

EMPLOYER'S HANDBOOK

A GUIDE TO YOUR WCF INSURANCE POLICY

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DEAR POLICYHOLDER,

Thank you for choosing WCF Insurance. I hope you will find this handbook useful. Whether you're reporting an injury or setting up an accident-prevention program, this reference will help you manage your workers' compensation program more effectively.

To keep this handbook brief, we have omitted complete explanations of every situation. If you need additional information about a problem or question, please contact the appropriate department and we will be happy to assist you.

If you have any suggestions on how we can improve this handbook or any of our services, please contact us. Again, we appreciate your business and hope we will continue to merit your confidence.

Remember, be careful out there.

Sincerely,

A handwritten signature in cursive script that reads "Ray Pickup".

Ray D. Pickup
PRESIDENT & CEO

ABOUT YOUR POLICY

DEFINITION OF EMPLOYEE

Anyone who works for an employer may be considered an employee for workers' compensation purposes. It does not matter whether the person is paid through the company's payroll or as an independent contractor. People who qualify as independent contractors for federal taxation purposes may still be classified as employees for workers' compensation purposes.

If you are a contractor and have a subcontractor working for you, you may be responsible for workers' compensation claims if that subcontractor does not have workers' compensation insurance.

To avoid additional premiums because of work performed by subcontractors, obtain a certificate of insurance verifying workers' compensation coverage from all subcontractors working for you **before** beginning work on the jobsite.

A certificate of insurance verifies that the subcontractor has workers' compensation coverage of their own. WCF will assess a premium charge if you do not provide certificates of insurance showing coverage for your subcontractors during the time they work.

SOLE PROPRIETOR, PARTNERS, CORPORATE OFFICERS AND DIRECTORS

In most states, proprietors and partners of a company **are not** covered by their company's workers' compensation policy unless they elect coverage by completing a *Proprietor or Partnership Coverage Form*. Coverage for proprietors and partners is not effective until WCF receives the completed form and endorses the policy accordingly.

Corporate officers and directors **are** considered employees of the corporation they work for and are covered by the workers' compensation policy unless they elect not to be covered. Corporate officers and directors are covered until WCF receives

a completed *Corporate Officer Exclusion Form* and endorses the policy accordingly. Coverage changes for proprietors, partners, and corporate officers and directors cannot be made retroactively.

EMPLOYEES WORKING IN MULTIPLE STATES

There are two main concerns when an employer sends its employees out of state: coverage and compliance. Generally, the state where an employee regularly lives and works is considered their home state. When that employee travels to another state, they are typically covered at their home state's benefit levels. But that doesn't mean the employer is compliant with the other state's laws and rules, which might introduce additional liability. It is generally best to obtain coverage in all states where employees might work. Please consult your agent to make sure you are both covered and compliant.

MAKING POLICY CHANGES

If the ownership of your firm changes, notify WCF in writing. Although your policy is non-transferable, job classifications and experience modifications may transfer to new owners and will be reflected on a new policy following a notification of change in ownership. Also notify WCF in writing if your business ceases operations, files for bankruptcy, or any of the following change:

- The legal name of your business, your DBA, or trade name
- Your mailing address
- The location of your business
- The nature of your business
- Your federal tax identification number
- Your company's principals
- Your company's legal status

PREMIUM AND BILLING INFORMATION

CLASSIFICATIONS AND RATES

WCF, like all other workers' compensation carriers, uses the classification system designed and maintained by the National Council on Compensation Insurance (NCCI). NCCI has established basic classifications for most types of businesses and industries.

The NCCI also assigns loss cost (base rates) for each classification code. These rates are based on the loss experience of companies with employees assigned to this code. It is important that employers are assigned to the proper classification to protect the integrity of the rating system and ensure that employers are charged a rate reflective of their exposure.

If you have any questions concerning the classifications assigned to you, please call 385.351.8000 or toll free 800.446.2667.

PREMIUM CALCULATION

When the underwriting department prepares an insurance proposal, they use information from the application to calculate annual premium. The estimated annual premium is determined by multiplying the estimated annual payroll in each classification by the rate for that classification. A WCF auditor may review the policy during the coverage period or after the expiration date to determine the final premium. The policyholder will be billed for any additional premium due, or be refunded premium paid in excess of the final premium. (Please see The Basics of the Audit Process on page 16.)

ADJUSTMENTS TO PREMIUM

The number and dollar value of claims charged against your policy will affect the ultimate cost of your workers' compensation insurance.

