

A blurred office scene with a man in a dark shirt pointing at a whiteboard. In the foreground, another man in a light shirt is partially visible, looking towards the whiteboard. The background shows other office workers and computer monitors.

# Workers' Compensation

— Updates with Patrick Kim —

# Agenda

**Workers' Compensation as a Product**

**Workers' Compensation Underwriting**

**Workers' Compensation Workflow**

**Workers' Compensation "Gotchas"**

**New Exclusion Rules**

**B&P Services**

# Workers' Compensation as a Product

# Workers' Compensation as a Product



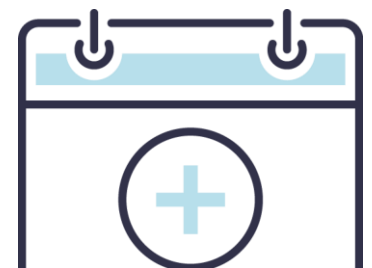
## What does workers' compensation cover?

- Any claim/injury/loss that occurred on the job or because of the job
- Acts like an all-in-one medical product
- No waiting period, no dollar limit, no coinsurance, and no deductible(generally)



## What to do in the event of a workers' compensation claim?

- File a claim and have the member seek services. Have the group administrator keep a copy of the claim form.
- Member will need to provide the treating facility the name of their work comp carrier and policy number.
- In the event of a critical medical emergency, call 911.



# Workers' Compensation as a Product



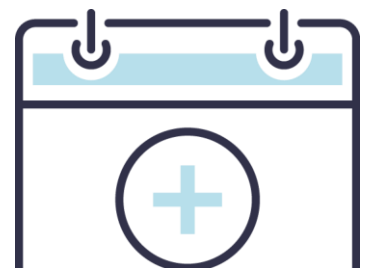
## Provider network

- Use the carrier resources to find a provider
- Members can elect their personal physician to treat work injuries but the member must do so before any injuries
- Provider must agree to be paid on a work comp payment schedule



## Claim considerations

- All staff members can file up to \$10,000 in work comp claims WITHOUT question
- In the event the doctor says the injury work is related, the member CANNOT receive benefits in excess of \$10,000
- Staff members are NOT supposed to receive medical bills related to work comp claims



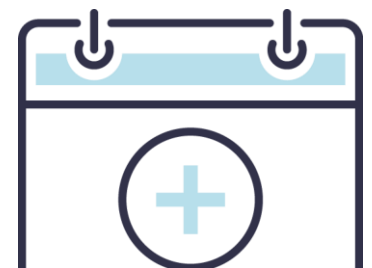
# Workers' Compensation Underwriting

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## What the underwriters look for:

