

For more information on this topic, please see the following:

**Office of the State Comptroller**

*Audit of Steuben County*

*Risk Manager's Office:*

*Self-Insured Workers' Compensation Plan Administration*

(2007M-110)

[www.osc.state.ny.us/localgov/audits/2007/counties/steuben.pdf](http://www.osc.state.ny.us/localgov/audits/2007/counties/steuben.pdf)

**NYS Workers' Compensation Board**

[www.wcb.ny.gov](http://www.wcb.ny.gov)

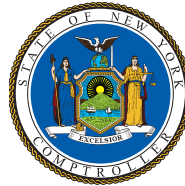
**New York State Insurance Fund**

[ww3.nysif.com](http://ww3.nysif.com)

**OFFICE OF THE STATE COMPTROLLER**



**DIVISION OF  
LOCAL GOVERNMENT AND  
SCHOOL ACCOUNTABILITY**



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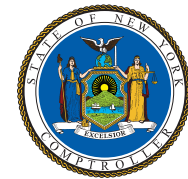
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**LOCAL GOVERNMENT  
FINANCIAL TOOLBOX**

## Managing Workers' Compensation Costs

**Workers' Compensation is a significant expenditure for local governments and warrants periodic review and cost comparison.**



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Workers' compensation coverage is a mandatory benefit that you must provide your employees. A local government can obtain workers' compensation insurance in one of four different ways:

- Purchase a policy from a private sector insurance carrier
- Purchase a policy from the New York State Insurance Fund
- Become authorized by the Workers' Compensation Board to be self-insured;
- Become part of a group self-insurance fund authorized by the Workers' Compensation Board.

## Seek Competition

As with health insurance, it is common for a local government to select a workers' compensation carrier and then rarely compare its costs with other vendors or self-insured options. Such a major expenditure of funds warrants periodic review and cost comparison. If your experience rating and other factors are good, you may find comparable coverage at a lower cost. Counties

which are self-insured may offer workers' compensation coverage to local governments located within the county.

## Monitor Your Bill

If you purchase a policy from a vendor, your chief fiscal officer or other appropriate official should review your bill to assess the accuracy of your job classifications and the apportionment of your gross wages and salaries to those job classifications.

If your local government is a participant in the State Insurance Fund or purchases a policy from a private insurance carrier, the premium that you pay is often based on wages paid to employees, level of risk for each job classification, and your experience rating. There is often an annual audit of your payroll to determine the job classification and salary allocations for worker's compensation purposes. For example high risk tasks such as snow plowing generally carry more expensive premiums.

You should request and review a copy of your annual payroll audit. If your audit did not classify each employee's duties properly or allocate the position among different categories of risk, you could be paying more in premiums than is warranted.

If your local government is a participant in a group self-insurance plan, such as one run by some counties, it is important to know the method of cost apportionment to make sure that your allocation numbers (i.e., full valuation of real property, salaries) are accurate.

## Monitor Your Claims

Keep track of where your claims are coming from so you can actively manage your risk areas and make sure that your operations, policies and procedures are not contributing to your liability.

## Prevent Accidents

Prevention is probably the best way to save on workers' compensation costs and to keep your employees safe. The private sector manages its safety programs aggressively in order to save money. Your insurance carrier or a private consulting firm can help you develop policies and procedures to make safety and accident prevention a top priority for your local government.