



**AUTOMOTIVE
AFTERMARKET
SERVICES**

NEWS

October 2024
Volume 6 | Issue 4

ALERT

Workers' Compensation

How to Streamline Your Insurance Policy Audit

ARE YOU due for a workers' compensation premium audit? Audits are how insurance rates are determined, and it's possible that one will uncover information that can actually save you money — or not if you've hired additional staff and haven't notified your insurer.

In any case, it pays to be prepared and you can do so with the following tips:

Note staffing changes – Let us know when there are changes in your staffing, payroll or areas of operation. This is important not just at audit time, but all the time. Your rates are based on variable rating information, including the number of employees, job classifications and the state(s) in which you operate. Updated information results in more accurate premium assessments.

Get your records ready – Your auditor will need to see records such as federal and state tax returns, ledgers, checkbooks, contracts and employee or contractor tax documents. If you prepare your records in advance, you'll speed up the audit process.

Gather all payroll information – Make sure you break out various types of compensation in your records.

For example, to set your premium, we consider pay but not contributions to employee benefits packages and other perks, so it's important to make sure your records are clear on the various types of compensation.

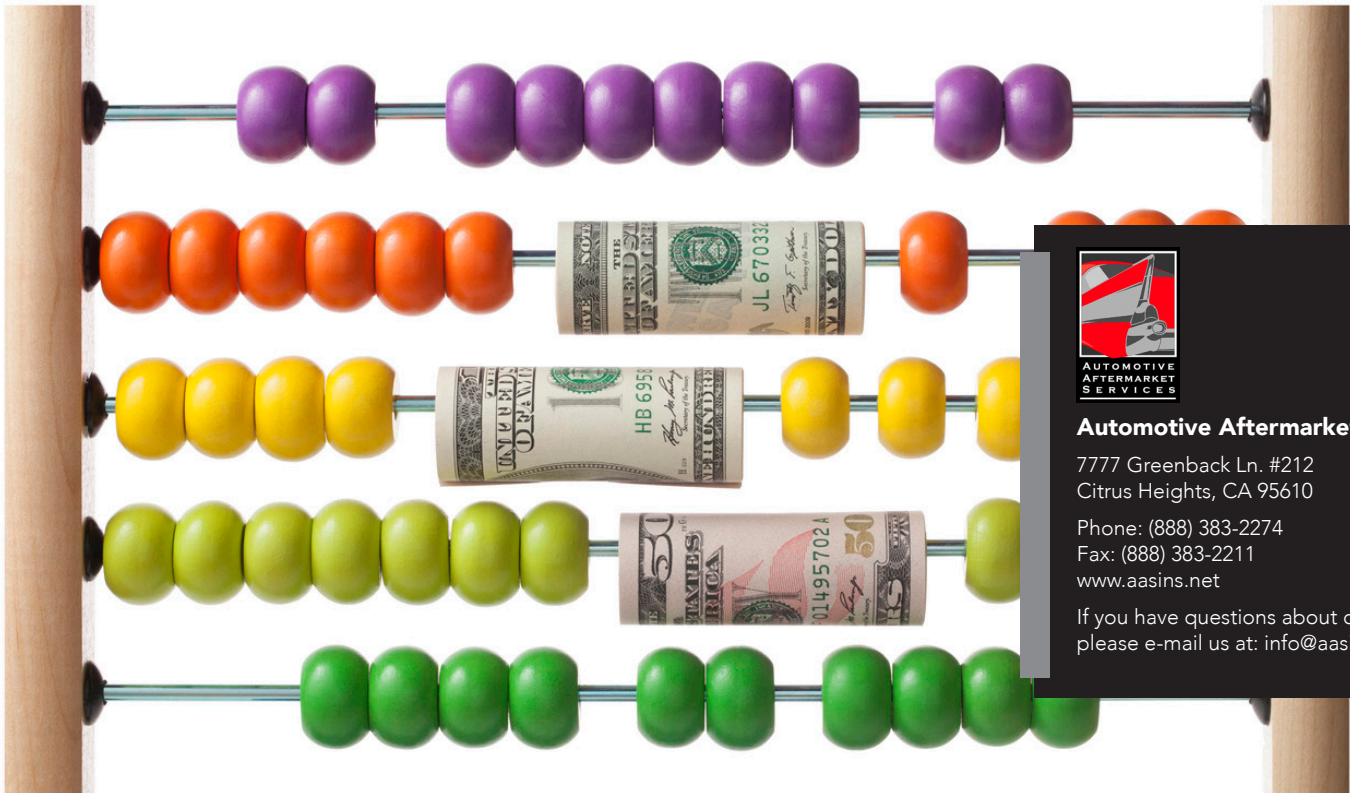
Also make sure overtime pay is clearly defined since it's classified as regular pay for workers' compensation insurance purposes.

