

“Eight Proven Steps That Will Reduce Your Worker Injury Costs By 25% Or More!”

By:

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Proven Cost Reduction Strategies Are Revealed That Consistently Minimize The Cost of Workers Compensation Programs

Thank you for requesting my FREE Special Report titled “*Eight Proven Steps That Will Reduce Your Worker Injury Costs By 25% Or More.*” That’s a bold claim but the steps outlined in this Special Report have consistently produced these results... because these methods work!! This Special Report was written specifically to provide companies like yours with additional tools that, if implemented properly, will significantly reduce the total cost of your workers compensation program by 25% or more.

But at the outset I must give you one word of caution...

The suggestions contained in this Special Report must be designed and implemented with your unique operational characteristics in mind. This is NOT a cookie cutter approach. So if you are looking for a “quick-fix,” close up this report now and move on. On the other hand, if you want insight into how to understand and address many of the fundamental dynamics within your company that are driving your worker injury costs...then read on!!

I am a Certified Work Comp Advisor and work in partnership with businesses in an effort to reduce their worker injury costs. In the process I have studied in detail how the workers compensation system works - both from loss prevention and claim management perspectives.

What has consistently bothered me is the linking by many corporate clients of insurance premium with total workers compensation costs. I say this because, while insurance premiums are certainly important, ultimately the cost of your workers compensation program is a function of your claims - not insurance premiums.

Making matters worse, only 25 – 40% of the total cost of workers compensation claims are transferable to an insurance carrier. The remaining cost still hits your bottom line - and hits it hard. Examples of these “hidden costs” are:

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- the productivity that is lost from the involvement of supervisors and other plant personnel in response to an injury;
- the productivity that is lost from other employees who are shaken and disturbed by the event;
- damage to machinery and other property;
- administrative cost of monitoring the claim within the Human Resources department;
- increased costs due to production slow downs and increased overtime;
- increased training costs required in hiring new / temporary workers;
- unfavorable impact on your experience modification;
- increased insurance premium over three (3) years due to a increase in your experience modification.

A couple of examples will help dramatize the magnitude of these “hidden costs.” Below you will find two entirely differently situations - one where an employee was injured and required first aid at the local clinic before returning to work, and the other where an employee suffered a more serious injury that required two (2) months of lost time.

Item	Example #1 First Aid Only	Example #2 2 Months Lost Time
Medical Costs – Insured	\$200	\$5,000
Disability Costs - Insured		\$7,000
Legal Costs - Insured		\$1,000
Total Insurance Recovery	\$200	\$13,000
Cost of Accident Investigation	\$200	\$1,000
Cost of Claim Maintenance	\$100	\$3,000
Cost Due to Employee Distraction	\$200	\$2,000
Damage To Equipment, etc.		\$2,000
Disruption in Production	\$100	\$18,000
Cost of Training Substitute Employees		\$2,000
Reduction in Product/Service Quality		\$3,000
Experience Mod Impact	\$100	\$11,000
Total Unrecovered “Hidden Costs”	\$600	\$42,000
Total Claims Cost	\$800	\$55,000

Making matters worse, insurance companies today, while promising loss prevention services, are functioning as glorified inspectors in many cases. In addition, they provide little financial data on the “hidden costs” that you are incurring or strategies for its reduction.

Why? Because these “hidden costs” have absolutely no impact on *their* bottom line.

As a result, companies are left to fend for themselves and forced to try to reduce costs the old fashion way - through reducing insurance premiums. And the beat goes on...

It is also important to look at workers compensation costs from yet another financial perspective. Let’s assume that you are incurring approximately \$50,000 a year in workers

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compensation claims. The chart below indicates the equivalent amount of sales that your company would have to generate to overcome this added cost, assuming a 5% pre-tax profit.

Item	Equivalent Sales Based Upon A 5% Pre-tax Profit
\$50,000 in Worker Compensation Claims	\$1,000,000
\$200,000 in Additional "Hidden Costs"	\$4,000,000
\$250,000 Total Cost Of Work Related Injuries	\$5,000,000

When viewed from this perspective it is imperative that every possible strategy must be employed to avoid work related injuries from occurring wherever possible and, if they do occur, to use every method possible to manage the cost of the claim to its lowest possible level.

