

# Are you Protecting your Business?



## Why workers' comp is critical to small business

By Brooke N. Bates

If Jo Marie Cerino spots ice melting on the floor in her restaurant, she sees more than a puddle. She sees the well-being of Carrie Cerino's Italian Ristorante and Party Center.

"As a business owner, I know potentially what that could result in," says Cerino, whose husband, Carmen, is the third-generation owner of the North Royalton restaurant. "I'm the first one throwing down towels to wipe that up."

The Cerinos understand that the success of their business depends on protection against risk. With a kitchen full of sharp knives, scalding fryers and scurrying servers, the Cerinos rely on workers' compensation insurance to safeguard their business and employees. All companies with employees are required by law to provide workers' comp coverage, because all it takes is one claim — as simple as a slip or a sliced finger.

"Don't be shortsighted," Carmen Cerino says. "Look long term. Some people say, 'Why bother paying into this? Nothing's ever going to happen.' But it could happen, and if it does, you're going to end up spending more than you're spending on your monthly payment."

The financial benefits are the most obvious, as the insurance covers injured employees' medical expenses,

rehabilitation and lost wages, and also saves companies from the full legal price of liability claims. But beyond financial reasons, the value of coverage can be immeasurable.

### Choosing a partner

Because companies are required to use Ohio's state-operated plan, workers' comp coverage details won't change much. But the third-party administrator (TPA) can make all the difference. An ideal comprehensive partner will offer hands-on support and step-by-step guidance, and may even include legal services.

When Vivian Berkman became administrative manager at Kalcor Coatings Co. 10 years ago, she inherited the workers' comp responsibilities, but didn't have much interaction with the TPA. Incidents at the 25-employee Willoughby paint supplier were rare. But when rare became reality and a back sprain became a case in Lake County Court, Berkman had to hire an outside attorney for additional — and more aggressive — assistance than the current administrator offered.

"The attorney, of course, was expensive," she says. "I would hesitate to write an email because I knew that every email was going to cost at least \$100."

When Berkman switched to COSE, she was able to save money using the program's comprehensive legal services, and felt a sense of relief knowing that she had a trusted advocate working on Kalcor's behalf. That means a business manager like Roseann Vandevender, of Marigold Catering in Cleveland, simply places a call as soon as an incident happens. The TPA then provides all the proper forms and next steps to guide her through the process, reducing the paperwork nightmare typically associated with legal and medical issues.

"The plans are the same because it's a state plan," Vandevender says. "The only difference is the level of partnership in helping us navigate through all the paperwork and red tape. It's nice to have an advocate."

### Safety

It's easy to overlook the benefit of workers' comp until an accident happens. Begin extracting the value long before that occurs. Simply training employees to become aware of risks — which can hide anywhere in a business — can vastly reduce the likeliness of an incident.

Although the risks seem more ominous around heavy machinery, accidents are just as likely to occur in

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everyday settings, including traditional offices. OSHA estimates that proactive prevention programs can reduce workplace injury by 15 to 35 percent, saving between \$9 billion and \$23 billion in annual workers’ comp costs.

An outside safety partner can offer up-to-date training programs and resources.

“When a place has been in business for a long time, people get complacent,” says Berkman. “It really helps to have a fresh set of eyes come in and look at what we’re doing here and how we could be doing it better.”

Proactive prevention, paired with the protection of workers’ comp in action, can secure a business and its employees against what-ifs. That puts the value of coverage into perspective, even beyond the financial savings.

The Cerinos are thankful that workers’ comp has allowed them to protect what they’ve spent decades building. In fact, Carrie Cerino’s celebrates its 50th anniversary this summer. The insurance secures their business, at a minimal price compared to what costs could be if the unlikely did strike. ●

## Workers’ comp for sole proprietors

When it comes to workers’ comp, sole proprietors are the exception to the rule. Coverage isn’t required until those businesses hire employees, but it can still be a hugely beneficial option to have.

Monika Moss, president of MKM Management Consulting, had been in business about 15 years before she pursued government contracts in 2003. Nearly every contract she bid on required contractors to carry certain coverage, including workers’ comp.

Initially, Moss purchased workers’ comp to make her organizational development firm more competitive. It came at a small cost, considering that she had no employees and minimal risk, but it became even more valuable as she learned more about the coverage.

“To know I had something that would work for me if something were to happen was really helpful, because if I’m out of commission, there’s very little business that can still happen,” she says.

Because sole proprietors often are their business, workers’ comp acts as personal security, and that alone is enough to justify the cost for Moss. But on top of that, the coverage also expands to protect her team of contractors, up to 10 people, who meet regularly in her home office.

“If you have people coming to work on your property and they have an accident, you’re liable,” she says. “If they fall on a step or trip, or something falls on their head, you’ll be liable. So it’s a very small cost to cover an unlikely accident that actually could happen.”

Though she hasn’t had any incidents yet, Moss doesn’t have to worry, “What if?”

“To have a little insurance and to have what I need to do business, it’s a very small investment,” she says. “And, as a sole proprietor and a business of one, it further legitimizes you as a stable, ongoing firm.”

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