

What is workers' compensation?

Workers' compensation is a state-mandated, "no-fault" insurance system that pays benefits to workers who are injured on the job. It is used to compensate them for medical care, a portion of their lost wages and any permanent residual disability associated with the injury. In return, the employers who pay for these various benefits receive immunity from any possible civil lawsuits that could otherwise be instituted in connection with the workplace injury. The requirements of the state's Workers' Compensation Law are contained in Chapter 287 of the Revised Statutes of Missouri.

How do I obtain workers' compensation coverage?

You can purchase workers' compensation insurance from a private insurance company or, if you can meet the requirements of the Division of Workers' Compensation, you can self-insure as an individual business or as a member of a group self-insured trust.

For employers seeking competitively-priced insurance from a private insurance company, the Department of Insurance, Financial Institutions & Professional Registration (DIFP) has developed a tool on its Web site that allows employers to compare the rates charged by individual insurers for a given job classification code.

If you are seeking certification as a self-insured employer or are seeking to join a self-insured group of employers, contact the Division.

If you cannot find an insurance company that will sell workers' compensation insurance to you, and you are unable to self-insure, you may seek coverage from the state's "assigned risk pool," now operated on behalf of the state by Travelers Commercial Casualty Company.

What state agencies administer the workers' compensation system?

The Division of Workers' Compensation of the Missouri Department of Labor and Industrial Relations oversees the day-to-day operations of the system. It does not provide insurance or pay benefits to injured employees. Rather, its role is to make sure that employees receive the benefits they are due. The Division:

1. Enforces the laws requiring insurers to purchase workers' compensation insurance or self-insure
2. Receives reports of workplace injuries from insurance companies or third party claims administrators hired by employers
3. Provides dispute resolution services to assist employers and employees in resolving problematic workers' compensation cases
4. Monitors insurance company safety programs
5. Investigates allegations of fraud or non-compliance with the provisions of the Workers' Compensation Law

Another state agency, the Missouri Department of Insurance, Financial Institutions & Professional Registration (DIFP) regulates private insurance companies that write workers' compensation insurance. The Department:

1. Reviews and approves workers' compensation insurance policy forms, endorsements and rules
2. Monitors the workers' compensation insurance market to make sure that it remains competitive
3. Oversees the "assigned risk pool" to ensure fair rates and good service
4. Investigates any employer complaints regarding insurance company decisions relating to workers' compensation policies, particularly decisions relating to job classification codes and premium audits

Workers' Compensation - Quick Reference Guide

Missouri Department of Insurance, Financial Institutions & Professional Registration:

Harry S. Truman Building
301 West High St., Room 530
P.O. Box 690
Jefferson City, MO 65102
<http://www.difp.mo.gov>
Consumer Insurance Hotline 1-800-726-7390
TDD Number 573-526-4536
Property & Casualty Section 573-751-3365

Missouri Division of Workers' Compensation:

3315 West Truman Boulevard Room 131
P.O. Box 58
Jefferson City, MO 65102
<http://www.dolir.missouri.gov/wc/>
Employer Hotline 1-888-837-6069
Employee Hotline 1-800-775-2667
Workers' Safety Program 573-526-3504
Early Dispute Resolution Unit 573-526-4951
Self-Insurance Unit 573-526-6004
Benefit Unit 573-522-1467
Fraud & Noncompliance Unit 1-800-592-6003
Crime Victims' Compensation 1-800-347-6881

National Council on Compensation Insurance (NCCI)

1-800-622-4123
<http://www.ncci.com>

Missouri Association of Insurance Agents (MAIA)

573-893-4301
<http://www.missouriagent.org>

Travelers Commercial Casualty Company

1-800-842-9346

Workers' Compensation

Frequently

Asked

Questions



DIFP
Department of Insurance
Financial Institutions &
Professional Registration

Does an employer have to carry workers' compensation insurance or be certified to self-insure?

As a general rule, employers with five or more employees must have coverage, although employers in the construction industry with even one employee must be covered. However, the law does not apply to certain classes of employees, such as farm laborers, domestic servants, certain real estate agents and direct sellers, inmates, volunteers of certain tax-exempt organizations, and interscholastic and amateur youth sports officials.

