

WORKERS COMPENSATION

Time for An Update

with PATRICK KIM

App For A
☐ Learner permit
☐ Renewal
☐ Replacement

(Check any that apply)
ID card

Identification Information
Driver license? ☐ Yes ☐ No
Learner permit? ☐ Yes ☐ No
Non-driver ID Card? ☐ Yes ☐ No

PHOTO HERE

Full Last Name
Full First Name
Date of birth
Nationality

Driver license, Lerner Permit, or Non-Driver ID card number
enter the identification number it appears on

Type of License:
Date of Expiration:

Your Personal Details
Height on inches
Eye color

Contact Details
Home Phone No.

Workers' Comp & PEOs



Employer & PEO Relationship



PEO Advantages



PEO Disadvantages



Competing Against PEOs



Transitioning Work Comp Out of a PEO

**Employer / PEO
Relationship**

PEO Advantages

PEO Disadvantages

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Employer / PEO Relationship

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PEO is a co-employer and leases employees to the employer.



Employer retains responsibility for new hires, terminations, and Benefit changes



PEO operations similarly to a TPA

**Employer / PEO
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PEO Advantages

PEO Disadvantages

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PEO Advantages



Consolidation!

- One-stop-shop for L&H quoting and sales
- COBRA and ACA compliance and reporting
- Payroll, online enrollment, HR administration
- Workers' Compensation
- General group administration

PEO Advantages



Ease of Use

- Groups can focus on the business
- Don't have to think about compliance laws and whatnot
- Not enough staff to perform administration services
- Basic servicing can be handled by the PEO

PEO Advantages



Costs

- PEO uses combined size of all groups to obtain volume discounts
- Composite rates
- Groups with a high exmod can “hide” under the PEO’s exmod
- Reduce or remove the Work Comp premium down-payment; greater cash flexibility

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PEO Disadvantages



Lack of Transparency

- Difficult to measure costs of products and services
- Lack of line-item charges; difficult to incorporate info into a general ledger



The PEO's class code is assigned to the individual group

- Rate for the PEO may be higher than if group went direct
- Example: If PEO has a “sales” class code and a software company obtained Work Comp via the PEO, the software company would be classified under the “sales” class code

PEO Disadvantages



Low claims dragged down by chronic claim groups

- Groups don't get exmod discounts; in fact, they lose them



Soft market pricing doesn't always reach the group

- Some PEOs still charge rates established when the group was initially written
- PEO has to recover discounts applied from the beginning



PEOs can “go under;” group's benefits and services disappear instantly

- PEOs are NOT subject to the same level of financial solvency as traditional carriers

PEO Disadvantages



Owning officers can not be excluded from Work Comp

- Payroll of owning officers will be used in the premium calculation
- Premium contribution of the owners is based on owner's payroll UP TO the officer maximum which is determined by the WCIRB



Delayed servicing

- Extra layer of communication when there is a claim
- PEO specialist might not be familiar with Work Comp or claims process



Soft market pricing doesn't always reach the group

- Some PEOs still charge rates established when the group was initially written



Work Comp carriers less inclined to write groups moving OFF a PEO

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Competing Against a PEO



Greater access to discounts

- Group can get exmod discounts
- Owning officers can be excluded from Work Comp coverage, further reducing premiums



Group is independent of the behavior of others

- Group's aren't dragged down by claims of other PEO members
- Possible cost reduction due to favorable business classification



Improved servicing

- Working direct minimizes layers of communication
- Carrier agents know the ins and outs of their product and service