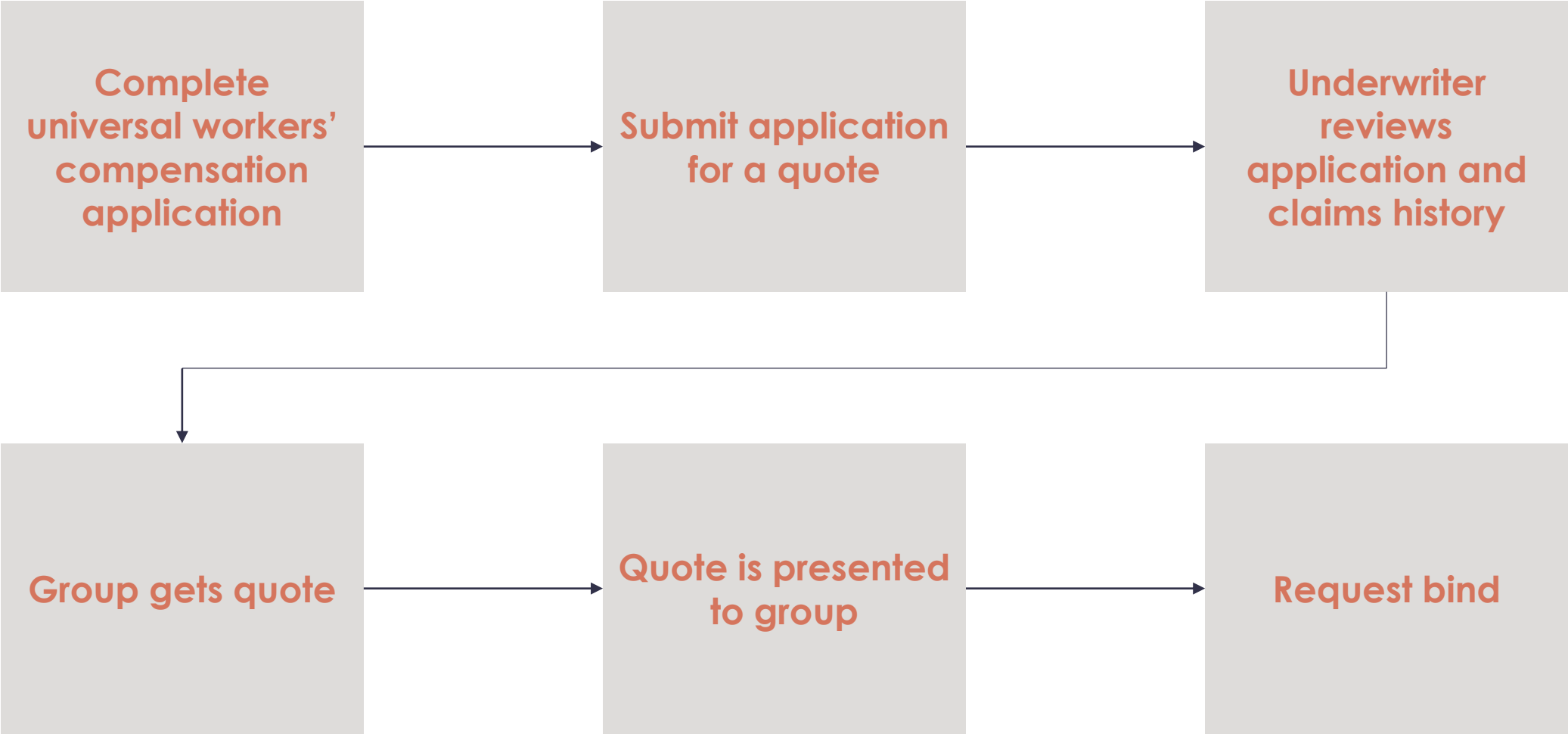
- Classifications
  - Is the industry something the carrier is targeting?
  - Class codes are NOT SIC codes
- Operations
  - Does the group have a safety program?
  - Does the group travel out of state?
  - Does the group handle any hazardous materials?
- History
  - Has the group had any claims in the past?
  - Has the group had a lapse in work comp coverage?
  - If the group was canceled, what was the reason?



# Workers' Compensation Workflow



# Workers' Compensation Workflow



# Workers' Compensation "Gotchas"

# Workers' Compensation "Gotchas"



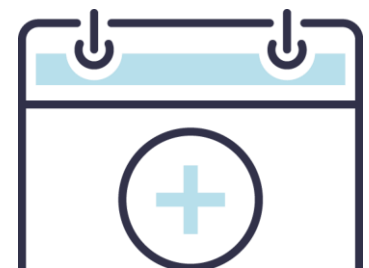
## Keep the policy updated

- By keeping payroll updated one is keeping the premiums current
- Changes in ownership and entity changes need to be reported BEFORE the actual change
- Exclusion forms need to be completed and submitted with the bind request
- Injured staff need to provide the treating physician/facility their work comp policy number and carrier name
- Complying with the end of year payroll audit



## The audit

- Absolutely MUST be completed
- The most common source of trouble with worker's compensation
- Will catch the majority of any unreported changes



# B&P Services

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Our service model focuses on simplicity, accuracy, and speed



Can prepopulate the majority of the universal work comp app independently with a business and name website (exception are startup groups)



Can use any ER application to prepopulate application



We pre-underwrite groups to simplify and expedite the submission process.



