes.

Supervisors are expected to enforce procedures, respond to injuries, document events, and communicate with management. Yet in many organizations, supervisor training is informal or outdated. Competency is assumed based on experience, not verified through training. When supervisors are not trained consistently, small errors compound. Delayed medical attention. Incomplete reports. Conflicting witness statements. Each of these increases claim complexity.

From an underwriting perspective, weak supervisor training is a major severity risk. It signals that even if frontline workers were trained, enforcement and response may not be reliable.

## Role Changes and Silent Training Gaps

Modern workplaces are fluid. Employees change roles, cover shifts, or take on temporary responsibilities. Training systems often fail to keep pace with these changes.

An employee trained for one task may be asked to perform another without updated instruction. A supervisor may step into a new department without hazard specific training. These gaps are rarely visible until an incident exposes them. Insurers reviewing claims increasingly find that training records technically exist, but not for the role involved at the time of injury. This distinction matters legally and financially.

Assumed competency across roles creates ambiguity. Ambiguity increases settlement pressure. Settlement pressure increases severity.

## Documentation Gaps and the Cost of Uncertainty

Even when training occurred, poor documentation can have the same effect as no training at all. Inconsistent records, missing dates, or vague descriptions undermine credibility. Insurers rely on documentation to assess exposure. When records are unclear, they must assume worst case scenarios. This influences reserving, settlement strategy, and ultimately loss ratios.

Assumed competency often leads to casual documentation. If everyone believes training is understood, record keeping becomes secondary. In a claim, that casual approach becomes expensive.

## Why Severity Keeps Rising Even When Frequency Does Not

This is the paradox many insurers face heading into 2026. Fewer incidents, higher costs. Assumed competency helps explain why. When incidents are rare, training gaps remain hidden. When an incident finally occurs, the gap is wide. The response is less controlled. The defense is weaker. Costs escalate.

In contrast, organizations that invest in recurring, role specific training often see the opposite effect. Incidents may still happen, but responses are faster, documentation is stronger, and outcomes are more predictable. From a loss prevention standpoint, training is not just a prevention tool. It is a severity control mechanism.

## What Insurers Are Starting to Do Differently

Some carriers are beginning to adjust how they approach training in loss control and underwriting. Rather than asking whether training exists, they ask how it is maintained. Rather than reviewing certificates, they review systems.

They look for refresher schedules tied to risk. They ask how role changes trigger training updates. They examine supervisor training separately. They assess how quickly training records can be produced after an incident. These are not academic questions. They are practical indicators of whether assumed competency is likely to exist.

## The Broker's Role in Addressing Assumed Competency

Brokers are often the first to see the consequences of assumed competency. They are asked to explain rising premiums, non-renewals, or coverage restrictions. Training gaps are rarely named explicitly, but they are often part of the reason. Brokers who understand how training influences severity can help clients proactively. By reframing training as a claims cost control, not just a compliance requirement, they can support stronger renewal outcomes.

This requires moving beyond surface level discussions. Asking when training was last refreshed. Asking how supervisors are trained. Asking how documentation is managed. These conversations are uncomfortable, but they are far less uncomfortable than explaining a six-figure claim that could have been contained.

## What 2026 Demands from a Training Perspective

As insurers look ahead, assumed competency is becoming harder to tolerate. Claim severity leaves less margin for error. Courts and regulators expect clearer evidence. Policyholders expect stability. Training programs that rely on assumptions will struggle to meet these expectations. Training programs that treat competency as something that must be maintained, not assumed, will stand out.

For insurers, recognizing this difference is critical. It allows for better risk selection, more targeted loss prevention, and more predictable outcomes. For employers, the message is equally clear. Training is not a box to check. It is an ongoing investment in both safety and insurability.

## Closing the Gap Between Assumption and Evidence

Assumed competency thrives in the absence of scrutiny. Claims bring scrutiny. By the time a claim exposes training gaps, it is too late to fix them. The challenge for insurers and loss prevention professionals in 2026 is to help shift that scrutiny upstream. To evaluate training systems before incidents occur. To reward organizations that can demonstrate maintained competency, not just historical training.

When training gaps are addressed proactively, claim severity does not disappear. But it becomes manageable. Predictable. Defensible. In an environment where severity is the defining risk, that difference matters.