



Downsizing & Workers' Compensation

The CompWest Difference

CompWest customers are assigned a dedicated loss control consultant to identify and address loss trends while serving as a safety resource.

Although workers' compensation claims often skyrocket when companies downsize or close facilities, managers can take steps to reduce fraud and keep legitimate claims' costs low.

Downsizings may result in an increase in filed claims greater than during a company closure. Staff reduction tends to move people into different departments with unfamiliar machinery or different physical demands and procedures.

Reduce "termination stress" by having a sympathetic top official deliver the news of pending downsizing or closing. They should show concern for the laid-off employees and let them know they will do what they can to assist the impacted employees by offering job fairs, resume counseling and on-site therapy sessions.

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CompWest Insurance Company is a member of AF Group.

To keep potential claim costs low, an employer should:

- Choose a team with experience in claims, loss prevention and human resources to manage the downsizing.
- Keep accurate records in one central location.
- Investigate working conditions carefully before announcing any layoff.
- Consider videotaping employees at work and documenting baseline levels of noise, airborne particles and chemicals.
- Conduct exit interviews with employees to detail their injury histories. Photographing employees at this time can help you remember them better and can be used to identify a former employee if fraud surveillance is necessary.
- Follow your standard claims procedure and investigate any reported claim as if it has just occurred.
- Train the downsizing team to watch for fraud indicators such as fraud solicitation, a history of fraud or filing similar injury claims with the same doctors and lawyers.
- Explain that benefits and employer benefit plans are subject to deductibles and other coverage restriction.

CompWest should be in integral part of the downsizing process and should be provided with:

- Copies of the layoff notice with documentation containing the date and means by which it was presented to employees.
- Job descriptions of positions at risk of producing claims.
- In the case of plant closure, provide the name, address and phone number of the assigned custodian of the personnel records and wage information. This information will assist in managing any future claims. This person would also have contact information on all employees who might be needed in investigation of claims as witnesses.
- Obtain the name, address and phone number of the key contact personnel with whom we could conduct investigative activity on future claims.
- If not the same as one of the above, contact information for the custodian of any baseline employee testing, such as audiology, or any environmental testing which might be required or was performed. Medical records are required to be available by law.
- Employee exposure records. Each employee exposure record shall be preserved and maintained for at least thirty (30) years.
- Employee medical records. The medical record for each employee shall be preserved and maintained for at least the duration of employment plus thirty (30) years.
- Information about exit interviews - whether or not they were conducted with inquiries about the need to report an industrial injury, as well as exit interview documentation.

