

Taking the Mystery Out of Workers' Compensation Insurance

The PGA Preferred Golf Course Insurance Program can help

If you are like most golf facilities, one of the key drivers of your overall insurance budget is your workers' compensation insurance. Based on payroll, the premiums can easily outpace those of your general liability, umbrella or commercial automobile policies. For the ease of understanding, we will break down our explanation as follows:

- Coverage
- Common Injuries
- Experience Modification Factors
- Payroll/Audits
- Pay-As-You-Go Payment Plans

Coverage

Workers' compensation coverage was established to provide compensation for injuries suffered by employees in the course of their employment as well as indemnifying them for lost wages. Workers' compensation coverage is required for facilities that have any employees, even part-time! In fact, anyone you pay, regardless of how they are paid, (W2 or 1099) could be considered an employee and you should have workers' compensation in force for this reason alone. It is important to keep in mind that each state structures their programs differently and you should refer to state statutes accordingly.

Experience Modification Factors (MOD)

Simply stated, MOD factors serve as an adjustment to premium rates that reflect a number of variables including but not limited to classification codes, premium size, claim frequency and claim severity. Have you ever wondered why that number is so important? If you think of a MOD as a grade, then a 1.00 would be a C. A credit modification factor or one that is below 1.00 means that you are moving toward an "A." A debit modification factor or a MOD above 1.00 means that you are heading the other direction, toward an "F." Why should it be below 1.00? The goal is to keep your facilities MOD number as low as possible resulting in lower premiums. One of the benefits of the PGA Preferred Golf Course Program administered by Bouvier Insurance is we are able to provide you with a detailed analysis of your experience modification factor to determine its accuracy. If your overall premium is not over \$5,000 most times a modification is generally not calculated or considered.

Payroll/Audits

Workers' compensation policies are written for a term of one year, which is auditable at the end of the term. Auditors look for payrolls for each class and confirm the appropriateness of the duties being reported according to NCCI's (National Council on Compensation Insurance) definitions. If the calculation results in higher payroll totals additional premiums are due to the carrier, however, a lower calculation will result in a return of premium to the insured. Additionally, reported payrolls will be adjusted by governing rules for each state regarding executive officers of corporations, partners in LLC's and sole proprietors.

Pay-As-You-Go Programs

A new and useful trend in better managing workers' compensation premiums is with pay-as-you-go programs. Benefits of this type of program include:

- Reduction of large premium down-payments
- Eliminates billing charges
- Assists in better managing cash flow
- Avoids audit surprises by basing the premium on actual real time payroll data

Most carriers are now making these programs available and depending upon the needs of your facility, this may be well worth looking into.

The PGA Preferred Golf Course Insurance Program can help take the mystery out of workers' compensation coverage. Please feel free to contact us today at 1-800-888-GOLF for a review of your coverages or with questions on workers' compensation insurance. You can also visit us anytime at www.pgapreferredgolfcourseinsurance.com.

Rob Bouvier is President of Bouvier Beckwith & Lennox, Inc. The foregoing is intended as a summary of exposures for illustration purposes only and is not intended in any way to serve as a specific coverage plan for your facility. ■

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Common Injuries

Golf facilities have many exposures associated with their operations, which in addition to the golf course itself may include a restaurant, pool, tennis, paddle, squash, fitness centers, summer camps and banquet facilities. With these different operations come injuries common to that line of work. What is important here is the adherence to a schedule of regular and proper training in all facets of your operation. Most carriers have resources available to assist you with identifying areas of risk at your facility.