

# Workers' Compensation Fundamentals

September 13, 2016

# Workers' Compensation – Fundamentals

Workers' compensation is statutory insurance (required by law). It was established to provide injured workers specific but limited benefits and to protect employers from civil suit.

- **Mandatory coverage for employers**

- Employers required by law to carry coverage **must** have it
- No other line of insurance may substitute for it

- **Created as a compromise**



# Workers' Compensation – Fundamentals

- **Workers' compensation was created out of need**
  - 1920's increasing numbers of work injuries
  - Uncertainty and bills for injured workers
  - Lawsuits against employers
- **The need continues**
  - Virginia had 310,000+ work injuries in 2013
  - U.S. had nearly 3 million work injuries in 2013
  - Virginia had 116 work fatalities in 2014
  - U.S. had roughly 4,680 work fatalities in 2014\*

\* U.S. Dept. of Labor & Industry/Bureau of Labor Statistics



# Workers' Compensation – Fundamentals

For Workers, workers' compensation provides...

- **Prompt, but limited benefits:**

- Indemnity benefits
- Lifetime medical benefits
- Permanent disability benefits
- Cost of living supplements



# Workers' Compensation – Fundamentals

- **Worker must file a claim within the appropriate statute of limitations:**
  - Injury by accident
    - 2 years from date of accident
    - §65.2-601
  - Disease
    - Occupational Disease
    - Ordinary Disease of Life
    - §65.2-400, 401 & 406

# Workers' Compensation – Fundamentals

## Indemnity Benefits include:

- **Temporary Partial and Temporary Total**
  - 66⅔ percent of the average weekly wages
  - Undocumented workers ineligible for TPD
- **Permanent Total**
  - Lifetime wage replacement
- **Fatal**
  - Wage replacement benefits, funeral expenses and transportation

# Workers' Compensation – Fundamentals

## Lifetime Medical Benefits include:

- **Transportation**
  - Reasonable and necessary transportation costs
- **Panel of physicians**
  - Panel of at least three physicians
- **Diagnosis and treatment**
  - Payment for expenses related to injury or occupational disease
- **Vocational Rehabilitation**
  - Reasonable and necessary vocational rehabilitation



# Workers' Compensation – Fundamentals

## Permanent Disability Benefits include:

- **Loss of vision**
  - Found in Rule 13 of the Act
- **Loss of hearing**
  - Found in Rule 12 of the Act
- **Amputation**
  - Amputation chart provides percentage of loss of a body part
- **Disfigurement**
  - Clear, color photographs or in-person viewing
- **Permanent Partial**
  - Impairment rating provides loss of use of a body part





# Vision Loss (Rule 13)

## Loss of Vision

The percentage of visual acuity is based on the Snellen's Chart (Rule 13)

If the injured worker had pre-existing loss of vision, it is subtracted from the post injury reading prior to determination of the percentage of loss.

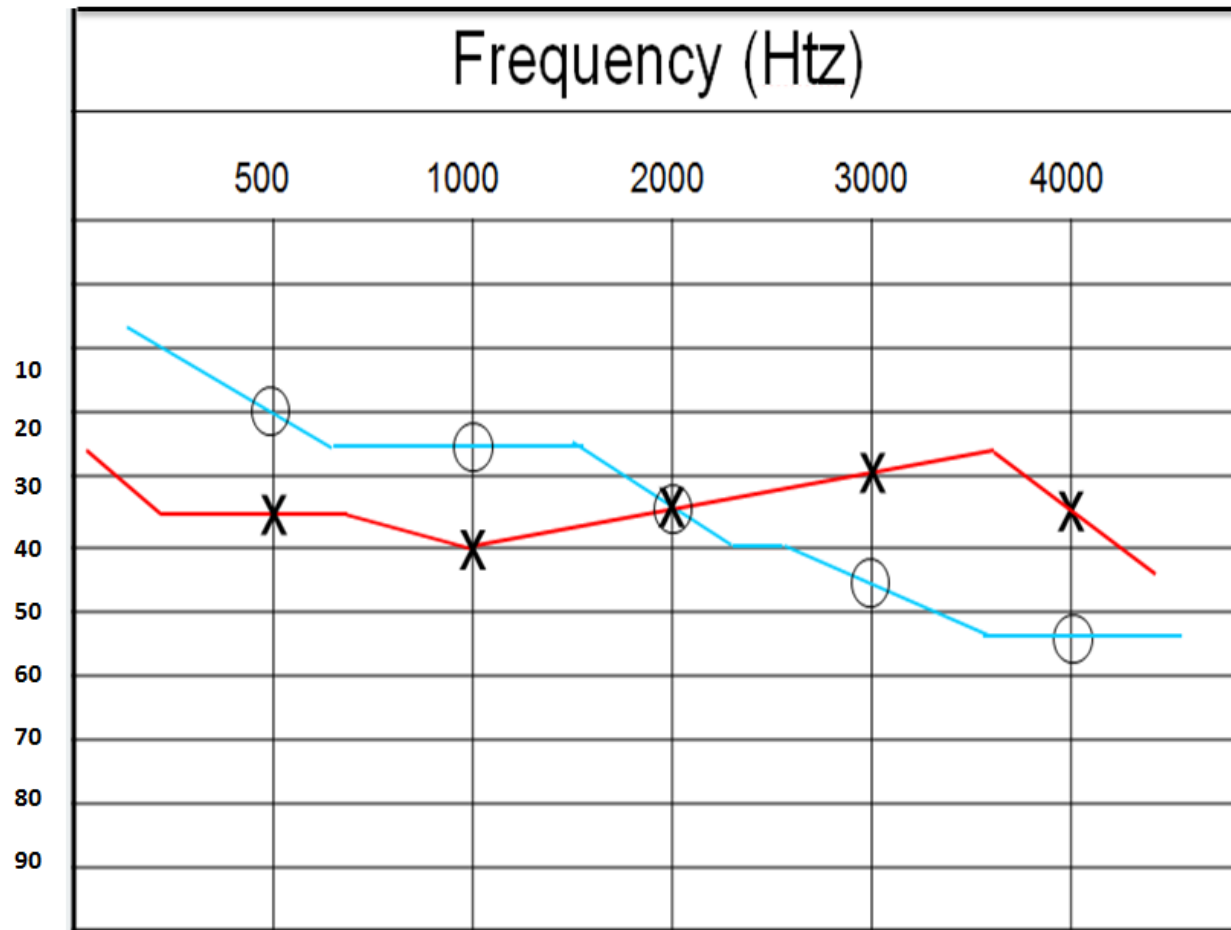
Snellen's Chart Readings	Percentage of Loss of Visual Acuity
20/20	0
20/25	5
20/30	10
20/40	20
20/50	25
20/60	33½
20/70	40
20/80	50
20/90	62½
20/100	75
20/110	80
20/120	85
20/130	87
20/140	89
20/150	91
20/160	93
20/170	95
20/180	97
20/190	99
20/200	100

