

Risk PRO | Workers Compensation Risk Professional

STUDY GUIDE

EXAM PREP AND ANSWER KEY

- **Knowledge Checks**
- **Check-Ins**
- **Self-Quizzes**
- **Sample Exam Questions**
- **Glossary of Terms**



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STUDY GUIDE

EXAM PREP AND ANSWER KEY

This Study Guide has been prepared to enhance your learning experience. It contains all the Check-In questions, Knowledge Checks, and Self-Quizzes contained within the course, along with an Answer Key and Glossary. Use it as a tool to help practice and assess your knowledge of the course material, but do not mistake it for a comprehensive “shortcut” to preparing for the final exam.

Be sure to take a look at the Appendix that follows the Answer Key in this Study Guide. It contains valuable suggestions for test preparation and study techniques, as well as some sample exam questions and a glossary of terms.

Your path to success in the final exam will come from your attentiveness throughout the course and the effort you put into your preparation.



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Tools to Assess Your Knowledge

Check-Ins, Knowledge Checks,
and Self-Quizzes by Topic

Section 1: Introduction to Workers Compensation and Policy Structure

Introduction – History of the Workers Compensation System

Check-In



Directions: Select the correct response.

1. Before workers compensation statutes were enacted, injured workers could only recover benefits by proving employer negligence in court.

True

False

2. The three major common-law defenses available to employers were assumption of risk, contributory negligence, and the fellow servant rule.

True

False

3. Under early common law, the family of a worker who died in a workplace accident could file a wrongful death claim on the worker's behalf.

True

False

4. Workers compensation laws introduced a no-fault system that guaranteed medical benefits and wage replacement without requiring proof of employer negligence.

True

False

5. All workers, including independent contractors, are automatically covered under workers compensation statutes in the United States.

True

False

Purpose and Objectives of the Workers Compensation System

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

Taylor, a delivery driver, strains their back while lifting packages. Taylor receives immediate medical treatment and begins receiving wage-loss benefits without needing to prove employer negligence.

How does this scenario illustrate the fundamental purpose of the workers compensation system?

Administration and Regulation of Workers Compensation at the State Level

Check-In



Directions: Select the best answer for each of the following questions.

1. Why must employees understand workers compensation laws on a state-by-state basis?
 - ☐ Because workers compensation is governed primarily by federal law
 - ☐ Because benefit levels and coverage requirements are uniform nationwide
 - ☐ Because each state establishes its own statutes, benefit schedules, and regulatory structures
 - ☐ Because private insurance carriers determine compensability rules
2. Which entity typically resolves disputes regarding compensability under state workers compensation statutes?
 - ☐ Administrative law judges acting as triers of fact
 - ☐ Civil courts applying tort law principles
 - ☐ Arbitration panels selected by the employer
 - ☐ Federal labor tribunals
3. Which statement best describes how wage-loss benefits are calculated in most states?
 - ☐ Benefits equal 100% of the employee's average weekly wage.
 - ☐ Benefits are determined solely by the employer's insurance carrier.
 - ☐ Benefits are two-thirds of the employee's average weekly wage, subject to state formulas.
 - ☐ Benefits are fixed at a national statutory amount.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

4. Why may a bank clerk in Wyoming be classified as engaged in hazardous employment for workers compensation purposes?
 - ☐ Because Wyoming applies workers compensation to all employments
 - ☐ Because identifiable risks, such as potential workplace violence, are considered hazardous
 - ☐ Because banking is a federally regulated industry
 - ☐ Because all office occupations are considered hazardous
5. Which of the following best illustrates how workers compensation coverage can become mandatory for an otherwise exempt employer?
 - ☐ A company switches to a different insurance provider.
 - ☐ An employer operates in more than one state.
 - ☐ An employer offers voluntary coverage to executives.
 - ☐ A family farm hires a non-family employee.

» Knowledge Check



Directions: Read the scenario and respond to the questions that follow.

Atlas Steel, an Ohio employer, allows its workers compensation coverage to lapse but continues operating on a Pennsylvania job site. A direct employee is seriously injured during that lapse period. The employee files a negligence lawsuit seeking pain and suffering. Regulators issue a stop-work order, and the state assesses penalties for failure to secure coverage.

1. How does Atlas's failure to maintain coverage affect its exclusive remedy protection and its ability to assert common law defenses?

2. Beyond statutory benefits, what additional legal and financial exposures could Atlas now face?

Non-Compensable Injuries and Statutory Exclusions

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

Evelyn is a maintenance technician at a manufacturing facility that has a written safety policy requiring the use of hearing protection, and she has previously received a written warning for noncompliance. During a voluntary, after-hours company softball game, Evelyn consumes alcohol. Later that week, while performing her regular job duties, she again fails to wear the required hearing protection and subsequently develops a gradual hearing loss that is diagnosed months later. A post-incident review confirms both the prior safety violation and the alcohol use.

As the claim's examiner, evaluate whether Evelyn's hearing loss claim is compensable. Identify any applicable statutory exclusions or limitations, and determine whether benefits should be denied, reduced, or allowed under typical state workers compensation statutes.

Workers Compensation Policy Structure



» Knowledge Check

Directions: Read the scenario and respond to the prompt that follows.

Gilbert Construction, operating in an NCCI state, is confused about why its premium is calculated using advisory loss costs, adjusted by an experience modification factor, and issued on a standardized policy form. Management also mistakenly believes that NCCI is the insurer since its name appears repeatedly in the rating manuals.

Explain how NCCI's role in statistical data collection, loss cost development, experience rating, and policy form promulgation influence Gilbert Construction's premium and policy structure. In your response, clearly distinguish between the functions of NCCI and those of the insurance carrier.

Understanding the Policy's Information Page or Declarations

Check-In



Directions: Select the best answer for each of the following questions.

1. The primary purpose of the Information Page is to:
 - ☐ restate state workers compensation statutes.
 - ☐ outline claims handling procedures.
 - ☐ identify insureds, jurisdictions, limits, endorsements, and rating information.
 - ☐ provide detailed underwriting guidelines.
2. Item 3.A. of the Information Page identifies:
 - ☐ future states where the employer may expand operations.
 - ☐ states where coverage is triggered at policy inception.
 - ☐ employers liability defense provisions.
 - ☐ classification codes and payroll estimates.
3. Which of the following states cannot be listed in Item 3.A. because they are monopolistic jurisdictions?
 - ☐ Texas
 - ☐ Florida
 - ☐ Pennsylvania
 - ☐ Ohio

Check-In Continued



Directions: Select the best answer for each of the following questions.

4. Employers liability limits are shown in which section of the Information Page?
- ☐ Item 3.B.
 - ☐ Item 3.A.
 - ☐ Item 3.C.
 - ☐ Item 4
5. Workers compensation premium is primarily calculated by:
- ☐ dividing losses by payroll.
 - ☐ multiplying payroll by the applicable classification rate.
 - ☐ applying employers liability limits.
 - ☐ counting the number of employees.
6. Item 3.C. is designed to:
- ☐ provide coverage for unforeseen operations in new states after policy inception.
 - ☐ replace Item 3.A.
 - ☐ increase employers liability limits.
 - ☐ list endorsements.

Key Components of a Standard Workers Compensation Contract

Check-In



Directions: Match the term with its correct definition.

A. Part One – Workers Compensation	_____ Aggregates payroll and loss experience when a majority common ownership exists
B. Endorsement	_____ Establishes that the policy, Information Page, and endorsements form the complete agreement
C. Part Two – Employers Liability	_____ Provides statutory benefits such as medical and disability payments
D. Item 3.A. of the Information Page	_____ Must be used to formally change policy terms
E. Combinability	_____ Incorporates the applicable state statute governing benefits
F. First Named Insured	_____ Requires coverage to be purchased through a state-operated fund
G. Entire Contract Provision	_____ Has authority to request policy changes and receives official notices
H. Monopolistic Jurisdiction	_____ Provides defense and indemnity for employee suits outside the exclusive remedy

» Knowledge Check



Directions: Read the scenario and answer the questions that follow.

Maria works as a respiratory therapist in a hospital. Over several years, she is regularly exposed to airborne infectious diseases while treating patients. In 2023, the hospital changes workers compensation carriers. In 2025, Maria is diagnosed with a lung condition that her physician attributes to repeated workplace exposure, with her last known exposure occurring in late 2024.

1. Under Part One, which carrier would respond to the occupational disease claim, and why?

2. What statutory elements must be satisfied for Maria's condition to be compensable under workers compensation law?

3. If Maria's lawsuit proceeds alleging employer negligence, which part of the policy would respond, and what must be proven for coverage to apply?

Section 1 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following best describes the fundamental purpose of the U.S. workers compensation system?
 - ☐ To provide defined benefits to injured workers while establishing a predictable, no-fault administrative framework
 - ☐ To allow employees to sue their employers for negligence in all workplace injuries
 - ☐ To replace all employer liability coverage with a federal social program
 - ☐ To limit employer responsibility to only fatal workplace injuries
2. In the workers compensation system, what is the primary factor determining an employee's entitlement to benefits?
 - ☐ Proof of employer negligence
 - ☐ Length of employment
 - ☐ Occurrence of a work-related injury or occupational disease
 - ☐ Demonstration of major life event limitations

Section 1: Introduction to Workers Compensation and Policy Structure

3. Which one of the following statements is true regarding damages under workers compensation?
- ☐ Pain and suffering are typically included in statutory benefits.
 - ☐ Employees may receive both workers compensation benefits and unlimited civil damages from the employer.
 - ☐ Benefits are contingent on an employee proving fault on the employer's part.
 - ☐ Only economic losses, such as medical expenses and wage replacement, are covered.
4. What is the purpose of the exclusive remedy principle in workers compensation?
- ☐ To allow employees to file civil lawsuits against their employer for work-related injuries
 - ☐ To eliminate employer responsibility for workplace injuries
 - ☐ To guarantee statutory benefits while preventing tort claims against the employer
 - ☐ To restrict access to medical treatment for injured workers
5. Why must employers understand state-specific workers compensation statutes and regulations?
- ☐ Because benefits, coverage thresholds, and employee classifications vary by state
 - ☐ Because federal law fully governs all workers compensation claims
 - ☐ Because all states have identical compensation rules and procedures
 - ☐ Because employers can choose which state laws to apply

Section 1: Introduction to Workers Compensation and Policy Structure

6. Which of the following illustrates how state-level variation can affect compensability?
- ☐ A teacher contracting measles while performing classroom duties may be covered because the injury arises out of and in the course of employment.
 - ☐ An employee can receive benefits for any illness regardless of its connection to work.
 - ☐ A bank clerk is never considered at risk because the workplace appears safe.
 - ☐ Employers can ignore state-specific regulations if they carry a standard national policy.
7. Which of the following states allows certain employers to opt out of the workers compensation system?
- ☐ Ohio
 - ☐ Wyoming
 - ☐ Texas
 - ☐ Pennsylvania
8. What is a key characteristic of monopolistic workers compensation states such as North Dakota, Ohio, Washington, and Wyoming?
- ☐ Workers compensation coverage must be purchased exclusively through the state fund.
 - ☐ Employers may choose between private insurers and the state fund.
 - ☐ Employers liability coverage is automatically included in the state policy.
 - ☐ Coverage is optional for employers with fewer than five employees.
9. What may happen if an employer fails to secure the required workers compensation coverage?
- ☐ The employer may be subject to fines, penalties, or stop-work orders.
 - ☐ The employer automatically qualifies as a self-insured entity.
 - ☐ The employer may lose access to common law defenses in employee injury lawsuits.
 - ☐ The employer's general liability policy automatically pays all claims.

