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TEXAS MUTUAL INSURANCE COMPANY ★ 2009

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THE EMPLOYER'S GUIDE TO WORKERS' COMP

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## ■ Workers' Comp: What Is It, and Why Do You Need It?

Workers' compensation is a state-regulated insurance program that protects injured workers and employers in the event of an on-the-job injury. Workers' comp provides the best protection against the consequences of on-the-job injuries.

### ■ Legal protection for you

Section 408.001 of the Texas Labor Code explains that, with only a few exceptions, workers' comp benefits are the injured employee's sole source of recovery from an employer who carries valid workers' comp coverage.

Employers who do not carry workers' compensation bear complete financial responsibility for an employee's injury or death if they are found negligent. The total amount they could be responsible for is unlimited. In short, going "bare" could cost them their business.

### ■ Medical and income benefits for your employees

Some employers think that they have found a cheaper substitute for workers' compensation by purchasing so-called alternative policies. They may not know that alternative policies often leave huge gaps in coverage, limit medical benefits, and refuse to cover some illnesses, diseases and accidents.

If one of your employees is injured on the job, your workers' compensation insurance will:

- Pay all reasonably required medical bills for a work-related injury.
- Replace some lost wages, and compensate the injured employee for permanent impairment caused by a compensable work-related injury.
- Pay benefits based on the employee's pre-injury income and the severity of the injury.
- Reimburse qualifying beneficiaries, if an employee is killed on the job as a result of a compensable work-related injury, for the deceased worker's actual burial costs (up to \$6,000), and pay income benefits to qualifying beneficiaries.

**More information**

Visit [www.tdi.state.tx.us/pubs/consumer/cb007.html](http://www.tdi.state.tx.us/pubs/consumer/cb007.html) for more information about the benefits of choosing a workers' comp policy.

## ■ Lower Your Premium

Workers' compensation is one of many expenses employers have to consider. You can make it a smaller piece of your budget by joining a group discount program, choosing our workers' comp health care network option and earning dividends.

## ■ Group discount programs

State law allows employers in similar industries to purchase their workers' comp coverage as a group. Employers who join a group discount program can:

- Get a premium discount. Most groups offer discounts between 10 percent and 11 percent.
- Adopt an industry-specific safety plan. By preventing accidents, you can lower your claim costs.
- Qualify for potential dividends. Policyholders who control their losses may receive a monetary reward in the form of a dividend. Members of a group discount program may also qualify for an additional group dividend if the group has favorable results. Some policyholders may receive individual and group dividend checks.\*

*\* Past dividends are not a guarantee of future dividends. The Texas Department of Insurance must approve all dividends.*

### More information

Texas Mutual offers group discount opportunities for a range of industries, including oil and gas, restaurants, construction, health care and auto repair. Ask your agent for more information, or visit the Employers section at [www.texasmutual.com](http://www.texasmutual.com).

## ■ Health care network

Most employers who choose Texas Mutual's workers' compensation health care network get a 12 percent annual premium discount. They all benefit from the network's success at getting injured workers well and back on the job. The second annual network report card issued by the Workers' Compensation Research and Evaluation Group showed that:

- Medical costs on in-network claims are, on average, 6 percent lower than they are on non-network claims.
- In-network patients return to work an average of 24 percent sooner than non-network patients.
- In-network patients report similar access to care as non-network patients.

### More information

Texas Mutual policyholders do not have to wait for their policy to expire to join the network. Ask your agent, or visit the Health Care Network section at [www.texasmutual.com](http://www.texasmutual.com).

## ■ Dividends

Texas Mutual Insurance Company pays benefits to workers who suffer compensable injuries. The costs of those benefits affect the overall cost of workers' compensation. A dividend is essentially a monetary reward for policyholders who help us provide affordable workers' compensation coverage by controlling their claim costs:

