

Workers' Compensation State of the Market for Staffing Firms

The state of the workers' compensation market for staffing firms, while in flux right now, is still wide open. Rates are still comparatively low, although they are beginning to rise. There are still several national carrier programs willing to compete for clean, well managed staffing firms. Even staffing firms with a less than sterling loss history can sometimes find that they have a couple of options available to them.

However, the winds of change are in the air, and there are signs that the market may "harden" in the not too distant future. The time to prepare for this next phase in the marketplace is this year. What is a "HARD MARKET?" It's an insurance term used to describe periods of time, usually lasting several years, when insurance coverage may be harder to find, rates are much higher and there are fewer carriers to choose from.

The science of predicting when the next hard market will arrive is inexact, at best; however many experts are beginning to talk about the hard market arriving in 2011.

Two signs that may indicate that a "hard market" is coming are; an improving (albeit slowly) economy, and rate increases. In California alone, rates have increased for two straight years and are projected to continue to climb in 2010.

What does this mean for you? How can you best prepare for the "hard market?" There are several steps you can take this year to prepare for a more difficult workers' compensation market:

- 1. Find the right strategic partners.** This includes both broker and carrier. You need a broker with extensive experience and more than one market. Beware of the "one trick pony." Find a carrier with a track record in the staffing industry and develop a long term relationship with them.
- 2. Manage your claims.** Stay on top of claims and identify and analyze trends. A good broker will assist you with this effort.
- 3. Watch your Experience Modifier.** Is it



on the rise? Is it 125 or 150 or higher? Is it trending upward or downward in the next year? The formula for calculating California Ex Mods changed beginning January 1, 2010. Do you know how you'll be affected?

4. Don't be vulnerable.

Beware of the carrier that is the new, hot idea. They are often late to enter the marketplace and they flame-out as soon as losses begin to rise. And they **non-renew** their clients just when the marketplace has few options available.

5. Consider a Captive.

The best time to consider a captive solution is when rates start to increase, but the market hasn't hardened yet. Captives generally always make sense, but they make the most sense when the market is difficult and rates are high. Captives may provide the risk taker with a better long term financial approach to workers' compensation.

For a more detailed version of this article, please go to our website at: www.ctkins.com, under the Articles Link.

—Richard Siemer,
President

TIP OF THE MONTH

Better to Prevent than to Lament #1

That's absolutely a true statement, especially when it comes to costly workers' compensation claims.

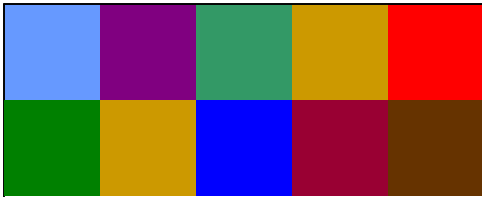
The most effective way to reduce claims costs is to avoid claims! Sounds overly simplistic, but it really takes some discipline.

Business is down and most of our clients are scrambling to fill any job orders they get; sometimes in violation of their own longstanding safety philosophies

So here are a few simple, but effective tips that can help you avoid claims.

1. Know the physical requirements of every job order. Is there lifting involved? If so, how much and how often. Is the lifting requirement 25 lbs.? Is it five times an hour, or 200 times a shift? Is there filing to do? How much bending and stooping is involved? Is stacking involved? How high is the stacking requirement? Know the physical demands of the position.

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Better To Prevent Than To Lament

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2. Inspect the jobsite. Does the facility look clean? Are aisle-ways and walkways clear of obstructions. Are forklifts whizzing by in several directions? Are the regular fulltime employees of the client wearing safety glasses or hearing protection? If so, will these aides be provided for your temps? As difficult as this may be in some cases, it is very important to inspect the jobsite.
3. Match the temp candidate to the position. Many serious workers' compensation claims we see could have been avoided by strictly adhering to this one rule. If the job is physically demanding, it may be best to avoid sending a slightly built person or a female worker on that assignment. If stacking is involved, shorter persons may have more difficulty with reaching and stacking. If bending and stooping are involved, a heavier temp or an older temp may find that the rigors of the position may be too much for them.

Although this sounds very straightforward and you may wonder; "who doesn't do this?" In our next newsletter, I'll describe some very serious claims that occurred simply because one or more of the above three risk management steps were not taken.

—Carmen Melendez
Workers Compensation Manager



Carmen's Work Comp Tips:

When a claim occurs there are several things you can do to reduce the severity of the claim. Following are five steps that should be taken when a claim occurs:

1. **Accident Assessment:** Immediate accident assessment is of utmost importance. All clues regarding how an injury may have occurred fade away as time passes. Slippery floors will dry, faulty machinery fixed, witnesses may no longer be available for depositions and other give away clues may not be there later on; that is why immediate accident assessment after an injury is extremely important.
2. **Initial Doctor Visit:** When an injury occurs, offer to drive the employee to the doctor. This will enable you to take the employee to a Medical Provider Network that will work with both you and your employee.
3. **Accurate Claim Reporting:** Make sure the claim is reported immediately and that issues or concerns regarding the claim are communicated. A claim can be accepted, denied or delayed pending investigation. Make sure to let the adjuster know if the claim should be denied or if you feel the claim is suspicious and warrants investigation or if a third party is involved. If these things are not reported right away they will prolong claim closure, which means more money paid out.
4. **Recovery Follow-Up:** Follow-up with the employee to check on their recovery status and offer rides to doctor appointments if needed. Provide back-to-work incentives for employees when they are cleared by the doctor to return to work. This will show good faith, will let the employee know you genuinely care about them and this may reduce claim costs.
5. **Get Involved:** Be proactive in working with the employee, adjuster and all parties involved. Your involvement lets the Adjuster know that you are concerned and want to have quick claim resolution and closure. Adjusters handle many claims and the claims they tend to move on are those claims in which the employers are actively involved.

—Carmen Melendez

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