Section 1: Introduction to Workers Compensation and Policy Structure

10. During a workplace altercation, an employee throws the first punch and breaks their hand while striking a coworker. The coworkers suffer a shoulder injury while defending themselves. How are these injuries typically treated under workers compensation statutes?
- ☐ Both employees receive full workers compensation benefits.
 - ☐ The employee who initiated the fight is typically denied benefits, while the defending employee may still qualify.
 - ☐ Neither employee qualifies for benefits because fighting is prohibited at work.
 - ☐ Only the employee who threw the first punch receives benefits.
11. An employee fails a post-accident drug test after sustaining an injury while operating machinery. What factor will determine whether workers compensation benefits are denied or reduced?
- ☐ Whether the employee has worked for the employer longer than one year
 - ☐ Whether the employer maintains a zero-tolerance substance policy
 - ☐ Whether the employee admits to drug use
 - ☐ Whether intoxication was a substantial factor contributing to the injury under state law
12. An employee participates in a voluntary company-sponsored softball league after work hours and suffers a broken ankle during a game. How are these injuries typically treated under workers compensation statutes?
- ☐ They are fully compensable because the employer sponsored the activity.
 - ☐ They are compensable only if the employer paid for the equipment.
 - ☐ They are non-compensable because participation is voluntary and outside the course of employment.
 - ☐ They are compensable only if the injury occurs on company property.

Section 1: Introduction to Workers Compensation and Policy Structure

13. Which of the following statements best reflects how Workers Compensation policy cancellation and nonrenewal rules are determined in the United States?
- ☐ They are established by federal workers compensation law and apply uniformly across all states.
 - ☐ They are determined by each state's statutes, including specific notice requirements insurers must follow.
 - ☐ They are decided solely by the insurance company issuing the policy.
 - ☐ They are determined by the employer at the time of policy purchase.
14. Why do states impose strict deadlines for reporting workplace injuries?
- ☐ To ensure timely claims processing, medical treatment, and accurate reporting of workplace injuries
 - ☐ To ensure insurers can increase premiums quickly
 - ☐ To allow employers to avoid liability for workplace injuries
 - ☐ To limit the number of workers compensation claims filed each year
15. Which of the following best describes the role of the National Council on Compensation Insurance (NCCI) in the workers compensation system?
- ☐ It sells workers compensation insurance policies directly to employers.
 - ☐ It regulates employers and enforces workplace safety laws.
 - ☐ It collects industry data and develops advisory loss costs, policy forms, and rating methodologies used by insurers and regulators.
 - ☐ It determines whether individual workers compensation claims are compensable.

Section 1: Introduction to Workers Compensation and Policy Structure

16. Which actuarial principle underlies the development of workers compensation advisory loss costs?
- ☐ The principle of indemnity
 - ☐ The doctrine of proximate cause
 - ☐ The principle of subrogation
 - ☐ The law of large numbers
17. What is the primary difference between a workers compensation *loss cost* and a *fully developed rate*?
- ☐ Loss costs include insurer expenses, while rates do not.
 - ☐ Loss costs reflect only expected losses, while rates include expenses and profit provisions.
 - ☐ Loss costs are determined by insurers, while rates are determined by employers.
 - ☐ Loss costs apply only to large employers, while rates apply to small employers.
18. Under an experience rating plan, what does an experience modification factor of 0.90 indicate?
- ☐ The employer's losses are better than expected, resulting in a premium discount.
 - ☐ The employer's losses are worse than expected, resulting in a surcharge.
 - ☐ The employer's losses are average and no adjustment is made.
 - ☐ The employer does not qualify for experience rating.
19. Under a standard Workers Compensation policy, how may the terms of the policy be modified after it has been issued?
- ☐ Through a verbal agreement between the employer and the insurer
 - ☐ Through a written endorsement agreed upon by the insurer and the first Named Insured
 - ☐ Through internal underwriting notes maintained by the insurer
 - ☐ Through a premium audit adjustment alone

Section 1: Introduction to Workers Compensation and Policy Structure

20. Which of the following best explains how location coverage operates under a Workers Compensation policy?

- ☐ Coverage applies only to the specific addresses listed in the policy.
- ☐ Coverage applies to all locations nationwide, regardless of the states listed.
- ☐ Coverage applies only after the insurer approves each new location by endorsement.
- ☐ Coverage applies to all workplaces within the states listed in Item 3.A. of the Information Page.

21. Why does the Workers Compensation policy not contain a detailed definition of occupational disease?

- ☐ Because insurers determine occupational disease definitions individually
- ☐ Because the policy defers to the applicable state workers compensation statute
- ☐ Because occupational disease coverage is determined by federal law
- ☐ Because occupational diseases are not covered under workers compensation insurance

22. What is the relationship between the insurer's duty to defend and the duty to pay benefits under Part One of the Workers Compensation policy?

- ☐ The duty to defend exists only after benefits are determined to be payable.
- ☐ The duty to defend applies whenever allegations potentially fall within policy coverage.
- ☐ The duty to defend applies only if the employer hires legal counsel.
- ☐ The duty to defend applies only to claims involving catastrophic injuries.

Section 1: Introduction to Workers Compensation and Policy Structure

23. Which of the following situations is an example of a third-party over action under employers liability coverage?

- ☐ An injured employee sues a machine manufacturer, and the manufacturer then seeks contribution from the employer.
- ☐ An employee files a workers compensation claim for a workplace injury.
- ☐ A spouse files a claim for workers compensation death benefits.
- ☐ An employee files for unemployment benefits after termination.

24. Which of the following best describes the purpose of employers liability coverage in a Workers Compensation policy?

- ☐ To pay statutory workers compensation benefits required by state law
- ☐ To provide coverage for property damage caused by employees
- ☐ To defend and indemnify the employer against negligence-based lawsuits arising out of employment
- ☐ To replace the employer's Commercial General Liability policy

25. Under the Other States Insurance provision (Part Three) of a Workers Compensation policy, when does coverage potentially apply to operations in a new state?

- ☐ Automatically whenever the employer begins work in any state
- ☐ When the state is listed in Item 3.C. and the insurer is notified promptly after operations begin
- ☐ Only if the state was listed in Item 3.A. at policy inception
- ☐ Only after the insurer issues a new policy for that state

Section 1: Introduction to Workers Compensation and Policy Structure

26. Which of the following is a required duty of the employer under Part Four – Your Duties If Injury Occurs?

- ☐ Pay the employee's medical expenses directly without notifying the insurer.
- ☐ Immediately terminate the injured employee's employment.
- ☐ Negotiate a settlement directly with the injured employee.
- ☐ Provide the insurer with information about the injured employee, witnesses, and relevant claim details.

Section 2: Coverage, Benefits, and Claims Management and Processes

Medical Benefits and Treatment Coverage

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

After injuring a shoulder while lifting materials at work, Jane is prescribed a diagnostic MRI and physical therapy. The insurer later questions whether additional therapy sessions are medically necessary and requests a utilization review.

Based on the principles of workers compensation medical benefits, how should the system determine whether Jane's continued treatment should be approved, and what options are available if the treatment is denied?

Income Replacement and Disability Benefits Under Part One Workers Compensation Insurance

Check-In



Directions: Match the terms with its correct definition.

A. Temporary Total Disability (TTD)	_____	Benefits paid when a worker can return to limited work but earns less than before
B. Temporary Partial Disability (TPD)	_____	Benefits paid when a worker cannot work at all during recovery
C. Permanent Partial Disability (PPD)	_____	A predefined compensation system assigning value to specific body parts
D. Average Weekly Wage (AWW)	_____	A permanent impairment where the worker retains some ability to work
E. Scheduled Injury	_____	A delay period of days before wage-replacement benefits begins with a retroactive period of time
F. Waiting Period	_____	A calculation based on pre-injury earnings used to determine benefit amounts
G. Exclusive Remedy	_____	A statutory concept that prevents employees from suing employers in exchange for guaranteed benefits

Death Benefits

» Knowledge Check



Directions: Read the following scenario and respond to the prompt.

Danielle has reached maximum medical improvement after a workplace injury. Her physician assigned a permanent impairment rating and permanent work restrictions that prevent her from returning to her physically demanding construction job. As a result, her employer and the workers compensation insurer must evaluate her eligibility for ongoing disability benefits and potential return-to-work options.

Evaluate how Danielle's wage-replacement benefits and vocational rehabilitation services would be determined and administered under workers compensation, including the role of her average weekly wage, impairment rating, and eligibility for ongoing benefits.

Claims Management and Processes

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

Michael, a warehouse employee, reports a back injury on a Monday morning, stating it occurred while lifting equipment at work. However, his supervisor, Dana, notes that there were no witnesses, that the injury was not reported at the time it allegedly occurred, and that Michael had called out sick the previous Friday.

As the claim progresses, medical treatment begins, but questions arise about whether the injury is work-related. At the same time, the employer is concerned about rising claim costs and operational disruption due to Michael's absence.

What is one key action the employer should take to manage this claim effectively, and why is it important?

Disability Benefits Claims

Check-In



Directions: Select the best answer for each of the questions below.

1. Temporary total disability (TTD) benefits:
 - ☐ are permanent and continue until the employee retires.
 - ☐ are always paid in full even if the employee can perform modified duties.
 - ☐ are calculated at approximately two-thirds of the employee's average weekly wage and are not taxed.
 - ☐ automatically transition to permanent partial disability after six months.
2. Which strategy is most effective for reducing the duration of TTD benefits?
 - ☐ Maintaining regular communication with physicians about light-duty and work-hardening options
 - ☐ Allowing employees to remain off work until fully recovered
 - ☐ Avoiding discussion of modified duties to prevent disputes
 - ☐ Paying TTD benefits without reviewing medical updates
3. A workers compensation claim may be denied if:
 - ☐ The employee reaches maximum medical improvement.
 - ☐ Medical documentation is complete and timely.
 - ☐ The employee returns to work on modified duty.
 - ☐ The injury was not reported within the required timeframe.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

4. Why is it important for claims professionals to continuously monitor TTD benefits and medical updates?
- ☐ To ensure the employee remains off work as long as possible
 - ☐ To avoid the need for light-duty assignments
 - ☐ To prevent the employee from appealing any denial of benefits
 - ☐ To facilitate a timely return-to-work, control costs, and prevent unnecessary progression to permanent disability

» Knowledge Check



Directions: Read the scenario and respond to the prompt.

Carlos, a warehouse worker, has reached maximum medical improvement (MMI) after a shoulder injury. His treating physician assigns a 10% impairment rating, but an independent evaluation suggests a 15% rating. PPD payments have been delayed, and Carlos is increasingly frustrated and considering legal representation.

Explain how you would manage this PPD claim to ensure accurate impairment determination, minimize claim costs, and maintain a positive relationship with the employee. Include considerations for medical evidence, communication, and timing of payments.

Section 2 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following statements best describes the scope of medical benefits under workers compensation?
 - ☐ Workers compensation covers only emergency care for work-related injuries.
 - ☐ Employees must pay a deductible and co-pay for all treatments, similar to group health insurance.
 - ☐ Employees can choose any treatment regardless of medical necessity or state guidelines.
 - ☐ Workers compensation provides 100% coverage for reasonable and necessary medical care related to work injuries, sometimes for life, without out-of-pocket costs.
2. Which statement is TRUE regarding the management of workers compensation medical care?
 - ☐ Utilization review and independent medical review ensure that treatment is reasonable, necessary, and work-related.
 - ☐ Employers can deny medical treatment at their discretion without review.
 - ☐ Long-term or catastrophic injuries are not covered beyond the initial recovery period.
 - ☐ Federal programs like Medicare are primarily responsible for paying ongoing treatment costs for work-related injuries.

