

# Workers Comp Money Saving Secrets You Need to Know About.

## **Rule #1 Insurance Companies are in business to MAKE MONEY.**

You need to know that YOU pay outrageous premiums. Then, you pay again for almost all your claims! Unless you have a "huge" claim, your company will get back the money they spend on you, FROM you!

How do you pay for these expenses on your workers comp policy?

1. You pay for employee injuries through lost dividends and lost return of premium.
2. You pay more because your Experience Modification increases.
3. You pay for lost productivity from your employees.
4. You pay for the low morale of the other employees who must fill in for the injured employee who is now out of work.

## **#2 -You have Workers' Comp for reasons:**

- a) Because the law requires it.
- b) Because workers' comp spreads the actual cost of employee injuries out over time so you can afford the losses.

## **Workers' Comp companies do not pay for employee injuries. You do!**

So, how can you reduce the cost of workers comp? Here are five simple ways to incorporate a process to minimize the cost of the injury and expedite your injured employee's return to work - AND - in the process, lower the cost YOU pay for workers comp.

#1 -Understand that YOU pay for your employee injuries. Therefore, YOU must take control of your employees' safety and do ALL that you can to get them back to work.

#2 Claims management services are usually dreadful - try to be active in the process of managing your own comp claims. A qualified agent knows how to control your costs. Contact your agent about claims control and managing your experience modification.

#3 Your dividend and retro program may not be what it appears to be. Did you buy your Workers' Comp based on that fancy proposal your agent presented or did you read the contract's terms of your retro or dividend program?

If you don't understand the contract, you're in for a big surprise that could cost you a lot of money. Your real insurance cost is determined after your policy expires.

#4 Watch your audits carefully. 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 an auditor to explain the rules. One very common error is that oftentimes your entire payroll is put into the highest classification.

The "standard class exceptions" are put into the incorrect 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 mistakes. There are many other errors or omissions that are made in addition to mis-classifications. You need an expert on your side. Make sure your agent is involved in your audit and checks the results for you.

#5 Most compensation policies are overcharged. You have to watch it carefully. Here's what your agent must do to insure you're not being overcharged:

- Claims need to be monitored
- Premium audits must be managed and verified
- Experience modifications must be double checked for accuracy
- The contract must be analyzed by your agent
- If you use sub-contractors' - you must be EXTRA careful - they are usually charged against you in some way.

If you need a specialist in any one area of your insurance programs, it is managing the insurance programs that affect your employees the most—Workers' Comp. Call us for a quote today!