There are several possible adjustments to premium:

Experience Modification Factor (e-mod): E-mods are calculated for customers paying \$3,500 in premiums for two of the last three years or \$7,000 in one year. NCCI calculates the e-mod based on historical payroll and claims-cost information. Your company will retain this factor even if you change insurance carriers.

In most cases, the e-mod is based on your company's payroll and claim history for three years, excluding the most recently completed year. For example, your e-mod for 2017 includes payroll and claims history for 2013, 2014, and 2015.

For each classification, NCCI determines the expected claims based on your payroll dollars. If your claims were higher than

expected, the e-mod will be higher, resulting in a higher premium. If your claims were less than expected, your premiums will be less.

Schedule Rating Adjustment: The adjustment is available to WCF customers based on premium size. Schedule rating provides a discount or a surcharge based on your workplace safety programs and risk characteristics.

Premium Size Discount: A discount is applied to policies with annual premium greater than \$5,000.

Minimum Premium: For some employers, the actual payroll and rates for the assigned classifications may not generate enough premium to cover the costs of providing insurance. A minimum premium is charged for these policies.

WCF CUSTOMER SERVICES AND RESOURCES

UNDERWRITING— WCF's underwriting department receives applications for workers' compensation insurance, determines appropriate classifications and premiums, and prepares quotes. If you have questions regarding your workers' compensation rates or coverage or if your business address or scope of operation change, contact your underwriter or call 1.800.446.2667.

CLAIMS MANAGEMENT— WCF pays medical benefits and reimburses a percentage of lost wages while an employee is unable to work because of a work-related injury or illness.

Our claims representatives manage all aspects of a claim, from receiving the claim to paying the employee's medical bills and disability compensation. Our claims staff will investigate questionable claims and monitor medical utilization. WCF's focus is on quality and cost-effective care for legitimate workers' compensation claims.

MANAGED CARE— WCF is leading the way in providing quality services at reduced costs with its in-house managed care team. Managed care is an organized method of managing the many aspects of a workers' compensation claim while significantly reducing claims cost.

This innovative program consists of many components: utilization review, medical case management, vocational rehabilitation counseling, bill review, prescription drug discounts, and a preferred-provider network.

LEGAL ADVICE AND SUPPORT— WCF has a legal staff that represents WCF and its policyholders when there is a disputed workers' compensation claim. The legal staff also ensures that compensation and claim payments are paid in accordance

with state laws and regulations. We encourage you to consult with staff attorneys regarding questionable claims or any other concerns you may have regarding workers' compensation issues. You can contact the legal department at 385.351.8149.

WEBSITE ACCESS: wcf.com— WCF's website allows you to access policy information and find up-to-date information on WCF and its services. Available interactive applications include filing claims, printing loss runs, computing OSHA logs, and printing certificates of insurance. The latest news and information on WCF's diverse services and products is also available. The site is secure and access to interactive applications requires a password that you can obtain by contacting your agent/marketing representative or WCF's Internet Helpdesk at 800.446.2667 ext. 8919 or 385.351.8919.

FRAUD HOTLINE— Anyone may call the WCF Fraud Hotline at 1.866.FRAUD.50 to report suspected workers' compensation fraud on the part of employers, employees, or medical providers. WCF's fraud investigators pursue all reports on a confidential basis.

SPANISH INTERPRETATION SERVICES— Employees or policyholders may call the Spanish Hotline at 385.351.8511 to receive interpretation services regarding any aspect of a claim or policy.

SAFETY SERVICES— WCF offers safety and health resources for you and your employees. We offer these services through a variety of learning activities and on-site safety and health support. See page 11 for more information.



WAYS

TO REDUCE FRAUD

THE RED FLAGS OF Workers' compensation FRAUD

EMPLOYEE RED FLAGS

- + Is seldom available at home
- + Delays return to work after maximum medical improvement
- + Refuses light-duty opportunities
- + Is vague or contradictory about how the injury happened
- + Was in jeopardy of termination or probation before the injury
- + Delayed reporting the injury

- + "Shops" for caregivers or is non-compliant
- + Conceals pre-existing medical information relevant to claim
- + Conceals other employment
- + Participates in activity that is contradictory to reported limitations
- + No witness to injury or resulting symptoms

EMPLOYER RED FLAGS

- + Fabricates location or operation
- + Under-reports payroll

MEDICAL PROVIDER RED FLAGS

- + Bills for services not rendered
- + Bills for products not actually used
- + Over bills
- + Fabricates procedures
- + Unbundles services

Fraud Hotline:
866.FRAUD.50

Please report any suspicions of fraud to WCF immediately.
Reports are confidential.