With this in mind, ask yourself the following questions:

- Is my staff getting all the help it needs to prevent accidents from occurring?
- Am we getting the kind of pro-active advise and help we need?
- Are we focusing on the key "drivers" of our worker compensation costs?
- Have we fallen into the trap of associating our insurance premiums with the total cost of our work-related injuries?

As I see it, companies really have four (4) options at their disposal to address their workers compensation costs:

DO NOTHING

Amazingly, many companies feel that they are doing everything possible to comply with OSHA and avoid work-related injuries. Did you know that 85% of all workers compensation claim costs are caused by unsafe acts? That means that even after eliminating all unsafe conditions over 85% of the costs will still continue. Workers compensation is now a "people problem," not an engineering problem. Also, plant conditions rarely remain static. Over time there are new people hired, there are changes in the makeup of the Safety Team, there are changes in production processes, etc. For all of these reasons doing nothing is really like playing "Loss Prevention Roulette."

RELY UPON YOUR INSURANCE CARRIER TO FIX THE PROBLEM

One of the remarkable observations I have made over the years is that the loss control engineers from insurance companies are actually looking for costs that will affect their costs not yours. And, as we have seen from our case examples, these costs are not always the same. For example, I literally have seen loss control engineers come in to Clients and recommend changes that reduce frequency of loss (wearing safety gloves, etc.). While this may be a good recommendation, in some cases there are other conditions that are

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causing the bulk of the lost time injuries and resulting higher claim costs. In short, their perceived problem may not be the same as your perceived problem - and you pick up the tab!!

**RELY ON YOUR
INSURANCE
AGENT TO FIX THE
PROBLEM**

Many agents serve a valuable service in that they procure your insurance at the most competitive premium. However, there really is not a solid link between insurance premiums and total workers compensation claim costs. In fact, when you consider that only 25% of your total workers compensation costs are transferable, unless your agent has the full compliment of services to help you in all phases of cost containment, little improvement will be gained here as well.

**FOLLOW THE
SUGGESTIONS IN
THIS SPECIAL
REPORT**

This is why you requested this report, so let's get to the main event. But first...

Why Would I Give Away My Inside Secrets

That is a really fair question. And I want to answer it honestly and fairly.

I could respond by saying that helping customers is good for their business and good for my business - and it is!! In fact, that is how I have built my business over the years.

But frankly, from a practical point of view we both know that much of the "inside" information you get is like getting more "snow in the wintertime" - there is a lot of it when you least need it.

The reason I am giving you this valuable information is to demonstrate to you that in order to make meaningful and permanent reductions in your total workers compensation costs you need to access an experienced worker injury cost reduction professional who has the following capabilities:

- Can quickly guide you to those causes of loss and hazards that are driving your workers compensation costs;
- Knows how to correct the problems;
- Has the resources needed to focus on the loss control and claim management issues that are driving your costs.

Using any other type of service will result in your going on a "fishing expedition," consuming your valuable time and your paying for less than satisfactory results.

It is my hope that eventually, when you see the need for the potential cost savings that can be created by such a service, you will give me a call. And, if you do not perceive a need at the present

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time, perhaps you will gain something from this Special Report and consider us if some other future need arises.

Steps You Can Take to Significantly Reduce Your Total Workers Compensation Costs

I. Formalize and Constitute An Active Safety Team

While your Safety Director will have overall accountability and responsibility for the company's safety and health program, in most cases he or she simply cannot do the job alone. The job of designing, communicating and enforcing the company's safety and health policy, identifying and correcting unsafe hazards and conditions in the workplace, training employees, instilling safety awareness, and responding to accidents in a prompt manner and do all this in accordance with state and federal laws — is an increasingly complex task.

Also, while your insurance carrier and other third party sources may be of assistance to you with respect to many aspects of your safety and health program, their involvement and visibility will be limited relative to yours. The Safety Director and the other members of the Safety and Health Team, on the other hand, are in the facility constantly.

