

"7 DEADLY SINS TO AVOID WHEN BUYING WORKERS COMPENSATION INSURANCE"

By

Leland J. Hendrie, CLU



Deadly Sin #1:

Buying your policy from an agent who does not specialize in workers compensation insurance.

There are a lot of insurance agents out there, but not everyone specializes in workers compensation insurance. Fewer still specialize in apartment owner workers compensation insurance. If you do nothing else, pick an independent agent who specializes in apartment insurance. Ask to see his list of current clients. Is there a broad spectrum of small, medium and large clients? Does he specialize in your type of business? How long have they been providing coverage for your kind of commercial account?

Deadly Sin #2:

Underestimating your payrolls and not having an agent who will check mid-year or quarterly to adjust your estimates.

Underestimating your payroll will get you big additional audit premiums at the end of the year. One of the biggest complaints we hear is "my agent didn't have my payrolls high enough and now I have this huge additional audit premium I have to pay." How can you avoid this from happening since you don't know at the beginning of the year what your payrolls will be? The answer is simple, but many agents fail to perform this simple task when working with their client.

Deadly Sin #3:

Overestimating payrolls and not adjusting them midterm.

When you overestimate your payroll, you are essentially becoming the banker for your insurance company by loaning them money in the form of overpayment of your premiums. Let's face it, if you're like most apartment owners, your line of credit at the bank is being used and cash flow is always tight. So why loan your money interest free to your insurance company?

Your agent should be adjusting your payroll during the year. It is much easier to pay your premium based on your actual experience rather than “loan” you money interest free.

Deadly Sin #4:

Not having a safety plan in place.

Many, many apartment owners never take the time to set up their own safety plan. This is not because it’s hard to do, but their agent has never worked with them to see that it gets done. If you use an agency that specializes in apartment workers compensation, they will have the knowledge and experience to show you how easy it is. They will guide you through the maze and keep you from getting into “hot water” because of the failure to implement a safety plan. Nobody wants to have a loss, especially the injured worker. To them it could mean a loss of income and maybe even their job or life. You also lose the time of the injured worker.

Deadly Sin #5:

Not paying attention to past claims.

It is critical that you have a professional agency that will monitor current and past claims for you. Claims affect your experience modification factor, which directly impacts your premium. If your agent diligently follows up on your claims both past and present, they can be settled faster, fairer and help you expedite the reduction or retention of your experience modification factor. Many companies are short staffed and just don’t review every claim as quickly as they should. When claims are left opened your claim reserves can stay high when maybe the claim in fact has been closed out. Other basic adjustments for on going claims needs to be done or you could end up paying for it through higher premiums. Don’t let this happen to you!

Deadly Sin #6:

Failing to report claims.

Not reporting claims sounds like something that should never happen, yet it does all the time. Some apartment owners feel that if they do nothing the claim will go away. Others think that someone else will report it and have no system to see that a claim is reported on a fast and timely basis. Failure to report worker compensation claims can and does result in heavy fines for you and your insurance company. If you fail to report it to the company, chances are they will come back after you for reimbursement if you were negligent. When there is a loss of time because of the claim, your insurance company or any future insurance company will look unfavorably at you and either cancel you or substantially increase your rates. If you suspect fraud, the sooner your company’s adjuster needs to become actively involved with the claim to prevent further damage to you. They need to investigate the loss and talk to those involved

before anyone leaves or forgets what happened. Don't wait until the claim has been paid before you say that you believe fraud is involved.

Deadly Sin #7:

Not having your agent present you with alternative quotes at renewal.

Let's face it you're a busy owner and have lots of details to keep on top of. Your agent needs to present alternative renewal quotations without your having to ask for them. This is a service that should be included. Have you been getting comparison quotes on each renewal date without being asked, or is this another detail that you need to remember. Voluntary and proactive action by your agency is necessary for you to be free of this all important aspect of your workers compensation insurance.

Those 7 Deadly Sins to Avoid When Buying Workers Compensation Insurance need to be address now. Our expertise in the apartment insurance business will make sure they don't happen to you.

Please contact PHD Insurance Brokers, Inc. at:

(800) 640-4743 or (714) 534-6310

Or

Fax (714) 543-2943

Or

E-mail Info@phdinsurancebrokers.com

Or

Visit our website at www.caapartmentinsurance.com

Sincerely,



Leland J. Hendrie, CLU
Author, Speaker, and Consumer Advocate



License #0462338

© 2006, Leland J. Hendrie. The reader assumes all responsibilities for his/her own actions in regards to any items discussed in this report. Adherence to all applicable laws and regulations, federal, state and local, governing the use of any product or service described in this report in the US or any other jurisdiction is the sole responsibility of the reader. The publisher and author assume no responsibility or liability whatsoever on the behalf of the reader of these materials. The reader is encouraged to consult directly with his/her insurance professional.