

A hand is shown holding a one-dollar bill that is actively burning. The flames are bright orange and yellow, and the bill is partially charred and falling apart. The background is a blurred outdoor setting.

CEO/CFO Guidebook

7 SECRETS YOU'RE PAYING TOO MUCH FOR WORKERS' COMP

Errors in the Workers' Comp system cause overcharges in **1 out of 2 businesses.**

Which side of this overcharge line are you?



Insurance People

*Helping employers take charge of their
Workers' Comp*





INSURANCE PEOPLE

7 SECRETS YOU ARE PAYING TOO MUCH

ARE YOU OVERCHARGED FOR YOUR WORKERS' COMP INSURANCE?

Spending time and money quoting your Workers' Comp insurance does not give you the lowest cost unless your program is error and overcharge free.

Secret 1

INSURANCE COMPANIES DON'T PAY FOR EMPLOYEE INJURIES - THEY JUST FINANCE THEM FOR YOU AT AN EXORBITANT COST

You pay \$2 to \$3 to the insurance company for every dollar it pays out for employee injuries. Each claim results in the most expensive financing contract you have in your business. First, you pay outrageous premiums. Then, you pay again for almost all your claims:

- You pay more because your Experience Modification skyrockets
- You pay for lost productivity
- You pay for the low morale of the other employees who fill in for the injured employee
- You pay for increased management and staff stress

You have Workers' Comp for only two reasons: 1) The law requires it 2) Workers' Comp spreads the actual cost of employee injuries out over time.

Workers' Comp does not pay for employee injuries. You do!



Secret 2

YOU MUST TAKE AN ACTIVE PART IN CLAIMS' MANAGEMENT

Now that you know you write the checks for your employees' injuries (you can have more proof if you want it), you must install a defined process and communicate it often to employees so that when an employee suffers an injury, your team and the injured employee knows exactly what to do.

- Which medical provider to visit?
- What happens immediately after the medical provider visit?
- The plan for the injured employee to Recover at Work

You must report the injury to the insurance company "before the sun sets" the day of the injury. It will be the insurance company that issues the checks to pay the bills. However, it is your company's process that will help keep your Workers' Comp costs down. A process against an experience mod that jumps higher and costs you gobs of additional premium.

Secret 3

YOU CONTROL IF YOUR AUDIT IS ERROR FREE, OVERCHARGE FREE AND 100% CORRECT

Because your real insurance cost is determined after your policy expires, it's essential the audit is correct. You're at a disadvantage from the start. The insurance company auditor knows the rules, you don't. The law does not compel the auditor to explain the rules, especially if applying a rule would cause you to pay a lower premium. Here's how the auditor works against you:

- Your entire payroll is put into the highest classification
- The "Standard class exceptions" are put into the correct cost classification. When someone is not properly moved to the lower cost classification, you pay at the highest rate.

Misclassifications are common and the system is designed for you to pay for all the mistakes. There are many other errors or omissions that are made in addition to misclassifications. Would you allow an IRS agent to conduct an audit without an expert on your side? Of course not. Then, why allow an insurance company auditor to conduct an audit without an expert on your side? A workers' comp audit may actually cost you more money than an IRS audit. A Workers' Comp Audit is every year. You may go years without an IRS audit.

Secret 4

EXPERIENCE MODIFICATION FACTORS ARE OFTEN WRONG OR MISMANAGED

Most insurance buyers assume their experience modification factor is correct. This is a dangerous assumption because most of the time it may be wrong. When that happens, the insurance company benefits. Even if correct, it may be mismanaged and you're overcharged. There are simple strategies to lower it. A qualified agent knows how to control your costs.

Secret 5

CLAIM PROBLEMS BEGIN AT "DATE OF HIRE" NOT AT TIME OF INJURY

When a claim problem arises, have you ever said, "I should have never hired that person?" Exaggerated claims are primarily the result of hiring or keeping the wrong person, instead of an unsafe workplace. Many employers are confused about what they can and can't do during the hiring process. They fear getting sued which prevents them from doing what is necessary, and legal. You can implement two simple strategies that will virtually eliminate "hiring a claim." Contact a Certified WorkComp Advisor for access to these two forms.

Secret 6

YOUR WORKERS' COMPENSATION IS THE ONLY INSURANCE YOU AND YOUR AGENT CAN CONTROL

If you and your agent do not pay closer attention to your Workers' Comp than any other insurance you buy, you will suffer unnecessary and controllable errors and overcharges. Here is what your agent must do to ensure you're not being overcharged:

- Help you establish a process that jumps into action when an employee suffers an injury
- Build a process to manage (not monitor) claims internally
- Manage and verify premium audits
- Validate your experience modification rating for accuracy
- Analyze your insurance plan to ensure it is the correct plan for you
- Control sub-contractors' insurance
- Especially if you are a contractor, work diligently to keep your experience modification factor less than 1,00
- Confirm each employee is classified properly

Many actions are time sensitive. If you don't know why six months after your policy expiration date is the most critical date, you may be overcharged for your insurance. If you need a trained and certified specialist in any one area of your insurance programs, it is managing the insurance programs that affect your employees the most - Workers' Compensation, medical and disability.



Secret 7

YOU CAN SLASH YOUR COSTS - IF YOU INSTALL THE RIGHT SYSTEM

The Institute of WorkComp Professionals trains and certifies insurance agents as Certified WorkComp Advisors and Master WorkComp Advisors to:

- Find and fix the mistakes, if any, in your Workers' Comp system
- Confirm you have an ongoing error and overcharge free program
- Help you create processes to control your employee costs
- Build a plan to take your experience modification to its minimum
- Give you back cost control of your Workers' Comp Insurance

Through implementation of Insurance People's proprietary Workers' Comp system, INSP365, you can drive your employee-related insurance costs down to its legal minimum.



INSP365 WORK COMP

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