Section 2: Coverage, Benefits, and Claims Management and Processes

3. What does maximum medical improvement (MMI) signify in workers compensation injury cases?
- ☐ The injured worker has fully recovered and needs no further care.
 - ☐ The worker's condition has stabilized, and further treatment is unlikely to significantly improve the medical condition, even though the injured employee may still have limitations or symptoms.
 - ☐ The workers compensation claim is automatically closed and no additional benefits may be provided.
 - ☐ The employee must return to full duty immediately.
4. Regarding return to work after a work-related injury, which statement is TRUE?
- ☐ Employees may return to full duty only; modified or restricted work is not allowed.
 - ☐ Pain reports are irrelevant in determining work restrictions.
 - ☐ Early return to work, even with restrictions, helps recovery and reduces claim costs.
 - ☐ Employers are never required to accommodate medical restrictions.
5. How are temporary total disability (TTD) benefits typically calculated under workers compensation?
- ☐ 100% of the employee's net take-home pay
 - ☐ 50% of the employee's gross average weekly wage
 - ☐ Two-thirds (66.67%) of the employee's gross average weekly wage, subject to state minimums and maximums (can vary by each state's workers compensation statute)
 - ☐ Based on the employee's overtime only

Section 2: Coverage, Benefits, and Claims Management and Processes

6. Which statement about temporary total disability benefits is TRUE?
- ☐ Benefits begin immediately with no waiting period in all states.
 - ☐ Benefits are subject to federal and state income taxes.
 - ☐ Benefits replace 100% of prior earnings in every state.
 - ☐ Benefits continue only until the employee reaches maximum medical improvement or returns to work without restrictions but can be capped at 104 weeks by statute.
7. Felicia earns \$1,000 per week before a shoulder injury. She returns to light duty, earning \$400 per week. If the temporary partial disability (TPD) rate is two-thirds, how much will she receive in TPD benefits per week?
- ☐ \$200
 - ☐ \$400
 - ☐ \$668
 - ☐ \$600
8. Angel loses most of his pinky finger in a workplace accident and has a lingering loss of finger dexterity but can still work. This type of benefit falls under:
- ☐ Permanent partial disability
 - ☐ Temporary partial disability
 - ☐ Temporary total disability
 - ☐ Permanent total disability

Section 2: Coverage, Benefits, and Claims Management and Processes

9. Jordan suffers a permanent impairment to his hand rated at 10% under a state schedule assigning three weeks of benefits per impairment point. How many weeks of compensation does he receive?
- ☐ 30 weeks
 - ☐ 10 weeks
 - ☐ 3 weeks
 - ☐ 20 weeks
10. Taylor, a coal miner, develops black lung disease and can no longer work in mining. Which benefit would likely apply?
- ☐ Temporary total disability
 - ☐ Temporary partial disability
 - ☐ Permanent partial disability
 - ☐ Permanent total disability
11. David has a pre-existing 15% back impairment. After a new workplace accident, his combined impairment is 40%. Under a Second Injury Fund (SIF) apportionment, who is responsible for paying for the additional disability caused by the combination of injuries?
- ☐ The employer alone
 - ☐ The Second Injury Fund for the additional 25% combined impact
 - ☐ The employee
 - ☐ Medicare

Section 2: Coverage, Benefits, and Claims Management and Processes

12. Which factor primarily determines the amount of permanent partial disability (PPD) benefits?
- ☐ The duration of temporary disability benefits paid
 - ☐ The employee's age at the time of injury
 - ☐ The degree of lasting impairment as measured by impairment ratings
 - ☐ The employer's experience modification rate
13. Which of the following practices can help reduce long-term claim costs associated with permanent partial disability?
- ☐ Early and appropriate medical care, functional recovery, and return-to-work accommodations
 - ☐ Delaying medical treatment to see if symptoms improve
 - ☐ Avoiding communication with the injured worker to reduce administrative burden
 - ☐ Waiting for the employee to reach full disability before initiating benefits
14. What is the primary benefit of maintaining consistent communication with an injured employee during a claim?
- ☐ It eliminates the need for medical documentation.
 - ☐ It increases the likelihood of permanent disability ratings.
 - ☐ It allows the employer to delay payments without consequence.
 - ☐ It helps the employee feel valued, supports recovery, and encourages a timely return to work.

Section 2: Coverage, Benefits, and Claims Management and Processes

15. Which dispute resolution method results in a legally binding decision made by a third party based on the evidence presented?

- ☐ Mediation
- ☐ Settlement conference
- ☐ Arbitration
- ☐ Informal negotiation

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

Emerging Risks and Evolving Workplace Challenges

►► Knowledge Check

Directions: Read the scenario and respond to the prompt that follows.



Rick is a construction worker on a high-rise project, while Alex works from home as a customer support representative.

Based on typical job exposures, identify and classify the hazards each individual faces—physical, chemical, biological, ergonomic, psychosocial, and emerging—and explain which hazards should be prioritized for mitigation and why.

Building a Successful Return-to-Work Program

» Knowledge Check



Directions: Read the scenario and respond to the prompt that follows.

Frances, a manufacturing supervisor, notices that despite recent safety training and new engineering controls, minor injuries are still occurring on the assembly line.

Using the principles of continuous improvement and the hierarchy of controls, explain how Frances should analyze the situation and adjust the safety program to reduce future incidents.

Analyzing Loss Trends for Improved Safety Outcomes

Check-In



Directions: Select the best answer for each of the following questions.

1. Which of the following best describes the purpose of analyzing historical loss and injury data?
 - ☐ To punish employees who report injuries
 - ☐ To make decisions based solely on intuition
 - ☐ To identify patterns, recurring hazards, and cost drivers
 - ☐ To eliminate the need for safety training
2. Sophie sprains her wrist when she slips and falls on a wet floor. The claim initially seems minor but grows over several weeks due to her need for physical therapy and time off from work. This scenario demonstrates why organizations should:
 - ☐ Ignore low-cost incidents because they are rare.
 - ☐ Track claim duration and severity to understand overall costs.
 - ☐ Only track high-severity incidents.
 - ☐ Avoid intervention to save resources.
3. What is the main benefit of near-miss reporting in workplace safety?
 - ☐ It provides insight into potential hazards before injuries occur.
 - ☐ It replaces formal claims reporting.
 - ☐ It reduces the need for employee training.
 - ☐ It only captures incidents with injuries.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

4. The Pareto Principle (80/20 rule) is applied in loss data analysis to:
- ☐ Focus on the 20% of hazards that cause 80% of injuries or costs.
 - ☐ Prioritize only low-frequency incidents.
 - ☐ Replace the need for return-to-work programs.
 - ☐ Ignore 20% of hazards that cause 80% of injuries or costs.

Implementing Corrective Actions

» Knowledge Check



Directions: Read the scenario, respond to the question, and elaborate.

Marco, an operations manager at a local candy factory, observes that employees occasionally suffer repetitive strain injuries at a packaging station, while forklift accidents—though rare—result in serious injuries.

How should Marco prioritize these hazards when planning corrective actions? Explain which root cause analysis tools he could use, what types of data he should examine, and how he can track the effectiveness of his interventions over time.

Common State Differences

» Knowledge Check



Directions: Read the scenario and respond to the question.

A multi-state employer operates facilities in California, Texas, and New York. At a Texas location, an employee is injured while engaging in horseplay but delays reporting the injury for several weeks. At the same time, a similar claim arises in California involving an employee who alleges a work-related mental health condition, and the injury is reported within the required timeframe.

How should the employer evaluate and compare the applicability of legal defenses and state-specific requirements in these two cases, and what are the potential operational and compliance impacts of handling each claim incorrectly?

Recent Legislative Changes

Check-In



Directions: Select the correct response.

1. COVID-19 presumption laws shift the burden of proof from the employee to the employer in certain cases.

True

False

2. Under COVID-19 presumption laws, all employees automatically qualify for workers compensation coverage regardless of job role.

True

False

3. Mental health claims generally require that 100% of the cause be work-related to qualify for workers compensation.

True

False

4. COVID-19 workers compensation claims can impact OSHA recordkeeping and insurance premiums.

True

False

5. Expanding PTSD and mental health coverage has increased potential employer liability in certain industries.

True

False

6. Return-to-work programs are less effective than keeping employees fully out of work during recovery.

True

False

7. Misclassifying independent contractors can create workers compensation liability for employers.

True

False

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

Check-In Continued



Directions: Select the correct response.

8. Remote work injuries are always considered work-related and compensable.

True

False

9. Clearly defined remote work policies help determine whether an injury is work-related.

True

False

10. The workers compensation dispute process typically begins with a formal court hearing.

True

False

How to Stay Informed



» Knowledge Check

Directions: Read the prompt and respond to the questions that follow.

Action-Planning: Identify one or two workers compensation or risk management requirements within your organization that you are not fully confident are being handled correctly.

Focus on anything you heard in this session that made you think,

“I am not sure we are doing this right now.”

Ask yourself the following:

- Who is responsible for monitoring legal and regulatory changes in your organization?
- What needs to be verified this week?
- Is that responsibility clearly assigned?
- How are updates tracked?
- How is information shared with HR, risk management, and leadership?

Section 3 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following is considered a physical hazard?
 - ☐ Workplace bullying
 - ☐ Exposure to solvents
 - ☐ Working in extreme heat
 - ☐ Repetitive motion

2. A worker exposed to mold in a poorly ventilated building is experiencing what type of hazard?
 - ☐ Chemical
 - ☐ Biological
 - ☐ Ergonomic
 - ☐ Psychosocial

3. Which of the following best describes an ergonomic hazard?
 - ☐ Exposure to infectious diseases
 - ☐ High workload and stress
 - ☐ Exposure to toxic chemicals
 - ☐ Poorly designed workstations and repetitive motion

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

4. Why is hazard identification considered a critical first step in risk management?
 - ☐ It ensures compliance with insurance requirements.
 - ☐ It eliminates the need for safety training.
 - ☐ It allows organizations to address risks before incidents occur.
 - ☐ It guarantees that no injuries will happen.
5. What is the focus of job hazard analysis (JHA)?
 - ☐ To evaluate employee performance
 - ☐ To investigate completed workers compensation claims
 - ☐ To schedule safety training sessions
 - ☐ To break down a job into steps to identify risks in each task
6. Why is employee input valuable in the hazard identification process?
 - ☐ Employees are required to approve safety policies.
 - ☐ Employees have firsthand knowledge of job tasks and potential risks.
 - ☐ Employees are responsible for conducting formal inspections.
 - ☐ Employee feedback replaces the need for safety audits.
7. What is the primary purpose of continuous improvement in a safety program?
 - ☐ To eliminate the need for inspections
 - ☐ To ensure safety programs remain effective and adaptable over time
 - ☐ To replace management involvement in safety
 - ☐ To reduce the number of written policies

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

8. Which of the following is an example of an engineering control?
- ☐ Enclosing a laser system to prevent exposure
 - ☐ Requiring employees to wear gloves
 - ☐ Providing safety training on equipment use
 - ☐ Limiting the time spent working with a hazard
9. Why is management commitment critical to an effective safety program?
- ☐ It eliminates the need for employee involvement.
 - ☐ It ensures safety policies are written correctly.
 - ☐ It sets the tone for safety expectations and ensures resources are provided.
 - ☐ It replaces the need for hazard controls.
10. What is the primary goal of a return-to-work program?
- ☐ To eliminate all workplace injuries
 - ☐ To reduce insurance premiums by denying claims
 - ☐ To help injured employees safely return to work in a productive capacity
 - ☐ To replace injured employees with temporary workers as quickly as possible
11. What is a key risk associated with unreported workplace injuries?
- ☐ Safety hazards may go unidentified and unaddressed.
 - ☐ Employees recover too quickly.
 - ☐ Insurance premiums automatically decrease.
 - ☐ Workers compensation benefits increase.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