Ensure that contractors have their own insurance – This is important not only from an audit standpoint, but from a liability perspective as well. If an uninsured contractor has an accident while performing work on your behalf, you can be held liable. If an audit identifies contractors for whom you don't have certificates of coverage, you can be charged for their premiums.

Remain on hand to answer questions – As your auditor reviews your material, he or she may have questions or need additional data. If you are available to provide answers, your audit will be completed more quickly.

The takeaway

By following these tips, you'll be more prepared for your workers' compensation premium audit. A fast, efficient audit process can save time for both you and your auditor, so it pays to be prepared. ❖



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How to Keep from Hiring a Serial Workers' Comp Filer

TAKING ON a new employee is always a gamble as they can bring with them problems that can affect your operations and/or your bottom line.

Some may have substance abuse issues or steal from the organization. Others are serial workers' comp filers. These people, who are adept at gaming the system, may file bogus claims, have prior industrial injuries that can be exacerbated in their new job or they are malingerers, meaning even after they have healed they try to stay away from work as long as possible to collect benefits.

Here are some suggestions to help you avoid hiring someone who is likely to suffer a workplace injury or file a fake injury claim:

Dig deeper in references

Vetting applicants is often limited to calling references they provide, and perhaps a drug test.

Yet, even the basic step of contacting references can be made more effective by asking them if they know others who may have knowledge of the applicant. By extending the reach, it's possible to obtain additional information that can be helpful in evaluating a prospect.

The integrity test

Employers often don't use integrity tests in the belief that they are too expensive. But, a study by Cornell hospitality professors Michael Sturman and David Sherwyn of 27,000 employees of a national hotel chain highlighted the value of using such a test.

Using a test developed by American Tescor, the hotel hired 6,100 of 29,000 applicants. They then used the data from the test and compared the workers' comp claims of the new hires to those of existing employees.

There was a notable reduction in workers' comp claims among the new hires, which suggests that an integrity test can be a valuable tool for screening job applicants. Because of the nature of the test, it can be administered before a job offer.

Avoid 'medical baggage'

You can try to give every applicant who has been given a job offer a pre-employment physical before being approved for hire. If someone has been out of the job market for some time, they are often out of condition for some jobs.

Having been sedentary for a long time can lead to back and neck pain and repetitive motion injuries.

Also, job applicants can be carrying "medical baggage" that may not be found on a job application but may be revealed with a thorough physical examination.

Drug testing

This is not just a matter of identifying illegal drug use, as a test may indicate that an applicant is taking one or more prescriptions for a previous job-related injury. That's information that would never be known on a job application.

The goal is to obtain as much accurate information as possible regarding an applicant, so the picture is complete and reliable.

While it takes more time and means additional costs, the expense pales against that of hiring someone with a propensity for filing a workers' comp claim, or who is more apt to suffer a workplace injury.

Employers need to comply with state and federal laws when undertaking drug screenings. ❖



Thorough Handbook Protects Employers, Workers

BOTH EMPLOYERS and employees can use handbooks as communication tools. If a handbook is written carefully, it can help establish expectations for workers and describe what they can expect from the employer.

Also, handbooks are important legal tools. They outline rights that employees are required to be informed of, and they also outline the legal rights of employers when it comes to termination and other issues.

A well-rounded handbook should include:

Non-disclosure agreements

Have workers sign a non-disclosure agreement to protect important information. Without one, workers may be tempted to share proprietary information or trade secrets. Clearly explain any conflicts of interest.

Compensation

The compensation section should detail how federal and state taxes are automatically deducted.

Also, handbooks must clearly explain how deductions for health insurance and other voluntary benefits work. Benefit information may be presented separately.

Be sure to include information about pay schedules, overtime and raises, and explain the firm's legal obligations regarding these topics.

Anti-discrimination policies

Business owners are required to follow equal employment opportunity regulations regarding harassment and discrimination.

