

# WORKERS' COMP:

## Your Broker is a Valuable Resource for Cost Control

BY KEVIN MCPOYLE

You have the constant challenge to produce a product that satisfies your customers' expectations while providing a living for you and for your employees. If you had help from other experts on certain issues, you could focus more intently on the bottom line. Two resources available are the insurance carrier and the support your broker can provide in the area of workers' compensation insurance. Unfortunately, in our experience in serving manufacturers across the state, most organizations don't take full advantage of the array of services and resources available to them.

There have been many improvements in Pennsylvania workers' compensation coverage in the last 15 years with great strides in improving program structure and outcomes for all involved. Yet, there is still work to be done to improve the costs and the services afforded to employees and employers alike. Many still see workers' compensation coverage only as a cost, not as an opportunity to effect change in the organization. They also don't take the necessary steps to improve their safety infrastructure because they think the cost is prohibitive.

### Hidden Resources

The two untapped resources to help you proactively manage your workers' compensation

program are your insurance carrier and your insurance broker. The best thing about them from a price standpoint is that you've already paid for most of their services. Typically, the only additional costs are the time and resources that the organization puts into taking the steps to reduce the cost of risk. Your interests and the interests of your carrier are aligned during the policy period. Your losses are losses they have to pay on your behalf. By reducing your losses; the number one reason underwriters increase premiums, you lower your costs, improve your margins and develop better processes and procedures. This not only drives down expenses, but provides an important safety culture for the organization.

Within the premium cost, your insurance carrier has included a charge for loss control services and training from their staff of qualified experts. Your carrier has OSHA experts, ergonomic experts, industrial hygienists, hearing conservation experts, machine guarding experts and many others. As part of your efforts to improve your business, you should embrace these experts, communicating aggressively with your broker and carrier to involve them to help you solve problems and avoid losses. Make sure they include you in their schedule. Seek out resources and advice. Ask questions and request input. With pricing trending downward, there is a tendency on the part of some carriers to not support their clients' needs as a way to manage their costs. Don't let them do it to you!

In addition to the loss control resources mentioned, you should also pursue the claims support that is available to you. Like loss control, your carrier has incredibly sophisticated data and detail in



the event that you have an injured employee. Working with the experts, you should use the data to develop processes to get good employees back to work. Claims experts can also protect your interests against employees who may think of using the workers' compensation system for personal gain. Managing claims takes your time and energy but is the key to reducing costs.

**Tap Your Broker**

The other available resource is the services and support of your broker. As your primary advocate, your broker should hold your interests above that of the carrier and of themselves. They serve as your eyes and ears in all areas of risk management.

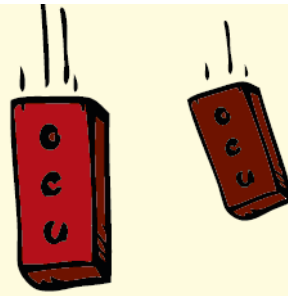
At a minimum, they should be involved in program structure, claims management, supplementing loss control services from the carrier, acting as the "squeaky wheel" when necessary to get carrier resources to reduce your cost of risk. Their goal should be your goal – creating value by making the business better. Within that partnership, there should be constant communication and collaboration identifying issues that impact your loss experience, your operations, your profitabil-

ity. Brokers can be a great resource on hiring practices, screening new employees, transitional return to work programs, job safety analysis, safety committee certification (you automatically save five percent of your workers' compensation premium every year!) and many other initiatives that will make a difference in your business.

Your broker is on your side. If they won't or can't do the work, there are others that can. Challenge the "old way" of managing workers' compensation costs in your business. Ask for resources, involve others. Your bottom line, your employees and your business will thank you. **P**

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*Kevin is a Founding Partner and President of KMRD Partners, Inc., a Bucks County property&casualty agency focused on reducing the cost of risk for organizations with complex risk management requirements. He supports a unique mix of higher hazard clients, including manufacturers and distribution companies, construction companies, financial services firms and professional service firms as well as technology companies.*



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