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## Do you overcompensate insurance costs?

**M**uch has been made of workers' compensation fraud in recent years. We've all seen investigative reports on television where hidden cameras catch "disabled" employees engaging in recreational activities such as jet skiing.

But while employee fraud gets more attention, business owners probably lose more money to workers' compensation simply because they're paying too much for it.

Len Schiff, president of Workers Compensation Services Inc., estimates his firm has saved companies more than \$3 million in premium payments over the last seven years, often because a company's employees weren't properly classified. There are more

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than 600 different employee-risk classifications available, some of which change every year.

Employees are classified according to their level of occupational hazards.

For example, companies that employ roofers may pay as much as \$34 per \$100 of payroll to the Colorado Compensation Insurance Authority (a political subdivision

of the state) or a private insurance carrier.

On the other side of the spectrum, employers may pay only about 37 cents per \$100 of payroll for compensation insurance for clerical workers. However, Schiff notes that clerical injuries, and hence clerical premiums, will rise in the future because of repetitive-motion injuries such as carpal-tunnel syndrome.

Working with his two sons, Schiff, who spent more than 30 years with the agency now known as the CCIA, conducts a complete review on a contingency fee basis of each business he works with; identifying errors and overcharges by insurance companies and rating bureaus.

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Many companies can trim 5 percent from their workers' compensation premiums simply by conforming to the guidelines established within the Colorado Cost Containment program administered by the Colorado Department of Labor and Employment.

The guidelines require a seven-step process that includes appointing a safety committee coordinating and conducting monthly meetings on safety procedures. The discounts aren't always actively promoted by insurance companies — maybe for obvious reasons (such as they make less money).

Schiff says he's saved clients anywhere from \$2,000 to \$200,000 a year through his services. His customers include Phil Long Dealerships, Tenneco Packaging and Denver Jeep Eagle Inc. One small business, B&F Heating & Air Conditioning Inc., saved \$8,100 after utilizing Workers Compensation Services.

He estimates nine out of 10 businesses he's evaluated paid too much for compensation insurance.

There are more than just two sides to this story, however. Rosemary Marshall, a spokeswoman for the Colorado Department



Workers Compensation Services helps businesses keep their premiums down. Pictured (left to right): Todd, Len and Gregg Schiff.

of Labor and Employment, said that employers actually account for the biggest problem in workers' compensation, either by not carrying insurance or by misrepresenting their classifications.

Peter Strause, government affairs director for the National Council of Compensation Insurance, said while compensation insurance fraud is a problem for both employers and employees, it's hard to tell how big the problem is.

"We have no way of knowing how much is spent on fraudulent claims because if they were fraudulent, the insurance companies presumably wouldn't pay them," he said.

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