

## 5 THINGS

# Small Businesses Should Know About Workers Compensation

*Insurance costs can take a bite out of doing business – a few useful insights can help you make better choices.*



THERE ARE NEARLY 30 MILLION SMALL BUSINESSES IN AMERICA<sup>1</sup>, and those of you running them know that workers compensation becomes a necessity when you have employees on payroll. Making a decision about your workers compensation insurance doesn't have to be complex or add to your stress of running a business. The key is to understand some of the driving forces that affect workers compensation insurance costs so you can make an informed decision. Here are five things to keep in mind, from properly evaluating your workspace to rethinking the role you play in managing your insurance costs.

### **1 WORK ENVIRONMENTS ARE EVOLVING**

The top causes of workplace injuries—including overexertion and slips, trips and falls—haven't changed over the past two decades, according to the Bureau of Labor Statistics and the National Safety Council. What's changing, however, are the ways in which your employees may incur or suffer those injuries. In today's workplace, technological advances such as mobile devices and 24/7 connectivity have increased productivity and introduced new hazards. For

example, retail outlets and restaurants shifting from bulky cash registers to slim tablets are making more efficient use of display or counter space. Business owners often adopt the use of these new devices without the ergonomically correct holders that support them, increasing the potential for neck injuries from looking down at a device for too long over the course of the work day. When work meets play in the form of on-site recreational facilities and pet-friendly practices, new potential risks are created. As workplace risks change, your preparation for avoiding them must evolve as well.

### **2 THE WORKFORCE IS CHANGING**

Roughly 10,000 Baby Boomers will turn 65 today, and about 10,000 more will cross that threshold every day for the next 19 years<sup>2</sup>. In a shifting workforce, it's important to consider job responsibilities and their specific risks for workers of different ages. For example, if you're a gift shop or a bakery, you may employ a wide age group of employees who all represent different risks. Baby Boomers with lots of experience may be more at risk for certain types of injuries than Millennials or high-school applicants.

<sup>1</sup> There are 27.9 million, according to the U.S. Census Bureau. <sup>2</sup> [pewresearch.org/daily-number/baby-boomers-retire](http://pewresearch.org/daily-number/baby-boomers-retire) <sup>3</sup> [ncsl.org/research/health/cost-and-quality.aspx](http://ncsl.org/research/health/cost-and-quality.aspx)

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Younger, less experienced employees are part of a multi-tasking generation. Multi-tasking distractions represent a whole new category of risk in the workplace and can also lead to accidents or injuries. Regardless of the type of business you own, it's important to consider the types of injuries that can occur at different stages of the employee

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lifecycle. Staying mindful of the experiences and life stages of the people who work for you can help you anticipate and consider the associated risks.

**3 WORKPLACES CAN ALWAYS BE SAFER** Small businesses know a thing or two about doing more with less. When operations are small and resources tight, every person counts. Your day-to-day operations may be disrupted if even one employee is out. If you need to step in to fill a void, you're taking time away from the other hats you already wear. To protect your employees and keep your business running smoothly, it's critical to create a safer workplace. Choose to work with a top workers compensation insurance company with experienced risk control professionals. With their resources and insights, you can make more informed decisions about workplace safety and risk management that may result in fewer accidents, lessen disruptive downtime and increase the potential for a safer, medically appropriate return to work in the event of a workplace injury. A good place to start would be to ask your insurance company to help you identify potential workplace risks

and recommend possible ways to manage those risks.

### 4 MEDICAL COSTS ARE RISING

Healthcare is a \$2.9 trillion industry in the United States, according to the National Conference of State Legislatures<sup>3</sup>, and that number is expected to grow, along with the aging population boom. Healthcare expenses can track back to your business in ways other than your benefits. Businesses should look for an insurance company that actively monitors open claims. How workers compensation claims are handled can make a big difference in both the outcome for the injured employee as well as the overall costs to an employer. Actions like early intervention, comprehensive medical management strategies that partner healthcare professionals with claim professionals, and preferred access to top-quality physicians and pharmacies all contribute to a better, more efficient claim experience for the injured employee. Over time, this leads to a lower future cost of insurance and can benefit your premium.

### 5 YOU HAVE INFLUENCE OVER YOUR COSTS

Much like how your driving or credit history is recorded, a business' history of loss (claims) is also data that gets collected. Your workers compensation claims history is used to determine a multiplier factor called an "experience modification" (e-mod). Your experience modification rating has a direct impact on your cost of insurance because insurance companies use this multiplier when calculating your premium—the lower your experience modification rating, the lower your premium. Similar to your driver or credit history, this rating follows you to other insurance companies you choose to do business with. Being proactive and conscientious about managing your workplace risks is direct action you can take, action

## WHAT TO LOOK FOR IN THE RIGHT WORKERS COMPENSATION PROVIDER

Ask if your insurance company offers these features:



**EMPLOYEES FIRST.** Look for comprehensive medical solutions for injured employees such as a dedicated injured employee website, preferred access to top-quality physician and pharmacy networks and superior service innovations like concierge care programs.



**FLEXIBLE PAYMENTS.** Cash flow is king, which is why you need a carrier with a variety of payment options to help you manage your funds.



**FAST AND EASY SERVICE.** Find a carrier that's quick to respond, uses in-house Claim and medical professionals and has specialized resources to address your unique claim needs.



**PROPRIETARY RISK CONTROL SERVICES.** Understand if your insurance company has exclusive risk mitigation resources to help you prevent accidents before they happen.



**BOOTS ON THE GROUND.** A national carrier with local Claim professionals has resources to respond quickly and can provide local legal and environmental insights to protect your business, brand and reputation.

To learn more about Travelers workers compensation, visit [travelers.com/smallbusiness](https://travelers.com/smallbusiness).

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