12. How do effective return-to-work programs impact an organization's experience modification factor?
- ☐ They can improve the factor by reducing lost time and claim severity.
 - ☐ They have no impact on insurance calculations.
 - ☐ They increase premiums by adding more claims.
 - ☐ They eliminate the need for workers compensation insurance.
13. What is the main value of analyzing historical claims and injury data?
- ☐ It eliminates the need for safety training.
 - ☐ It helps identify patterns and recurring workplace hazards.
 - ☐ It guarantees that future injuries will not occur.
 - ☐ It replaces the need for inspections.
14. What does Pareto analysis help organizations do in loss data evaluation?
- ☐ Predict individual employee injuries
 - ☐ Eliminate all workplace hazards
 - ☐ Rank losses to identify the most significant contributors to risk or cost
 - ☐ Replace loss runs with real-time reporting
15. Why are near-miss reports important in risk management?
- ☐ They replace formal injury claims.
 - ☐ They are only used for regulatory compliance.
 - ☐ They only apply to severe workplace accidents.
 - ☐ They provide insight into hazards before injuries occur.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

16. Why is it important to consider both frequency and severity when evaluating workplace incidents?
- ☐ To prioritize corrective actions based on overall risk impact
 - ☐ To focus only on the most expensive claims
 - ☐ To ensure minor incidents are ignored
 - ☐ To eliminate the need for investigations
17. What is the main purpose of root cause analysis tools like the Five Whys or fishbone diagram?
- ☐ To document incidents for legal compliance only
 - ☐ To identify surface-level symptoms of accidents
 - ☐ To replace the need for safety training
 - ☐ To uncover the underlying causes of workplace incidents
18. What is a key characteristic of SMART goals in corrective action planning?
- ☐ They are broad objectives focused on general areas for improvement.
 - ☐ They prioritize documentation over implementation.
 - ☐ They are specific, measurable, attainable, realistic, and time-bound.
 - ☐ They are developed after corrective actions are already completed.
19. An employee operating machinery is injured after testing positive for alcohol following the incident. What must the employer demonstrate for an intoxication defense to be successful?
- ☐ The intoxication directly contributed to the injury.
 - ☐ The employee consumed alcohol at any point during the workday.
 - ☐ The employee had alcohol in their system regardless of its effect.
 - ☐ The employee had a prior history of substance use.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

20. A group of employees uses workplace equipment to stage a prank that results in an injury. How would this situation most likely be classified under workers compensation defenses?
- ☐ Non-work-related injury
 - ☐ Misconduct or horseplay
 - ☐ Failure to report injury
 - ☐ Intoxication
21. An employee delays reporting a workplace injury for several weeks and only submits a claim after medical bills increase. Which defense may the employer use in this situation?
- ☐ Self-inflicted injury
 - ☐ Intoxication
 - ☐ Failure to report in a timely manner
 - ☐ Misconduct
22. Why is it important for multi-state employers to understand the differences in workers compensation laws?
- ☐ To eliminate the need for insurance coverage
 - ☐ To ensure consistent payroll practices across states
 - ☐ To manage compliance, coverage, and claims handling accurately across jurisdictions
 - ☐ To standardize employee benefits nationwide, regardless of state law
23. Which statement correctly describes a key difference among California, Texas, and New York workers compensation systems?
- ☐ Texas allows some employers to opt out of the system entirely.
 - ☐ All three states allow employers to opt out of workers compensation coverage.
 - ☐ California has voluntary coverage requirements for part-time employees.
 - ☐ New York does not require injury reporting within any specific timeframe.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

24. How do COVID-19 presumption laws affect workers compensation claims for eligible employees?

- ☐ COVID-19 claims are excluded from OSHA recordkeeping requirements.
- ☐ The burden of proof shifts to the employer to show the illness was not work-related.
- ☐ Employees must prove their illness was work-related.
- ☐ Employers are automatically exempt from covering COVID-related claims.

25. How have recent changes in mental health workers compensation laws impacted employer liability?

- ☐ Coverage has expanded to include situations where work is a contributing factor.
- ☐ Claims are only covered if work is the sole cause of the condition.
- ☐ Mental health claims are no longer eligible for workers compensation benefits.
- ☐ Employers are no longer required to evaluate PTSD claims.

26. Which factor may indicate that a worker is misclassified as an independent contractor rather than an employee?

- ☐ The worker uses their own tools and follows their own schedule.
- ☐ The worker has no interaction with company supervisors.
- ☐ The worker signs a standalone service agreement with defined project deliverables.
- ☐ The worker performs identical duties under shared supervision with direct employees.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

27. An employee working remotely leaves their workspace to walk their dog during a break and is injured. What factor is most relevant in determining whether the claim may be disputed?
- ☐ The employee was using a company-issued laptop.
 - ☐ The injury occurred during a personal activity outside the defined work environment.
 - ☐ The employee was working from home with the employer's approval.
 - ☐ The employee had an ergonomic workstation setup.
28. What is a key risk associated with coverage gaps in workers compensation programs?
- ☐ Injuries may result in lawsuits or uninsured liability if workers are misclassified or excluded.
 - ☐ Employees automatically receive duplicate coverage from multiple policies.
 - ☐ Contractors are always fully excluded from liability.
 - ☐ Coverage gaps only affect full-time employees.
29. Which approach best supports turning legal and regulatory updates into effective action within an organization?
- ☐ Relying on HR to independently interpret and distribute updates as needed
 - ☐ Assuming brokers will automatically update internal policies without review
 - ☐ Using a structured system that assigns responsibility, tracks changes, and updates policies and training accordingly
 - ☐ Waiting until an incident occurs before reviewing regulatory requirements

Section 4: Advanced Topics and Real-World Workers Compensation Insights

Intersections of Insurance Coverage and Risk Coordination

» Knowledge Check



Directions: Read the scenario and respond to the questions.

During a busy shift at a distribution center, a company vehicle driven by an employee collides with a vendor's truck on-site. The employee is injured, the vendor sustains injuries, and the collision damages both vehicles. The employee initially seeks treatment through personal health insurance before reporting the injury as work-related.

Weeks later, the employee files a workers compensation claim and also alleges retaliation after being placed on unpaid leave.

1. How should the organization analyze and coordinate the application of workers compensation, general liability, auto insurance, health insurance, disability, and EPLI in this scenario?

2. What operational and compliance risks could arise if the claim is misclassified or improperly managed across these coverage lines?

Challenges in the Remote and Hybrid Workforce

Check-In



Directions: Select the correct response.

1. Ergonomic injuries are becoming a less significant driver of workers compensation claims due to remote work.

True**False**
2. Improper workstation setup, such as working from a couch or kitchen table, can contribute to cumulative ergonomic strain.

True**False**
3. In remote work environments, ergonomic injuries may begin as minor discomfort but can progress into formal workers compensation claims as employees recognize that these conditions may be compensable.

True**False**
4. Employees always receive formal ergonomic training before beginning remote work.

True**False**
5. All injuries that occur while an employee is working from home are automatically compensable under workers compensation.

True**False**
6. Slips, trips, and falls in remote work settings can be harder to evaluate because work and personal activities often overlap.

True**False**
7. Employers should avoid establishing clear remote-work expectations because flexibility reduces liability.

True**False**

Check-In Continued



Directions: Select the best answer for each of the following questions.

8. Mental health claims related to remote work are typically simple to evaluate because they follow the same standards as physical injuries.

True

False

» Knowledge Check



Directions: Read the scenario and respond to the question.

Allen, a fully remote employee, develops wrist pain after months of working from a couch using a laptop. He also slips and is injured while on a personal errand during the middle of his workday.

How should the organization determine compensability in each case using course and scope of employment and ergonomic considerations, and what key gap in its remote work policy does this reveal?

Changing Work Models

Check-In



Directions: Select the best answer for each of the following questions.

1. Which of the following is a primary benefit of wearable technology in workers compensation?
 - ☐ Eliminating the need for safety training
 - ☐ Replacing all human supervision
 - ☐ Real-time exposure monitoring and early intervention
 - ☐ Reducing the need for insurance coverage
2. How does artificial intelligence (AI) improve workers compensation processes?
 - ☐ By generating detailed job descriptions and identifying claims patterns
 - ☐ By fully replacing human decision-making
 - ☐ By eliminating the need for claims investigations
 - ☐ By preventing all workplace injuries
3. What is a key new risk introduced by automation and robotics?
 - ☐ Increased manual lifting injuries
 - ☐ Reduced operational efficiency
 - ☐ Equipment malfunction and human-machine interaction hazards
 - ☐ Elimination of all workplace accidents

Check-In Continued



Directions: Select the best answer for each of the following questions.

4. What is a primary advantage of blockchain in workers compensation systems?
 - ☐ Eliminating the need for claims documentation
 - ☐ Increasing claim denial rates
 - ☐ Replacing insurance carriers
 - ☐ Enhancing transparency and reducing fraud risk
5. Why are mental health claims becoming more prominent in workers compensation?
 - ☐ Employers no longer require documentation.
 - ☐ Issues such as stress, burnout, and anxiety are gaining increased recognition.
 - ☐ Physical injuries no longer occur.
 - ☐ Employees are working fewer hours.
6. What is a key difference between older and younger workforce injury trends?
 - ☐ Older workers have higher injury frequency.
 - ☐ Younger workers experience fewer injuries due to a faster work pace.
 - ☐ There is not sufficient research to suggest any difference between age groups.
 - ☐ Older workers often have higher severity, while younger workers have higher frequency.

Looking Forward

» Knowledge Check



Directions: Read the scenario and respond to the question.

A healthcare company has implemented wearable devices to monitor fatigue and movement in its warehouse while also supporting a hybrid workforce that regularly participates in virtual meetings and events. One afternoon, wearable data flags that a warehouse employee had been experiencing elevated fatigue levels prior to a minor equipment incident. On the same day, a remote employee is injured at home while participating in an optional virtual team activity that their manager strongly encouraged.

How should the organization evaluate these two situations in terms of risk management and workers compensation? In your response, consider how data from emerging technologies, workplace expectations, and the evolving definition of the work environment may influence both prevention strategies and compensability decisions.

