

Four Common Workers' Compensation Don't's

Businesses are running leaner and struggling to find a good work staff, which makes the loss of experienced workers due to injuries a bigger threat to operations. Assessing 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. When rates are low, you may think "out of sight, out of mind". It is not until you are hit with a rate hike that you may really start thinking about Workers' Compensation rates.

Avoid these common Workers' Compensation mistakes.

1. Don't assume lower rates equal lower costs.

Don't make the assumption that your Workers' Compensation cost will automatically go down just because your rates have been reduced. Workers' Compensation insurers use a combination of factors to adjust premiums. The first is an experience mod (experience modification). The experience mod formula 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 average, the insurer gives you a credit rating lowering your premium. However, a debit is applied to your premium if your past losses are below average. You can manage this by having your broker verify the accuracy of your experience mod.

2. Don't believe Workers' Compensation expenses are out of your control.

Cost reduction starts at the hiring process. Initiate effective interview techniques and background checks to help ensure the right people are hired for the right jobs. Nevertheless, there is no way to completely eliminate the possibility of injuries in a workplace. Therefore, it is equally important to have an effective return-to-work program in place to help injured workers return 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 your 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 that open claims mean escalating costs and negative impacts to your mod factor. The bottom line is that the preventive actions you take today will save you money in the future.

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 large part of whether or not an injured employee returns to work is based on how their employer responds during and after recovery. An important part of your response is having a return-to-

work program that includes maintaining constant contact with all injured workers and their health care providers to monitor how they are recovering and when and 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 at work in their absence are more likely to return. On the other hand, employees that feel forgotten, undervalued, and disconnected are less likely to return.

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 insurance agent about how to protect your employees while taking advantage of significant savings.

Let me know if I can help discuss risk management tools that HUB/HMP can offer our clients to help mitigate risk and build a strong safety and risk management culture.



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