We can directly work with groups on a quote or for servicing

# Why Sell Workers' Compensation



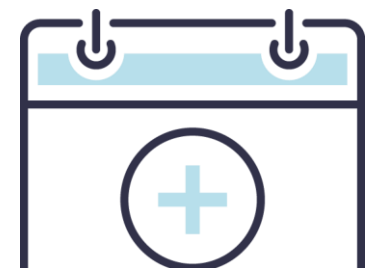
## Compliance

- Failure to have coverage can result in the group getting a minimum fine of \$10,000, jail time, or both.
- The State can levy additional penalties of up to \$100,000 against the employer.
- The Division of Labor standards will assess a penalty of either 2x the amount the employer would have paid in work comp premiums or \$1,500 per employee during the lapse in coverage period. Whichever penalty charges the MOST, will be levied.
- If an injured employee files a work comp claim that goes before the Work Comp Appeals Board, and the judge finds the employer didn't have coverage, an additional penalty of \$10,000 per employee on payroll during the time of injury will get charged or \$2,000 per employee on payroll during the time of injury (depends on whether the claim was compensable for work comp), up to a maximum of \$100,000)



## Indemnity

- If an employee gets a work related injury or illness, the employer is responsible for all the medical bills.
- Employer is protected from violating the law and having penalties, jail time, or both levied against the Employer
- The employer is satisfying any lease or contractual obligations they might have



# Summary

Work comp covers any claim that occurred on the job or because of the job.

Keep work comp policies updated to avoid trouble during the audit.

Have work comp groups comply with their audit.

Claims need to be filed timely and members need to use the carrier resources to find a work comp physician.

Make sure groups are compliant with their work comp obligations to avoid catastrophic fines .

B&P makes the submission process fast and easy, and can work with groups directly to service or quote them.

# New Exclusion Rules



# AB 2883 Work Comp Exclusion Rules



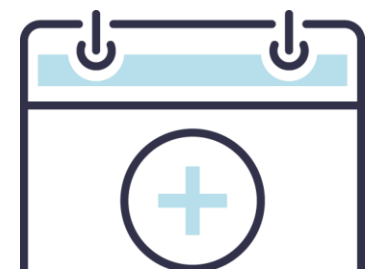
## Entity type determines eligibility for work comp exclusions

- Sole-Proprietorship: no exclusion form needed
- Limited Liability Corporation: Exclusion form and at least 1 % ownership is needed
- Corporation: 15% ownership and a waiver is needed.



## Waiver forms are made effective on the date they are received

- Policy renews on 01/01/18 but the exclusion form was sent into the carrier on 02/02/18. The carrier will make the exclusion effective 02/02/18.
- Policy is effective 01/01/18 and a new owner was reported to come on board effective 03/03/18. The waiver form was sent in on 04/04/18. The carrier would make the exclusion effective 04/04/18 (the date exclusion was received)



# SB 189 Work Comp Exclusion Rules

## Sole-Proprietorship

no action needed  
owner will need to elect to be included  
on work comp coverage

## Corporations

Generally owners must have at least  
10% ownership

## Limited Liability Corporation

LLC waiver form is needed  
Form will need to indicate that the  
owners are either managing members  
or General Partners

# Repercussions of Not Sending Timely Exclusion



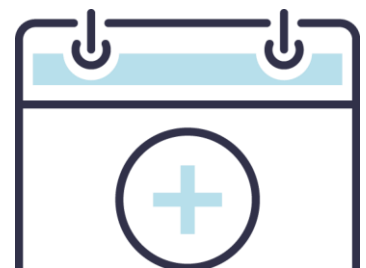
## Premiums likely to increase dramatically

- Owner payroll will be included in the premium calculation
- Owner payroll will be included at a minimum of \$50,700 and at a maximum of \$128,700
- Officers that don't draw a salary will be presumed that they have a payroll of \$50,700 for 2018