# Hearing Loss Table (Rule 12)

Average Decibel Loss	Percent of Compensable Hearing Loss
27	.8
28	2.2
29	3.6
30	5
31	6.7
32	8.3
33	10
34	11.7
35	13.3
36	15
37	16.7
38	18.3
39	20
40	21.7
41	23.3
42	25
43	26.7
44	28.3
45	30
46	31.7
47	33.3
48	35
49	36.7
50	38.3
51	40
52	41.7
53	43.3
54	45
55	46.7
56	48.3
57	50
58	51.7

Average Decibel Loss	Percent of Compensable Hearing Loss
59	53.3
60	55
61	56.7
62	58.3
63	60
64	61.7
65	63.3
66	65
67	66.7
68	68.3
69	70
70	71.7
71	73.3
72	75
73	76.4
74	77.8
75	79.2
76	80.6
77	82
78	83.4
79	84.8
80	86.2
81	87.6
82	89
83	90.4
84	91.8
85	93.2
86	94.6
87	96
88	97.4
89	98.8
90 and over	100

# Audiogram Example



R = O  
 20  
 25  
 35  
 + 45  
 125 ÷ 4 = 31.25

% of Compensable Hearing Loss = 6.7%

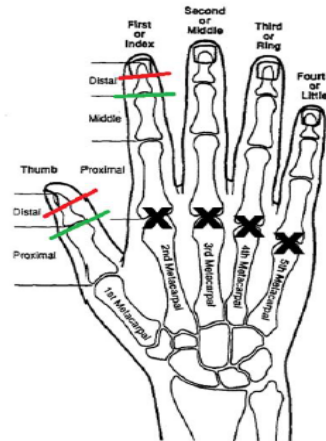
L = X  
 35  
 40  
 35  
 + 30  
 140 ÷ 4 = 35

% of Compensable Hearing Loss = 13.3%

# Permanent Disability Benefits - Amputation

## Amputation

### Amputation Percentage Guide for the Hand



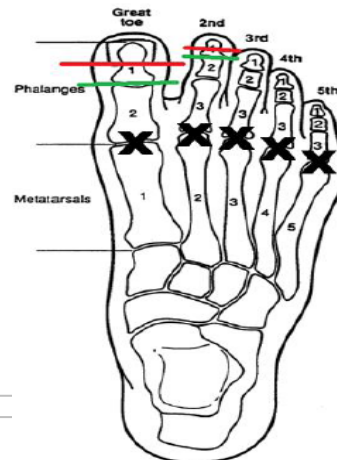
From tip of bone to red line equals 25%

From red line to green line equals 50%

From green line to X equals 100% of digit

Combined loss of digits should not exceed 100% loss of use of the hand

### Amputation Percentage Guide for the Foot



From tip of bone to red line (bottom of the nail bed) equals 25%

From red line to green line equals 50%

Loss of more than one phalanx of a toe is deemed loss of the entire toe

# Permanent Partial Disability §65.2-503

Loss	Compensation Period
Thumb	60 weeks
First finger (index finger)	35 weeks
Second finger	30 weeks
Third finger	20 weeks
Fourth finger (little finger)	15 weeks
First phalanx of the thumb or any finger is equal to one-half compensation for loss of entire thumb or finger. Loss of more than one phalanx of a thumb or any finger is deemed the loss of the entire thumb or finger. Amounts received for loss of more than one finger shall not exceed compensation provided for loss of a hand.	
Great toe	30 weeks
A toe other than a great toe	10 weeks
First phalanx of any toe is equal to one-half compensation for loss of entire toe. Loss of more than one phalanx of a toe is deemed loss of the entire toe.	
Hand	150 weeks
Arm	200 weeks
Foot	125 weeks
Leg	175 weeks
Permanent loss of vision of an eye	100 weeks
Permanent loss of hearing of an ear	50 weeks
Severely marked disfigurement of the body	not exceeding 60 weeks
First stage of pneumoconiosis, silicosis & asbestosis	50 weeks
Second stage of pneumoconiosis, silicosis & asbestosis	100 weeks
Third stage of pneumoconiosis, silicosis & asbestosis	300 weeks
Byssinosis	50 weeks

## Calculating PPD

% (rating) x number of weeks for body part x compensation rate = total amount due to the injured worker

# Workers' Compensation – Fundamentals

**Cost of Living Supplements, or COLA, is to ensure, as much as possible that the value of compensation paid under the Act does not diminish due to inflation.**

- **Prove eligibility and meet requirements**
  - Recipient of temporary total, permanent total or death benefits
- **Provide necessary documentation**
  - Information from the Social Security Administration



# Workers' Compensation – Fundamentals

## For Employers - workers' compensation provides...

- **A shield from civil suit:**
  - Benefit payout is limited to statutory benefits
  - No payment of non-economic benefits for:
    - Pain
    - Suffering
    - Loss of Consortium
    - Loss of Enjoyment of Life
    - Punitive Damages