Ultimately, the key factors that will determine the success or your Safety and Health program, as evidenced by your company's ability to avoid work related injuries, are:

- ❖ Management's on-going commitment to achieving the ultimate goal of sustaining zero injuries at your facility;
- ❖ The consistent and sincere effort of a well designed safety and health team;
- ❖ The level of individual responsibility that your employees take in their own safety and the safety of their fellow employees;
- ❖ The resulting "safety *first culture*" that evolves from the above.

The very first step in your effort to evaluate, plan, implement and monitor your safety and health program — to create the "*safety first culture*" you are looking for — is to assemble a Safety and Health Team that has the full support of top management.

For more information on how to formalize and constitute your Safety and Health Team, call me at (800) 814-6470.

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II. Develop and Implement An Annual Safety & Health Plan

Preventing workplace injuries should be just as important to your company as the quality of its product or service because ultimately the quality of your product or service depends upon the health and welfare of those who make or perform them.

As with other major initiatives undertaken by your company, such a serious commitment deserves serious and thorough planning in order to accomplish the ultimate goal of maintaining “zero injuries.” Otherwise, your collective safety and health efforts will fall short of expectations and will waste valuable time and resources. To make matters worse, your efforts will be seen by your employees as ‘just another management fad’ and the overall effort will not be taken seriously.

If properly developed, the Annual Safety and Health Plan will provide the following benefits to your company in its effort to minimize work related injuries:

Top Management Commitment is Obtained

This planning document will receive top management visibility. Once approved, the Safety Team will have complete assurance that management is in full support of their efforts and that sufficient resources are being allocated to accomplish stated goals.

All Safety Team Members Are On The Same Page

Everyone on your Safety Team is aware of what their responsibilities and goals are. As a result your collective efforts will be focused in the same direction.

The Safety Team is Empowered

Once approved by top management, all members of the Safety Team will be empowered to execute the Annual and Health Plan and will be accountable for its proper implementation.

Results Are Monitored And Measured

One of the key components of the Annual Safety and Health Plan is that specific goals are prepared in measurable ways. Therefore, the Safety Team will know if its collective efforts were fully executed and successful, or if additional focus is needed in certain areas.

Valuable Feedback Is Provided For Further Planning And Implementation

Because the Safety and Health Plan is monitored on an on-going basis, the Responsible Safety Officer will be supplied with reliable information to assist in understanding what efforts are working and what needs further improvement or focus.

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In short, the Annual Safety and Health Plan is your road map to accomplishing your goals with the full support of upper management. Take this step seriously as it will pay huge dividends down the road!!

For more information on how to formalize and constitute your Safety and Health Plan, call me at (800) 814-6470.

III. Effectively Develop, Communicate and Enforce Your Safety Policy

Once you have established your Safety Team and prepared your Annual Safety and Health Plan, a comprehensive safety and health policy, clearly written and communicated by management, and fairly implemented and enforced, becomes the next step in establishing an effective safety and health program. If properly written and communicated, this policy sets the tone and direction for all of your safety and health efforts. This policy statement is completely different from a written management commitment statement. Rather, it is the *working policy document* that is provided to all employees in the company and which services as the basis for the enforcement of safety rules and procedures.

Many firms have experienced problems in implementing their safety program because the initial policy has not been communicated, implemented or enforced. This may be the result of any of the following flaws in policy:

The policy sits in a book gathering dust

This probably is the number one problem. Here the company has put together a policy of some sort, put it in a book, placed it on the back of the Safety Director's desk, and let it sit there. Many people in the company do not know what the policy is and fewer people understand how the policy affects their job.

Too brief a policy statement

Here the document addresses only in general terms management's policy on safety and health. Usually such a document is one page in length and very generic. As such, the average employee looks at the document and really does not come away with enough tangible direction as what the policy means in real, day-to-day terms. Supervisors may even view the policy as "one of those things management has produced to comply with OSHA." As a result, the policy is not taken seriously.

