



Minimize Workers Comp Premiums with Accurate Job Class Codes

In a perfect world, every employer would be paying the exact workers compensation insurance premium for the risks they generate — and not one penny more. Unfortunately, many companies pay higher premiums than they should be for year-end audits because their job classification codes are not up to date. Many classifications are very similar or have sub-codes, making it difficult to choose the correct code for a specific job at first glance.

Need for Vigilance

You can't depend on your insurance carrier's own audit to resolve uncertainties in your favor. The wrong code can be assigned to a particular task based upon an overlooked subcategory or an inaccurate job description. For example, an employee working in a warehouse filled with non-owned goods has a different code than that same employee if he worked in a warehouse with owned goods — yet if both are assigned the same code, too much premium could be charged for one of the positions.

And while carriers want to make sure they've collected all the premium owed, they seldom make refunds when too much has been paid. That's why companies need to be vigilant about which workers compensation class codes are being used to calculate their premium. For a workgroup of 50 employees earning \$40,000 a year, a classification code change that saves you \$1.00 per \$100 of payroll equates to \$20,000 in annual savings.

Details Matter to Lower Costs

It can be difficult for employers to tell if some of their job tasks have been misclassified, because the NCCI — National Council on Compensation Insurance — leaves room for interpretation in their Scopes® Classification Manual. In addition, some states maintain their own classification systems. Small details often make a big difference, and it's common practice for employers to appeal decisions over classifications by NCCI and state systems.

Specialized consultants who are familiar with classification code issues can help employers dispute errors, recover overcharges, and reduce future insurance premiums to the lowest possible amount. In addition, they can update functional job descriptions (FJDs) in advance of insurance carrier audits to support the best available class code for your company.

If you want to trim your workers compensation insurance premiums, [contact WorkWell today.](#)



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