SPECIAL REPORT: The Five (5) things you MUST consider before Re-Newing your Business Worker's Compensation Policy and how these tips may help you AVOID WASTING $1000's of dollars.

Business owners have a litany of taxes to pay every time an employee is paid. Those taxes range from Social Security and Medicare to State and Federal Unemployment taxes. Depending on the nature of the business, Workers' Compensation Insurance may also be required. These taxes and expenses can represent a measureable cost of between 15% and 25% added to the businesses gross wages. There is also a cost (a "soft cost") to generate all of the required forms and reports that only the astute business owners are able to calculate.

This Special Report is design to provide useful information to those businesses who are confronted with the prospect of renewing their Workers' Compensation Insurance. The hope is that, once armed with this information, YOU – the business owner may find a way to reduce some of those taxes and expenses.

(1) There are companies known as Professional Employer Organizations (PEO's) that provide businesses with a cost effective alternative to payrolls and conventional worker's compensation insurance. Because a PEO specializes in processing payroll, and is performing this service for thousands of employees, the economies of scale result in lower processing cost. By "pooling" employees from multiple businesses, a PEO can possibly reduce the expense of Worker's Comp. When a business hires a PEO to perform these human resource functions, the business can now direct those resources (time and effort) to the activities that produce revenue for the company.
ACTION STEP: Contact your local PEO and have them prepare a proposal.

(2) A traditional Workers' Comp policy may require a business to make an initial payment of 15% - 20% of their policy's premium and the policy balance is paid throughout the year. There are also some additional fees … the "expense constant" fee is $200 and the "TRIA" (Terrorist Risk Insurance Act) is a fee calculated as 2 % of the policy. By purchasing your worker's comp through a PEO, these additional charges are eliminated.
ACTION STEP: Contact your local PEO and have them prepare a proposal.

(3) Some insurance companies have the option of a "pay-as-you-go" payment program. This option can improve a business's cash flow.
ACTION STEP: Ask the insurance provider if they offer a "pay-as-you-go" option.

(4) As a business owner, you are aware you must pay State Unemployment Taxes (SUTA). If you have been in business for over 3 years, and you have experienced some unemployment claims, the possibility exists that the SUTA Rate for your business is 5.40%. It is not uncommon for the SUTA Rate of a PEO to be less than 5.40%. In fact, some PEO's have a rate closer to 2.70%. Because of this, some PEO's can effectively offer a business a "FREE' Worker's Comp Insurance Policy – depending on the business's workers' comp code.
ACTION STEP: Explore the possibility of using the services of a PEO that has a low SUTA Rate.

(5) When a business has a workers' Comp policy, they must perform an annual workers' comp audit. The purpose of the audit is to determine if the estimated payroll information supplied during the policy inception is accurate. If the actual payroll wages were higher then those estimated, the business is assessed an additional premium amount. In addition, the higher premium amount will be charged on the renewed policy. A "pay-as-you-go policy" may eliminate the possibility of having to pay an additional premium, but it does not eliminate the demand for an audit. If a business uses a PEO, the requirement of a workers' comp audit is eliminated.
ACTION STEP: Contact your local PEO and have them prepare a proposal.

This Special Report has highlighted a few ways that a business owner can reduce the cost of their Workers' Compensation Insurance. Those ways include: (1) Reducing the rate by "pooling" the business's employees with others … (2) Using a "pay-as-you-go" payment option … (3) Combining the purchase of the workers' comp policy with a payroll service thus taking advantage of a low State Unemployment Tax Rate … (4) Minimize the impact, or completely eliminate, the requirement of a Workers' Comp Audit.

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