1

Educate your employees about workers' compensation fraud and its consequences.



2

Avoid "doctor shopping" by using a quality WCF-preferred provider who understands work-related injuries.



3

Interview the injured employee for details of the accident.



4

Interview witnesses and get written statements. Pay attention to what other employees are saying about the case.



5

Investigate the scene for facts that corroborate or contradict the employee's or witnesses' accounts.



6

Enforce drug testing. Have a policy in place that requires screening after an accident.



7

Watch for the red flags of possible fraud.



8

Stay in close contact with your injured employee. Contact and monitoring promote a timely return to work.



9

Implement light or modified duty when possible. Bringing an employee back to work can reduce medical costs and increase communication.



10

Fill out, in detail, the Employer's First Report of Injury.



11

Report concerns to your adjuster quickly. Early intervention and documentation prevents lost, forgotten, or concealed information.

$$\left(\begin{array}{c} \text{3 people icons} \\ \text{each with a \$ sign} \end{array} \right) \times \begin{array}{c} \text{truck icon} \\ \text{with "class code" on side} \end{array} \\
 = \text{premium}$$

Company 1	Estimated Payroll	Rate / \$100 of Payroll	Premium
	\$500,000	\$10	\$50,000
Experience Modifier		.67	x 0.67
Total Premium			\$33,500
Additional Savings Due to E-mod			\$16,500

Company 2	Estimated Payroll	Rate / \$100 of Payroll	Premium
	\$500,000	\$10	\$50,000
Experience Modifier		1.71	x 1.71
Total Premium			\$85,500
Additional Cost Due to E-mod			\$35,500

TOTAL SAVINGS for Company 1 over Company 2: \$52,000

HOW E-MODS AFFECT THE BOTTOM LINE

If you don't understand the definition of an experience-rating modification factor (e-mod), you are not alone. But, it is a critical part of many employers' workers' compensation insurance costs. While this article attempts to explain in simple terms how e-mods are determined, it doesn't include every detail that could affect your company's e-mod.

CLASSIFICATION

Many insurance carriers use a basic business and industry classification system developed by the National Council on Compensation Insurance (NCCI). Under the system, each classification groups employers with similar exposures for loss. Many employers have multiple classifications on their policies because not all employees do the same job.

For example, a printing company might employ printing staff, office personnel, delivery drivers, and sales people who all face different workplace hazards.

NCCI assigns each classification a rate that is based on collective loss experience of companies within that code.

ADJUSTMENTS TO PREMIUM

With the manual premium determined, adjustments (discounts or surcharges) are made to reflect the individual characteristics of the policyholder. One such adjustment is the e-mod.

Like classifications, e-mods are calculated by NCCI. Employers must meet certain criteria to qualify for an e-mod. Generally, employers paying \$3,500 in annual premium for two out of three consecutive years, or \$7,000 in premium in one year are eligible. The e-mod calculation is generally based on the last three years' losses and payroll per classification excluding the most recent year.

E-mods are intended to predict an employer's future losses by analyzing its past losses. Generally, accident frequency is a larger component of the e-mod calculation than accident cost severity.

For example, Company A has one loss of \$100,000 and Company B has 20 losses of \$2,000 each. Company A will probably have a lower e-mod than Company B. But, cost cannot be completely ignored in the calculation. To achieve this blend of frequency versus cost, e-mods are 'split rated.'

Split rating divides the actual costs of a claim between two buckets: basic/primary and excess. In the formula, the primary value receives more weight than the excess.

The expected losses are estimated and also split between the primary value bucket and the excess bucket. The actual losses are divided by the expected losses. The resulting number is the e-mod.

E-mod FYI

- ➔ E-mods are mandatory for any company that qualifies to be rated.
- ➔ E-mods are calculated by the NCCI, not by insurance carriers.
- ➔ E-mods include all businesses under common ownership and in all states of operations.
- ➔ E-mods are rerated once a year, usually at policy renewal time.
- ➔ Employers retain their e-mod even if they change insurance carriers.
- ➔ E-mods can be transferred to new owners if the business is sold.

