

How can I reduce my Workers' Compensation Cost?

Workers Compensation is often a large portion of overall Property and Casualty insurance costs. Many restaurants look at the Workers' Compensation premium and wonder how they can reduce the overall cost of the insurance policy. The following strategies can reduce your workers compensation costs.

For the most part, restaurants have a single classification code (9082) as determined by NCCI and used by insurance carriers to rate Workers' Compensation premium. One way to reduce your Workers' Compensation cost is to take advantage of standard exceptions to the 9082 classification. Employees who perform clerical duties and are physically separate from the restaurant operations may be classified as clerical employees (8810) with a much lower rate. Make sure the classification for your employees is appropriate.

The State of Georgia promotes the "Drug-Free Workplace Program". A Drug-Free Workplace Program provides a 7.5% credit on your Workers' Compensation premium annually. The program has the additional benefit of reducing the chance of a drug-related workplace injury. Premium savings can greatly outweigh the cost of implementing the program in the long run.

Loss Control and Safety is also critical for preventing losses in the workplace. Remind employees of safe practices including lifting, cutting, and the hazard of wet floors. Periodical safety meetings and incentive programs should be used to promote workplace safety. Decreasing losses will reduce your overall insurance costs.

Evaluate the benefit of adding a deductible to your Workers' Compensation program. A deductible provides an immediate credit to the premium calculation. Additionally, losses under the deductible will not be reported to NCCI and will cause a reduction in your experience modification. Be sure to analyze the cost of funding your deductible.

Finally, report Workers Compensation losses promptly. Statistics prove that losses reported 24 hours or more after the loss are more expensive than those reported promptly.

Managing your Workers' Compensation program carefully can save money and improve your bottom line.