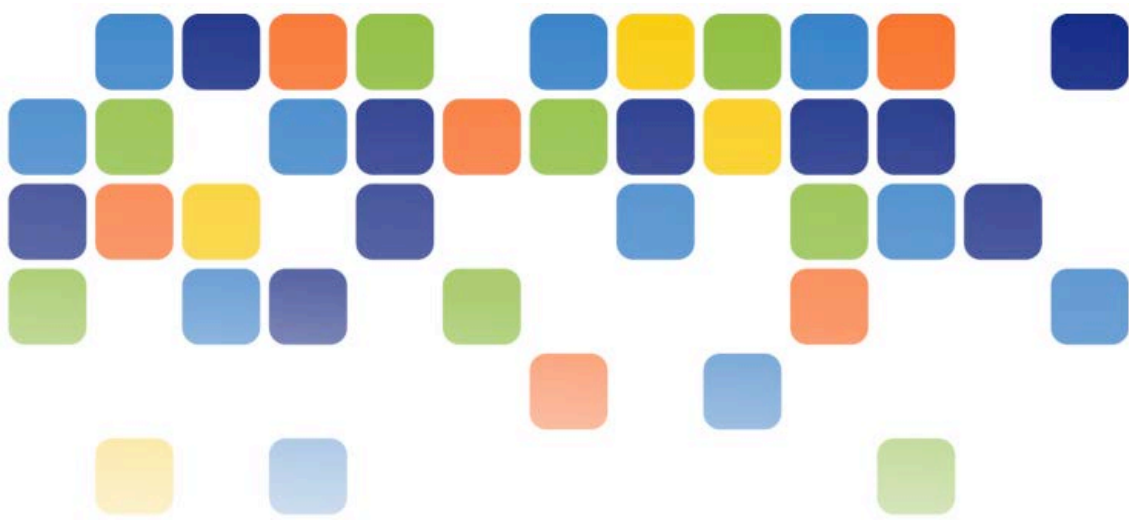
# Workers' Compensation – Fundamentals

## Workers' compensation is No Fault insurance

- **Employer may**
  - Be negligent
  - Provide unsafe work conditions
  - Provide inadequate training or supervision
- **Employee may**
  - Be careless or negligent







# Covered Injuries and Claims

# Covered Injuries

Not all injuries that occur at work are covered injuries

- Work injury is covered only if it arises out of and in the course of employment
- Worker has the burden to prove
  1. An identifiable incident or event
  2. Causing an obvious sudden change
  3. Must trace injury to a definite time, place or circumstance



# Claim Handling

In the event of a claim a Claims Adjuster takes all action on behalf of the Employer...

- **The Claims Adjuster:**

- Accepts or denies the claim
- Can pay voluntarily
- Communicates with worker
- Communicates with physician
- Adjusts claim
- Can settle claim



- **Employer has little to no say in claim handling.**

# Claims Adjuster Claim Denials

- **The Claims Adjuster can deny claims**
  - Injured worker's burden of proof to prove claim
  - Injured worker must also file claim forms for each benefit
- **Law provides for denial of:**
  - Willful misconduct
  - Intentional self-injury
  - Intentional injury to another
  - Intoxication
  - Use of non-prescribed drug
  - Willful failure to follow employer's reasonable rules



# Violation of a Safety Rule

- **Failure to follow an employer's safety rule is a common reason for claim denial**
- **Employer and carrier's burden to demonstrate that the:**
  - Rule was reasonable
  - Rule was known to the employee
  - Rule was for the employee's benefit
  - Employee intentionally engaged in a forbidden act

# In the Event of an Injury...

## Ensure that injured worker obtains prompt medical care and treatment:

- Encourage medical treatment, if needed
- Prompt care can reduce costs in the long run
- Seek emergency care, if needed
- Provide injured worker a panel of physicians:
  - Three physicians
  - Not within the same practice or group
  - Must be a physician, not a facility
- Gather all relevant facts surrounding work injury
- Promptly report injury using carrier's preferred method
  - Carrier is responsible for reporting injury to Commission

# Cost Savers

## Employers are sometimes unaware of steps they can take to reduce injuries and costs:

- Provide training
- Workplace safety
- Provide Return-to-Work program
- Support health and wellness efforts for employees
- Avoid overtime if possible
- Promote and incentivize a drug free workplace
- Learn from prior injuries
- Avoid audit premium
- Know coverage obligations and legal duties



# Claim Prevention

- **Safety First!**
- **Prevention is the best way to reduce claims**
  - Identify and eliminate workplace hazards
  - Provide personal protective equipment
  - Identify training needs, train and reinforce training
  - Review work injuries to identify hazards and causes and eliminate both
  - Encourage employees to identify and eliminate workplace hazards





# Workplace Safety

## Accidents occur but most are preventable



- Make workplace safety a priority
- High hazard business should make it higher priority
- Use free OSHA or insurance work safe consult services
- Provide workplace safety training where needed
- Monitor and enforce safety practices
- Claims that occur where enforced safety rules were not followed can be denied

# Return to Work

- **Create a “Return-to-Work” program**
  - Can reduce policy cost and earn premium credit
- **In the event of work injury, an employee’s return to work sooner *reduces* claim costs**
  - Do not require full duty, without restrictions
  - Offer light duty work for employee with limitations
  - Return to work reduces indemnity pay out
  - Reduced claim costs translates into better experience
  - Studies indicate - the longer a worker is out of work the more likely it is they will ***never*** return to work



# Return to Work

## Consider this...

- An employee off work more than 6 months has less than a 50% chance of ever returning to work!
- From the Florida Partnership for Safety and Health with a grant from the Public Entity Risk Institute:  
  
“...after six weeks of disability there is only a 50% chance that injured workers will return to work. When disabled for a full year, there is only a 1% to 2% chance that injured workers will ever return to work.”

[www.riskinstitute.org/peri/images/file/Chapter8overcomingorganizationalresistance](http://www.riskinstitute.org/peri/images/file/Chapter8overcomingorganizationalresistance)

# And...

**“Complicating the recovery process are psychological components to injuries. Workers who remain on disability are subject to a condition called “disability syndrome,” which causes them to be unable to return to work even when it is medically feasible. This condition can happen when their ability to be productive is taken away and they sink into depression to go along with the physical pain from the injuries. With such a condition, workers tend to magnify the physical pain until it becomes an immovable obstacle to returning them to work.”** *-Kirk Hansen, Florida Partnership for Safety and Health*





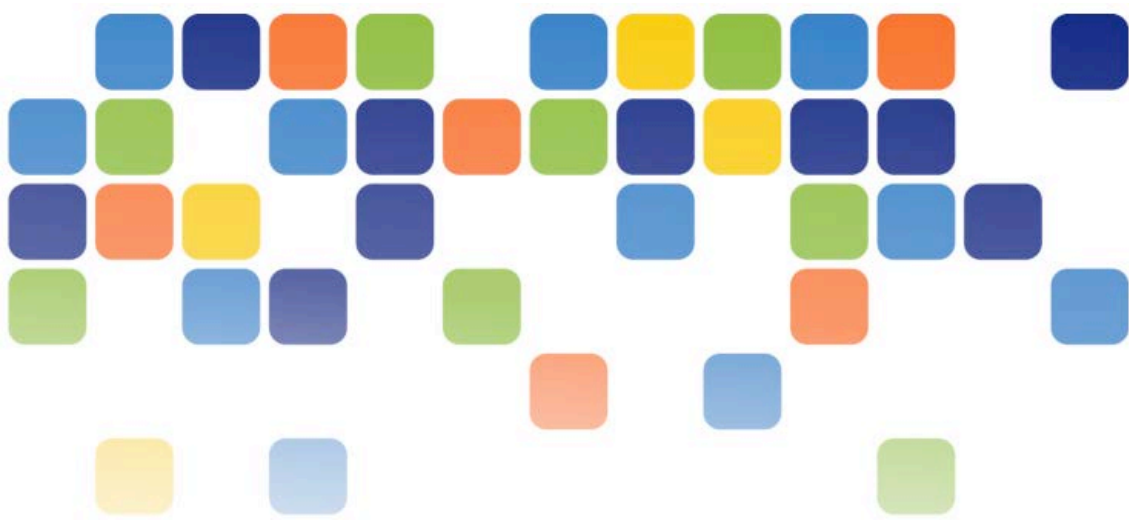
# Questions?

