

As a small business owner you've got to pay attention to your customers, your employees and the bottom line everyday. One area that merits your serious attention is how costly Workers' Compensation Insurance can be. There are many pitfalls in this complex arena, but also lots of ways you can minimize your costs and risk.

### **What can go wrong and cost you a lot of money?**

Here's a partial list: incorrect classifications, calculation errors, getting caught in an audit, missed claim reviews or claims fraud – leading to poor loss experience and higher premiums, improper accident investigations and government penalties from safety agencies like OSHA, legal action against you for workers injured on your property, and no insurance coverage for sub contractors.

Here are six steps that can save you money – not to mention time and aggravation.

THERE ARE MANY PITFALLS IN THE WORKERS' COMP ARENA, BUT ALSO LOTS OF WAYS YOU CAN MINIMIZE YOUR COSTS AND RISK.

**1. Ensure Proper Classifications:** Avoid incorrect job classifications by looking for similar, applicable codes. Have complete job descriptions for all staff and make sure people follow them. Don't get caught with a clerical person "helping out" in the shipping department when the insurance inspector is on site. If you're sloppy, **all** your employees can be classified with the most expensive codes.

Recently a client running a school program with a gardening option had some workers classified as landscape gardeners. She didn't know there was another code, 30% cheaper, for "school employees – other than teachers – including gardening." The best codes are often missed.

**2. Resolve Open Claims:** If you've had claims, work with your broker to get them closed ASAP. That means having back-to-work or modified duty policies, and making sure your insurer does medical reviews on your cases in a timely fashion. Both can close claims or reduce reserves to improve your loss experience.

**3. Watch Out for Errors:** Look for calculation mistakes in all audits and worksheets. Are payrolls accurate and applied to the correct classifications? Are the claim reserves correct? An extra zero here or there can jack up your premium.

**4. Pay Attention to Minor Injuries:** Make sure everyone knows where to take an injured worker and the difference between "first aid" and a Workers' Comp reportable claim. Minor injuries (cuts, burns, etc.) that can be treated in one visit, plus a follow-up for observation, are not reportable. Build a relationship with a clinic on your insurer's Medical Provider Network and make sure you pay them directly and quickly for first aid. Avoid unnecessary reporting and adverse loss ratios.

**5. Identify Who's Responsible:** Subrogation is when a person or company responsible for a loss reimburses the costs of a worker's injury. This can work both ways. On the one hand, a visitor or vendor's employee could be the victim of an accident at your worksite. If you don't have a safe, clean workplace you might be negligent and liable for reimbursing the other company's Workers' Comp claim. On the other hand, if your employee suffers an injury at another company's worksite or in a car accident caused by another driver, you may be able to recover the costs. Provide full details of the accident including witness statements and pictures to your WC insurer.

**6. Prepare in Advance:** When a serious injury occurs a thorough investigation by the right experts can make a big difference. Experienced professionals can produce an unbiased, factual report, and help you avoid an incomplete story that's litigious and wildly exaggerated. A workers' comp lawyer is the first specialist to put on your team to protect client privilege, and he or she can engage a safety investigator. By establishing a relationship with these professionals in advance, you will be prepared when OSHA comes looking for your accident report and the media arrive to sensationalize the story.

Pay attention to these key areas and you can save money and hassle in your Workers' Compensation program and minimize your risk.