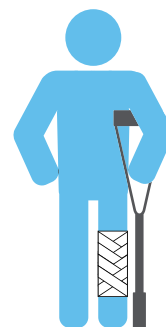


# 3 Steps to Workers' Compensation Savings



A workers' compensation carrier audit is when companies typically uncover errors — like premium overpayments or money owed.

Follow these three steps to reveal costly insurance policy risks, issues or questions now, before your carrier audit.



**\$83.2 billion**

Workers' comp cost to employers in 2012\*

## Step 1



### Understand the link between workers' comp and payroll.

The accuracy of your workers' compensation premiums depends largely on the accuracy of your payroll calculations.

By reviewing your payroll on a regular basis, you can help avoid mistakes from being carried over to your workers' compensation premiums. As you review your payroll, keep these tips in mind:

- Items such as gratuities should be reported separately from your payroll
- The same goes for independent contractor wages — don't lump them in with payroll
- Spot check your payroll report regularly to make sure all data is being correctly inputted and processed

## Step 2



### Do a reality check on your premium costs.

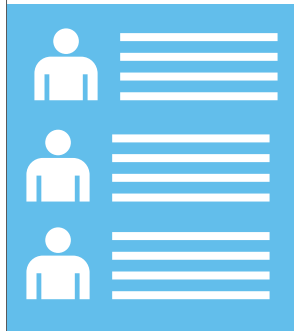
Inaccurate premium payments can seriously interrupt your cash flow.

Keep an eye open for signs that you may be paying too much or not enough. Have you...

- Experienced significant unexplained changes in premium costs?
- Been improperly charged for employees like subcontractors who have their own coverage?
- Had a change in your number of employees that may not be reflected on your policy?

If you answered "yes" to any of the questions above, steps two and three may help identify the cause.

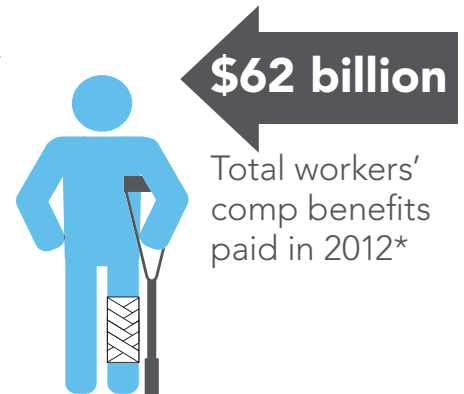
## Step 3



### Review the job classifications listed on your policy.

Improperly classifying employees' jobs is a common mistake that can impact your costs. Common misclassifications include:

- A clerical employee who is listed as working in your warehouse
- An administrative assistant who occasionally fills in as a delivery driver
- A seasonal hire listed as a permanent employee
- A worker who recently switched to part-time hours



**\$62 billion**

Total workers' comp benefits paid in 2012\*

Evaluating classifications regularly can help verify the accuracy of current positions and new hires as well as jobs that may have been eliminated since your policy took effect.

## Don't go it alone.

ADPIA\*\* knows workers' compensation inside and out — and we're happy to share smart strategies for managing premium and claims costs.

We also provide access to ADP's Pay-by-Pay® Premium Payment Program, which can help improve the accuracy of your premium payments and help minimize the impact of your annual audit.

## Connect with ADPIA to learn more helpful tips.

[insurance.adp.com](http://insurance.adp.com)

\*Source: Workers' Compensation: Benefits, Coverage and Costs, National Academy of Social Insurance, August 2014

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