



Increasing Profit Margins by Minimizing Your Risks

Prepared especially for:



A common goal among all businesses across the globe is to increase profit margins. There are many ways to do this, but have you ever focused on trying to reduce your workers' compensation costs? Completing a company-wide risk management analysis is often thought of as being too costly and time-consuming, but it could positively affect your bottom line.

Here is an interesting fact: for every dollar spent on a workers' compensation claim, it would require generating 20 times that amount in revenue to recoup the losses. Also, if one of your employees fails to report an accident, your insurance costs could increase 10 -15% each day it goes unreported.

Bottom line, you have the opportunity to control your losses. By implementing strategies to reduce risks, insurance carriers view your company as one they would prefer to do business with, which means you pay less for insurance coverage. The following are suggestions to help minimize your risks and maximize your profit margins:

- Create a policy stating your commitment to risk management for all employees to be aware of.
- Offer to be responsible for a portion of the cost of a claim with deductible programs. Retaining this kind of risk will cut down on premium costs.
- Emphasize your company's risk management commitments to potential customers. This will attract customers who are safety-minded and help to create long term partnerships.

- Get to know your employees. Make sure to prescreen your applicants by requesting they take a drug test and release criminal records.
- Thoroughly explain your company's workers' compensation benefits during comprehensive interviews with candidates for employment.
- Create a relationship with a broker who knows your industry and challenges, as they are the key to getting the best, affordable coverage. Your broker is your voice in the transaction with the carrier.
- Place importance on having new-hires report accidents or injuries, unsafe work environments, or requests to do work not listed in the job description given to them.
- Educate employees and customers about your accident reporting procedures. You should conduct an investigation immediately after a lost time injury has occurred.
- Make sure to communicate with your claims adjuster, claimant, and medical provider. This will keep you informed of untimely payments of medical costs, which could cause unnecessary fees from an employee's attorney.

Being proactive and consistent when it comes to your company's risk management approach is an attractive feature to insurance carriers. Taking control of the situation will inevitably reduce your premiums. ▲

For more information on this article, please e-mail iha-insurance@assuranceagency.com or phone 847.463.7300 to speak with an IHA member services representative.

