

General Tips to Follow with Workers' Compensation

- 1. Always pay premium payments on time to avoid any lapse in coverage. Where possible enroll in automatic ACH/EFT payments.**
- 2. If you receive a notice of cancelation from the WC carrier, call them immediately to resolve it so your policy can be reinstated.**
- 3. Always report all payroll for your W2 employees. Keep in mind any 1099s you issue may result in additional premium due at time of audit. Be sure to limit that exposure to those who can provide certificates of insurance as proof of their active WC policy. Some may have an officer exemption in lieu of a wc policy. Be sure your know the max your WC carrier allows for this kind of exposure. Some carriers cap it at a certain amount and others do not.**
- 4. Never pay employees in cash. This will eliminate any problems with WC carrier or IRS.**
- 5. If you start to grow with more payroll, it is a good idea to ask your agent to endorse your policy to include more payroll so the added premium amount can be spread out over the remainder of the policy term. Otherwise, you may have a large audit balance due at the end of the policy term.**
- 6. If an employee is injured, always report it right away. Call the claims # for the carriers ASAP. Follow their guidance.**
- 7. If your business changes in operations, you must alert your insurance agent and/or the WC carrier. If the new operations are outside of the carrier's underwriting guidelines they will likely issue a cancelation notice. Your agency can help you with a replacement offer.**
- 8. If your employees travel out of state or country, it is important to be sure your agent and carrier are aware of this exposure.**
- 9. After each policy term you will be required to cooperate with an insurance premium audit. This is industry standard with all WC carriers. They will require documentation like payroll reports, payroll registers, etc. Failure to promptly cooperate with the audit will result in cancelation of the WC policy, and in some states you may be charged up to 3 times the estimated audit as a penalty. Any monies owed to the carrier not paid will likely be turned over to collections. Cancelation for non-cooperation or unpaid audits typically will follow you and hinder your chances of getting a replacement quote with a different carrier.**
- 10. For accounts over \$10k in annual premium: Once you have 2-3 years of WC history, you may qualify for a debit or credit experience mod from NCCI. The % of credit or debit will be based on reported claims v. premium. This should be incentive to have safety meetings, offer regular training, and create an overall safety minded climate to avoid claims which can result in your premium being lower year to year with the credit mod.**