Section 4 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. During a warehouse incident, an employee and a visiting vendor both slip on a wet floor and sustain injuries. Which statement BEST describes how coverage would apply?
 - ☐ Both injuries are handled under workers compensation.
 - ☐ Both injuries are handled under general liability.
 - ☐ The employee's injury is covered by workers compensation, and the vendor's injury is covered by general liability and potentially their employer's Workers Compensation policy.
 - ☐ The vendor's injury is covered by workers compensation, and the employee's injury is covered by general liability.
2. An employee experiences back pain after lifting boxes at work but initially seeks treatment through their personal physician using health insurance. Later, the injury is determined to be work-related. What typically happens next?
 - ☐ The employee must pay out of pocket for all medical expenses.
 - ☐ Health insurance continues to cover all costs permanently.
 - ☐ Medical costs may be transferred or reimbursed to workers compensation once the claim is accepted.
 - ☐ The claim is automatically denied because it was not reported immediately.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

3. An employee files a workers compensation claim after a workplace injury, but the claim is under investigation, and benefits are delayed and the employee cannot work. Which coverage may provide interim wage replacement?
- ☐ General liability insurance
 - ☐ Disability insurance
 - ☐ Auto insurance
 - ☐ EPLI
4. A salesperson is injured in a car accident while traveling to meet a client. The accident also damaged another driver's vehicle. Which combination of coverage is MOST likely to apply?
- ☐ Workers compensation only
 - ☐ General liability only
 - ☐ Health insurance and EPLI only
 - ☐ Workers compensation for the employee's injury and commercial auto insurance for vehicle damage and third-party liability
5. How have evolving workforce expectations contributed to new workplace risks?
- ☐ Employees now prefer more supervision, reducing risk exposure.
 - ☐ Increased flexibility has blurred the boundaries between work and personal activities.
 - ☐ Hybrid work eliminates the need for risk management programs.
 - ☐ Employees are less likely to report injuries in flexible environments.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

6. Sylvia is working from home and takes a break to walk her dog. During the walk, she slips on a wet sidewalk and injures her ankle. Which factor is MOST important in determining whether her injury is compensable under workers compensation?
- ☐ Whether the injury occurred while performing job-related duties
 - ☐ Whether Sylvia was logged into her computer earlier in the day
 - ☐ Whether the injury occurred during work hours
 - ☐ Whether Sylvia reported the injury immediately
7. Which of the following is the MOST effective strategy for reducing ergonomic risks in a hybrid workforce?
- ☐ Requiring all employees to return to the office full-time
 - ☐ Ignoring minor discomfort unless it becomes severe
 - ☐ Providing ergonomic education, workstation guidance, and accessible resources
 - ☐ Limiting employee use of laptops and mobile devices
8. Why is a written work-from-home policy important for employers?
- ☐ It eliminates the need for claims investigations.
 - ☐ It ensures all employees work identical schedules.
 - ☐ It transfers all liability to employees working remotely.
 - ☐ It provides consistency, clear expectations, and supports decision-making in claims and workplace issues.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

9. Which of the following BEST describes an effective approach to handling remote workplace injury claims?
- ☐ Apply structured investigations and use root cause analysis methods like the “Five Whys.”
 - ☐ Focus only on the immediate cause of the injury.
 - ☐ Rely on employee statements without further investigation.
 - ☐ Automatically deny claims that occur outside the traditional workplace.
10. A company uses wearable devices to track employee proximity. An employee is notified that they were recently near a coworker who tested positive for an illness. What is the PRIMARY benefit of this technology in a workers compensation context?
- ☐ It enables faster identification of potential exposure and supports timely intervention.
 - ☐ It replaces all workplace safety programs.
 - ☐ It eliminates the need for reporting workplace illnesses.
 - ☐ It enables employers to monitor employee productivity at all times.
11. An organization uses AI to analyze workers compensation data and discovers that injuries frequently occur late in the evening shift in one department. What is the MOST appropriate next step?
- ☐ Immediately terminate the employees working that shift.
 - ☐ Investigate operational or behavioral factors contributing to the pattern.
 - ☐ Ignore the trend unless injuries increase significantly.
 - ☐ Assume the data is incorrect and discontinue AI use.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

12. In a highly automated warehouse, a robotic arm malfunctions and drops a heavy load near employees. No one is injured, but the incident raises concerns. What does this scenario BEST illustrate?
- ☐ Potential equipment failure introduces new categories of risk that must be managed.
 - ☐ Automation completely eliminates workplace risk.
 - ☐ Workers compensation no longer applies in automated environments.
 - ☐ Manual labor is always safer than automation.
13. What is a key consideration when implementing wearable technology and AI in the workplace?
- ☐ Eliminating all human oversight in decision-making
 - ☐ Maximizing data collection without limitations
 - ☐ Restricting technology use to management only
 - ☐ Balancing safety benefits with employee privacy, transparency, and data governance
14. Jordan has been working extended hours for several months while managing constant emails and team messages after work hours. Over time, Jordan begins experiencing anxiety, fatigue, and burnout. What does this scenario BEST illustrate?
- ☐ Mental health claims are only valid after a single traumatic event.
 - ☐ Psychological injuries can develop gradually from sustained workplace stressors.
 - ☐ Workers compensation does not apply to mental health conditions.
 - ☐ Burnout is unrelated to workplace conditions.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

15. A company is onboarding two new employees. One prefers detailed written manuals, while the other prefers short videos and hands-on demonstrations. What is the MOST effective risk management approach?
- ☐ Tailor training methods to match different learning styles.
 - ☐ Focus training only on the younger employee.
 - ☐ Require both employees to complete identical training methods.
 - ☐ Allow employees to skip training if they have prior experience.
16. Which statement BEST describes the relationship between workforce age and workers compensation trends?
- ☐ Older workers have higher injury frequency but lower severity.
 - ☐ Younger workers have lower injury frequency and lower severity.
 - ☐ Older workers tend to have higher severity claims, while younger workers have higher injury frequency.
 - ☐ Age has no impact on workers compensation outcome.
17. An employee regularly works a flexible schedule, often completing tasks late at night after a full day of personal commitments. Over time, the employee begins making frequent errors and reports feeling mentally exhausted. What is the MOST appropriate employer response to reduce risk?
- ☐ Focus only on correcting the employee's performance errors.
 - ☐ Reinforce general working hour guidelines and encourage consistent work-rest patterns.
 - ☐ Require the employee to track all non-work activities during the day.
 - ☐ Eliminate flexible work arrangements for all employees.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

18. What is the PRIMARY advantage of telemedicine in workers compensation programs?

- ☐ It eliminates the need for in-person medical evaluations entirely.
- ☐ It reduces the number of workplace injuries.
- ☐ It transfers the responsibility for access to care entirely to employees.
- ☐ It improves access to care and can accelerate treatment claims management.

19. A state introduces a pilot program where rideshare drivers receive limited medical and wage-replacement benefits funded through small transaction surcharges. What is the PRIMARY goal of this type of program?

- ☐ To eliminate the need for workers compensation systems
- ☐ To reduce coverage gaps and disputes for non-traditional workers
- ☐ To require gig workers to purchase private insurance
- ☐ To classify all gig workers as full-time employees

20. What is the impact of presumptive coverage laws for mental health conditions in certain occupations?

- ☐ They shift the burden of proof, making it easier for eligible employees to establish compensability.
- ☐ They eliminate the need for any documentation of mental health claims.
- ☐ They apply equally to all employees across all industries.
- ☐ They replace traditional workers compensation benefits.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

Answer Key

Section 1: Introduction to Workers Compensation and Policy Structure

Introduction – History of the Workers Compensation System

Check-In



Directions: Select the correct response.

1. Before workers compensation statutes were enacted, injured workers could only recover benefits by proving employer negligence in court.

True

False

2. The three major common-law defenses available to employers were assumption of risk, contributory negligence, and the fellow servant rule.

True

False

3. Under early common law, the family of a worker who died in a workplace accident could file a wrongful death claim on the worker's behalf.

True

False

4. Workers compensation laws introduced a no-fault system that guaranteed medical benefits and wage replacement without requiring proof of employer negligence.

True

False

5. All workers, including independent contractors, are automatically covered under workers compensation statutes in the United States.

True

False

Purpose and Objectives of the Workers Compensation System

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

Taylor, a delivery driver, strains their back while lifting packages. Taylor receives immediate medical treatment and begins receiving wage-loss benefits without needing to prove employer negligence.

How does this scenario illustrate the fundamental purpose of the workers compensation system?

This scenario shows the core purpose of workers compensation: to provide prompt, no fault benefits to injured workers, while creating predictable, standardized costs for employers. The driver receives immediate medical care and wage loss benefits without having to prove employer negligence, reflecting the system's no fault design and its goal of ensuring financial stability during recovery. At the same time, the employer's costs are managed through a statutory framework that defines the types and amounts of benefits, avoiding lengthy litigation and uncertainty. In short, the system balances worker protection (timely medical treatment and income replacement) with employer predictability (clear rules, administrative resolution), which are the fundamental purposes and objectives of workers compensation.

Administration and Regulation of Workers Compensation at the State Level

Check-In



Directions: Select the best answer for each of the following questions.

1. Why must employees understand workers compensation laws on a state-by-state basis?
 - ☐ Because workers compensation is governed primarily by federal law
 - ☐ Because benefit levels and coverage requirements are uniform nationwide
 - ☒ Because each state establishes its own statutes, benefit schedules, and regulatory structures
 - ☐ Because private insurance carriers determine compensability rules
2. Which entity typically resolves disputes regarding compensability under state workers compensation statutes?
 - ☒ Administrative law judges acting as triers of fact
 - ☐ Civil courts applying tort law principles
 - ☐ Arbitration panels selected by the employer
 - ☐ Federal labor tribunals

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

3. Which statement best describes how wage-loss benefits are calculated in most states?
- ☐ Benefits equal 100% of the employee's average weekly wage.
 - ☐ Benefits are determined solely by the employer's insurance carrier.
 - ☒ Benefits are two-thirds of the employee's average weekly wage, subject to state formulas.
 - ☐ Benefits are fixed at a national statutory amount.
4. Why may a bank clerk in Wyoming be classified as engaged in hazardous employment for workers compensation purposes?
- ☐ Because Wyoming applies workers compensation to all employments
 - ☒ Because identifiable risks, such as potential workplace violence, are considered hazardous
 - ☐ Because banking is a federally regulated industry
 - ☐ Because all office occupations are considered hazardous
5. Which of the following best illustrates how workers compensation coverage can become mandatory for an otherwise exempt employer?
- ☐ A company switches to a different insurance provider.
 - ☐ An employer operates in more than one state.
 - ☐ An employer offers voluntary coverage to executives.
 - ☒ A family farm hires a non-family employee.

» Knowledge Check



Directions: Read the scenario and respond to the questions that follow.

Atlas Steel, an Ohio employer, allows its workers compensation coverage to lapse but continues operating on a Pennsylvania job site. A direct employee is seriously injured during that lapse period. The employee files a negligence lawsuit seeking pain and suffering. Regulators issue a stop-work order, and the state assesses penalties for failure to secure coverage.

1. How does Atlas's failure to maintain coverage affect its exclusive remedy protection and its ability to assert common law defenses?

Because Atlas failed to maintain the required workers compensation coverage, it forfeits exclusive remedy protection. This allows the injured employee to pursue a civil negligence lawsuit rather than being limited to statutory benefits. In most states, a noncompliant employer is also barred from asserting traditional common law defenses such as contributory negligence, assumption of risk, and the fellow servant rule, placing the employer at a significant disadvantage in litigation.

2. Beyond statutory benefits, what additional legal and financial exposures could Atlas now face?

Atlas may now face liability beyond statutory benefits, including damages for pain and suffering and, depending on state law, potentially punitive damages. The company may also be subject to regulatory fines, daily penalties, and misdemeanor charges. A stop-work order can halt operations, creating contractual and revenue losses. Importantly, fines and penalties are not covered by workers compensation insurance and must be paid directly by the employer.

Non-Compensable Injuries and Statutory Exclusions

» Knowledge Check

Directions: Read the scenario and respond to the prompt that follows.



Evelyn is a maintenance technician at a manufacturing facility that has a written safety policy requiring the use of hearing protection, and she has previously received a written warning for noncompliance. During a voluntary, after-hours company softball game, Evelyn consumes alcohol. Later that week, while performing her regular job duties, she again fails to wear the required hearing protection and subsequently develops a gradual hearing loss that is diagnosed months later. A post-incident review confirms both the prior safety violation and the alcohol use.

As the claim's examiner, evaluate whether Evelyn's hearing loss claim is compensable. Identify any applicable statutory exclusions or limitations, and determine whether benefits should be denied, reduced, or allowed under typical state workers compensation statutes.

Evelyn's hearing loss developed while she was performing her regular job duties, which supports compensability as an occupational disease. The voluntary, after-hours softball game is non-compensable, and her alcohol use during that event is unlikely to affect the claim because it did not contribute to the workplace injury.

