

# compUpdate



Do you  
know  
what  
you need  
to know  
about  
your  
workers  
comp  
policy?

*With so many issues facing a business, workers compensation doesn't usually make it to the top of the priority list. When an employee is injured or when it's time to complete a payroll report, however, knowing the provisions of your workers compensation policy is very important.*

*Each year, our Client Relations Department meets with thousands of policyholders to provide basic information about the State Insurance Fund and to review the specific provisions of the policyholder's workers compensation policy. The Client Relations Department does not get to meet with every policyholder, so this issue of compUpdate is designed to guide you through the information you need to conduct a "self-review" of your policy. If you would like to have a member of the Client Relations Department meet with you, please call the Boise office at 208-332-2100 and ask for the Client Relations Department.*

## Who is covered on your policy?

Your policy covers Idaho workers who **are not expressly exempt** under Idaho law. Idaho Code 72-212 lists 12 exemptions. You may want to read the complete list, which is available on the Internet. Go to the State of Idaho's home page at [www.accessidaho.org/](http://www.accessidaho.org/), "Laws and Rules."

If an election has been filed for exempt workers to come under the law as provided in Idaho Code 72-213, those workers also would be covered.

Having an election endorsement on your policy broadens the coverage and may change the payroll you are required to report to us. You need to be aware of any election endorsements on your policy. If you don't know, or if you have any questions, you should call your agent or your underwriter.

Additionally, if you send workers outside of Idaho, even on a temporary basis, you need to know about the workers compensation requirements in the other states. You should contact the Industrial Commission any time you send workers outside the state of Idaho. It is also a good idea to discuss the situation with your insurance agent and/or your underwriter.

## What type of billing plan are you on?

The State Insurance Fund offers two types of billing plans: Payroll Reporting and Level Pay, also called a "stipulated" plan.

If your policy is on the Payroll Reporting plan, it is important for you to know the interval of your reporting period. Most policies are set up on monthly, quarterly, or annual reporting periods. Near the end of each reporting period, we will send you a payroll report form. The payroll report form must be completed and returned to our office by the due date printed on the form. Once we receive your payroll report, we will send you a statement showing the amount you owe and the due date. For the final reporting period, you will receive a Renewal Payroll Report form to complete and return.

If your policy is on the Level Pay plan, your premium for the policy year has been estimated and divided into a specified number of installments to be paid on specified dates during the policy period. Before the due date of each installment, we will send you a statement showing the amount due and the due date. On the Level Pay plan, you will not be asked to report payroll during the policy year, however, near the end of the policy year, you will receive a Renewal Payroll Report form to complete and return.

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# Do you know what you need to know about your workers comp policy?

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## How to complete a payroll report

One of the most important things you can do that could lower your workers compensation costs: Keep accurate, detailed records. Workers comp premium is based on actual paid gross payroll – or total remuneration. Knowing what you paid, whom you paid, and for what you paid could impact your premium.

Completing your payroll report accurately is very important, and it is a topic we've covered extensively in previous *compUpdates*. The Summer 2002 *compUpdate* gives detailed instructions on how to complete the report. It is available on our web site at [www2.state.id.us/isif](http://www2.state.id.us/isif), "Newsletters." Our Summer 2001 and Summer 2003 issues also include information on payroll reporting. If you have payroll reporting questions, you can contact our Audit Department at 208-332-2150.

## Splitting payroll

If you have multiple classification codes assigned to your policy, make sure you understand each one so you can separate your payroll correctly. Generally, the entire payroll of an employee is reported to a single classification. An employee's payroll can be divided between two or more classifications under certain conditions for some industries.

If your underwriter or auditor has explained that you are eligible for payroll division, you may do so provided all of the following conditions are met:

- The allocation is shown separately in your original entry records (hours and amount of payroll for each type of work).
- The allocation is based on actual payroll incurred in each operation.
- The allocation is not based on an estimate or a percentage.
- Allocations are totaled and summarized monthly or quarterly by class of work.

You must keep proper payroll records that show the actual payroll by classification for that individual. One way to do that is to use a Daily Verifiable Time Record. A sample is available in the Spring/Summer 2003 *compUpdate*.

## Due dates for payroll reports, payments

Payroll reports and premium payments must be received in our Boise office by the due dates printed on your reports and statements. Failure to report in a timely manner can result in cancellation of your policy. You may fax your payroll report to 208-332-2288. If you need a duplicate report, call 208-332-2150 or e-mail [audit@isif.state.id.us](mailto:audit@isif.state.id.us).

