

## Nixer Comp Helps Staffing Companies Take Control of their Workers' Compensation Claims



Since mid-2022, the staffing industry has declined, with temporary staffing jobs dropping by 6.5% in May 2024 compared to the previous year and 14.2% from its peak in March 2022. However, owners have set out to drive revenue by dropping their markups to undercut their competitors instead of maximizing their revenues. At the same time, they are filling job orders with inexperienced employees to cut costs.

Inevitably, increased general liability and workers' compensation claims activity follow. For most temporary staffing companies, workers' compensation is their greatest controllable expense. So, what do staffing company owners do to control this expense? They 'shop' their workers' compensation coverage yearly, demanding their generalist insurance agent find better rates.

So, their insurance agent floods the market with poorly completed Acord applications, loss runs, and MOD worksheets, willing to consider any solution presented with a lower premium or cost.

**When are staffing company owners going to realize that they are doing business with partners who make more money when their company does worse?**

Retail agents make more commission as their experience mod increases. So why would they spend time and effort helping staffing companies reduce costs? Selfishly, they spend their time understanding the cheapest markets based on the staffing company's loss experience. Then, they block those markets, knowing the staffing company will have to select one from that list. No matter what, the agent is going to win.

The insurance carriers are set up to make profits by calculating average developed and expected losses before they offer a quote.

They'll offer a quote as long as they can achieve their minimum profit margin. Some also provide other profitable lines of business, such as general liability, property, and auto, and are willing to take a lower profit from workers' compensation. Some make money from their workers' compensation losses through profit sharing or by having ownership interest in their vendors.

The only way for staffing company owners to control their workers' compensation costs is to control their workers' compensation claims. They should begin by not hiring or doing business with them and reporting claims late. They must investigate every incident or accident, identify the causal factors, and implement corrective actions.

**You can't outrun your claims by increasing your revenue. You must turn and fight, or you will be eaten like an impala by a cheetah.**

Lag reporting can increase claims costs by 51%. Keeping medical expenses in-network can reduce medical expenses by nearly the same amount. Communicating regularly with the Claims Adjuster helps build rapport, encouraging the adjuster to go above and beyond what is required professionally and statutorily, resulting in lower claims costs. Communicating regularly with injured employees can reduce litigation ratios. Return-to-work and light-duty programs can reduce indemnity costs, dramatically reducing the impact of the claim on experience modification factors.

Even good claims results are wasted when they are reported to the incorrect class code. This drives experience modification factors higher, increasing premium costs and affecting the staffing company's business. Staffing companies should ensure that every claim is

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reported under the proper classification on their loss runs.

Finally, onboarding documents, signed policies and procedures, training records, investigation reports and statements, instructions to preserve evidence, and even documented communication with the injured employee are all important to the defense attorneys when a claim is litigated.

Nixer Comp is a national, A -VIII-rated workers' compensation program created **exclusively** for the temporary staffing industry. It doesn't offer other lines of business or provide coverage for any other industry. The goal is simple: to help temporary staffing companies reduce claims costs deliberately.

Nixer Comp can help temporary staffing companies implement processes and procedures to lower claims costs and increase EBITDA margins. Its underwriters and claims professionals are all dedicated to assisting temporary staffing companies in maximizing their revenues by controlling their greatest controllable expense—workers' compensation.

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For information about Nixer Comp's Staffing Workers' Compensation program, please contact Rob Schild, Founder and President, at [rob.schild@nixercomp.com](mailto:rob.schild@nixercomp.com) or (407) 919-6111.

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