

Staffing Insurance News



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It's Classified – Correctly?

Obtaining the “right” workers compensation product and premium is certainly of prime importance for your staffing firm. Regardless of the carrier you select, what you do after you bind your workers compensation coverage is just as important. Improperly classifying client business can leave your staffing firm exposed due to incorrect class codes being used. From our experience, the most common pitfalls are as follows:

Rating Bureaus/Classification Systems:

In most states, the classification system used is one devised and maintained by the National Council on Compensation Insurance (NCCI). NCCI has devised a system of approximately 600 classification codes, intended to cover workplace exposures, and this is the classification system utilized by carriers in most states.

There are several states that have their own rating bureau/classification systems. These are California, New Jersey, New York, Delaware and Pennsylvania. While there may be some occasional similarities, NCCI class codes do not transfer to these states. Be aware of this, and familiarize yourself with the codes and descriptions associated with the states in which you place workers.

For example, Pennsylvania has class codes and subsets specific to the staffing industry. All too often staffing firms who begin to place business in this state are unfamiliar with proper coding practices, which they discover only at audit when they receive an unexpected additional premium.

Class Code Assignment:

Determining what the proper classification code is for a particular employer is not always easy, especially when bidding on jobs in other states. The governing code of your client is the code that should be assigned to the staffing placements. Improper classification leads to reclassification when the policy is audited and the final premium is determined.

To safeguard your firm, obtain the governing code from your client. Submit this code along with the job description to your insurance carrier to obtain the rate to be charged. Keep all documentation to and from the carrier for reference when you receive your audit papers.

Single State Insurance Policies, State Funds/Assigned Risk vs. Standard Carrier:

Single State, State Fund or Assigned Risk Policies do not allow for placements in other states. As a result, staffing firms who have the opportunity to bid on or place workers out of state often find themselves scrambling to obtain coverage in another state, unable to obtain that coverage in a timely manner, and subsequently closed out of a bidding process. If there is any possibility that you will entertain placements in additional states, consider purchasing coverage from a standard market carrier with the ability to add on other states as needed.

Foreign Liability:

Domestic insurance policies do not automatically extend to foreign exposure. If you have employees that are assigned to work out of the country, you will need to obtain coverage for that exposure.

To ensure your staffing firm has adequate protection from client workplace risks, contact [World Wide Specialty Programs](#). We make it our responsibility to educate the staffing industry. If you ever have questions or concerns do not hesitate to call us at **631-390-0900**, or visit our website at www.wspi.com. We are proud to be an ASA Partner.



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