## How to file a First Report of Injury

You can file by mail, e-mail, or phone.

A printed First Report of Injury or Illness form is provided in the Fund's Policyholder Information Packet, which is provided when an employer insures with the Fund. The form is designed specifically for optical-character reading by computers, and it is important that employers submit the original and not a photocopy or the yellow duplicate. It should be mailed to the State Insurance Fund, P.O. Box 83720, Boise, ID 83720-0044.

To file by e-mail, go to our web site to get a copy of our electronic FROI form. You will need Microsoft Word. The completed form should be e-mailed as an attached file to [reportclaim@isif.state.id.us](mailto:reportclaim@isif.state.id.us). More details on e-mail filing are available at our web site. See the link "How to file a claim" on the home page.

In the event of an accident involving death, several workers, or very serious injuries such as amputation, we ask that policyholders report the incident by phone or fax as soon as possible. If you fax a FROI, please do not then mail a copy.

## Certificates of Insurance

A certificate of insurance is produced by an agent or insurance company to certify that there is coverage in place for a specified period of time. The certificate will state the policyholder's name, policy number and coverage extended by the policy. It will be addressed to the person or company who requested the proof of coverage from the policyholder - the certificate holder. If the policy should go into a cancel status after the certificate has been requested, the insurance provider will make an effort to notify the certificate holder of the cancel date.

If you have subcontracted a part of your work to another person or company, you should request that person or company provide you with a certificate of insurance. You should always verify that there is coverage before the subcontractor begins work and be sure to keep a copy of the certificate on file in your office. A copy of the certificate may be requested by our Audit Department at a later date.

Certificates of insurance can only be issued at the request of the policyholder or their insurance agent. Certificates can be requested by e-mailing [certificate@isif.state.id.us](mailto:certificate@isif.state.id.us), faxing to 208-344-3254, or by phoning direct to our certificate desk - 1-888-253-0149 toll-free, or 332-2375 in the Boise calling area - 24 hours a day.

## Do you have your Notice Poster?

Employers must display, in a conspicuous place at their business, a notice of workers compensation coverage. Failure to post and keep such a notice is a misdemeanor (Idaho Code 72-312). The State Insurance Fund provides these posters at no extra cost to its policyholders. They are available in English and Spanish. If you need a poster, contact your agent or underwriter.

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*Avoid being*

# CANCELED

There are three types of cancellations:

**Cancellation for cause** is whenever there has been a breach of the policy contract. This could include failure to pay premium or report payroll when due, failure to make records available for an audit, or failure to make information available that is necessary to determine proper policy coverage. This cancellation, by law, requires a 10-day notice by the insurance company to the policyholder.

**Non-renewal by the insurance company** requires a 60-day cancellation notice to the insured. This should be sufficient time for new coverage to be obtained. The non-renewal cancellation requires no justification by law, but a reason will usually be provided by the State Insurance Fund. Some of the underwriting factors the State Insurance Fund will consider for non-renewal are multiple certified notices of cancellation being sent to an insured (even though the policy was reinstated) during the policy year, consistently high losses, or an exposure (chance of high losses) not supported by sufficient premium.

The State Insurance Fund is not the assigned risk insurance provider for the State of Idaho and can make decisions as to continuing a policy at renewal based on its underwriting criteria. Assigned risk coverage is administered by the National Council on Compensation Insurance (NCCI).

**Cancellation by the insured** for any reason — out of business, change of insurance company or no employees, etc. — requires a 30-day written notice. If the policy is canceled at renewal, premium will be charged to the renewal date based on payroll to that date or the yearly minimum premium applicable. If the policy is canceled during the policy year, according to NCCI rules, it will be canceled either pro-rata or “short-rate.” A short-rate cancellation is one that includes a penalty for canceling early based on a factor provided by NCCI. The pro-rata cancellation charges premium based on either payroll reported or a pro-rata portion of the estimated premium to the cancel date.

## Rates up an average of 7.2%, but SIF rates deviated down 7%

Idaho will see an average increase in workers compensation rates of 7.2 percent effective at the beginning of 2004, the first increase since 2001, when rates went up an average of 6.3 percent.

The State Insurance Fund, however, has gained approval from the Department of Insurance for a 7 percent rate deviation, or across-the-board cut, from the standard rates approved for 2004.