The primary issue is willful misconduct. Evelyn knowingly failed to use required hearing protection despite a written policy and warning. In many states, this constitutes a willful safety violation that can bar or reduce benefits.

Accordingly, the claim is not excluded due to intoxication or recreational activity, but benefits may be denied or reduced based on the willful violation of safety rules, depending on state law.

Workers Compensation Policy Structure



» Knowledge Check

Directions: Read the scenario and respond to the prompt that follows.

Gilbert Construction, operating in an NCCI state, is confused about why its premium is calculated using advisory loss costs, adjusted by an experience modification factor, and issued on a standardized policy form. Management also mistakenly believes that NCCI is the insurer since its name appears repeatedly in the rating manuals.

Explain how NCCI's role in statistical data collection, loss cost development, experience rating, and policy form promulgation influence Gilbert Construction's premium and policy structure. In your response, clearly distinguish between the functions of NCCI and those of the insurance carrier.

NCCI is not the insurer. It is an advisory organization that provides statistical data, rating methodologies, and standardized policy forms to support insurers in setting premiums and ensuring regulatory compliance. Gilbert Construction's premium is based on advisory loss costs adjusted by the experience modification factor, which reflects the company's individual loss history, and is issued on a standardized form approved for use in the state. This structure ensures consistency, actuarial soundness, and transparency across the workers compensation system.

Understanding the Policy's Information Page or Declarations

Check-In



Directions: Select the best answer for each of the following questions.

1. The primary purpose of the Information Page is to:

- ☐ restate state workers compensation statutes.
- ☐ outline claims handling procedures.
- ☒ identify insureds, jurisdictions, limits, endorsements, and rating information.
- ☐ provide detailed underwriting guidelines.

The Information Page does not restate statutes. It identifies the insured, covered states, limits, endorsements, and rating information that determines how the policy applies.

2. Item 3.A. of the Information Page identifies:

- ☐ future states where the employer may expand operations.
- ☒ states where coverage is triggered at policy inception.
- ☐ employers liability defense provisions.
- ☐ classification codes and payroll estimates.

Item 3.A. lists the states where Workers Compensation Coverage A is triggered at policy inception. These states determine which statutory benefit laws apply.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

3. Which of the following states cannot be listed in Item 3.A. because they are monopolistic jurisdictions?

- ☐ Texas
- ☐ Florida
- ☐ Pennsylvania
- ☒ Ohio

Monopolistic states such as Ohio require coverage to be purchased through their state fund and, therefore, cannot be listed in Item 3.A.

4. Employers liability limits are shown in which section of the Information Page?

- ☒ Item 3.B.
- ☐ Item 3.A.
- ☐ Item 3.C.
- ☐ Item 4

Employers liability limits are shown in Item 3.B. Workers compensation benefits are statutory and unlimited, but employers liability is subject to stated limits.

Check-In Continued



Directions: Select the best answer for each of the following questions.

5. Workers compensation premium is primarily calculated by:

- ☐ dividing losses by payroll.
- ☒ multiplying payroll by the applicable classification rate.
- ☐ applying employers liability limits.
- ☐ counting the number of employees.

Premium is calculated by multiplying payroll (remuneration) by the applicable classification rate, subject to rating modifications.

6. Item 3.C. is designed to:

- ☒ provide coverage for unforeseen operations in new states after policy inception.
- ☐ replace Item 3.A.
- ☐ increase employers liability limits.
- ☐ list endorsements.

Item 3.C. provides forward-looking coverage for new states where operations begin after policy inception, assuming they are not monopolistic.

Key Components of a Standard Workers Compensation Contract

Check-In



Directions: Match the term with its correct definition.

A. Part One – Workers Compensation	<u>E</u> Aggregates payroll and loss experience when a majority common ownership exists
B. Endorsement	<u>G</u> Establishes that the policy, Information Page, and endorsements form the complete agreement
C. Part Two – Employers Liability	<u>A</u> Provides statutory benefits such as medical and disability payments
D. Item 3.A. of the Information Page	<u>B</u> Must be used to formally change policy terms
E. Combinability	<u>D</u> Incorporates the applicable state statute governing benefits
F. First Named Insured	<u>H</u> Requires coverage to be purchased through a state-operated fund
G. Entire Contract Provision	<u>F</u> Has authority to request policy changes and receives official notices
H. Monopolistic Jurisdiction	<u>C</u> Provides defense and indemnity for employee suits outside the exclusive remedy

» Knowledge Check



Directions: Read the scenario and answer the questions that follow.

Maria works as a respiratory therapist in a hospital. Over several years, she is regularly exposed to airborne infectious diseases while treating patients. In 2023, the hospital changes workers compensation carriers. In 2025, Maria is diagnosed with a lung condition that her physician attributes to repeated workplace exposure, with her last known exposure occurring in late 2024.

1. Under Part One, which carrier would respond to the occupational disease claim, and why?

The carrier providing coverage at the time of Maria's last injurious exposure in late 2024 would typically respond. Under the last injurious exposure rule, the policy in effect at the time the employee was last exposed to the harmful condition is generally responsible for the occupational disease claim.

2. What statutory elements must be satisfied for Maria's condition to be compensable under workers compensation law?

The disease must arise out of and occur in the course of employment. There must be a causal connection between the job duties and the condition, and the employment must have caused or aggravated the illness. The claim must also meet any state-specific statutory requirements.

3. If Maria's lawsuit proceeds alleging employer negligence, which part of the policy would respond, and what must be proven for coverage to apply?

Part Two – Employers liability insurance would respond, subject to its terms and limits. For coverage to apply, Maria would need to establish the elements of negligence: duty, breach of duty, damages, and proximate cause.

Section 1 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following best describes the fundamental purpose of the U.S. workers compensation system?

☒ To provide defined benefits to injured workers while establishing a predictable, no-fault administrative framework

☐ To allow employees to sue their employers for negligence in all workplace injuries

☐ To replace all employer liability coverage with a federal social program

☐ To limit employer responsibility to only fatal workplace injuries

Workers compensation ensures employees receive medical care and wage replacement without proving employer fault, while providing employers with predictability.

2. In the workers compensation system, what is the primary factor determining an employee's entitlement to benefits?

☐ Proof of employer negligence

☐ Length of employment

☒ Occurrence of a work-related injury or occupational disease

☐ Demonstration of major life event limitations

Workers compensation benefits are generally triggered when an employee sustains an injury or occupational disease arising out of and in the course of employment, regardless of fault. The system is designed to provide statutory benefits without requiring proof of employer negligence.

Section 1: Introduction to Workers Compensation and Policy Structure

3. Which one of the following statements is true regarding damages under workers compensation?

- ☐ Pain and suffering are typically included in statutory benefits.
- ☐ Employees may receive both workers compensation benefits and unlimited civil damages from the employer.
- ☐ Benefits are contingent on an employee proving fault on the employer's part.
- ☒ Only economic losses, such as medical expenses and wage replacement, are covered.

Workers compensation focuses on measurable economic losses, while non-economic damages, such as pain and suffering, are excluded to maintain predictability.

4. What is the purpose of the exclusive remedy principle in workers compensation?

- ☐ To allow employees to file civil lawsuits against their employer for work-related injuries
- ☐ To eliminate employer responsibility for workplace injuries
- ☒ To guarantee statutory benefits while preventing tort claims against the employer
- ☐ To restrict access to medical treatment for injured workers

The exclusive remedy tradeoff provides employees with guaranteed benefits while limiting litigation against the employer, promoting cost predictability and workplace safety.

5. Why must employers understand state-specific workers compensation statutes and regulations?

- ☒ Because benefits, coverage thresholds, and employee classifications vary by state
- ☐ Because federal law fully governs all workers compensation claims
- ☐ Because all states have identical compensation rules and procedures
- ☐ Because employers can choose which state laws to apply

Workers compensation is administered primarily at the state level, so employers must follow each state's statutes, which differ in benefit levels, coverage requirements, and employee classifications.

Section 1: Introduction to Workers Compensation and Policy Structure

6. Which of the following illustrates how state-level variation can affect compensability?

- ☒ A teacher contracting measles while performing classroom duties may be covered because the injury arises out of and in the course of employment.
- ☐ An employee can receive benefits for any illness regardless of its connection to work.
- ☐ A bank clerk is never considered at risk because the workplace appears safe.
- ☐ Employers can ignore state-specific regulations if they carry a standard national policy.

Compensability depends on whether an injury or illness arises out of and in the course of employment, and state laws may interpret risks differently, as seen for teachers exposed to workplace hazards.

7. Which of the following states allows certain employers to opt out of the workers compensation system?

- ☐ Ohio
- ☐ Wyoming
- ☒ Texas
- ☐ Pennsylvania

Texas is unique in allowing certain employers to opt out of providing workers compensation benefits, while most other states require employers to secure coverage.

8. What is a key characteristic of monopolistic workers compensation states such as North Dakota, Ohio, Washington, and Wyoming?

- ☒ Workers compensation coverage must be purchased exclusively through the state fund.
- ☐ Employers may choose between private insurers and the state fund.
- ☐ Employers liability coverage is automatically included in the state policy.
- ☐ Coverage is optional for employers with fewer than five employees.

In monopolistic states, workers compensation insurance must be obtained through the state fund, and employers liability coverage must be secured separately.

Section 1: Introduction to Workers Compensation and Policy Structure

9. What may happen if an employer fails to secure the required workers compensation coverage?

- ☐ The employer may be subject to fines, penalties, or stop-work orders.
- ☐ The employer automatically qualifies as a self-insured entity.
- ☒ The employer may lose access to common law defenses in employee injury lawsuits.
- ☐ The employer's general liability policy automatically pays all claims.

Employers that fail to maintain workers compensation coverage may lose key legal defenses such as contributory negligence and assumption of risk, thereby increasing their liability exposure.

10. During a workplace altercation, an employee throws the first punch and breaks their hand while striking a coworker. The coworkers suffer a shoulder injury while defending themselves. How are these injuries typically treated under workers compensation statutes?

- ☐ Both employees receive full workers compensation benefits.
- ☒ The employee who initiated the fight is typically denied benefits, while the defending employee may still qualify.
- ☐ Neither employee qualifies for benefits because fighting is prohibited at work.
- ☐ Only the employee who threw the first punch receives benefits.

Injuries resulting from intentional misconduct, such as initiating a fight, are typically non-compensable, while injuries sustained by a defending employee may still be considered as arising out of and in the course of employment.

Section 1: Introduction to Workers Compensation and Policy Structure

11. An employee fails a post-accident drug test after sustaining an injury while operating machinery. What factor will determine whether workers compensation benefits are denied or reduced?

- ☐ Whether the employee has worked for the employer longer than one year
- ☐ Whether the employer maintains a zero-tolerance substance policy
- ☐ Whether the employee admits to drug use
- ☒ Whether intoxication was a substantial factor contributing to the injury under state law

Many states apply a "substantial factor" test, meaning benefits may be reduced or denied only if it is determined that intoxication materially contributed to the injury.

12. An employee participates in a voluntary company-sponsored softball league after work hours and suffers a broken ankle during a game. How are these injuries typically treated under workers compensation statutes?

- ☐ They are fully compensable because the employer sponsored the activity.
- ☐ They are compensable only if the employer paid for the equipment.
- ☒ They are non-compensable because participation is voluntary and outside the course of employment.
- ☐ They are compensable only if the injury occurs on company property.

Injuries sustained during voluntary recreational or social activities are usually excluded from workers compensation coverage because they are not considered part of the employee's required job duties.

Section 1: Introduction to Workers Compensation and Policy Structure

13. Which of the following statements best reflects how Workers Compensation policy cancellation and nonrenewal rules are determined in the United States?