Vivian R. Lane, Manager

Virginia Workers' Compensation Commission

804.205.3603

[Vivian.lane@vwc.state.va.us](mailto:Vivian.lane@vwc.state.va.us)



# Virginia

## Workers' Compensation Coverage Requirements

# Coverage Requirements

- **Virginia workers' compensation coverage requirements are complicated**
  - Not set out in one place in the law
    - Definition § 65.2-101
    - Presumption of acceptance of provisions of title; exemptions; notice and rejections § 65.2-300
    - Statutory Employer § 65.2-302

# Regularly In Service

Coverage is required for more than two employees regularly in service

- **What does regularly in service mean?**

The number of persons used to carry out the established mode of performing the work of the business is determinative, even though the work may be recurrent instead of constant.





## Regularly in Service cont.

- **Status of the employer does not fluctuate**
- **Employer remain subject to the provisions of the act even if the number of his employees temporarily falls below three**
- **An employer cannot oscillate between coverage and exemption as his workforce exceeds or falls below the minimum from time to time**

# Employee

- **Employee is defined broadly in the law. It includes:**
  - Every person in the service of another
  - Any contract of hire, written or implied
  - Minors, undocumented workers, apprentices and trainees
  - Temporary, seasonal and part-time workers
  - Lawfully or unlawfully employed
  - Family members
  - Executive officers



# Employee - Executive Officers

- **“Executive officer means (i) the president, vice-president, secretary, treasurer or other officer, elected or appointed in accordance with the charter and bylaws of a corporation and (ii) the managers elected or appointed in accordance with the articles of organization or operation agreement of a limited liability company.”**



# Exception: Single Shareholder/Member

- **A shareholder of a stock corporation having only one shareholder – if not an executive officer**
- **A member of a limited liability company having only one member – if not a Manager**
  - Under § 65.2-101 (1) (n) a shareholder of a stock corporation having only one shareholder and a member of a LLC having only one member must elect to be included as an employee under the workers' compensation coverage of the business.

# Limited Liability Company – Multiple Members

- **The law is silent as to multiple members**
- **The Insurance Department's position is that members will be counted as employees if**
  - the member(s) performs work and earns wages distinct from their LLC duties



# Sole Proprietors and Partner Owners

- The Act identifies other individuals that are not employees and can only be covered *if* the insurer is notified of such election.
  - Sole proprietor
  - All partners of a business



# Coverage Exceptions

## ■ Domestic Employment

- A person hired (by the household) primarily for the performance of household duties and chores, the maintenance of the home and the *care comfort* and *convenience* of members of the household. A business owner cannot claim this exception.
- No numerical limit on the number of domestic employees



# Coverage Exceptions continued

- **Farm and horticultural laborers – requirements**
  - Employer with regularly more than three full time employees
- **Farm**
  - The Courts have looked to the definition of a “**Farming operation**” in Black’s: “Tillage of the soil, dairy farming, ranching, production or raising of crops, poultry, or live-stock, and production of poultry or livestock products in an unmanufactured state.”
  - Court decisions: a **horse training farm** and a **winery** are not “farms”.
- **Horticultural work**
  - Involves cultivating fruits, vegetables, flowers and plants; and tilling or fertilizing to prepare for raising crops or plants.
  - Court decisions: **Landscaping** and **Lawn Care** are not horticultural work.



# Coverage Exceptions continued

**Volunteers that earn no compensation and nothing of value are not covered by the Act**

- **A Volunteer can be endorsed on a policy**



# Coverage Exceptions continued

## Volunteer firefighters, lifesaving workers and rescue squad members are uniquely addressed in the Act

- Coverage must be extended by the governing body of the locality in which they work
- The volunteer unit itself can elect to provide coverage



# Summary

- **Be careful to consider how broadly employee is defined by the law.**
  - Corporate officers
  - Managers
  - Temporary or part-timers
  - Subcontracting out
  - Employees misclassified
    - Independent contractor



# Statutory Employer Law

- Employer is defined broadly under the Statutory Employer law
- A business that hires or subcontracts out work is usually required to carry coverage.

# Employer continued

- Two parts to the Statutory Employer Law

Part A – When a business subcontracts out work that is the same trade, business or occupation, they must include subcontractor's employees when counting employees to determine coverage requirements.

Example:  
Roofer hires a roofing sub



# Employer continued

- Two parts to the Statutory Employer Law

Part B – A business that subcontracts out work that is not their own trade, but fulfills part of a contract of their business, must include the subcontractor's employees when counting employees.

Example:

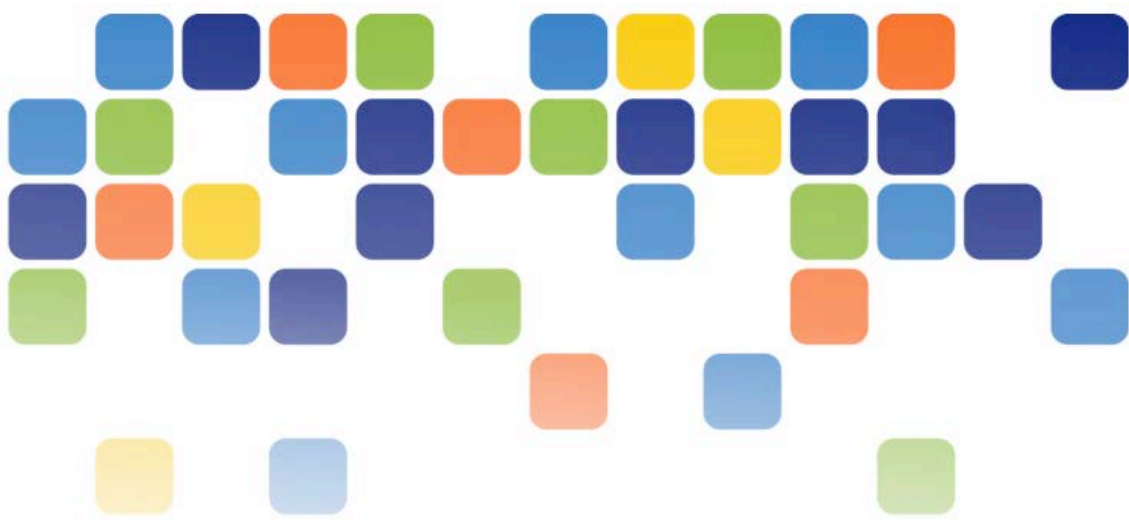
Homebuilder – subs out foundation, electrical, etc.