Policy statement needs to be updated

Here the policy statement was written some time ago and has not been up-dated to reflect the company's changing workforce and unsafe conditions. A company's manufacturing processes may have changed during this intervening period in response to market demands, for example. As a result, employees - as well as their Safety Team - lose their identify with the company's safety policy and may not even feel that "working safe" is as important as "getting the product or service out."

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Policy statement is too general

The document may be so general that it becomes virtually impossible for employees to apply to their specific job situation.

Safety policy poorly communicated

This may be due to a failure to explain the importance of the safety policy to all employees. The document is just handed out. Also, over time the company may not properly explain the safety policy to new employees, thus creating a two-tiered workforce - those who know the policy and those who do not.

Safety policy poorly enforced

It is extremely important that the safety policy be enforced fairly and consistently. Otherwise, mixed signals are conveyed to the workforce and the policy loses credibility.

The Safety and Health Policy behind the desk of the Safety Director should be the same document that is used by the Safety Team during their inspections and while enforcing safety rules. It should be taken out of the book and applied as a true working document throughout the plant.

For more information on how to improve the effectiveness of your Safety and Health Policy, call me at (800) 814-6470.

IV. Develop and Implement An Effective Safety Training Program

Once you have established your Safety Team, defined your safety and health goals for the year, and communicated your safety policy, the next major step is to design and implement an effective, *on-going* safety training program.

There are a number of reasons why designing and implementing an effective, ongoing safety training program is important to your company:

Required by law

Having some sort of on-going effective safety training is required by OSHA and similar state authorities. Furthermore, your company may be subject to fines by OSHA inspectors for failing to comply with these OSHA standards.

Improves safety awareness

Studies of companies have consistently revealed that effective training can dramatically increase the level of employee awareness and interest in plant safety. For example, in one study (conducted by Safety Shorts, Inc.) it was found that 97% of respondents positively indicated marked improvement in safety awareness in those companies who had on-going safety programs.

Improve attitudes towards safety

Surveys have also revealed that 95% of companies notices significant increases in employee attitude towards safety once an on-going safety training program was initiated.

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***Influences reductions
in accidents***

While it is impossible to put an exact figure on the impact that training has on accident reduction, companies that have an on-going training program are four times more likely to reduce accidents than those who do not have an on-going training program.

It is clearly demonstrated that safety training, in conjunction with other safety efforts, can have a dramatic impact on the success of your overall effort to reduce work related injuries.

For more information on how to improve the effectiveness of your Safety and Health Training Program, call me at (800) 814-6470.

V. Religiously Conduct Effective Departmental Safety Inspections

Workplace safety and health inspections are the backbone of a successful Hazard Identification Program. Without such inspections you really are leaving to chance your company's ability to control and reduce the frequency and severity of workplace accidents.

Furthermore, by not performing safety and health inspections you are sending a clear message to your employees that you really are not serious about their safety or watching out for their welfare. The credibility of your entire safety program will suffer as a result. However, if performed correctly your workplace safety and health inspections will achieve the following beneficial results:

Hazards Are Identified

Inspections are an excellent method for identifying potential hazards in the workplace, thereby avoiding many workplace injuries that otherwise could have been avoided.

***Heightens Safety
Awareness***

Employee awareness and interest in safety and health is increased dramatically. Your employees will notice that the company is making a sincere effort to protect them from injury or disease. They will also notice and appreciate it when corrective action is taken.

Reinforces Training

Inspections are an ideal training opportunity in those cases where unsafe acts are observed. Safety team members should take a minute to show the employee(s) what hazard existed, why it existed, what the possible consequences are, and how they can avoid the situation in the future.

***New Hazards Are
Avoided***

Routine safety and health inspections are essential to ensure that changes in plant conditions and activities within the company do not create new hazards. Examples of such changes are new production processes, new equipment, new materials, new OSHA regulations or new employees in critical areas of the department.

Detect Unsafe Acts

Routine safety and health inspections allow safety team members to observe employee behavior. About 90% of work-related injuries are

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caused by unsafe behavior (unsafe acts). It stands to reason that by watching out for and identifying unsafe acts on the part of employees the vast majority of injuries (and the conditions that cause them) can be avoided.

