

Today's Veterinary Business

BUSINESS PROTECT & DEFEND



By Ed Branam, DVM, CIC

How to Cut Your Insurance Costs

Managing and mitigating risks help veterinary practices pay less for workers' comp and business liability policies.

Did you know that human error is the cause of 80% to 90% of all workplace accidents and that their likelihood increases when employees are stressed or fatigued? Or that people with less than a year's experience account for 34% of workers' compensation claims? Or that rising medical bills in workers' comp cases are a top concern of insurance companies and employers?

To help solve those challenges, employers should combine claims management, risk control and analytics. Veterinary practices can achieve premium reductions of up to 30% or more by reducing or eliminating claims and cost drivers.

Risk Control

The secret to lowering workers' compensation insurance costs is not as simple as shopping for the best quote. The phrase "Closing the barn door after the horse is out" is applicable in this instance. In other words, no insurance company will give "cheap" workers' comp coverage to a policyholder with a poor loss history. After all, under standard workers' comp policies, the carrier accepts responsibility for any costs that exceed a client's annual premium. Neither veterinarians nor insurance companies are in business to lose money.

What should you try to do then?

- Reduce the frequency of workers' comp claims.
- Decrease the severity of each claim.
- Use your carrier's managed provider network when treating injuries.
- Encourage an employee's early return to work whenever possible.



An effective risk-management program includes but is not limited to:

WORKPLACE CULTURE

- Accountability and responsibility matter. Safety is everybody's job.
- Foster a work environment that values and rewards safety and safe work behaviors.

EMPLOYEE TRAINING

An inordinate percentage of work-related injuries in the veterinary field occur with people employed for less than six months. Many of the incidents could have been prevented with adequate training and supervision.



SAFETY MEETINGS

Hold monthly gatherings that include a safety presentation, employee feedback and a review of employee injuries that occurred since the last meeting.

WORKSITE ASSESSMENTS

- Conduct monthly walk-through inspections of every location in the practice, preferably by a rotating staff member who works in that area. Address all identified action items as soon as possible.
- Invite your carrier's loss-control experts to inspect your practice. Caution: The insurer likely will require you to correct any serious deficiencies. A slow response could lead to higher premiums or the insurance policy's non-renewal.

CLAIMS REVIEWS

Discuss with your insurance agent the status of open claims and any risk-prevention strategies.

Employer's Liability

Employer's liability insurance, typically the second part of most workers' comp policies, is designed to pay legal fees, court costs, and any judgments or settlements. Employers in monopolistic workers' compensation insurance states must purchase the coverage separately.

Business Liability Risk Control

Concentrating on the significant cost drivers in business liability exposures can lower annual insurance premiums. Consider these seven topics.

TELE WHAT?

According to the Insurance Information Institute, "Telematics is the technology insurers can use to fine-tune your risk profile and tailor auto insurance rates based on your driving habits." Learn more at bit.ly/4bKCEHE.

ASSESSMENT AND MITIGATION

Analyzing historical data on general liability claims can identify high-risk areas. According to the Insurance Information Institute, slip-and-fall accidents are one of the leading causes of general liability claims. Businesses can reduce such incidents by proactively identifying and addressing slippery surfaces.

CLIENT PARTICIPATION

Many third-party claims stem from clients assisting with their pets' examination or treatment. Bites, scratches and other injuries suffered during in-hospital activities can lead to liability claims.

CYBERSECURITY MEASURES

About 50% of cyberattacks occur at businesses with fewer than 100 workers. Targeted cybersecurity measures can include encryption, hard passwords, multifactor authentication, endpoint detection and response, and 24/7 network monitoring.

EMPLOYMENT PRACTICES LIABILITY

The top five reasons for employment practices liability claims involve:

- **Retaliation:** It makes up more than half of the claims filed with the U.S. Equal Employment Opportunity

Commission.

- **Sexual harassment:** Nearly one-third of EEOC claims cite it.
- **Wage and hour:** Lawsuits tied to the Fair Labor Standards Act have risen.
- **Gender pay gap:** Women's earnings continue to lag behind men's.
- **Legal marijuana:** In some states, drug testing and workplace rules conflict.

CONTRACTUAL RISK TRANSFER

Transferring liability through contracts, such as indemnification clauses and hold-harmless arrangements, can be an effective risk-control strategy.

NEW TECHNOLOGY

Veterinary practices can use cameras and artificial intelligence to find, quantify and respond to hazardous situations. Real-time data collected by surveillance cameras and processed through AI and machine learning can identify and alert you to injury events and unsafe conditions.

AUTOMOBILE SAFETY

Veterinary practices with company vehicles can mitigate risks through driver-training programs, regular vehicle maintenance and inspections, and telematics technology to monitor driver behavior. Establishing clear and enforceable policies regarding distracted driving, alcohol and drug use, and non-job vehicle usage is crucial.

Insurance carriers will continue to favor businesses whose losses trend downward and that implement well-defined risk-management programs.