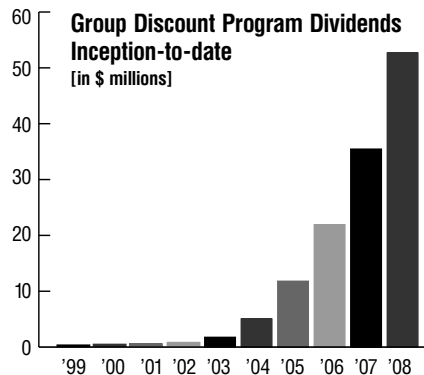
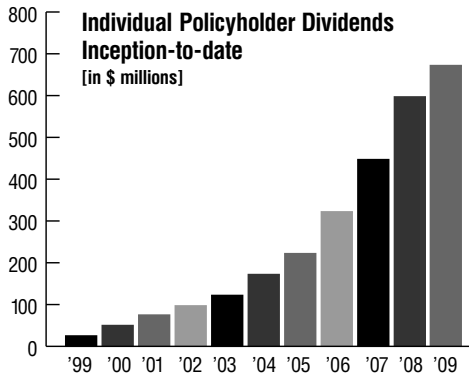
- Your dividend has the potential to increase every year through your fifth consecutive year with Texas Mutual. If you leave before then, you start over when you return to Texas Mutual.

- You can improve your chances of earning a dividend by preventing accidents, committing to a return-to-work process and fighting workers' comp fraud (See page 6).
- Group discount program members are eligible for individual and group dividends (See page 3).

### More information

For more information about dividends, visit [www.texasmutual.com/news/dividendhistory.shtm](http://www.texasmutual.com/news/dividendhistory.shtm).

*\* Past dividends are not a guarantee of future dividends. The Texas Department of Insurance must approve all dividends.*



## ■ Manage Your Claims

Texas Mutual manages your claims by investigating injuries for compensability, helping injured workers get back on the job, and ensuring that medical treatments are reasonable, necessary and related to the compensable injury. You can help us if you prevent accidents, launch a return-to-work process and fight fraud.

## ■ Prevent accidents

The easiest way to control your claim costs is to prevent accidents. For every dollar you invest in safety, you could get four dollars to six dollars in return.

Launching a safety program can be challenging, but we're here to help.

*Safety first, second and third*

Our loss prevention pros pared the safety process down to three key steps:

- Write a safety plan.
- Train your people.
- Analyze your results.

Visit [www.texasmutualsafetyfirst.com](http://www.texasmutualsafetyfirst.com) for more information about this simple, three-step route to a safer workplace.

### *Safety resource center*

Our safety resource center is a gateway to custom safety information. Policyholders can visit [www.texasmutual.com](http://www.texasmutual.com) to:

- Uncover and correct the causes of workplace accidents.
- Create safety programs designed around their operations.
- Get DVDs, videos, pamphlets and other safety training materials. Many of the resources are available in Spanish.
- Find out how much money accidents cost their business.

### ■ **Launch a return-to-work process**

A handful of principles apply to every business, regardless of their industry:

1. The customer is always right.
2. You have to make more money than you spend.
3. Experienced workers are more valuable when they are on the job, not sitting at home unnecessarily.

Texas Mutual encourages employers to launch a return-to-work process to reduce the costs of workplace injuries. The goal of the process is to help injured workers recover and return to productive employment as soon as medically reasonable.

### *What's in it for you?*

- Lower your claim costs.
- Control your premium by improving your loss history.
- Retain experienced workers. The cost of replacing an injured employee can be 50 percent to 150 percent of the employee's salary.
- Reduce the costs of making up for lost production, such as hiring extra help or paying overtime.

### *What's in it for your employees?*

- Steer clear of the stress and depression that often come with being unable to work.
- Retain their job skills, company benefits and seniority.
- Maintain their pre-injury income. Remember, workers' compensation benefits pay only a portion of the injured employee's salary.
- Avoid the disability mindset: "I'm injured, and I cannot work."

### **More information**

Visit the Safety & Return-to-Work section at [www.texasmutual.com](http://www.texasmutual.com) to download a free Return-to-Work Kit. More information about return-to-work is available through the Texas Department of Insurance at [www.tdi.state.tx.us/wc/rtw/index.html](http://www.tdi.state.tx.us/wc/rtw/index.html).

### **■ Fight fraud**

Workers' compensation fraud costs consumers like you \$7.2 billion a year, more than Yahoo Inc.'s 2007 revenue. Texas Mutual Insurance Company works hard to protect our policyholders' premium dollars. Our three teams of experienced, full-time investigators get results, but they need your help.

