



Workers Compensation 101

Protecting our People and Workers
Compensation Rating

JOE GUYTON CIC, CRM

WATKINS INSURANCE GROUP



How Does Workers Compensation Work?

Let's make one thing very clear

There is nothing more important than making sure our employees get the care and attention they need in the event of an injury!

Get them fixed and back to work

Workers Compensation

Under Texas law, employers are not required to provide workers compensation benefits to their employees. Employers who elect to participate under the Texas Workers Compensation Act receive statutory protection for common law claims by injured employees. This is known as the exclusive remedy provision of the Texas Workers Compensation Act.

Workers Compensation Experience Modifier defined:

- Expected losses vs actual losses =
experience modifier
- Workers compensation is simple math
- Dollars spent on claims drive your Mod

How Does Workers Compensation Work?

Utilization becomes an issue when it is left unmanaged.

- Each work-related injury impacts that Experience for middle 3 years of 5 years of losses before it drops off.
- These increased costs directly affect a company's budgeting allocation.

Open vs Closed Claims

- Initial claims are given a reserve which is an estimated cost to treat an employee and or indemnity (your paycheck) payment.
- A reserve is typically higher than what a claim will actually finalize and close out.
- This affects the calculation of the modifier when open claims are used to calculate losses.
- A reserve may be set and if left unmonitored, remain open on your loss runs.

Open vs Closed Claims

What can you do?

- Request a quarterly update on open claims. These are best done with your broker and the carrier.
- Use online resources to view adjusters notes and status of claims
- Push to get claims closed

How Does Workers Compensation Work?

Claims with medical and “indemnity” (your paycheck) can cost up to 2 ½ times of the actual loss

How Does Workers Compensation Work?

Light duty or alterative work assignments

- Back to protecting your experience modifier!
- Medical only claims are discounted by 70%
- Back to our math – reduce the size of the claim and thus the impact on premium!

Indemnity vs Medical only claims

- Once WC begins to pay indemnity “ your paycheck”, the claim is 100% of loss incurred
- Alternative work assignments, when available, historically expedites employee recovery and overall moral and reduces open reserves.

How Does Workers Compensation Work

The importance and impact of returning to work

- Light duty programs
- Overview of the injury reporting process
 - Internal investigation reports - confirming root cause
 - Inspecting rooms for hazards
 - Encouraging employees to see something, say something
- Importance of maintaining communication in the event of an injury

How Does Workers Compensation Work?

What can we do? General workplace awareness!

- Procedures to report safety work ticket to maintenance
- Analyse your trends for instance if slips and falls tend to be one of the more frequent injuries historically... Focus there.
- Carriers can provide historical loss trends to focus your efforts.
- Reinforcement of good safety behavior

How Does Workers Compensation Work?

What is the definition of an injury?

Minor first aid is probably not necessary to report to HR

- A paper cut or small cut may not need to be reported. However, we have seen these types of injuries lead to large workers comp claims due to other health factors if not addressed immediately.
- However, if someone complains of a back injury, it is possible we may want to file a “For Notice Only”
- Value of incident reports.
- Importance of Timely filing – 8 Days to notify the carrier
- When in doubt, just ask HR. See first bullet point above!
- For proper reporting: See attached First Report DWC001

Workers Compensation Solutions

Need additional assistance?

- Safety Programs are only as good as the effort and participation put into them.
- Additional resources
 - Insurance Advisors
 - Third party vendors
 - Carrier Loss Control

Questions?

- Experience Modifier
- Sole Remedy
- Claims Management- :Light Duty / Medical Only



Workers Compensation 101

Protecting our People and Workers
Compensation Rating

JOE GUYTON

WATKINS INSURANCE GROUP

