

Broadly speaking, **Workers' Compensation is a required coverage for all businesses with two or more employees.** Because premiums are impacted by inflationary trends in wages and medical care, controlling these costs is top-of-mind for organizations of all sizes.

At the same time, vertically integrating services has been a growing trend among payroll providers and PEOs. Since these entities assist employers with payroll needs, they are leveraging this valuable payroll data to expand their services into related insurance coverages like workers' compensation.

While PEOs claim their buying power and integrations allow them to offer lower premiums, our experience working with clients who have gone down this path requires us to advise clients to beware when utilizing payroll providers for insurance needs.

Insurance can be complicated. Working with a knowledgeable and experienced broker ensures you have the right partner in place to serve as an extension of your in-house team.

SERVICE LIMITATIONS

Payroll providers frequently utilize service departments, rather than dedicated Account Managers. As a result, customer service often fails to meet client expectation when they need assistance with claims, billing or audits.

LIMITED CARRIERS

Payroll providers are less thorough in their marketing process. Besides not adequately searching the market for better premiums, these providers often use a limited number of insurance carriers.

UNLICENSED REPRESENTATIVES

Payroll providers employ entry-level staff as service representatives. Frequently, these employees are not fully licensed, raising the likelihood of compliance failures and legal ramifications.

ADMINISTRATIVE BURDEN

High inquiry volumes at payroll providers leads to reactive rather than proactive customer service practices. This model places the administrative burden on the client and their team.