Transparency of Costs

- Policy doc and invoice literally breaks down every single fee and charge

**Employer / PEO
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**PEO Work Comp
Advantages**

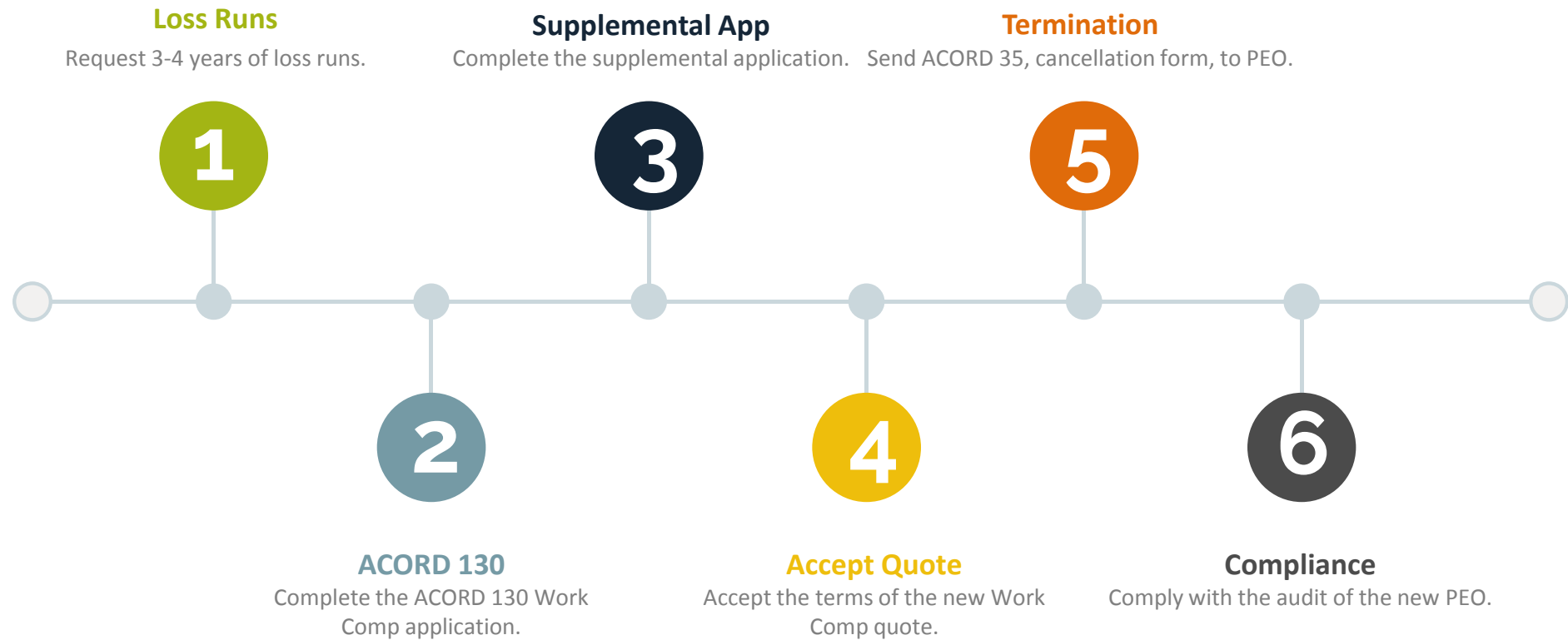
**PEO Work Comp
Disadvantages**

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Transitioning Out of a PEO

Process



Transitioning Out of a PEO

Challenges



New carrier will ask for 3-4 years loss runs

- Can take several business days or weeks



Low risk groups, e.g. clerical, can transition easily



Moderate risk groups will have additional underwriting

- Safety audit required; several days or weeks to complete
- Supplemental application required



If written by new carrier, group will have a higher premium down payment



Group must requalify for exmod discount



Timing is critical to avoid PEOs early cancellation fee

SUMMARY

Employer / PEO
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PEO Work Comp
Advantages

PEO Work Comp
Disadvantages

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Summary

PEO

Consolidation of many services

Favorable for startups and groups with limited staff

Groups' premiums are affected by claims of PEO member groups

Transparency of fees and solvency not clear

Challenging to leave

Work Comp Carrier

No consolidation

Favorable for groups that prefer control over operations

Group premiums are only affected by the group and the carrier

Fees are itemized and solvency may be found online

Easy to leave

B&P Workers' Comp Services

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Process



All pre- and post- sale servicing



Pre-populate applications



Pre-underwrite groups



Classifications, ownership changes, and documentation consultation



Proof documentation for accuracy



Assistance with claims processing

Get Connected

with BEERE&PURVES

Twitter

Receive real-time updates for carrier, hospital and medical group network changes, future webinars.



YouTube

Watch recent webinars, online enrollment solutions and bpQuote training tips.



LinkedIn

Read feature articles containing industry information and carrier updates on your news.



SMS

Coming soon! Receive texts alerts for rate availability, network updates, and other time-sensitive notices.



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QUESTIONS?

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