Medical-only claims do not have as much impact on the experience modification. Only 30% of the actual primary and excess portions of a medical-only claim is included in the calculation. As a result, medical-only claims are reduced by 70%.

An employer with an e-mod below 1.00 has had less than expected losses during the experience period. An employer with an e-mod above 1.00 has had losses that were more than expected compared to other employers in the same industry.

An e-mod can be a reward for a good safety record or a penalty for a poor one. To keep your premiums and e-mod as low as possible, it is essential to create a safe workplace.

For more information on e-mods, contact your agent or WCF, or see NCCI'S website at ncci.com.



WORKPLACE SAFETY



As your business partner, WCF Insurance would like to help you find solutions to help protect your employees and assist you in operating your business efficiently. WCF offers several safety and health resources for you and your employees. We offer these services through a variety of learning activities and on-site safety and health support.

WCF SAFETY SERVICES

Accidents at work have a significant impact on your workers' compensation rates and have many hidden costs. WCF has a safety and health consultation group that can help you develop an effective safety and health program for your organization. The safety department can help you:

- Implement and monitor an effective safety program
- Evaluate your existing safety program and make improvements
- Conduct safety surveys and train supervisors and employees to recognize and eliminate safety hazards
- Evaluate exposures to chemicals, noise, heat, or other hazards associated with industrial processes
- Assess ergonomic hazards associated with manufacturing, computer use, shipping and receiving, manual material handling, and other jobs with potential for repetitive-stress injuries.

CREATING A SAFE WORK ENVIRONMENT

WCF has found that implementing the following procedures will keep your company's workers' compensation premiums as low as possible.

1. Obtain senior management's commitment to a safe workplace
2. Organize an employee safety committee and build a culture that encourages safe behavior and collaboration
3. Develop an incentive program with monthly, quarterly, and annual goals
4. Require drug screens for all new hires, after every accident, and for all employees on a random basis
5. Develop a medical partnership with a physician or clinic that has an early return-to-work philosophy
6. Create a light duty program for injured employees and communicate the program in writing to employees and medical care partners
7. Investigate every accident to determine the cause. Make the appropriate corrections to avoid a similar accident in the future
8. Implement and enforce common sense safety rules relevant to your business
9. Communicate a caring attitude to your employees; safety is a win-win
10. Establish a mandatory seatbelt policy

SAFETY PROGRAM GUIDE

A company with an effective safety program will have fewer accidents. This reduced frequency translates into lower costs. WCF offers a practical guide to get you started in setting up your safety program. To receive a free copy of the Safety Program

and Cost Control Guidebook, call the safety department at 385.351.8103 or 800.446.2667 ext. 8103 or visit the Safety Resources section on wcf.com to download a pdf.

CREATE A SAFETY PROGRAM

A written safety program is a key to the success of your business and to a healthy bottom line. WCF provides resources to help you create your own industry specific safety program. By clicking the "Create A Safety Program" link in the Safety menu at wcf.com, you will find tools and checklists to help you develop and implement a written safety program specific to your needs and the hazards of your business.

SAFETY SEMINARS

WCF offers more than 100 workplace safety seminars per year, free of charge to policyholders. Seminars range from defensive driving to ergonomics and managing OSHA programs. WCF also offers OSHA 10-Hour Construction Safety and OSHA 10-Hour General Industry Safety training for a nominal fee. To see a list of upcoming seminars or to register, visit wcf.com.

ONLINE SAFETY TOPICS

In addition to our safety seminars, there are more than 60 safety topics available at wcf.com. Many topics are available in Spanish. You can use these for safety meetings and to help you create your own company specific safety programs.

SAFETY ELECTRONIC NEWSLETTER

Policyholders can sign up to receive current safety and policy information from WCF with our electronic newsletter. The publication provides monthly information on a specific workplace safety topic and general policy tips along with useful safety resources such as payroll stuffers and posters. If you would like to receive our monthly electronic newsletter, go to the Safety Resources section at wcf.com.

ASK A SAFETY CONSULTANT

To ask questions about safety for your company, simply access wcf.com and click on Safety, then click the Ask a Safety Consultant button.

After submitting a question, you will receive a response from one of WCF's certified safety professionals who offer assistance in all areas of occupational safety and health. This free service is one of your benefits as a WCF Insurance policyholder.



MANAGING CLAIMS COSTS

As an employer, it is to your benefit to help WCF reduce claims costs. Good claims-cost management will eventually save you money on your premium.