# Employer continued

- **Statutory Employer Law points**
  - A subcontractor with coverage does ***not negate*** the need for a business owner to carry workers' compensation coverage
  - All subcontractors represent exposure to an insurer
  - Business owner should request and each subcontractor's proof of coverage (for audit) for all subcontractors hired
  - Owner should not be charged insurance premium for subs that have their own coverage



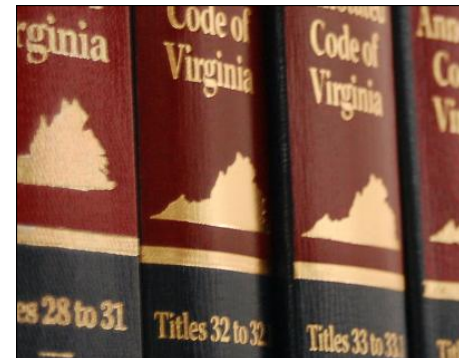


# Rejection of Coverage Form 16A



# Section 65.2-300

- “An executive officer may reject coverage . . . for injury or death by accident, but not with respect to occupational disease, if prior to such accident, notice is given to the employer and filed with the Commission. . .”
- Form 16A designed to provide notice



# Executive Officer Definition cont.



**Non-compensated officers of corporations exempt from taxation pursuant to Section 501 (c) (3) of Title 26 of the United States Code (Internal Revenue Code of 1954) or (ii) *property owners' associations as defined in § [55-509](#)***

# Executive Officer - Other

- **Officers must be verified in SCC**
- **Single shareholders need not reject coverage**
- **For a rejection to be processed with a title other than president, vice-president, secretary or treasurer of a corporation documentation must accompany the 16A form identifying the officer as being elected or appoint as such officer**
- **Directors cannot reject coverage**

# Executive Officer - Manager



- **Managers cannot be verified in SCC**
- **Manager(s) rejecting coverage must provide a copy of the articles of organization or operating agreement showing the individual(s) as appointed or elected as Manager(s)**
- **Single member Managers of LLCs need not file a rejection**

# SCC – Clerk's Information System



Commonwealth of Virginia  
State Corporation Commission

SCC  
Clerk's  
Information  
System

CISM0180 CORPORATE DATA INQUIRY

09/29/14  
13:25:32

[Help](#)

CORP ID: 0566377 - 8 STATUS: 0 ACTIVE STATUS DATE: 01/08/14

[Print](#)

CORP NAME: KING GEORGE PIZZARIA, INC.

[Signoff](#)

DATE OF CERTIFICATE: 10/18/2001 PERIOD OF DURATION: INDUSTRY CODE: 00  
STATE OF INCORPORATION: VA VIRGINIA STOCK INDICATOR: S STOCK  
MERGER IND: CONVERSION/DOMESTICATION IND:  
GOOD STANDING IND: Y MONITOR INDICATOR:  
CHARTER FEE: 50.00 MON NO: MON STATUS: MONITOR DTE:  
R/A NAME: BOURDOW BOWEN & ELLIS PC

STREET: 5104 W VILLAGE GREEN DR STE 108 AR RTN MAIL:

CITY: MIDLOTHIAN STATE : VA ZIP: 23112

R/A STATUS: 5 B.E. AUTH IN VI EFF. DATE: 11/22/08 LOC : 120  
ACCEPTED AR#: 214 12 7882 DATE: 08/28/14 CHESTERFIELD CO  
CURRENT AR#: 214 12 7882 DATE: 08/28/14 STATUS: A ASSESSMENT INDICATOR: 0  
YEAR FEES PENALTY INTEREST TAXES BALANCE TOTAL SHARES  
14 100.00 1,000



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Commonwealth of Virginia  
State Corporation Commission

SCC  
Clerk's  
Information  
System

CISM1001 OFFICERS/DIRECTORS AND PRINCIPAL OFFICE

09/29/14  
13:26:14

[Help](#)

CORPORATE ID: 0566377 - 8 CURRENT AR# 214-12-7882 DATE 08/28/14

[Print](#)

CORP NAME: KING GEORGE PIZZARIA, INC.

[Signoff](#)

STREET: 12576 WARDS ROAD

CITY: RUSTBURG STATE: VA ZIP: 24588

S C DIR REQUIRED: Y

E A OFFICERS/DIRECTORS DISPLAY FOR AR# 214-12-7882

L T NAME

B SALVATORE VITALE

VITO CONIGLIARO

MICHAEL VITALE

JOE CONIGLIARO

TITLE SIGN

PRESIDENT

VICE PRESIDENT

TREASURER

SECRETARY

# Effective Date of Rejection

- “. . . notice shall be effective as of the last to occur of (i) the date of the inception of the policy or (ii) the delivery of such notice to the employer”

## Example A:

- Officer Signature date 7/1/2015
- Employer Signature date 7/7/2015
- Policy effective date 7/1/2015
- Approval 7/7/2015