The 2004 rates were proposed by the National Council on Compensation (NCCI) and required approval by the Department of Insurance. The NCCI is a rating organization whose membership consists of workers compensation insurers.

Policyholders should not expect, however, to see their rates hold steady or increase 0.2 percent when their policies are renewed in 2004. Rates are set for approximately 600 classifications for various types of employment. Some policyholders' rates may decrease, while other policyholders may experience increases. The actual premium cost for individual policyholders also is affected by claims experience.

The Funds 2004 rates are available on our web site at [www2.state.id.us/isif/2004rates.htm](http://www2.state.id.us/isif/2004rates.htm).

## Encourage motor vehicle safety

Motor vehicle crashes are the leading cause of work-related deaths in the U.S., according to the National Institute for Occupational Safety and Health (NIOSH). In 2000, 1,347 worker deaths were attributed to motor vehicle crashes. In Idaho in 2002, out of 27 death claims filed at the State Insurance Fund, 12 were the results of vehicle crashes.

Vehicle crashes take a major toll on businesses. According to NIOSH, workplace costs associated with disruptions because of the loss or absence of an employee accounted for \$4.6 billion in 2000.

NIOSH has several recommendations for preventing worker injuries and deaths from motor vehicle crashes:

- Conduct driver's license background checks before hiring drivers.
- Establish a written policy requiring drivers and passengers to use seat belts at all times. Make sure that employees are aware of and comply with this written policy.
- Provide a seat belt for the driver and each passenger in all employer-provided vehicles. Limit the number of passengers permitted in a vehicle to the number of seat belts available.
- Ensure that drivers comply with designated speed limits in all construction and maintenance zones and on all other roadways.
- Establish schedules that allow drivers to obey speed limits and limit their hours of service according to regulations. Do not permit workers to drive while fatigued or to exceed posted speed limits.
- Ensure that all employees in construction and maintenance zones wear high-visibility clothing.
- Ensure that workers use appropriate barriers and traffic control

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## Some reminders from Audit Department

### Report bonuses

All bonuses, including year-end bonuses, are reportable payroll for workers compensation purposes. Please report the bonuses in the classification where regular payroll is reported.

### Payroll reports

Even if you had no payroll for a reporting period, you still need to sign and return your payroll report. Just enter "0" and return the form. You may fax your payroll reports to the Audit Department at 208-332-2288.

### Reporting overtime wages

If proper records are kept, overtime wages can be reported as straight time wages. The employer's records must show separately by employee and in summary by class of work, the amount paid for overtime. If overtime is paid at the rate of time and one-half, reduce the total paid overtime by one-third. If double-time is paid, reduce the total paid overtime by one-half.

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## Vehicle safety

### *Continued from inside*

efforts while work is being performed on the sides of roadways normally open to the public.

- Train drivers in safe driving practices and proper use of vehicle safety features. Make sure that this training is performance-based and periodically repeated.
- Establish written procedures to ensure the proper maintenance of all vehicle systems.
- Make sure that newly purchased vehicles are equipped with appropriate occupant protection such as shoulder and lap belts and air bags. Equip new vehicles with other safety features such as antilock brakes and daytime running lights where appropriate and feasible.

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### E-mail addresses:

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[www2.state.id.us/isif/](http://www2.state.id.us/isif/)

ANTI-FRAUD HOTLINE 1-800-448-ISIF (4743)

## Law says file injury report within 10 days

Prompt filing of claims is important for a couple of reasons. First, quick notification of an injury can aid the claims management process and allow an injured worker to receive benefits in a timely manner. Second, prompt filing is required by Idaho law.

Reporting requirements are spelled out in Idaho Code 72-602. According to the law, an injury report must be completed within 10 days of knowledge of an injury. It is the employer's responsibility to secure the information from the injured worker after receiving notification that an injury has occurred.

The best way to ensure compliance with the law is to submit a First Report of Injury (FROI) as soon as possible after learning of an injury. Employers should not "batch file" claims, or in other words, wait until more than one employee has been injured to file all of the FROIs.

When should a First Report of Injury form be submitted?

- When a work-related injury results in the need for medical treatment by a licensed medical provider.
- When a worker has missed more than one day of work as the result of a work-related injury.
- When an injured worker requests to file a claim under workers compensation, regardless of the circumstances.