There are several ways to decrease claims costs, including prompt accident reporting, properly tracking and reporting claims you believe are fraudulent or questionable, and informing WCF of any third-party claims. WCF has also established managed-care programs to help employers substantially reduce claims costs.

EARLY REPORTING

Research has shown that the faster the claims process is started, the lower the workers' compensation costs will be. Delayed reporting of claims results in longer periods of disability, higher medical costs, higher rates of attorney involvement and litigation, and disputes over cause, treatment, and return to work.

FRAUDULENT AND QUESTIONABLE CLAIMS

If you suspect that a claim is fraudulent or if there are questionable circumstances surrounding an accident, thoroughly document the incident and contact your WCF claims adjuster immediately. Documentation should include written statements from the injured employee, supervisor, witnesses to the accident, and the person to whom the claim was reported. Proper handling of questionable and fraudulent claims can save you money. If you suspect a fraudulent situation involving other employers, medical providers, or injured employees, call WCF's Fraud Hotline at 385.351.8140, or 866.FRAUD.50. WCF will actively investigate the incident on a confidential basis.

THIRD-PARTY CLAIMS

Employees who are injured by a negligent third party may file a civil action against the third party or assign the cause of action to WCF. If the employee assigns the action to WCF, we can take legal action against the third party on behalf of the injured worker and recover expenses.

WCF has a subrogation right and may be able to collect some amounts paid if an employee collects from a third party. In other words, money recovered in the third-party action can offset some amounts paid for the related workers' compensation claim. This will help keep claim costs down and eventually decrease your premiums.

Information from the Employer's First Report of Injury or Illness Form helps WCF identify any liable third parties. The most common third-party situations include motor-vehicle accidents, animal bites, defective products, faulty rental equipment, assaults, explosions, toxic spills or leaks, slips and falls, and construction site accidents. Always save defective products or faulty equipment as evidence in case there is a third-party lawsuit.

DRUG AND ALCOHOL TESTING

Companies may have the right to establish and maintain a drug-free workplace. Many companies have realized significant reductions in workers' compensation claims by initiating pre-employment, post-accident, and random drug testing. Please contact WCF's Safety Department at 385-351-8103 for help establishing a program for your company.

MANAGED-CARE PROGRAMS

To keep premiums low, we use managed-care programs to control costs. Our claims services bring together a preferred provider network, prescription drug discounts, provider-bill and utilization review, medical case management and vocational rehabilitation. This combination of tools gives injured employees a solid foundation of care and support. It also allows us to control costs for our policyholders.

PREFERRED PROVIDER ORGANIZATION (PPO)

WCF has agreements with a network of hospitals and physicians that offer quality care at discounted rates. A listing of the PPO facilities and hospitals is available at wcf.com or by calling WCF's claims department at 385.351.8010.

DISABILITY MANAGEMENT

Disability management is the process of coordinating efforts to return an injured employee to work as soon as possible. The claims adjuster, employer, medical provider, and injured worker communicate the status of the case so that all parties are aware of the prognosis, early-return-to-work possibilities, surgery, or rehabilitation needs. Claims adjusters direct these efforts.

MEDICAL CASE MANAGEMENT

Medical case managers provide onsite evaluation of the injured employee's situation and coordinate with health care providers to facilitate recovery and return to work. WCF also has a specialized team to monitor employees with catastrophic injuries. All WCF medical case managers are registered nurses with specialty certifications in disability and rehabilitation.

PROVIDER BILL REVIEW

WCF reviews every medical bill to ensure that appropriate codes are used and payments are made according to your state's fee schedule or the appropriate usual and customary charges.

VOCATIONAL REHABILITATION

Vocational rehabilitation focuses on returning the injured employee to work in a timely manner. Counselors coordinate with employers and physicians to verify work capabilities and assist with job modifications. They also assist employers in developing their own return-to-work programs.

RETURN TO WORK

You will reduce your premium costs by helping employees return to work as quickly as possible after an injury. Through early and frequent contact with employees, you can also calm their anxieties about the injury, medical treatment, and their jobs. When employees are partially disabled and can't return to their regular duties, you can decrease claim costs by finding other duties they can perform.

WHEN AN ACCIDENT HAPPENS

Injured employees should report any work-related accidents as soon as possible, regardless of severity. Encouraging your employees to report injuries promptly will significantly reduce claim costs.

