



BY GARY SHAPIRO

# FOUR COMMON WORKERS' COMPENSATION MISCONCEPTIONS

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The loss of experienced employees due to injury can be a major threat to your business. Talking to an advisor to assess your risk management strategies can help you prevent injuries and reduce insurance coverage costs. Most employers look at Workers' Compensation as simply an unavoidable cost of doing business, and when rates are low you may think "out of sight, out of mind". It's not until you are hit with an assessment or rate hike that you may really start thinking about Workers' Compensation costs.

## Below are some common Workers' Compensation mistakes you should avoid:

### 1 Don't Assume Lower Rates Equal Lower Costs

Don't make the assumption that your Workers' Compensation costs will automatically go down just because rates have been reduced. Workers' Compensation insurers use a combination of factors to adjust premiums. The first is an experience mod (experience modification) formula, which calculates a factor that adjusts your cost based on your actual losses (or experience) as compared to others in your industry. If your past losses are below this average, the insurer gives you an improved credit rating, thereby lowering your premium. However, if your past losses are above this average, a debit will be added to your premium. You can manage this by having your broker verify the accuracy of your experience mod.

### 2 Don't Believe that Workers' Compensation Expenses are Out of Your Control

Cost reduction starts with the hiring process. Initiate effective interview techniques and background checks to help ensure that the right people are hired for the right jobs. Nevertheless, there's no way to completely eliminate the possibility of injuries in a workplace. Therefore, it's equally important to have an effective return-to-work program in place to help injured workers get back to work as soon as possible and reduce the cost of their claims.

### 3 Don't Neglect Cost Containment and Injury Management When Workers' Compensation Premiums Go Down

Safety should be an unyielding focus at all times. This will not only help your organization reduce the number of claims, but also keep rates low over the long term. Keep an eye on the issues that frequently impact the costs of claims, such as medical care costs and lost wages. Also remember if your carrier has to keep claims open it will mean escalating costs and negative impacts to your mod factor. The bottom line is that the preventative actions you take today will save you money in the future.

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### 4 Don't Miss The Connection Between Cost Containment and Worker Retention

Studies have shown that while fewer accidents occur among skilled workforces, even they are not immune. A key factor in determining whether or not an injured employee returns to work is based upon how their employer responds during and after their recovery. An important part of your response is having a return-to-work program. This program should include maintaining constant contact with all injured workers and their health care providers to monitor how they're recovering, and evaluating how they can get back to work as soon as possible. Employees that are kept in the loop with periodic phone calls about what is happening in their absence are more likely to come back to work. On the other hand, employees that feel forgotten, undervalued and disconnected are less likely to return.

Healthier people are more productive, happier and have lower stress levels, help cultivate the desired team environment and have lower turnover and absenteeism—all things that bring efficiency to a work environment. Look at Workers' Compensation as a tool to improve your bottom line. Make an effort to keep your rates low over the long term. Take the time to talk to your advisor about how to protect your employees while taking advantage of significant savings. «

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