

# P&C RISK REVIEW

A PUBLICATION OF THE PROFESSIONAL LIABILITY INSURANCE NETWORK



**FINANCE INSURANCE, LTD.**  
Quality Service For Your Insurance Needs

VOLUME 002, 2011

For More Information Contact:

Alan Taguchi

Tel: 522-5580

Fax: 522-2082

email: ataguchi@financeinsurance.com

## Ten Steps to Controlling Workers Compensation Insurance Costs

*The following material is provided for informational purposes only. Before taking any action that could have legal or other important consequences, speak with a qualified professional who can provide guidance that considers your own unique circumstances.*

Workers compensation insurance can take a sizable bite out of your bottom line. However, with a little effort these costs can be controlled. Consider these 10 steps that can save you money while protecting your employees' well being.

1. **Review your premium calculations.** Your workers compensation carrier considers many variables when setting your insurance premium. They will examine factors such as your number of employees and the job classifications and actual duties of your staff. It is important to review all of these factors for accuracy since errors in any of these records can result in unnecessarily high premiums. You'll also need to check your "experience modification rating," an adjustment made to your annual premium based on your past claims history, typically over three years. Working with an insurance agency who specializes in the design industry is extremely helpful in assuring your employees are classified correctly and you are being charged the right premium.
2. **Instill a culture of safety.** By making safety an important part of your company's culture you can generate buy-in for your accident and injury prevention programs. Some companies appoint

a safety committee charged with identifying and eliminating jobsite and in-the-field hazards. (Construction site and drivers' safety programs are especially important for design firms.) Others use an anonymous safety suggestion box. Regardless of how suggestions are generated, they must be addressed or the safety culture will wither.

3. **Provide first aid training.** Contact your local Red Cross or a similar agency to provide first aid training to employees. Not only does this training increase the chances that an injured employee receives prompt aid and assistance for an injury, it may directly lower your workers compensation costs. In some states, employers can pay out-of-pocket for first-aid treatment for minor injuries and not have to file a formal injury report with their workers comp insurer.
4. **Compile a list of preferred medical providers.** Search out highly qualified medical providers in your area that have an emphasis in occupational medicine and therapy. There are board-certified physicians who can provide proper care of injuries that lead to quick recovery and therefore lower overall costs.
5. **Develop an accident response plan.** Step-by-step procedures should be developed for assisting an injured employee and contacting medical and emergency agencies. The accident site should be made safe and any defective tools or equipment that caused the injury should be secured. Each person should know his or her role and responsibilities, whether the injured, a first aid provider or a witness to the accident.

6. **Establish an injury reporting procedure.** All employees should know it is their responsibility to immediately report any work-related injury they receive or witness, no matter how minor, to a designated person in charge of handling workers compensation issues. The company must complete an accident investigation report that answers the who, when, where, why and how questions regarding the injury. Identify any witnesses or possible liable parties. Photographs or videos of the site can prove helpful. Any injury that requires medical treatment beyond first aid must be reported to the workers compensation insurance company, typically within five days.
7. **Regularly communicate your safety plans and procedures.** It does little good to develop safety plans and procedures if employees don't know about them. Consider producing a written employee safety manual and scheduling a half-day meeting to present it. Make sure your safety plan is included in your new employee orientation program. Post notices and information from your workers compensation insurer in the employee's lounge or other public area. Invite guest speakers such as the local fire chief or a FEMA representative to speak on safety issues.
8. **Manage claims closely.** Typically, once you've reported a claim to your workers compensation insurer a claims adjuster will be assigned to your case within 24 hours. It is important to keep up to date with the development of the claim. Your insurance agent or broker can be an invaluable ally in this process. Clear and frequent communication between the adjuster, your broker and your company is key to developing a close working relationship and ensuring the claim and its reserves are managed properly. Keep your injured employee fully informed as well. Let the employee know his or her full recovery is your number one priority.
9. **Promote an early return-to-work program.** Once the injured employee has been treated and fully examined, you should receive a report from the physician regarding any medical restrictions. Work with the physician and the employee to develop a transitional work plan

back to, hopefully, full unrestricted employment. Typically, a return-to-work program begins with a part-time schedule of modified duty comprised of transitional jobs and tasks that will not aggravate the employee's condition. As the employee recovers, additional job duties are added until he or she can perform the full range of job duties. (Note: getting the employee back on the job before a loss in wages will limit the accident's impact on your experience modification rating.)

**Watch for fraud.** Signs of potential fraud include an accident with no witnesses, a late reporting of an accident, an implausible explanation for an injury, a claimant with financial problems, a claimant who refuses to provide a statement or otherwise cooperate with an investigation, an injury with subjective symptoms (headaches, backaches, etc.) and a seemingly minor injury that lasts unusually long. Note that any of these causes and symptoms may be legitimate and take special care not to accuse an employee of faking an injury. Let the workers compensation insurer lead any fraud investigation.

#### **Can We Be of Assistance?**

*We may be able to help you by providing referrals to consultants, and by providing guidance relative to insurance issues, and even to certain preventives, from construction observation through the development and application of sound human resources management policies and procedures. Please call on us for assistance. We're a member of the Professional Liability Agents Network (PLAN). We're here to help.*