AS THE EMPLOYER, YOU SHOULD:

1. Notify the employee of your designated physician or clinic.
2. Immediately report the incident to WCF. Check with your adjuster to determine if you need to report it to your state agency. In many cases, the state allows WCF to report the claim for the employer. All work-related fatalities or severe injuries must be reported within eight hours by calling or visiting the Occupational Safety and Health Administration (OSHA) office in your region. To find the OSHA office in your region, visit osha.gov.
3. Obtain the names and contact information of anyone who witnessed the accident or who may be able to provide additional details.
4. Conduct an investigation to document the circumstances surrounding the injury.
 - Look at the accident site.
 - Determine why the accident happened.
 - Secure evidence by taking photographs or retaining any faulty tools or equipment.

COMPANY PHYSICIAN

You have the right to direct injured employees to a designated physician or clinic for all initial care that is not life or limb threatening. Establishing a working relationship with a physician or clinic familiar with industrial medicine will help reduce costs by avoiding unnecessary trips to the emergency room and will assist you in returning your injured employee to work. Your claims adjuster can assist help you establish a relationship with an industrial clinic.

If the injury threatens life or limb, direct your employee to the nearest emergency medical facility or call 911. Medical care is available at numerous clinics for injuries that occur after hours and are non-emergencies.

INDEPENDENT MEDICAL EVALUATIONS

WCF may request an independent medical evaluation of an injured employee to clarify appropriate diagnosis, treatment, return-to-work issues, and other relevant medical questions.

EMPLOYEE BENEFITS

Workers' compensation insurance provides three types of benefits: compensation for lost wages, medical benefits, and death benefits.

COMPENSATION BENEFITS

Employees who are injured in work-related accidents are entitled to wage replacement benefits if the injury prevents them from returning to work during their recovery. In order to qualify for lost-time benefits, an injured employee must have a note from a physician stating that the employee is disabled because of the industrial injury. There are four types of disability benefits, which are described below.

TEMPORARY TOTAL DISABILITY (TTD)

If an employee cannot return to work in any capacity for a temporary period during their recovery, the employee will receive compensation based on their average weekly wage up to a statutory maximum. This benefit is paid until the injured worker can return to work or the condition reaches a fixed state of recovery known as maximum medical improvement (MMI). Most states have a waiting period before TTD benefits are due. Check with your adjuster for the details of your state.

TEMPORARY PARTIAL DISABILITY (TPD)

In some cases, an employee can return to work but temporary medical restrictions related to the injury prevent them from earning their full pre-injury wages. In these cases, the employee will receive partial disability compensation at two-thirds of the difference between their pre- and post-injury wages, up to a state minimum.

As with TTD, this benefit is paid until the employee is able to earn a full wage or the condition reaches medical stability, whichever occurs first.

PERMANENT PARTIAL DISABILITY (PPD)

If an employee is declared MMI and is left with a residual loss of function, the employee may qualify for an impairment rating. This



may entitle the injured worker to an award of permanent disability benefits. Contact your adjuster for the details of this benefit in your state.

PERMANENT TOTAL DISABILITY (PTD)

At recovery, if an injury prevents an employee from returning to any type of gainful employment, the employee will be entitled to lifetime compensation benefits.

DEATH BENEFITS

If an accident results in death, burial expenses are reimbursed up to a certain amount based on state law. Wage compensation benefits are provided to surviving spouses and children. Contact your adjuster for specific details of this benefit in your state.

EMPLOYEE RESPONSIBILITIES

- 1** Report the injury or disease promptly to a supervisor and help complete the Employer's First Report of Injury. Use clear details to describe your accident.
- 2** Seek immediate medical or first-aid treatment. If your employer does not have a designated medical provider, we ask that you seek treatment for all non-emergencies at one of our preferred provider organization (PPO) facilities. For life- or limb-threatening injuries, please seek initial treatment from the nearest medical facility
- 3** Provide the treating physicians with information about your work accident or exposure. Let the provider know that your employer is insured with WCF Insurance.
- 4** Follow all recommended care.
- 5** Maintain contact with your employer regarding return to work and recovery status.
- 6** Call your claims adjuster with any questions you have regarding your benefits or care.

FILING A CLAIM

THERE ARE FOUR OPTIONS FOR FILING A CLAIM



Report online.

To file a claim via the internet, access WCF's site at wcf.com



Report by telephone.

Call WCF's First Report of Injury Hotline at 800.561.8008



Report by fax.

Fax a copy of the form to 385.351.8275



Report by mail.

