

State laws and penalties

The Minnesota Department of Labor and Industry aggressively assesses penalties to deter late reporting and to encourage compliance with other state workers' compensation rules.

Most penalties are related to late filing of First Reports of Injury. Be aware of the state's requirements and penalties. Do the right thing and report all injuries on time.

Late "First Report of Injury"

An employer is required by state law to report a work injury to its workers' compensation company within 10 days of the employer's knowledge of the injury. After one warning, the state penalty

for reporting an injury late is \$125. The penalty rises with each additional incident up to \$500 for five or more late reports.

If an employee can't work because of injury, the law requires that either an initial payment of wage-loss benefits or a denial of liability be issued within 14 days of

the first day of lost time or your notice of the lost time. That shows how important prompt reporting is. If an employer doesn't report the injury right away, SFM can't investigate the claim, determine compensability and issue a first payment or a denial within those 14 days. As a result, both the policyholder and SFM can be penalized by the state.

Not only does prompt reporting and handling of claims reduce costs and avoid penalties, but it also responds to the needs of your injured employees, leading to higher employee morale and satisfaction. An injured employee will get frustrated if he calls

about the status of benefits but can't get complete answers because the employer's late reporting delayed the claims representative's work.

Late first payment

If the first payment is made to the employee one to 15 days late, the penalty is 30 percent of the money due to the employee and is paid to the state's Assigned Risk Plan. This fine increases dramatically as each additional day goes by without a payment.

On top of the penalty paid to the state, a fine equal to 25 percent of the original amount due is paid directly to the injured employee. *See example on back.*

Late denial of liability

If a claim is not payable under workers' compensation, the insurer must send a denial of liability to the Minnesota Department of Labor and Industry. If the denial is not filed within 14 days of the employee's first day of lost time or your notice, a penalty can be assessed at the following rate:

- 1 to 15 days late \$250
- 16 to 30 days late \$500
- 31 to 60 days late \$1,000
- 61 or more days late \$2,000

If SFM cannot make a payment or file a denial on time because the policyholder did not report the injury in a timely manner, SFM will seek

Even if you doubt the injury is work-related, notify SFM within 24 hours so an investigation can be conducted and a first wage-loss benefit payment or denial can be issued on time.



You should report injuries to SFM within 24 hours. Even if you don't know all the information, submit the report with as much information as possible to SFM. Additional information can be forwarded later.



Penalties can add up

This example illustrates how penalties for late reporting can cost employers big bucks.

Example: The injured employee's pre-injury weekly wage is \$410. The compensation rate is two-thirds of the wage, or \$273.33. The First Payment to the employee is 15 days late due to late filing of the First Report of Injury. Penalty costs would add up for the employer.

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|---|------------------|
| Late filling of First Report of Injury | \$ 500.00 |
| Late First Payment | |
| paid to the state (2 wks x \$273.33 = \$546.66 x 30% = \$164) | \$ 164.00 |
| paid to the employee (2 wks x \$273.33 = \$546.66 x 25% = \$136.67) | <u>\$ 136.67</u> |
| Total amount of penalties | \$ 800.67 |

reimbursement from the policyholder for any penalty assessed.

Call your SFM claims representative or SFM's reporting hotline at (800) 922-5246 or (952) 838-2020 for information on how to file a First Report of Injury form.

Safety committees

Every employer with more than 25 employees, and some with fewer than 25, must establish and

manage a joint labor-management safety committee. Failure to do so can also result in a penalty that is based on injury incident rate, classification and other industry factors.

For more information on safety committees, call SFM's Loss Prevention team at (800) 937-1181, option 3 or download SFM's "Safety committees" *CompTalk* through the "Resource catalog" at www.sfmic.com.