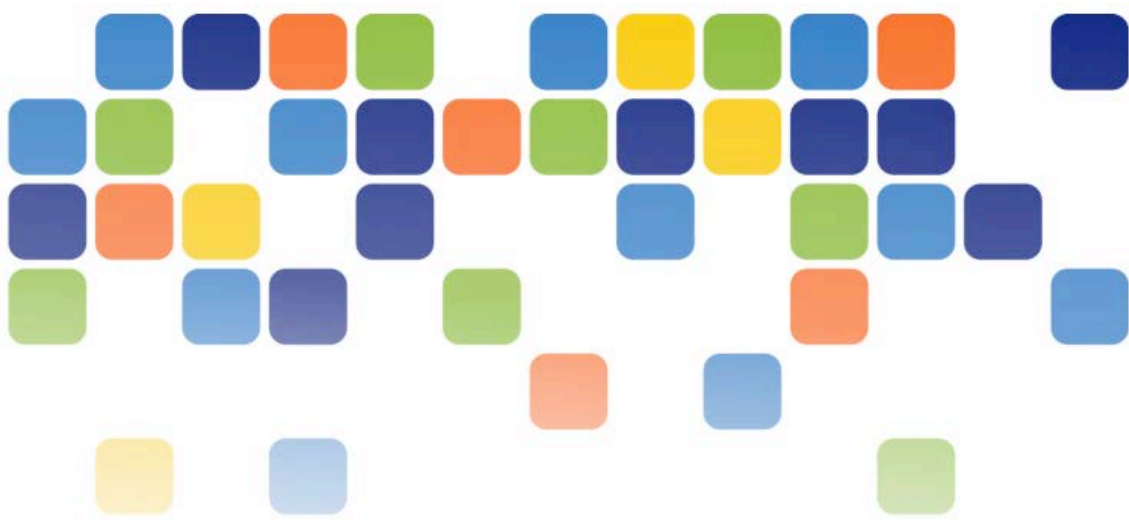
## Example B:

- Officer Signature date 7/1/2015
- Employer Signature date 6/30/2015
- Policy effective date 7/1/2015
- Approval 7/1/2015



# Notification of Approval

- **The following shall receive copies of approval:**
  - **Officer**
  - **Carrier**
  - **Agent, if applicable**
- **Approval is continuous unless revoked by filing notice with the employer and Commission (17A)**



# Independent Contractor vs. Employee



# Independent Contractor

- Independent Contractor is not defined by the law

- Defined by court decisions
- Designating a person as an Independent Contractor or paying them on a 1099 is not determinative

**Independent Contractor**



**Or Employee**

# Independent Contractor cont.

- Employers cannot simply designate persons as employees or independent contractors; what the parties to such a contract call their relationship is but one factor to consider in determining the status of employee versus that of independent contractor, and the right of control is the determinative factor in ascertaining the parties status. Howarth v. Rockingham Publishing Co., 20 F. Supp. 2d 959 (W.D. Va. 1998)

# Independent Contractor cont.

- **The elements of an employment relationship are:**
  1. Selection and engagement of the worker
  2. Payment of wages
  3. Power of dismissal
  4. Power of control of worker's actions\*

\*This is the most important factor

# Independent Contractor cont.

- An employer-employee relationship exists if the party for whom the work is to be done has the power to direct the means and method by which the other does the work. If the latter is free to adopt such means and methods as he chooses to accomplish the result, he is not an employee but an independent contractor. Intermodal Servs., Inc. v. Smith, 234 Va. 596, 364 S.E.2d 221 (1988).

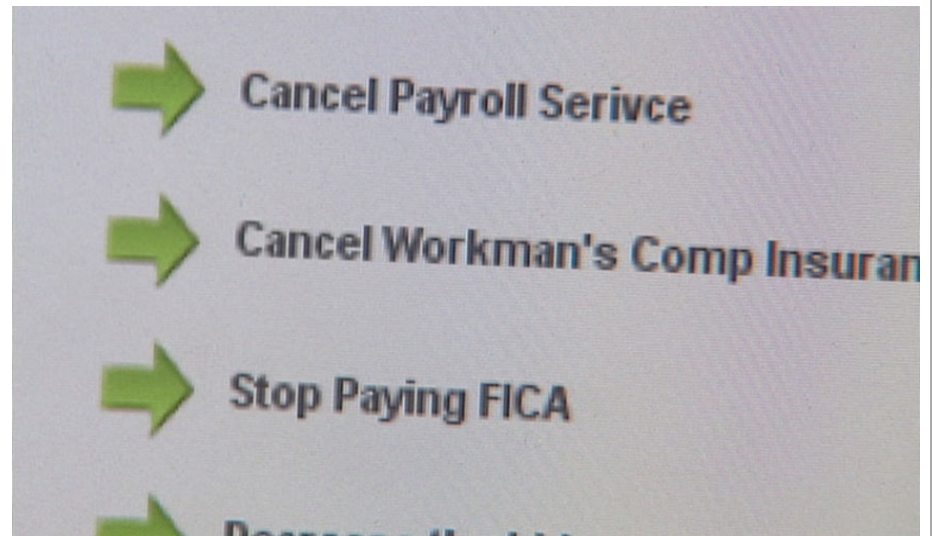
# Independent Contractor continued

- **Example. Consider a Home Health Care business with 1 office worker. Calls all aides “independent contractors”. Obtains contracts for care.**
  - Remember, IC designation/1099 do not determine if employee
  - Obtaining contracts may put it under Statutory Employer law
  - Consider the 4-factor IC v. Employee test
  - Does the business owner exert control over the worker(s)?



# Employee Misclassification

- **Employee Misclassification: When an employer improperly classifies a person as an Independent Contractor rather than as an employee**
  - Do so to save money
  - Deprives workers of benefits and protections
  - More common in trucking, construction, healthcare food service and IT



# Employee Misclassification continued

- **Misclassification is often identified at audit which can be costly and troublesome**
- **Be upfront with your Agent**



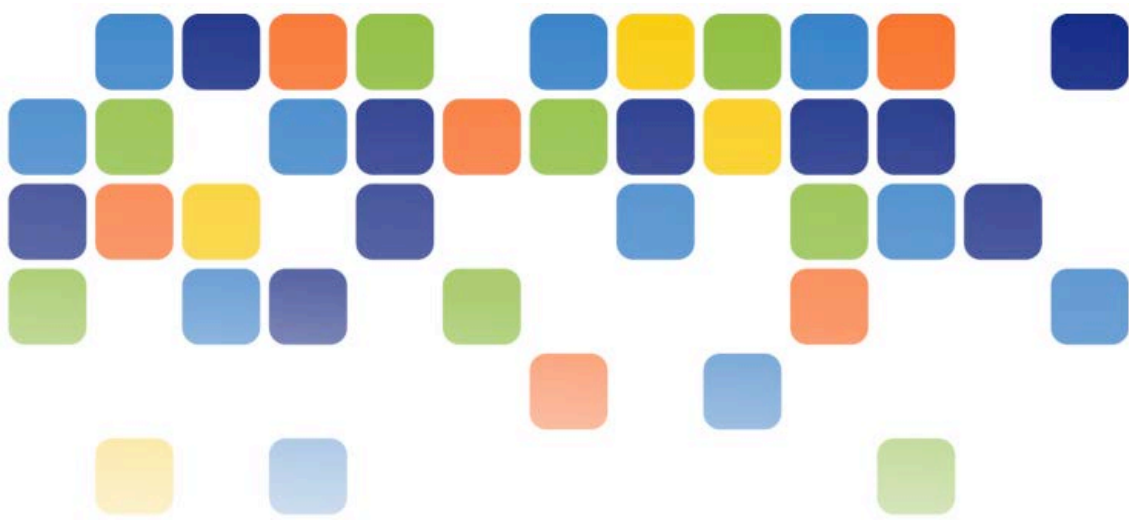
# VIRGINIA EMPLOYER NON-COMPLIANCE ALERTS

[WWW.VENCALERTS.COM](http://WWW.VENCALERTS.COM)



The intent of this website is to give the public an opportunity to report potential employee misclassification and non-compliance with the [Virginia Workers' Compensation Act](#).





