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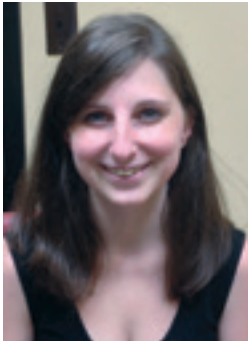
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By Caitlyn Scheuermann

The Red Flags of Workers' Compensation Fraud



Workers' compensation fraud is an issue that not only concerns the parties that are directly involved, but also employers and insurance carriers everywhere. As a result of fraud cases every year, insurance carriers are forced to raise their premiums; this affects small business owners the most. To protect your business from workers' compensation fraud, it is important to know not only the various types of fraud, but also what to look for and how to prevent it from happening to you.

As an employer, you have several tools available to prevent workers' compensation fraud at your business. The first is knowing what to look for.

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Here are the top 10 red flags:

1. **The timing of the injury**—The injury occurs first thing Monday morning after the employee arrives at work or after the employee has been away from the workplace.
2. **No verification**—No witnesses are around when the injury reportedly occurred, and the injury does not appear to be consistent with the employee's job.
3. **Change in the description of how the injury occurred**—The employee offers conflicting reports of how the injury occurred from the time the injury report was taken.
4. **Past history of claims**—The employee has a history of filing workers' compensation claims, some of which appear suspicious.
5. **Late reporting of the claim**—The injury in question reportedly happened on Friday

afternoon, but is not reported to management or the employer until Monday without a reasonable explanation.

6. **Treatment is refused**—The employee refuses to undergo any diagnostic tests that would determine the extent or nature of the injury.
7. **The claimant is hard to reach**—The employee is allegedly disabled, but is not reachable at home.
8. **Change in employment status**—The timing of the alleged injury or illness correlates with a change in employment status (i.e., end of a project, conclusion of seasonal work, layoff, etc.)
9. **Frequent changes**—The employee has a history of frequently changing employers, addresses and their primary care physician.
10. **Questionable providers**—The employee's preferred physician has a history of handling suspicious cases, or has been used by other employees who have previously reported suspicious claims.

While none of these would be cause for alarm individually, an employer may have reason to worry if a claim raises two or more of these warning signals.

Prevention tools

As an employer, knowing what to look for is only half the battle. The other half comes in knowing how to prevent workers' compensation fraud. Put these five tips to work for you:

1. **Establish injury/illness reporting procedures**—When an injury or illness occurs in the workplace, the same procedure should be followed every time. This procedure should include requiring appropriate medical attention at the time of the injury or illness, designating a person to whom accidents or illnesses should be reported, getting a complete description of the incident as soon as possible, making a list of all the witnesses to the incident, and preserving any evidence in the workplace.



- 2. Implement a workplace safety program**—Educate your employees on safe practices for the workplace. This can include rewarding employees for hitting safety milestones, hosting regular meetings to address common work-related incidents, alerting your employees about workers' compensation fraud and the penalties for committing such acts, and hanging posters and flyers in the workplace for safety procedures.
- 3. Have a return-to-work program**—If an employee must take time off due to injury or illness, have a program in place to have that employee return to work as soon as possible. Returning to work is not necessarily returning to the same duties prior to the incident and may include a lighter workload, or alternative duties.
- 4. Use thorough hiring procedures**—Before hiring any employee, complete a full background check. This will reveal any fraudulent claims from the past. Employers may also opt to perform drug tests on candidates they are looking to hire, and should look to their state and local agencies for further assistance.

- 5. Educate employees about fraud**—Your employees should have an understanding of what workers' compensation fraud is and who they can notify if they suspect a fraudulent claim has been made. Some employees may feel uncomfortable approaching management or a business owner about a coworker; they can anonymously report fraud and should know where to report it in their state.

You can never be too prepared or too educated when it comes to preventing workers' compensation fraud. One of the best ways to protect your business is to be sure that the lines of communication are open, not only between you and your employees, but also you and your insurance carrier or safety group manager. **RIA**

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