

# The Ultimate Guide to Workers' Comp Insurance

A Step-by-Step Handbook  
for Small Businesses



# TABLE OF CONTENTS

---

03

---

Welcome

04

---

Workers'  
Comp Q&A's

19

---

Workers' Comp  
Buying Process

21

---

5 Ways to  
Save Money  
on a Workers'  
Comp Policy

23

---

Ready to buy a  
policy? Wait!  
First check the  
following:

25

---

About  
Kickstand

26

---

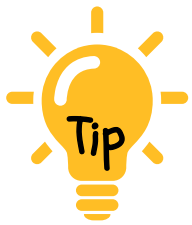
Resources

# INTRODUCTION

Many business owners think of workers' comp insurance as a burden.

Workers' comp insurance pays for employee medical expenses and lost wages. But really, it was put into place to protect employers.

We'll answer your FAQs about workers' comp insurance and walk you through the buying process. Let's get started!



Workers' comp is a no-fault system. That means that claims are not investigated as in other type of insurance. An employee that is injured will get the benefit even if they are at fault.



[Watch the video](#)

Why do you need workers' compensation insurance?



Comply with  
state laws



Avoid fines



Protect your  
employees



Protection from  
lawsuits

# WORKERS' COMP Q AND A

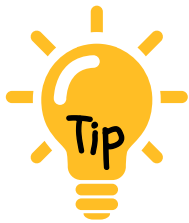
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## I'm hiring employees. How do I know if I need a workers' comp policy?

Many states require businesses to have workers' comp coverage when hiring the first employee. Speak to an agent who will let you know about your state's requirements.

Many businesses choose to get workers' comp even if it is not required to protect themselves from lawsuits. Even though you're not legally required, you're still liable for any worker getting injured.



If you're a contractor, you might need a policy even if you don't hire employees - as your employer might require that.



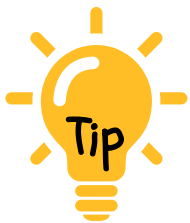
Watch the Video to learn more!

## I hire 1099 employees. Do I need workers comp insurance?

If you hire 1099 employees, contractors, or subcontractors, you are not legally required to carry workers' comp insurance for them. However, you will still be liable for any injury that happens to them while they're working for you.

The smart solution is to require all 1099's to show you a certificate of insurance - proving they have their own workers comp insurance.

This protects your business in case any contractor gets injured on the job.



If you have W2 workers in addition to 1099 employees, your workers' comp insurance company will require you to get coverage for the 1099's even though you are not legally required to do so. They don't want to be liable in case of a claim.




[Learn More!](#)

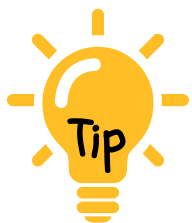
## I need a workers' comp policy. Where can I get one?

Research and find a local or online independent insurance agent whom you can trust. Once an agent reaches out to carriers for you, other agents may be blocked from getting you the best policy.

There are many online platforms that will give you an instant quote. Instant quotes are great because you get a quick ballpark figure of what insurance will cost you.

 Have a live agent review:

- Owners' exemptions
- Class codes
- Payroll projections
- Required 1099's



An insurance agent's job is to represent you in the insurance market. Look out for an agent that can help you find the best-fitting carrier for your industry and business size.

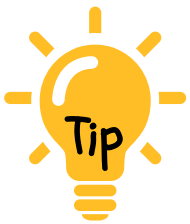


[Learn More!](#)

## I have a small, growing business. Will I be able to get a policy?

Your agent will choose from a range of carriers. Most carriers have an “appetite” for a specific type of industry and business size. Some will want to help high risk or small businesses. Others prefer larger or lower risk policies.

Your agent will determine which carrier is the best fit and work on representing you to them.



Some businesses may have a hard time getting a carrier to cover them. They can apply for coverage from an “assigned risk pool”, also known as state fund. The NCCI manages this program in many states.



## I would like to get a quote. What business information do I need to provide?

### Here's the info you'll need to provide:

- Year business started
- Gross projected annual revenue/sales
- Gross projected annual payroll
- Number of employees (per job description/job role)
- FEIN number/tax ID number
- Full contact information including physical and mailing address
- Names and percentages of ownership of owners
- Information regarding prior workers' comp policies
- Specific description of business operations
- Previous loss runs



If any of the business info provided changes during the policy term, you should contact your agent who will update the policy with the carrier.



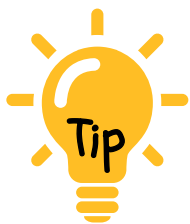
**Did you know?**

2 out of 3 online  
quotes are wrong!

## My insurance agent is asking for loss run reports. What are they and how do I get them?

Loss runs provide a summary of your business insurance claims history per policy and can be requested from your carrier. These describe the claims you've had open, what occurred, and what was paid out for those claims.

Many insurance companies will not agree to cover you without seeing your loss runs. Carriers consider this private information and will only release it to you or your agent on record.



Loss runs are like credit scores. Just like a bank wouldn't extend credit without seeing your credit rating, an insurance company requests to see your claims history before it offers to provide you with coverage.



[Learn more about Loss Runs!](#)

## I requested a quote. How will the quote be calculated?

The annual premium is based on the kind of work being performed by your workers and the payroll size.