# Across State Lines

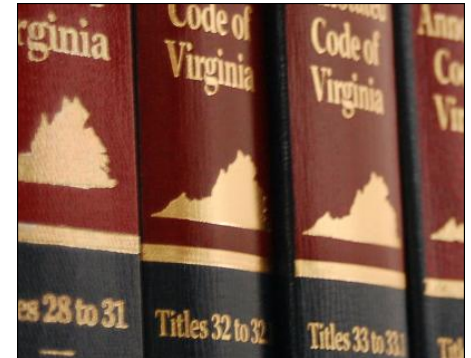
# Across State Lines

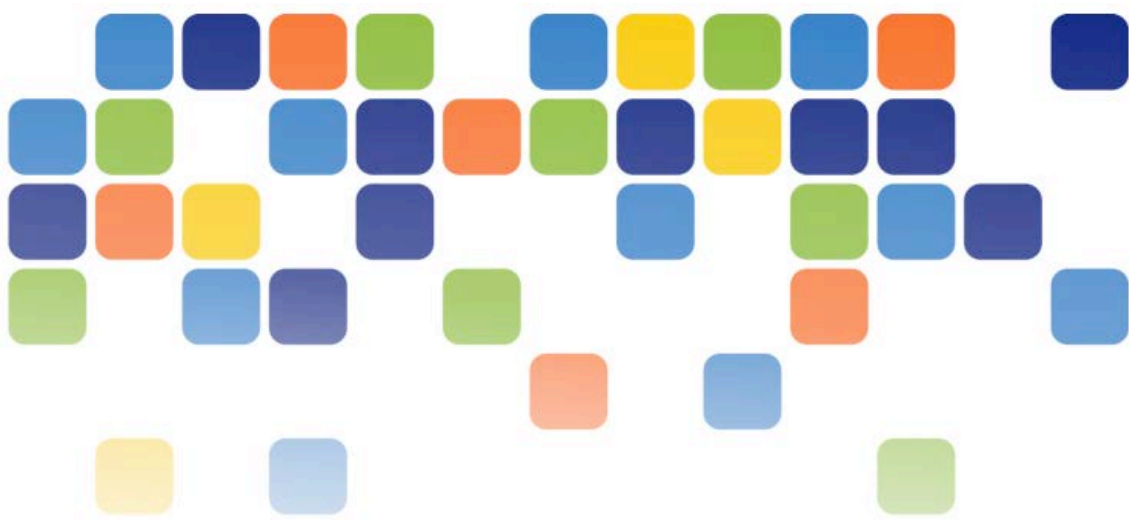
- **Virginia requires Virginia coverage for work in Virginia**
- **Some employers have coverage based outside Virginia**
  - Most out of state employers can obtain VA coverage by obtaining a **Virginia Amendatory Endorsement** adding VA to item 3A of their existing out of state policy
  - The 3A endorsement is for **known exposure**
  - 3C endorsement is not sufficient – it is for unknown exposure
  - If coverage is with a carrier unlicensed in Virginia – then the employer needs to obtain a separate Virginia based policy
  - Other 3A states include New York, Massachusetts and New Hampshire
- **Virginia does not have reciprocity with any states**
  - Virginia coverage is required for even temporary work in Virginia

# Foreign Injuries Statute § 65.2-508

- Virginia worker traveling or temporarily working out of state is likely covered by VA coverage if:

- Contract of employment is made in Virginia
- Employer's place of business is in Virginia
- Employee's work is not exclusively performed outside Virginia
- Employee is not compensated in another state





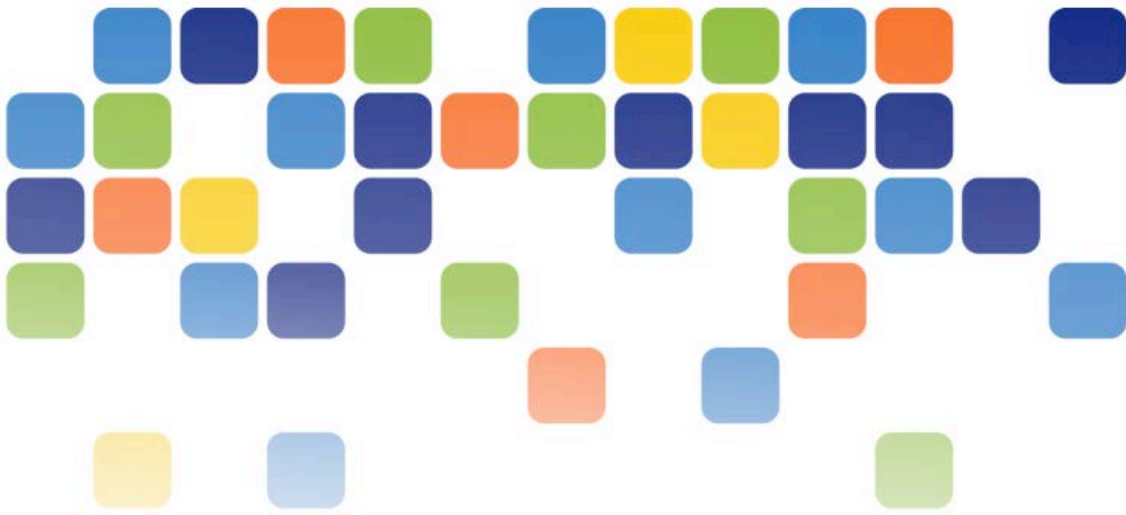
# Workers' Compensation Insurance Dual Regulation

# Regulation of WC Insurance

- **Workers' compensation is under dual regulation in Virginia as in most states.**
  - Virginia Workers' Compensation Commission – Insurance Dept.
  - Bureau of Insurance (in State Corporation Commission)
- **Commission's Insurance Department**
  - Administers the Act
  - Enforces employer coverage compliance
  - Enforces insurance carrier compliance
  - Approves Insurance Forms (endorsements)
  - Reviews and approves Officer Rejection of Coverage filings
  - Registers and regulates Professional Employer Organizations