- ☐ They are established by federal workers compensation law and apply uniformly across all states.
- ☒ They are determined by each state's statutes, including specific notice requirements insurers must follow.
- ☐ They are decided solely by the insurance company issuing the policy.
- ☐ They are determined by the employer at the time of policy purchase.

Workers compensation cancellation and nonrenewal requirements are governed by state statutes, which specify notice periods and permissible reasons for terminating coverage.

14. Why do states impose strict deadlines for reporting workplace injuries?

- ☒ To ensure timely claims processing, medical treatment, and accurate reporting of workplace injuries
- ☐ To ensure insurers can increase premiums quickly
- ☐ To allow employers to avoid liability for workplace injuries
- ☐ To limit the number of workers compensation claims filed each year

Timely injury reporting ensures that employees receive prompt medical care and wage benefits while allowing regulators and insurers to maintain accurate injury records and claims administration.

Section 1: Introduction to Workers Compensation and Policy Structure

15. Which of the following best describes the role of the National Council on Compensation Insurance (NCCI) in the workers compensation system?

- ☐ It sells workers compensation insurance policies directly to employers.
- ☐ It regulates employers and enforces workplace safety laws.
- ☒ It collects industry data and develops advisory loss costs, policy forms, and rating methodologies used by insurers and regulators.
- ☐ It determines whether individual workers compensation claims are compensable.

NCCI functions as an advisory rating organization that collects industry data and develops loss costs, policy forms, and rating methodologies used by insurers and regulators in many states.

16. Which actuarial principle underlies the development of workers compensation advisory loss costs?

- ☐ The principle of indemnity
- ☐ The doctrine of proximate cause
- ☐ The principle of subrogation
- ☒ The law of large numbers

The law of large numbers allows actuaries to analyze large volumes of exposure and loss data to predict expected losses with greater accuracy. By pooling data across many employers and classifications, rating organizations can develop reliable advisory loss costs for workers compensation rate filings.

Section 1: Introduction to Workers Compensation and Policy Structure

17. What is the primary difference between a workers compensation *loss cost* and a *fully developed rate*?

- ☐ Loss costs include insurer expenses, while rates do not.
- ☒ Loss costs reflect only expected losses, while rates include expenses and profit provisions.
- ☐ Loss costs are determined by insurers, while rates are determined by employers.
- ☐ Loss costs apply only to large employers, while rates apply to small employers.

Loss costs represent only the expected cost of claims and loss adjustment expenses. To determine the final premium rate charged to employers, insurers add additional provisions such as administrative expenses, reinsurance costs, catastrophe loadings, and underwriting profit.

18. Under an experience rating plan, what does an experience modification factor of 0.90 indicate?

- ☒ The employer's losses are better than expected, resulting in a premium discount.
- ☐ The employer's losses are worse than expected, resulting in a surcharge.
- ☐ The employer's losses are average and no adjustment is made.
- ☐ The employer does not qualify for experience rating.

An experience modification factor compares an employer's actual loss experience to the expected loss experience for similar employers in the same classification. A factor below 1.00 indicates better-than-average loss performance, which reduces the employer's premium.

Section 1: Introduction to Workers Compensation and Policy Structure

19. Under a standard Workers Compensation policy, how may the terms of the policy be modified after it has been issued?

- ☐ Through a verbal agreement between the employer and the insurer
- ☒ Through a written endorsement agreed upon by the insurer and the first Named Insured
- ☐ Through internal underwriting notes maintained by the insurer
- ☐ Through a premium audit adjustment alone

The workers compensation policy includes an "entire contract" provision stating that the policy form, Information Page, and endorsements constitute the full contract. Any change to coverage must be formally documented through an endorsement agreed upon by both the insurer and the first Named Insured. Verbal agreements or informal understandings do not alter the contract.

20. Which of the following best explains how location coverage operates under a Workers Compensation policy?

- ☐ Coverage applies only to the specific addresses listed in the policy.
- ☐ Coverage applies to all locations nationwide, regardless of the states listed.
- ☐ Coverage applies only after the insurer approves each new location by endorsement.
- ☒ Coverage applies to all workplaces within the states listed in Item 3.A. of the Information Page.

Workers compensation coverage is triggered by the state(s) listed in Item 3.A., not by specific street addresses. Once a state is scheduled, all employment-related operations within that state are covered, including new locations that open during the policy term.

Section 1: Introduction to Workers Compensation and Policy Structure

21. Why does the Workers Compensation policy not contain a detailed definition of occupational disease?

- ☐ Because insurers determine occupational disease definitions individually
- ☒ Because the policy defers to the applicable state workers compensation statute
- ☐ Because occupational disease coverage is determined by federal law
- ☐ Because occupational diseases are not covered under workers compensation insurance

The workers compensation policy is designed to mirror the requirements of the governing state statute. Rather than defining occupational disease within the policy itself, the contract incorporates the state's workers compensation law.

22. What is the relationship between the insurer's duty to defend and the duty to pay benefits under Part One of the Workers Compensation policy?

- ☐ The duty to defend exists only after benefits are determined to be payable.
- ☒ The duty to defend applies whenever allegations potentially fall within policy coverage.
- ☐ The duty to defend applies only if the employer hires legal counsel.
- ☐ The duty to defend applies only to claims involving catastrophic injuries.

The insurer's duty to defend is broader than the duty to pay benefits. If the allegations in a claim potentially fall within the policy's coverage and occurred during the policy period, the insurer will provide a defense to the employer, even if it determines that no benefits are owed under the statute.

Section 1: Introduction to Workers Compensation and Policy Structure

23. Which of the following situations is an example of a third-party over action under employers liability coverage?

- ☒ An injured employee sues a machine manufacturer, and the manufacturer then seeks contribution from the employer.
- ☐ An employee files a workers compensation claim for a workplace injury.
- ☐ A spouse files a claim for workers compensation death benefits.
- ☐ An employee files for unemployment benefits after termination.

A third-party over action occurs when an injured employee sues a third party—such as a product manufacturer—and that third party alleges the employer's negligence contributed to the injury. The third party may then file a crossclaim against the employer, seeking indemnity or contribution.

24. Which of the following best describes the purpose of employers liability coverage in a Workers Compensation policy?

- ☐ To pay statutory workers compensation benefits required by state law
- ☐ To provide coverage for property damage caused by employees
- ☒ To defend and indemnify the employer against negligence-based lawsuits arising out of employment
- ☐ To replace the employer's Commercial General Liability policy

Employers liability coverage addresses claims that fall outside the exclusive remedy protection of workers compensation. It applies when negligence-based lawsuits arise from the employment relationship, such as third-party over actions, loss of consortium claims, dual capacity claims, or consequential bodily injury claims.

Section 1: Introduction to Workers Compensation and Policy Structure

25. Under the Other States Insurance provision (Part Three) of a Workers Compensation policy, when does coverage potentially apply to operations in a new state?

- ☐ Automatically whenever the employer begins work in any state
- ☒ When the state is listed in Item 3.C. and the insurer is notified promptly after operations begin
- ☐ Only if the state was listed in Item 3.A. at policy inception
- ☐ Only after the insurer issues a new policy for that state

Part Three provides temporary flexibility for employers that begin operations in a state not originally listed in Item 3.A. If the state appears in Item 3.C., coverage may apply, but only if the employer notifies the insurer promptly—typically within 30 days—after work begins in that state. This provision is intended as a temporary safety net rather than a permanent coverage solution.

26. Which of the following is a required duty of the employer under Part Four – Your Duties If Injury Occurs?

- ☐ Pay the employee's medical expenses directly without notifying the insurer.
- ☐ Immediately terminate the injured employee's employment.
- ☐ Negotiate a settlement directly with the injured employee.
- ☒ Provide the insurer with information about the injured employee, witnesses, and relevant claim details.

After a workplace injury, the employer must cooperate with the insurer by providing claim information, forwarding legal documents, and assisting with the investigation and defense so the claim can be effectively managed under the workers compensation system.

Section 2: Coverage, Benefits, and Claims Management and Processes

Medical Benefits and Treatment Coverage

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

After injuring a shoulder while lifting materials at work, Jane is prescribed a diagnostic MRI and physical therapy. The insurer later questions whether additional therapy sessions are medically necessary and requests a utilization review.

Based on the principles of workers compensation medical benefits, how should the system determine whether Jane's continued treatment should be approved, and what options are available if the treatment is denied?

The insurer may evaluate the request through utilization review to determine whether the additional therapy meets established standards of reasonable and necessary medical treatment. The review typically considers medical documentation, treatment guidelines, and the physician's treatment plan. If the treatment is denied following utilization review, Jordan may pursue an independent medical review or independent medical examination to challenge the decision and obtain an objective evaluation of the medical necessity of the proposed care.

Income Replacement and Disability Benefits Under Part One Workers Compensation Insurance

Check-In



Directions: Match the terms with its correct definition.

A. Temporary Total Disability (TTD)	<u>B</u>	Benefits paid when a worker can return to limited work but earns less than before
B. Temporary Partial Disability (TPD)	<u>A</u>	Benefits paid when a worker cannot work at all during recovery
C. Permanent Partial Disability (PPD)	<u>E</u>	A predefined compensation system assigning value to specific body parts
D. Average Weekly Wage (AWW)	<u>C</u>	A permanent impairment where the worker retains some ability to work
E. Scheduled Injury	<u>F</u>	A delay period of days before wage-replacement benefits begins with a retroactive period of time
F. Waiting Period	<u>D</u>	A calculation based on pre-injury earnings used to determine benefit amounts
G. Exclusive Remedy	<u>G</u>	A statutory concept that prevents employees from suing employers in exchange for guaranteed benefits

Death Benefits

» Knowledge Check



Directions: Read the following scenario and respond to the prompt.

Danielle has reached maximum medical improvement after a workplace injury. Her physician assigned a permanent impairment rating and permanent work restrictions that prevent her from returning to her physically demanding construction job. As a result, her employer and the workers compensation insurer must evaluate her eligibility for ongoing disability benefits and potential return-to-work options.

Evaluate how Danielle's wage-replacement benefits and vocational rehabilitation services would be determined and administered under workers compensation, including the role of her average weekly wage, impairment rating, and eligibility for ongoing benefits.

Danielle's disability benefits would be based on her average weekly wage (AWW), with payments typically calculated at a statutory percentage, such as two-thirds, subject to state limits. Because she has reached maximum medical improvement and has a permanent impairment rating, her benefits would likely transition to permanent partial disability (PPD), with the rating determined by the schedule of injuries or percentage of the whole person to the extent and duration of compensation as dictated under state law.

Her eligibility for ongoing benefits depends on her ability to earn wages, given her restrictions. If she cannot return to comparable employment, she may continue to receive wage loss benefits. If she works in a reduced capacity, her benefits may be adjusted to reflect the difference in earnings.

Vocational rehabilitation services may assist Danielle in finding suitable work within her limitations. Employers and insurers support these efforts to reduce long-term claim costs and promote return to work.

Claims Management and Processes

» Knowledge Check



Directions: Read the scenario and respond to the question that follows.

Michael, a warehouse employee, reports a back injury on a Monday morning, stating it occurred while lifting equipment at work. However, his supervisor, Dana, notes that there were no witnesses, that the injury was not reported at the time it allegedly occurred, and that Michael had called out sick the previous Friday.

As the claim progresses, medical treatment begins, but questions arise about whether the injury is work-related. At the same time, the employer is concerned about rising claim costs and operational disruption due to Michael's absence.

What is one key action the employer should take to manage this claim effectively, and why is it important?

One key action the employer should take is to promptly document the incident and report the claim to the insurance carrier or third-party administrator. This is important because timely reporting ensures the claim can be thoroughly investigated, including gathering facts about whether the injury is work-related. It also allows the claims team to coordinate medical care and begin managing costs early, while ensuring the employee receives appropriate support.