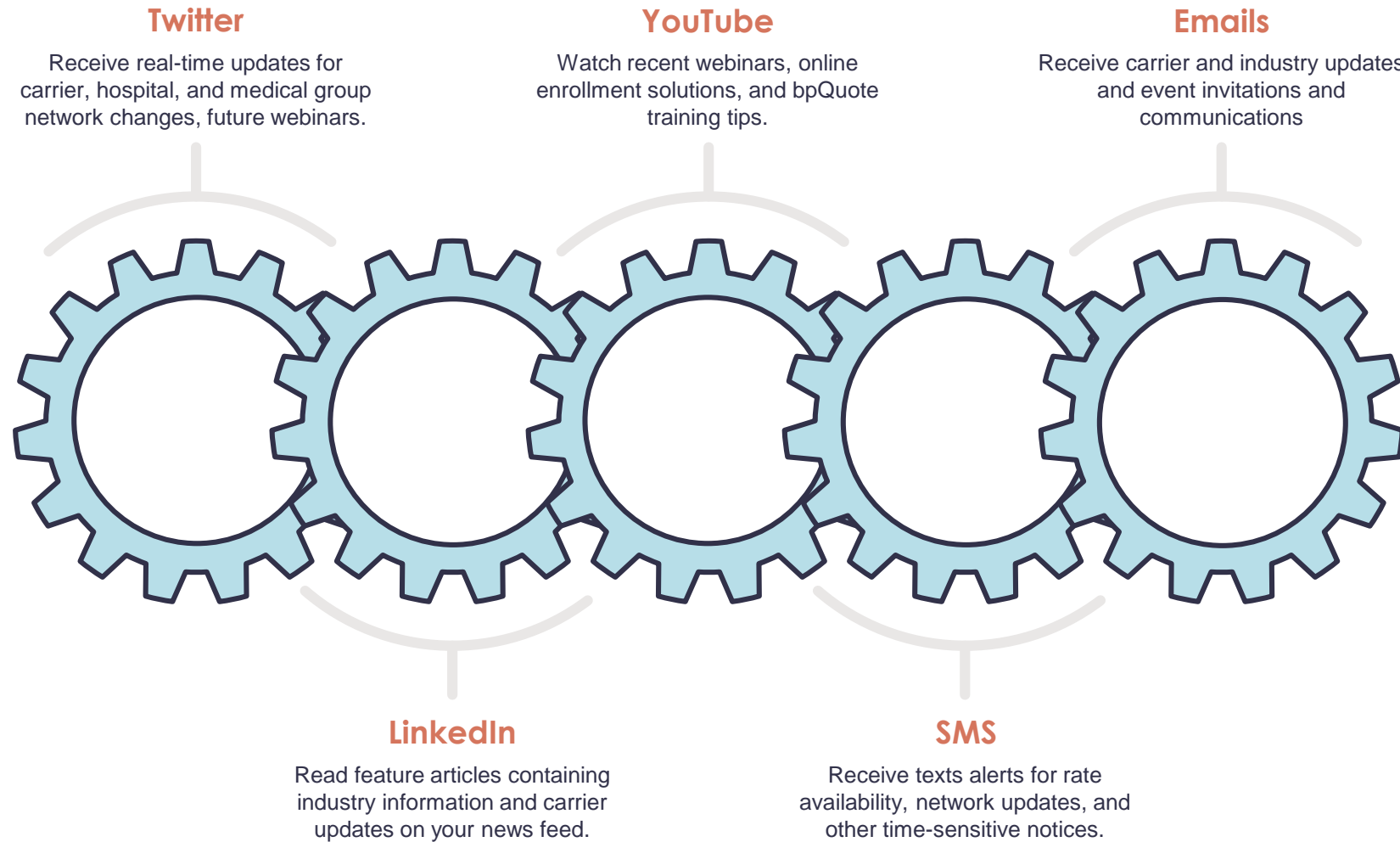


## Owed balance for the final audit

Group is likely to get a catch up invoice at the end of the policy term



# Connect with B&P



**Thanks For Joining!**