# Regulation of WC Insurance (continued)

- **Virginia Workers' Compensation Commission requests proof of coverage when a policy cancels**
  - And does not renew
- **Provide Proof of coverage**
  - Please send: Binder, Declaration Page or Information Page
  - ***DO NOT SEND*** a Certificate of Insurance
- **Submit:**
  - **By Fax:** 804 367-2239; or
  - **By email:** [vwcinsurance@workcomp.virginia.gov](mailto:vwcinsurance@workcomp.virginia.gov)



# The Safety Factor

Most employers think they work safe





# Insurance Premium Calculations

## Safety is built into premium calculation

- **Classification code(s)**
  - 640+/- in Virginia
  - Each has an assigned rate based on industry hazard
- **Payroll**
- **Experience modifier**
  - Three year loss history
  - Safer employer ⇒ less claims ⇒ lower mod



# Policy Details

*factors employer cannot alter*

*the factor employer best controls*

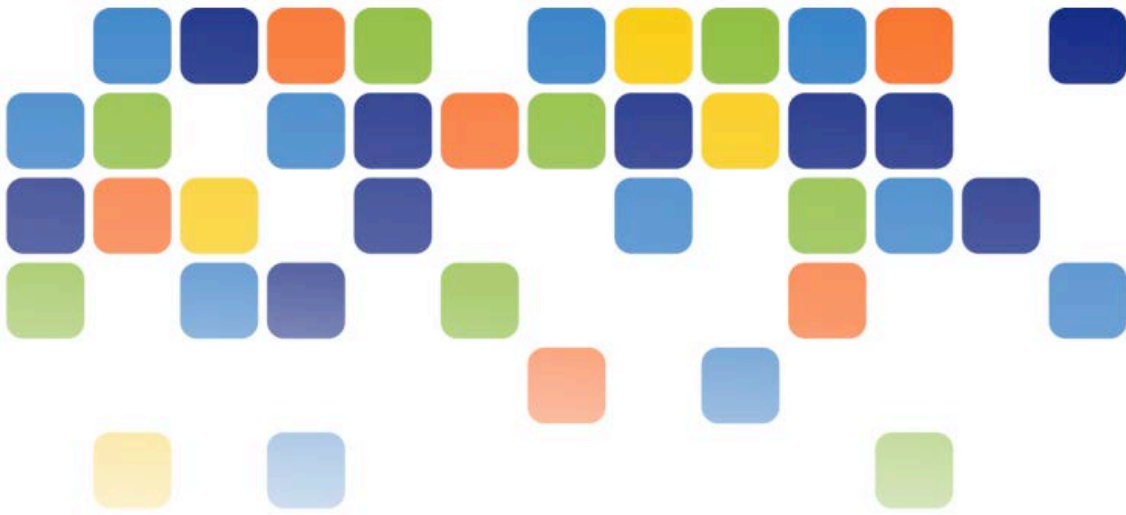
Occupation	Payroll	Rate	Experience Rating	Basic Manual Premium
Clerical	\$200,000	0.17	0.50	\$1,170.00
<b>Clerical</b>	<b>\$200,000</b>	<b>0.17</b>	<b>1.00</b>	<b>\$3,400.00</b>
Clerical	\$200,000	0.17	1.50	\$5,100.00
Roofing	\$200,000	25.97	0.50	\$25,970.00
<b>Roofing</b>	<b>\$200,000</b>	<b>25.97</b>	<b>1.00</b>	<b>\$51,940.00</b>
Roofing	\$200,000	25.97	1.50	\$77,910.00

*Experience rating is where greatest savings can be realized, or costs added*

# Drug-Free Workplace

- **§65.2-813.2 provides for a premium discount of up to five percent (5%) to every employer instituting and maintaining a drug-free workplace program satisfying such criteria as each insurer may establish.**





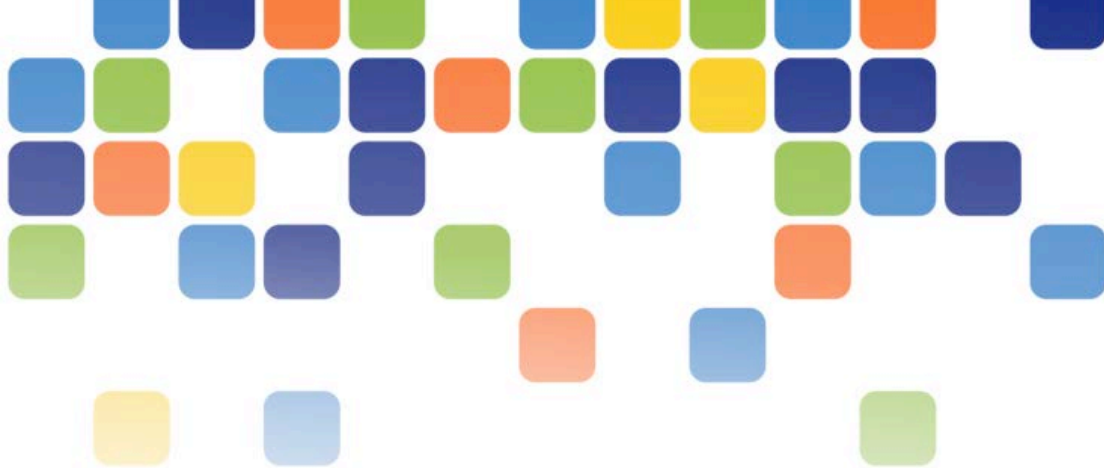
# Penalty Considerations

# Penalty Considerations

- **Employers subject to the Act must properly insure**
  - The civil penalty for failing to insure is up to \$250 per day
  - Maximum penalty is \$50,000.00
- **Other penalties**
  - § 65.2-806 provides for criminal penalties for employer who knowingly and intentionally fails to comply with the Act
  - § 65.2-902 provides for civil penalty for failure to make any report required of the Commission – fine is not more than \$500 for each failure, but up to \$5,000 if willful.

Any Other Questions?





**Vivian Lane**  
**Claims Services Manager**

**Suzanne Soule**  
**Assistant Insurance Manager**

Virginia Workers' Compensation Commission  
1000 DMV Drive  
Richmond, Virginia 23220  
(804) 482-5304

Website: [www.workcomp.virginia.gov](http://www.workcomp.virginia.gov)