If you identify two or more of these indicators in a Texas Mutual claim, contact us immediately at (800) 488-4488 or by email at [fraudstoppers@texasmutual.com](mailto:fraudstoppers@texasmutual.com):

- Tip from a credible source
- New or disgruntled worker
- No witness to alleged injury

- Inconsistent or illogical description of incident
- Hard to contact injured worker
- Injured worker acts upset when contacted
- Suspicious injury on Monday or Friday

### **More information**

Visit the Fighting Fraud section at [www.texasmutual.com](http://www.texasmutual.com) to read our fraud-fighting success stories, learn more about our *FraudStoppers*<sub>SM</sub> cash reward program, and download a free *FraudStoppers*<sub>SM</sub> poster.

If you suspect fraud against an insurance carrier other than Texas Mutual, email the Texas Department of Insurance at [FraudUnit@tdi.state.tx.us](mailto:FraudUnit@tdi.state.tx.us), call (888) 327-8818 or visit [www.tdi.state.tx.us/fraud/onlinereport.html](http://www.tdi.state.tx.us/fraud/onlinereport.html).

## **■ Find a Pharmacy**

Some pharmacies may not accept workers' compensation claims. Others may only accept cases from a handful of insurance companies.

To help ensure your injured workers get the prescriptions they need for their compensable work-related injuries and to save you money, we partnered with ScripNet pharmacy account network. To find a network pharmacy near you, go to [www.scripnet.com](http://www.scripnet.com), or call the ScripNet help desk at (888) 880-8562.

## ■ Save Time With *Texas Mutual*® Online

We want to help you spend less time on workers' compensation and more time on the business of running your business. *Texas Mutual*® online services make it easy and convenient for policyholders to:

- *Report workplace injuries.* Studies show that the later an employer reports a workplace injury, the more costly the claim. Reporting online is fast and easy, and it gives our adjusters a head start on the claim.
- *Review claim details.* This tool gives policyholders access to basic claim information, such as the status of the claim, nature of injury, claim summaries, the adjuster assigned to the claim and the payment history.
- *Create a loss run report.* Group your losses by class code, body part, cause of injury, nature of injury and location. You can use the information to target your safety and training programs to help decrease losses.
- *File interim payroll reports, and make online payments.* Qualifying policyholders may pay a percentage of their estimated annual premium to be used as a deposit in this program. They submit periodic payroll reports, along with a premium payment, for each reporting period.
- *Submit Form DWC-3 Employer's Wage Statement.* This state-required form provides wage information that insurance carriers use to calculate injured workers' benefits. You can eliminate cumbersome paperwork and help ensure your injured workers receive timely, accurate benefits by completing the form online.

- *Review dividend history.* Use this tool to review your individual and purchasing group dividend history with Texas Mutual.
- *Register for workshops.* Our free workshops help policyholders understand their rights and responsibilities in the workers' comp system and how to get the most out of their coverage.
- *Download state-required forms.* We keep all relevant state-required forms on our website to help policyholders comply with the workers' comp law and rules.
- *Report suspected fraud.* This section explains the red flags for fraud, shows what we're doing about fraud and makes it easy for policyholders to report suspected fraud.
- *Download return-to-work kits.* We help injured employees return to the job as soon as medically reasonable. These kits help employers develop and maintain a return-to-work program.
- *Improve workplace safety.* Our website includes valuable safety tips and training resources to help employers and employees maintain safe workplaces and workplace behaviors.
- *Get workers' comp news and updates.* We provide email updates on changes in the workers' comp system and related topics.
- *New features.* We constantly add new functions and services to our website to meet policyholders' growing needs.

## ■ Learn About Our Scholarship Program

Texas Mutual wants to reduce the number of work-related injuries and illnesses in Texas and minimize their consequences. In cases of compensable work-related fatalities, we offer college scholarships to qualified, surviving family members of workers.

The *Texas Mutual*<sup>®</sup> scholarship program provides up to \$4,000 for tuition and fees per individual per semester, plus assistance for course-related books and supplies. We hope that each scholarship might serve as part of the deceased employee's legacy to his or her family, thereby reducing the family's financial burden.

We also offer scholarships to people whose compensable injuries qualify them for lifetime income benefits (pursuant to the Texas Workers' Compensation Act) and their spouses and unmarried children.

For the complete scholarship requirements and related procedures, visit the Injured Workers section at [www.texasmutual.com](http://www.texasmutual.com), or call (800) 859-5995.