Provides Feedback to Management

The inspection report gives the inspector, primarily the supervisor, a chance to provide formal feedback to management on unsafe conditions or other safety and health concerns that exist in the workplace.

For more information on how to improve the effectiveness of your Departmental Safety Inspection Program, call me at (800) 814-6470.

VI. Install A Safety Incentive Program That Positively Motivates Safe Behaviors

One of the incredibly frustrating aspects of coordinating safety and health programs from the perspective of the Responsible Safety Officer is that “on paper” the safety and health organization, with its rules, procedures, methods, etc., is functioning properly and yet the company may still be experiencing workers compensation claims. In fact, it may be possible for the frequency of claims to decrease over an initial period of time and the total cost of workers compensation claims to actually increase.

Michael Topf, a nationally recognized industrial and environmental consultant and trainer, stated in his article “Behavior Modification Can Heighten Safety Awareness, Curtail Accidents” (Occupational Health & Safety magazine):

“Safety professionals and business leaders continue to search for methods to reduce the impact that work-related injuries have on both the physical well-being of employees and the bottom line of companies ... Yet, with all the safety rules, regulations, procedures and training that are implemented each year, people are still getting hurt, and companies are losing money as a result. Moreover, cold statistical reports do not account for the impact of human suffering on employees and their families.”

The following facts tend to support Topf’s statement:

- Fact*** In 1998 American businesses incurred \$80 billion in workers compensation claims. It is estimated that by the year 2001 American businesses will incur over \$110 billion in workers compensation claims.
- Fact*** From 1990 to 1999 the average medical claim rose from \$1,741 to \$5,370.
- Fact*** From 1990 to 1999 the average lost-time claim has risen from \$5,522 to \$10,735.

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Clearly there are other mechanisms at work in the workplace that must be addressed in conjunction with your other safety and health activities. Topf, in the article cited above, gives the following excellent example of the behavior mechanisms are work:

“One high - level scientist reported a situation where he was required to shut down a process in order to safely and properly make some corrections. However, he was fearful of losing the precious time - one or two days - involved in shutting down. Wanting to maintain his competitive edge, he took a risk and made the correction while continuing the process.

Fortunately, no one was injured. However, getting away with it once influenced the scientist’s thinking and decision-making process to repeat this behavior the next time a similar situation occurred.

Researchers, production, maintenance, administration and sales employees are making decisions like that every day. Whether the decision is to stand on a chair in order to get something off a shelf or to lock out equipment, the issues of inconvenience, the fear of losing time and the belief that “it will never happen to me” all contribute to unsafe behavior.”

An awareness-based approach to behavior modification attempts to address the basic human mechanisms or attitudes of your employees that literally place them, and their co-workers, at risk to injury.

According to Topf, the following are the key human mechanisms that cause people to take risks or act without regard to safety:

<i>Mental lapses</i>	Examples include daydreaming, inattention or thinking about things other than the job, not listening to instruction and getting bored from performing repetitive tasks.
<i>Lack of Alertness</i>	Examples include not remaining alert to danger at all times and not being on guard for unexpected dangers.
<i>Lack of Focus</i>	An example would be a difficulty in concentrating on tasks that reduce the probability of accidents or injuries.
<i>Lack of Distinction</i>	Here the employee is unable to see, hear or smell potential safety hazards because of their thinking, attitudes and behavior and, therefore, are unable to take appropriate actions to remain safe.
<i>Lack of Responsibility</i>	Here the employee is not responding when safety demands immediate action. An example here would be not to recognize an unsafe act by a fellow employee and not warning him or her of the danger. Another example would be not reporting unsafe conditions to the supervisor.
<i>Resisting Change</i>	Here the employee is resisting certain safety behaviors and feedback from others due to past experiences, beliefs and attitudes about safety. This is particularly prevalent during the introduction of a new safety and health

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procedure or rule.

***Failure To Heed
Early Warnings***

Here the employee is continues to avoid or ignore clearly communicated safety rules.

***Failure to Follow
Safety rules***

Here the employee continues to avoid or ignore clearly communicated safety rules.

