

# **NAXSA'S Insurance Program – Is Your Company Utilizing This Cost Savings Service?**

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## **Workers' Compensation Claims Affect Premiums: How to Minimize that impact**

We are all trying to run our businesses more efficiently as well as find ways to cut cost. We believe that NAXSA's insurance program has proven to be an avenue to do this. As the program grows in volume, we are working to cut rate cost and pass that savings to NAXSA members. We hope that you will give us the opportunity to consider looking at your insurance program so that we can show you the coverage and cost advantages we have been able to provide.

Although the NAXSA Insurance program has proven to show cost savings, there are more tools that companies can implement to help save on insurance cost. You can play a role in some of those factors. One factor that determines your workers' compensation premium is your loss history. This means that having a workers' compensation claims can cause future premiums to increase.

## **Claims Impact on your Organizations**

At most organizations, past claim costs are used to determine your experience modification factor (e-mod), a multiplier used to calculate your premium. If your claim costs are lower than average when compared with other organizations of similar type and size, then your e-mod will be lower than 1. That means it will reduce your workers' compensation premium. On the other hand, if your claim costs are higher than average, your e-mod will be over 1. That will increase your premium. The e-mod takes into account three years of loss history not including the most recent policy year, so that's how long any given claim may affect your premium.

## **Minimize the Impact: Return to work Program**

One key tool you can implement to minimize the impact of claims on your premium is bring employees back to work as soon as they are medically able. You could modify the employee's job, offer reduced hours or offer a light-duty job until the employee is fully healed. For example, if you have a driver with a foot injury, he or she could answer phones or prepare estimates.

To save the most on future premiums, bring injured employees back to work before your state's waiting period has kicked in if the doctor on the case allows. (This is three to seven days depending on your state.) If you do this, the claim will be considered medical-only, so only 30 percent of the claim costs will be included in the e-mod calculation.

Understanding the benefit and potential savings of a Return to work program is important. We have seen companies implement these programs and save thousands of dollars over the course of the years.

**Travelers has a guide to Return to Work or Transitional Duty. See the attached document they have provide for NAXSA Members and call us with any questions. We would love to be part of your risk management team.**

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