Send the form to:
WCF Insurance
P.O. Box 2227
Sandy, UT
84091-2227



THE BASICS OF THE AUDIT PROCESS

WCF is responsible for ensuring that all customers pay fair and accurate premiums based on actual payrolls and classifications. An audit is one way we accomplish this.

Workers' compensation insurance premiums are based on actual payrolls for your classifications. When your policy is issued, your payments are calculated on *estimated* payroll. At the end of a policy period, an audit collects your *actual* payroll by classification and calculates your final premium.

Equitable premium rates require accurate data. If a business is misclassified, not only can data become skewed, but there's also a chance that certain businesses may end up paying too much or too little premium. Audits help balance this system.

HOW WCF COLLECTS & VERIFIES INFORMATION

WCF collects payroll data in two ways: (1) gathering audits and (2) Term Final Payroll Reports. Both instruments help gather needed information. During a gathering audit, an auditor comes to your business and reconciles the estimated payroll you gave WCF at the beginning of your policy to actual figures (in total and by classification). All policies fitting a predetermined premium criteria or with multi-state coverage receive a gathering audit. Most policyholders receive a Term Final Payroll Report. This report accomplishes the same goal as a gathering audit, but without auditor assistance. The policyholder provides WCF with actual payroll figures and WCF does the rest.

Approximately 25% of Term Final Payroll Reports are selected randomly to also receive a verification audit (phone audit or field audit). This audit compares the data gathered on your Term Final Payroll Report to source documentation. If you received a gathering audit, you will not receive a Verification Audit.

Because it is unusual for your estimated payroll and actual payroll to match, most gathering audits and Final Payroll Reports result in a premium adjustment. If your payroll estimate was high, you will receive a refund. If your estimate was low, you will be assessed additional premium. You will receive a detailed report for any premium adjustment generated as a result of a field audit.

BENEFITS OF THE AUDIT PROCESS

During an audit, WCF is able to do the following:

- Ensure that you are not paying more than you should for your coverage
- Make adjustments to your current policy (based on audit figures) and avoid large, unsettling premium increases at the end of a policy term
- Ensure that the class codes assigned to your policy are accurate
- Provide education on correctly classifying and reporting your payroll
- Save you time and reduce the likelihood of erroneous reporting by gathering and compiling correct information for you
- Verify that all claims charged to your policy are in fact for your employees and that each one is classified properly

TIPS TO IMPROVE THE AUDIT PROCESS

- During the audit, have someone available who is knowledgeable about your operations and the duties of all employees. If possible, have detailed explanations of employees' duties in writing.
- Tell the auditor anything you deem relevant about your operations, payroll, etc.
- Ask the auditor as many questions as you would like. Tell your auditor if you disagree with an audit's outcome so the auditor can review the report with you. If a resolution is not possible, your auditor will provide you with an appeal worksheet that you should complete with as much detail and documentation as possible. Once you submit this form, you can expect a response within two weeks. In addition, your agent, marketing representative, and/or underwriter may help craft a resolution. Act immediately if you have concerns about an audit. Contact the audit department at 800.446.COMP or 385.351.8127.

TO AVOID LARGE, UNEXPECTED ADJUSTMENTS TO YOUR PREMIUM

- 1. Read Carefully:** A thorough reading of your policy information page, the payroll premium report (including the instructions), your policy endorsements, and all correspondence from WCF should provide the basic knowledge necessary to determine your premium.
- 2. Ask Questions:** If you are concerned about the treatment of a particular issue, please call your underwriter, agent, or auditor.
- 3. Use the Resolution Process:** If you disagree with the audit findings, discuss them with your auditor to make sure all relevant information was considered and understood. An audit supervisor will examine your review with you if a disagreement with the auditor remains unresolved.

COMMONLY REQUESTED RECORDS

- Tax reports (federal payroll 940s/941s, state unemployment reports, W-2s, and 1099s) are used for verification and balancing figures. An audit will balance payroll figures obtained from detailed payroll records to your tax returns.
- Payroll summaries are used to get detailed payroll figures for each employee by department or classification. This information helps an auditor assign the correct amounts of payroll to the proper classifications.
- Your general ledger is a balancing source that provides details of wages and contract labor.
- Certificates of insurance provide proof that your subcontractors had workers' compensation insurance. If a valid certificate is on file at the time of audit, payments made to subcontractors will be excluded from your audit.