## ■ Speak the Language of Workers' Comp

Average weekly wage	<b>AWW</b>
Benefit review conference	<b>BRC</b>
Benefit review officer	<b>BRO</b>
Contested case hearing (also benefit contested case hearing)	<b>CCH</b>
Contested case hearing officer (also benefit contested case hearing officer)	<b>CCHO</b>
Death benefits	<b>DBs</b>
Division of Workers' Compensation (also the Division)	<b>DWC</b>
Documentation of procedure	<b>DOP</b>
Durable medical equipment	<b>DME</b>
Health care provider	<b>HCP</b>
Impairment income benefits	<b>IIBs</b>
Impairment rating	<b>IR</b>
Injured employee	<b>Employee</b>
Insurance carrier	<b>Carrier</b>
Lifetime income benefits	<b>LIBs</b>

Maximum medical improvement	<b>MMI</b>
Post-injury earnings (also weekly earnings after the injury)	<b>PIE</b>
Required medical examination	<b>RME</b>
Research & Oversight Council on Workers' Compensation*	<b>ROC</b>
Return-to-work program	<b>RTW</b>
Supplemental income benefits	<b>SIBs</b>
Temporary income benefits	<b>TIBs</b>
Texas Department of Insurance	<b>TDI</b>
Texas Workers' Compensation Act	<b>Texas Labor Code, "the Act," or "the Statute"</b>
Texas Workers' Compensation Commission	<b>TWCC or the commission (abolished in 2005 by House Bill 7, replaced by DWC)</b>
Workers' compensation health care network	<b>HCN</b>

*\*NOTE: The Research & Oversight Council on Workers' Compensation (the ROC) was discontinued in 2003; however, many workers' comp-related articles and websites still refer to it and its reports. The ROC's research functions are now under the Workers' Comp Research and Evaluation Group (REG) at the Texas Department of Insurance.*

## ■ Related Sources

Texas Department of Insurance, Division of Workers' Compensation  
(512) 804-4000 (800) 372-7713  
[www.tdi.state.tx.us/wc/index.html](http://www.tdi.state.tx.us/wc/index.html)

Texas Workforce Commission  
(800) 832-2829  
[www.twc.state.tx.us](http://www.twc.state.tx.us)

Texas Department of Insurance  
(512) 463-6169 (800) 578-4677  
[www.tdi.state.tx.us](http://www.tdi.state.tx.us)

Occupational Safety and Health Administration  
[www.osha.gov](http://www.osha.gov)

National Institute for Occupational Safety and Health  
[www.cdc.gov/niosh/homepage.html](http://www.cdc.gov/niosh/homepage.html)  
(404) 639-3311 (800) 311-3435

## ■ About Texas Mutual Insurance Company

Texas Mutual Insurance Company is the state's leading provider of workers' compensation insurance. We provide a stable, competitive source of workers' comp coverage for Texas employers, and we help prevent on-the-job injuries and illnesses and minimize their consequences. We also serve as the state's insurer of last resort for businesses that do not qualify for coverage in the voluntary market.

Workers' comp is all we do, and we do it better than anyone. More than 45,000 Texas businesses count on us to help them lower their workers' comp costs and protect their employees on the job. We respond with:

- Competitive rates
- Group discount programs
- Dividends for employers who control their claim costs\*
- Zero tolerance for fraud policy
- Comprehensive safety services
- Cost-controlling claim management techniques
- Timesaving *Texas Mutual*® online tools
- Long-term commitment to Texas employers
- Workers' comp specialists dedicated to helping you get the most value out of your *Texas Mutual*® coverage

### **Get more information**

Ask your agent for more information about Texas Mutual Insurance Company, or visit us online at [www.texasmutual.com](http://www.texasmutual.com).

*\*Dividends are based on performance and are not guaranteed.*

## ■ Contact Us

Call us toll-free at (800) 859-5995 during regular business hours to speak with a Texas Mutual Insurance Company representative, or contact us by email at [information@texasmutual.com](mailto:information@texasmutual.com).



TexasMutual<sup>®</sup>  
Insurance Company

HERE FOR TEXAS. HERE TO STAY.<sup>®</sup>

[WWW.TEXASMUTUAL.COM](http://WWW.TEXASMUTUAL.COM)



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51000-980-0906 • Printed June 2009  
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