In order to get a quote, you will need to provide projected payroll for the year. Try to get the projection as accurate as possible. At the end of the policy term, the insurance company will audit your payroll. If you under projected, you will need to pay out the difference.

Consider setting up credit programs in your business - drug-and-alcohol-free-workplace programs, safety programs, return-to-work programs etc. to get a lower premium. These are well worth it because of the positive effect on your business and the lower premium.



Don't be too concerned about "overprojecting" your payroll. The insurance company will credit the difference at audit if you overproject.



Watch the Video

## I'm ready to buy my policy. What are the standard payment options?

### Most carriers offer the following options:

- Up-front premium: You'll pay the full annual payment at the beginning of the policy term based on your projected payroll numbers. Additional payments may be required at audit if your projections were too low.
- Installments: Some carriers may allow you to pay the balance in 10 installments, or 15% down plus 9 installments thereafter, instead of paying it all in one lump sum at the onset of the policy.
- Pay-as-you-go policies: You'll report your actual payroll each month. The insurance will then calculate your premium and send you an invoice. This means more paperwork for you each month but no surprise bill at audit.



If you have a seasonal business, a **pay-as-you-go policy** is a great option for you. You wouldn't spend more than you should during the slow months.

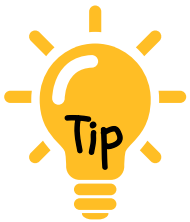


[Learn more about Pay-as-You-Go!](#)

## My payroll is increasing. Do I need to update my policy?

There are two reasons your payroll would increase. Either because you're hiring a new employee or because you're raising an employee's salary. Either way, you should inform your insurance agent.

It is to your benefit that your policy should stay current. It will insure that you are properly covered and you will avoid a big bill at audit.



Prorate the updated payroll based on the remaining time left in the policy term, rather than using the full annual payroll amount.



[Learn more!](#)

# “Insurance doesn’t have to be complicated”



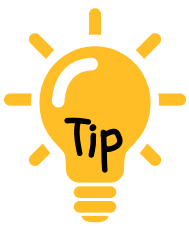
We make it simple, accurate & painless.

Have full control and understanding of your policy  
+ expert review and guidance whenever you need it

## I started a new policy. How will claims affect my premium for next term?

Claims can increase your premiums by affecting your Ex-Mod. Be vigilant about safety in your workplace to avoid affecting your Ex-Mod.

Every company that's in business for 4 years gets assigned an Experience Modification Rate, or Ex-Mod. This compares the amount of claims you have to the average industry amount of claims in your state. Your yearly premium will increase or decrease depending on your Ex-Mod.



Many insurance companies apply dividends at the end of the policy term if there are no or minimal claims. You may be able to get a rebate of up to 5% of your policy at the end of the term.

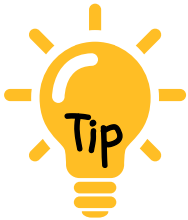


[Learn more about Ex-Mod!](#)



## My employee was injured? How do I file a claim?

Check your policy, it will usually tell you what the process is. Generally, the first step would be to fill out a “first report of injury form”



The best way to minimize claims and lower premiums is to create a “safety first” culture in your business. Educate your employees on safety protocols as soon as they fill out their I-9 forms.



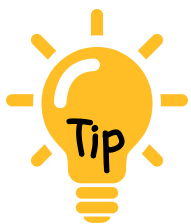
[Learn more about Workers Comp Safety Protocols](#)

## It's almost the end of the policy term, how do I prepare for my audit?

Keep the following organized throughout the policy term:

- Payroll records
- Quarterly state and federal tax returns
- P&L statements
- Insurance certificates for subcontractors
- Employee records
- Payments made in cash

Make the payroll calculations before the audit so if there is an error on the report, you should be able to catch it.



Don't ignore the auditor! It will usually be a third party auditing company, may not familiar to you. Check with your insurance company and don't ignore their calls and emails.



**Download the checklist!**

# BUYING PROCESS

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# WORKERS' COMP INSURANCE BUYING PROCESS



# HOW TO SAVE MONEY ON YOUR POLICY

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# 5 WAYS TO SAVE MONEY ON A WORKERS' COMP POLICY

Review your quote with a live agent to make sure the form was filled out correctly

1

2

Project your payroll correctly

Set up credit programs in your business

3

4

Be vigilant about keeping your claims down

Ask to have dividends applied

5



Watch Video

# CHECK BEFORE YOU BUY

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# CHECK BEFORE YOU BUY

- Payroll:** Did you project your payroll properly? Don't under project your payroll. That will leave you a big bill at audit.
- Classifications:** Are your employees classified correctly? If you employ workers with different job roles, their rates should be different. Lumping all your workers into one class code is a costly mistake.
- Exclusions:** Did you exclude all owners or officers that don't need to be included? Many times there are owners or officers that can be exempted.
- 1099s:** Did you include independent contractors? 1099s are considered your employees. Include all 1099s that have not provided you with certificates of insurance or the insurance company will make you pay for them at audit.



Watch Video



# At Kickstand, your quote is reviewed & adjusted by experts



## Why does it matter?

- Avoid surprise bills at audit
- Make sure all your employees are properly covered
- Protect yourself from lawsuits

## What do we check?

- Business categorized correctly
- Employees job roles
- Special discount opportunities

# RESOURCES

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[Knowledge Base](#)

[Insurance Terms Glossary](#)

[Kickstand Insurance Youtube](#)



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Kickstand

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