PAYROLL INCLUSIONS

- Wages
- Retroactive wages
- Commissions and draws against commissions
- Bonuses
- Stock bonus or purchase plans
- Holiday, vacation and sick pay
- Statutory insurance or pension plans
- Piecework, profit sharing and incentive plans
- Value of a rental house or apartment provided for employee
- Meals and lodging received as part of pay
- Store merchandise
- Certificates or credits
- Employee payments to cafeteria (IRC 125), retirement or savings plans
- Davis-Bacon Act wages
- Annuity plans
- Any expenses not incurred as a valid business expense.

The Audit Process: Gathering & Verifying Information

Every year you will receive either a GATHERING AUDIT or a TERM FINAL PAYROLL REPORT

GATHERING AUDIT

- Mandatory for all policies meeting specific premium criteria, all multi-state policies, and those designated by underwriting
- An auditor visits the organization at an agreed-upon date and time to collect payroll information

OR

TERM FINAL PAYROLL REPORT

- Distributed to policies that don't receive a gathering audit, provide WCF with payroll figures, during or at the end of the year. This form can be completed online.
- No auditor involvement

If you receive a TERM FINAL PAYROLL REPORT you may also receive a PHONE AUDIT or FIELD AUDIT to verify payroll information reported in the final payroll report.

FIELD AUDIT

- A WCF auditor visits the organization to review and verify records and data at an agreed-upon date and time

PHONE AUDIT

- Complete and return with a copy of either quarterly 941s or state unemployment reports
- An auditor may make a follow-up call

POLICYHOLDER ONLINE TOOLS AND RESOURCES



At WCF, we focus on developing friendly and accessible internet services to get you the information you need quickly. We also offer a variety of services to help you manage your workers' compensation policy. From our website, you can do the following things.

FILE A CLAIM

Claims filed online are processed within four hours.

REVIEW CLAIMS STATUS

After inputting a claim number, the claim status feature will allow you access to specific information about existing claims.

OBTAIN A LOSS RUN

Loss runs provide a history of compensation and medical payments made on claims during a certain period. They are available in summary, partial, and full-detail format.

MAINTAIN AN OSHA 300 LOG

The OSHA 300 Log application was created for policyholders to generate and maintain a report of claims that have been marked as OSHA recordable. There are many links with pertinent information about OSHA regulations as well as information on maintaining an OSHA 300 Log.

MAKE A PAYMENT ONLINE

You can easily make premium payments online. All you need is your policy number, invoice number, and your federal tax identification number.

SIGN UP FOR THE ELECTRONIC POLICYHOLDER NEWSLETTER

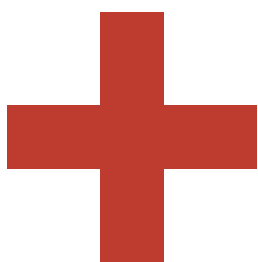
Policyholders can sign up to receive current safety and policy information from WCF Insurance with WCF's electronic newsletter.

ONLINE INVOICE VIEWING

Online Invoice Viewing can help you access information regarding your policy. You can:

- View periods of policy coverage
- View payment history
- View and print invoices
- View and print payroll reports

Detailed information and copies of previous invoices are available by selecting any options in blue text.



ACCIDENT PROCEDURE

IF YOU ARE INJURED ON THE JOB

YOU MUST:

- 1 Notify your supervisor immediately.** Your employer is required to file an Employer's-Report-of-Injury-or-Illness form within seven days.
- 2 Seek medical treatment.** Use your company's designated physician listed below for all non-emergency injuries as soon as possible. Please give your company's policy number to your medical provider.
- 3 Keep in contact with your employer.** Continually inform your employer of your condition and work capabilities.

YOU SHOULD:

- 1 Review your rights and responsibilities.** Workers' compensation insurance covers the following benefits for work-related accidents:
 - Reasonable and necessary medical treatment
 - Compensation for lost wages
 - Mileage reimbursement for travel to medical appointments
 - Prescription drugs
- 2 Call the WCF First-Report-of-Injury Hotline if you have any questions:**
toll free: 1.800.561.8008

COMPANY PHYSICIAN: _____

COMPANY HOSPITAL: _____

COMPANY POLICY NUMBER: _____

Be here for championships

Your safety at work matters, especially to your family.

Be careful out there



Insurance coverage in all states other than Utah is provided by Advantage Workers' compensation Insurance Company, a wholly owned subsidiary of WCF Insurance, doing business as WCF Insurance