Handbooks should include sections with these laws and emphasize that discriminatory behavior will not be tolerated from workers on any level of authority.

Include information about how to report harassment and discrimination.

Work schedules

Also detail how work hours are decided, and expectations for attendance and punctuality. Explain the consequences for violating these policies.

General information

Employment information such as a business overview, job classifications,



employee records, job postings, promotion standards, referrals, resignation, termination, transfers and similar topics should be outlined in this section.

Code of conduct

Workers must know what is expected of them with regard to conduct. This section should include rules about cell phone use, personal calls at work, dress codes and similar topics.

Remind employees of their legal obligations and rights. This is especially important for businesses that require government-regulated activities.

Safety and security

Explain how the company takes steps to promote a safer workplace. Use and oversight of OSHA standards, prohibiting dangerous substances and weapons or other steps that are taken for safety should be covered.

Set out how to report accidents and safety issues. Include a section about what to do in the event of hazardous conditions or bad weather.

List security policies such as locking cabinets when they are not in use, keeping sensitive information in a certain area or other applicable rules.

Technology

Explain the rules for computer and software use, particularly cyber security with explanations on how to identify and avoid suspicious e-mails and other protocols for thwarting cyberattacks.

Employee benefits

List any employee benefit programs. Include information about annual open enrollment and who employees can talk to when they want to learn more about their benefits.

Leave policies

Detail medical, personal or other leave policies. Include all required legal information regarding family medical leave, military leave, jury duty and other types of leave. Explain time off for vacations and holidays and how workers accrue days off.

The Takeaway

Due to the volatility of the current employment climate and regulatory landscape, it is important to ensure that your employee handbook is up to date and thorough. If it's not, you could be setting your organization up for possible legal issues if you are out of compliance. ❖



Survey Findings

Most Staff Would Take Slightly Less Pay for Better Benefits

A NEW STUDY has found three out of four U.S. workers would accept a job with a slightly lower salary if it offered better health care and medical coverage.

The main driver in workers prioritizing benefits is the rapidly rising cost of group health insurance premiums and out-of-pocket costs, according to the study by Voya Financial.

Besides looking for better health coverage, there's growing interest among employees for voluntary benefits that can buffer health care costs, like critical illness, accident and dental and vision insurance.

As we approach open enrollment season for policies inching at the start of the year, the study findings provide food for thought as you try to balance your benefit offerings with employee salaries.

The general theme of the poll was that health insurance and out-of-pocket costs like copays, coinsurance and deductibles are having a real effect on many workers' finances, and in particular, their ability to save for retirement.

What Employees Value

- 72% of workers surveyed strongly or somewhat agreed they would take a job with a slightly lower salary for better health care and medical coverage, including lower premiums and out-of-pocket costs.
- 51% said that high health care costs were having a major or significant impact on their ability to save for retirement.
- 51% said they would be more likely to stay with their current employer if it provided access to a health savings account (HSA).
- 51% said they would be more likely to stay with their employer if it provided access to voluntary benefit offerings.
- 54% said they would be more likely to stay with their employer if it provided access to mental health benefits and resources.

The takeaway

As open enrollment approaches, consider holding information sessions to help your staff understand the true value of the benefits you offer.

Voya Financial found that 75% of workers surveyed strongly or somewhat agreed they were interested in receiving support to maximize their workplace benefits dollars across their:

- Health insurance,
- HSAs,
- Voluntary benefits, and
- Retirement savings.

"Many individuals may not realize that voluntary benefits can help lessen the financial impact of a covered event such as an illness or accident and can potentially reduce the need to tap into a retirement account for any out-of-pocket medical or other expenses," said Christin Kuretech, vice president of supplemental products at Voya Financial.

With that in mind, offering benefits like critical illness or accident insurance can provide a safety net in case of one of these events hits one of your staff.

Provide training, individual guidance and literature that sets out how best to maximize their benefits.

Importantly, employees are increasingly interested in digital tools (like apps or websites) that can provide tools and advice to help them make decisions related to health care, workplace benefits and retirement.

Finally, HSAs can also reduce an employee's total costs, and help lower their taxable income too.

HSAs are accounts to which workers contribute with pre-tax funds and then reimburse themselves for out-of-pocket medical costs. Those funds are also not taxed. ❖