Safety incentive programs that focus on employee attitudes and thinking are having a dramatic, long - term affects on the above human mechanisms and, in the process, succeed in reducing not only the frequency of injury but also the average cost of claims themselves.

In every situation such safety incentive programs should be used in conjunction with other safety and health initiatives. It is not a substitute the on-going safety efforts of your Safety Team, nor is it to be viewed as a “quick-fix” to your problems. However, if properly designed and implemented, safety incentive programs can reinforce your overall safety and health effort and greatly encourage individual responsibility to work in a safe manner.

For more information on how to design and implement an effective Safety Incentive Program, call me at (800) 814-6470.

VII. Effectively Screen, Hire And Indoctrinate New Employees Into Your Safety And Health Program

Safety professionals have always believed that new (or transferred) employee selection and placement has a significant impact on the success of their safety program. What they are in essence doing is taking proactive steps to match the new (or transferred) employee to the requirements and hazards of the job and, where necessary, train that new employee on the safe practices associated with their job function.

As it pertains to your accident and health program, good hiring practices have a dramatic affect on the success of the following components of your program:

***Reduction of the Frequency of
Injuries***

It has been clearly demonstrated that putting the right person in the job is one of your best means of reducing the risk of work related injuries.

***Temporary Duty (Return-to- Work)
Programs***

Employers are discovering the value of return-to-work programs in providing “on-the-job rehabilitation,” orientation, and retraining - all geared to avoiding the loss of valued employees to the workers compensation system.

Ergonomic Program

Ergonomics, by definition, concentrates on matching

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people and jobs for a good, productive, injury-free fit. Therefore, good hiring practices will reinforce the effectiveness of your ergonomic program.

For all of these reasons, establishing a sound set of hiring practices that supports your safety effort is extremely important to your company.

From a loss prevention point of view the following are important steps in the hiring process:

- Pre-offer employment screening;
- Post-offer employment testing;
- New employee training and indoctrination.

For more information on how to address each of these issues, call me at (800) 814-6470.

VIII. Implement A “People Oriented” Claim Management System

Unfortunately, even with your best efforts workers compensation claims will occur. While claim management systems need to be put in place that minimize the ultimate cost of the accident, keep in mind that you are dealing with injured people.

When you think about it, when someone is sick and files an employee benefit claim, things go relatively smooth. The system is viewed as a benefit to the employee, one in which they probably are contributing to an extent (premium contribution, co-payments, deductibles, etc.).

The same cannot be said for the workers compensation system. It is paid for by the employer. To make matters worse, in many cases the employee is embarrassed and afraid that his job may be jeopardized because of the accident. Communication between the injured employee and the company even breaks down, leaving the employee to fend for himself to get medical care, obtain benefits, etc.

So our message is that you design a *people oriented* claim management system that puts the injured employee at ease and helps him or her through the claim process. You will not only vastly improve employee relations, you will also find that employees will be more reluctant to seek legal help and will actually come back to work faster.

With that in mind, the following are suggestions you should consider:

- Conduct a prompt accident investigations to identify the root cause of the accident.
- Take full advantage of medical cost containment services (utilization review, medical discount programs, medical bill audits, etc.)
- Implement an effective return-to-work program.

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- Actively stay in touch with all employees who are off on disability.
- Stay in close touch with the employee once he or she comes back to work so that they feel welcomed and are physically capable of doing the job
- Review all of your claim trends on at least a quarterly basis. Such trends should be evaluated by cause of accident, by body part, by department, by supervisor, by time of day and by day of the week.
- Review the status of all open claims on a monthly basis.

Would you like to make significant reductions in your total workers compensation claim costs through the practical application of these cost reduction strategies?

I offer a number of proven techniques for making significant reductions in your workers compensation costs including correcting and/or reducing your Experience Modification, putting you in control of the Premium Audit and much, much more.

So if you want to hear ideas that will reduce your workers compensation costs, give me a call. The worst you will do is spend a few minutes learning. That alone is good business, isn't it?

For more information on my services, please call Scott Kirby at the following telephone number: (800) 814-6470 or send an e-mail to: skirby@khtinsurance.com

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