

FOCUS

WORKPLACE SAFETY AND WORKERS' COMPENSATION

New Allentown company jumps into workers' compensation industry

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Workplace accidents are an almost unavoidable part of running any business, and according to Gene Nosovitch, president of West Park Insurance and Risk Management Inc. in Allentown, a common misconception among owners and employees is that workers' compensation insurance will pay for any workplace mishap in full. Such problems are leading more companies to seek help tweaking their workers' compensation insurance.

For example, say an employee is carrying a PC to his desk and drops it on his foot. He makes a trip to the emergency room and finds out that he has a broken toe. The company's insurance then will pay for any pertinent medical bills. However, most insurance plans assign a price to certain medical procedures. Should there be a gap between the actual medical bill and what the insurance provider is willing to pay, then the balance is picked up by the company.

Soon, the business will look at a couple of things. First, it will assess what it is paying out in insurance premiums. Second, it will

review the frequency and severity of workplace injuries. At this point, Nosovitch says, savvy business owners realize that changes need to be made.

The rash of mergers and acquisitions that has permeated the insurance industry has had the effect of driving costs up rather than lowering them, and less competition among insurers isn't good for the customers, Nosovitch says. Nosovitch also notes that claims have been rising faster than premiums. The effect is that companies are paying even more out of pocket expenses per claim. The cost can be even more prohibitive if a company has been hit with numerous workplace injuries.

That's where Nosovitch comes in.

Nosovitch, who worked for Marsh and McLennan Co. Inc. and Hugh Wood Insurance Co. before founding West Park earlier this year, realizes that by the time a company contacts him, it has a pretty serious problem.

There could be a variety of reasons for an inefficient workers' compensation program. Any breakdown in communication between the business owner, the broker and the insurer will

cause a problem. A lack of attention to detail about safety in the workplace is a common problem.

Nosovitch has observed situations where one client dropped a particular insurer but another client added the insurer that was dropped by the previous client. "I have to match a company with a provider based on the industry," Nosovitch says, "It's important to assess each company's needs differently."

One of the first things

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president
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Nosovitch looks at is a company's experience modifier, which uses several criteria to measure premiums.

The Pennsylvania Rating Bureau (PRB) takes a composite total of a company's losses due to workplace injuries for the previous three years. Then, based on the type of work being done, each employee is given a risk factor. Someone working in a manufacturing

or production environment, for example, will be more at risk to injury than an office worker. Each job in a company has a numerical code that will allow the PRB to determine risk on an employee-by-employee basis.

From there, each employee's salary is factored in to allow the company to determine how much it should be spending on workers' compensation per employee. Nosovitch then will look at that figure and compare it to the norms of the industry. If it's above the norm, Nosovitch then sets about evaluating the company's insurer, its broker, its commitment to workplace safety and other issues.

Nosovitch says problems in these areas can be rectified. It usually doesn't take long for the employer to realize that making changes ultimately will benefit the company from a financial perspective and an employee morale perspective.

"It's really a matter of education," Nosovitch says. "I have to make the company understand that there are no simple solutions to reducing its workers' compensation costs. The business's owners have to be committed to a culture change."