Sole proprietors and partners are not covered unless they elect to be covered. On the other hand, close family member-employees and members of Limited Liability Companies are presumed to be covered unless they formally opt out of coverage. Executive officers of corporations are considered employees and must be covered if the employer meets the requirements for corporate coverage.

Employers who don't have the required number of employees or who have employees in the exempt categories may nonetheless elect to come under the law by purchasing coverage. Exempt employers that decide *not* to purchase workers' compensation insurance or to self-insure remain exposed to civil lawsuits brought by employees who are injured on the job.

What benefits do injured workers receive from workers' compensation coverage?

The most important workers' compensation benefit is medical care designed to cure and relieve the effects of the injury. In Missouri, employers have the right to select the health care provider. Besides medical treatment, injured employees may receive temporary total disability payments of up to 2/3 of their average weekly wage after missing three days of work. If the employee is off work more than 14 days, the employee then is paid for the first three days of work missed as well. There is a maximum limit on the benefit that is deter-

mined each year. Please check the Division of Workers' Compensation's Web site to determine the maximum temporary total disability benefit limit that may apply to your case. Note: Any benefits an injured employee receives through workers' compensation are not taxable.

Additionally, payments are required if the injured employee has a permanent impairment (e.g. loss of a finger) or cannot return to work. Finally, if the injury results in death, benefits are paid to the employee's surviving dependents.

What are my responsibilities as an employer under the workers' compensation law?

Maintaining Coverage

Failure to provide required coverage is a class A misdemeanor with a penalty equal to three times the annual premium you should have paid, or \$50,000, **whichever amount is greater**. You are also liable for the costs of the any injuries suffered by your employees and are exposed to the possibility of a civil lawsuit.

Posting of Notice

You must post a standardized notice in a conspicuous place at each job site so that your employees know what to do if an injury occurs. The notice indicates that you are operating under the Workers' Compensation Law. It should also identify information on your insurance carrier or claims administrator, outline the requirement that employees report all injuries immediately, provide the Division's toll-free number, and point out that fraudulent action by the employee, employer or anyone else is unlawful. You can get a copy of the notice poster from your insurer or from the Division.

Medical Care

The employer is required to provide immediate medical care for any injured employee. Note: If your employee misses no time from work and all medical bills total less than \$1,000, you may pay the bill yourself.

While you must still notify your insurance company and the Division, the cost of the medical only claims that you pay yourself are not factored into your experience modification factor"thereby helping to lower your future premium charges.

Injury Reporting

You must notify your insurance carrier as soon as possible after an injury occurs. You must report the injury to the Division on a WC-1 form within 10 days of the incident. (Usually your insurer will report for you.) *Knowingly* failing to report an accident is considered a misdemeanor.

How is workers' compensation insurance priced?

Since January 1, 1994, Missouri insurance companies have set their final premium rates without the approval of the Department. Generally, insurance companies base their rates on loss data compiled on the various job classification codes and filed with the Department by a private, multi-state entity known as the National Council on Compensation Insurance, Inc. (NCCI). The NCCI is also responsible for maintaining the job-classification-code system and administering the experience rating plan.

What is an experience mod?

The NCCI calculates your experience modification factor or "mod" by comparing your actual loss experience to loss experience a typical employer in your line of work would have been expected to experience over the prior three year period. If your actual losses are lower-than-expected, your experience mod should be less than 1.00, which will reduce your premium. If you have higher-than-expected losses for your industry, your experience mod should be greater than 1.00, and you will be charged additional premium. Not all insurance policies are experience rated, however. Your policy must cost more than \$7,000 for one year or \$3,500 for each of two years to qualify for experience rating.

What is schedule rating?

Schedule rating allows insurance companies to adjust an employer's premium for the unique characteristics of the employer's operations, based on a pre-determined schedule filed with the Department applicable to all the insurance company's Missouri policyholders. Each insurance company's plan is different, but you should be notified of any schedule rating credits or debits that apply to your policy. The maximum aggregate credit allowed in Missouri is 25% of premium. If you think your insurance company has inappropriately removed a credit, thereby increasing the cost of your coverage, you may contact the Department.