Disability Benefits Claims

Check-In



Directions: Select the best answer for each of the questions below.

1. Temporary total disability (TTD) benefits:

- ☐ are permanent and continue until the employee retires.
- ☐ are always paid in full even if the employee can perform modified duties.
- ☒ are calculated at approximately two-thirds of the employee's average weekly wage and are not taxed.
- ☐ automatically transition to permanent partial disability after six months.

TTD benefits are designed to replace wages for employees unable to work due to a work-related injury. They are typically calculated at two-thirds of the average weekly wage and are not subject to income tax. They are not permanent and end when the employee is medically cleared to return to work.

2. Which strategy is most effective for reducing the duration of TTD benefits?

- ☒ Maintaining regular communication with physicians about light-duty and work-hardening options
- ☐ Allowing employees to remain off work until fully recovered
- ☐ Avoiding discussion of modified duties to prevent disputes
- ☐ Paying TTD benefits without reviewing medical updates

Effective TTD management relies on communication with medical providers to encourage modified duty or work-hardening programs. This proactive approach helps employees return to work sooner and reduces unnecessary extensions of wage replacement. Passive approaches or ignoring modified-duty options can prolong disability and increase claim costs.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

3. A workers compensation claim may be denied if:

- ☐ The employee reaches maximum medical improvement.
- ☐ Medical documentation is complete and timely.
- ☐ The employee returns to work on modified duty.
- ☒ The injury was not reported within the required timeframe.

Timely reporting of an injury is critical. Late reporting can result in claim denial because statutory deadlines exist to ensure proper evaluation and documentation.

4. Why is it important for claims professionals to continuously monitor TTD benefits and medical updates?

- ☐ To ensure the employee remains off work as long as possible
- ☐ To avoid the need for light-duty assignments
- ☐ To prevent the employee from appealing any denial of benefits
- ☒ To facilitate a timely return-to-work, control costs, and prevent unnecessary progression to permanent disability

Continuous monitoring of TTD benefits and medical updates allows claims professionals to manage the claim actively. This ensures employees return to work safely and promptly, helps control overall claim costs, and reduces the likelihood that a temporary disability escalates into a permanent partial disability.

» Knowledge Check

Directions: Read the scenario and respond to the prompt.



Carlos, a warehouse worker, has reached maximum medical improvement (MMI) after a shoulder injury. His treating physician assigns a 10% impairment rating, but an independent evaluation suggests a 15% rating. PPD payments have been delayed, and Carlos is increasingly frustrated and considering legal representation.

Explain how you would manage this PPD claim to ensure accurate impairment determination, minimize claim costs, and maintain a positive relationship with the employee. Include considerations for medical evidence, communication, and timing of payments.

Sample Answer:

To manage Carlos's PPD claim, first review all medical evidence, comparing the treating physician's and independent evaluator's ratings, and request clarification if needed. Ensure timely PPD payments to reduce frustration and the likelihood of legal involvement. Clear communication with Carlos about ratings, benefits, and next steps is essential, along with coordinating with physicians on return-to-work or light-duty options. Documenting all decisions and communications ensures compliance and supports fair, efficient resolution. Constant communication with Carlos may prevent the introduction of a workers compensation attorney, which could significantly increase the costs of the PPD claim.

Section 2 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called WayGround, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following statements best describes the scope of medical benefits under workers compensation?
 - ☐ Workers compensation covers only emergency care for work-related injuries.
 - ☐ Employees must pay a deductible and co-pay for all treatments, similar to group health insurance.
 - ☐ Employees can choose any treatment regardless of medical necessity or state guidelines.
 - ☒ Workers compensation provides 100% coverage for reasonable and necessary medical care related to work injuries, sometimes for life, without out-of-pocket costs.

Workers compensation is designed to fully cover all medically necessary care related to a work injury, with no co-pays or deductibles, unlike typical health insurance. Coverage includes emergency care, diagnostics, therapy, specialist visits, and even long-term treatment for chronic conditions. However, access is controlled by state regulations, medical necessity, and utilization review to ensure care is appropriate and work-related.

Section 2: Coverage, Benefits, and Claims Management and Processes

2. Which statement is TRUE regarding the management of workers compensation medical care?

- ☒ Utilization review and independent medical review ensure that treatment is reasonable, necessary, and work-related.
- ☐ Employers can deny medical treatment at their discretion without review.
- ☐ Long-term or catastrophic injuries are not covered beyond the initial recovery period.
- ☐ Federal programs like Medicare are primarily responsible for paying ongoing treatment costs for work-related injuries.

Workers compensation ensures care is appropriate through utilization and independent medical reviews. Injured employees may initially need to see a designated physician, and long-term care is covered for severe injuries. Medicare does not pay for work-related treatment; workers compensation does.

3. What does maximum medical improvement (MMI) signify in workers compensation injury cases?

- ☐ The injured worker has fully recovered and needs no further care.
- ☒ The worker's condition has stabilized, and further treatment is unlikely to significantly improve the medical condition, even though the injured employee may still have limitations or symptoms.
- ☐ The workers compensation claim is automatically closed and no additional benefits may be provided.
- ☐ The employee must return to full duty immediately.

MMI indicates that the worker's condition has plateaued despite appropriate treatment. It does not mean full recovery; ongoing supportive care may continue, and disability evaluation is based on the medical status at MMI.

Section 2: Coverage, Benefits, and Claims Management and Processes

4. Regarding return to work after a work-related injury, which statement is TRUE?

- ☐ Employees may return to full duty only; modified or restricted work is not allowed.
- ☐ Pain reports are irrelevant in determining work restrictions.
- ☒ Early return to work, even with restrictions, helps recovery and reduces claim costs.
- ☐ Employers are never required to accommodate medical restrictions.

Return to work can be full or modified based on medical restrictions. Early, safe reintegration promotes recovery, maintains workplace connection, and lowers overall claim costs. Employers must consider accommodations consistent with medical guidance and employment laws.

5. How are temporary total disability (TTD) benefits typically calculated under workers compensation?

- ☐ 100% of the employee's net take-home pay
- ☐ 50% of the employee's gross average weekly wage
- ☒ Two-thirds (66.67%) of the employee's gross average weekly wage, subject to state minimums and maximums (can vary by each state's workers compensation statute)
- ☐ Based on the employee's overtime only

TTD benefits generally replace about 66.67% of the employee's gross average weekly wage at the time of injury. The calculation is based on gross wages (including salary, overtime, and bonuses), not net pay, and is subject to state-imposed minimum and maximum limits.

Section 2: Coverage, Benefits, and Claims Management and Processes

6. Which statement about temporary total disability benefits is TRUE?

- ☐ Benefits begin immediately with no waiting period in all states.
- ☐ Benefits are subject to federal and state income taxes.
- ☐ Benefits replace 100% of prior earnings in every state.
- ☒ Benefits continue only until the employee reaches maximum medical improvement or returns to work without restrictions, but can be capped at 104 weeks by statute.

TTD benefits generally continue until the injured worker returns to work without restrictions, is medically released, or reaches maximum medical improvement. Many states impose a waiting period (often 3–7 days), and benefits are tax-free. Benefit amounts vary by state and usually replace only a portion of prior wages.

7. Felicia earns \$1,000 per week before a shoulder injury. She returns to light duty, earning \$400 per week. If the temporary partial disability (TPD) rate is two-thirds, how much will she receive in TPD benefits per week?

- ☐ \$200
- ☒ \$400
- ☐ \$668
- ☐ \$600

TTD benefits generally replace about 66.67% of the employee's gross average weekly wage at the time of injury. The calculation is based on gross wages (including salary, overtime, and bonuses), not net pay, and is subject to state-imposed minimum and maximum limits.

Section 2: Coverage, Benefits, and Claims Management and Processes

8. Angel loses most of his pinky finger in a workplace accident and has a lingering loss of finger dexterity but can still work. This type of benefit falls under:

- ☒ Permanent partial disability
- ☐ Temporary partial disability
- ☐ Temporary total disability
- ☐ Permanent total disability

Permanent partial disability applies when an employee retains some ability to work but has a measurable, lasting loss of function, such as Angel's loss of finger dexterity.

9. Jordan suffers a permanent impairment to his hand rated at 10% under a state schedule assigning three weeks of benefits per impairment point. How many weeks of compensation does he receive?

- ☒ 30 weeks
- ☐ 10 weeks
- ☐ 3 weeks
- ☐ 20 weeks

Scheduled injuries assign a fixed number of weeks per impairment percentage. Jordan's 10% impairment $\times$ 3 weeks per percent = 30 weeks of compensation.

10. Taylor, a coal miner, develops black lung disease and can no longer work in mining. Which benefit would likely apply?

- ☐ Temporary total disability
- ☐ Temporary partial disability
- ☐ Permanent partial disability
- ☒ Permanent total disability

Permanent total disability benefits apply when a work-related condition prevents the worker from performing any meaningful employment, as in Taylor's inability to return to mining.

Section 2: Coverage, Benefits, and Claims Management and Processes

11. David has a pre-existing 15% back impairment. After a new workplace accident, his combined impairment is 40%. Under a Second Injury Fund (SIF) apportionment, who is responsible for paying for the additional disability caused by the combination of injuries?

- ☐ The employer alone
- ☒ The Second Injury Fund for the additional 25% combined impact
- ☐ The employee
- ☐ Medicare

The Second Injury Fund is designed to cover the portion of the combined disability attributable to the pre-existing condition plus the new injury, relieving the employer of full liability. In David's case, the fund pays for the additional 25% of disability beyond the pre-existing 15%.

12. Which factor primarily determines the amount of permanent partial disability (PPD) benefits?

- ☐ The duration of temporary disability benefits paid
- ☐ The employee's age at the time of injury
- ☒ The degree of lasting impairment as measured by impairment ratings
- ☐ The employer's experience modification rate

PPD benefits are based on the permanent impairment remaining after the employee reaches maximum medical improvement. Impairment ratings, often using standardized medical guidelines, quantify the degree of functional loss, which is then translated into the benefit amount.

Section 2: Coverage, Benefits, and Claims Management and Processes

13. Which of the following practices can help reduce long-term claim costs associated with permanent partial disability?

- ☒ Early and appropriate medical care, functional recovery, and return-to-work accommodations
- ☐ Delaying medical treatment to see if symptoms improve
- ☐ Avoiding communication with the injured worker to reduce administrative burden
- ☐ Waiting for the employee to reach full disability before initiating benefits

Timely and effective medical care, combined with proactive return-to-work strategies and reasonable workplace accommodations, can reduce the severity of permanent impairment and limit overall claim costs.

14. What is the primary benefit of maintaining consistent communication with an injured employee during a claim?

- ☐ It eliminates the need for medical documentation.
- ☐ It increases the likelihood of permanent disability ratings.
- ☐ It allows the employer to delay payments without consequence.
- ☒ It helps the employee feel valued, supports recovery, and encourages a timely return to work.

Regular, supportive communication with the injured worker maintains engagement, reinforces expectations, and can positively influence recovery and return-to-work outcomes, while reducing disputes and the risk of prolonged disability.

Section 2: Coverage, Benefits, and Claims Management and Processes

15. Which dispute resolution method results in a legally binding decision made by a third party based on the evidence presented?

- ☐ Mediation
- ☐ Settlement conference
- ☒ Arbitration
- ☐ Informal negotiation

Arbitration is a formal dispute resolution process in which an arbitrator reviews the evidence and issues a legally binding decision. In contrast, mediation is collaborative and non-binding, while settlement conferences aim to resolve disputes before proceeding to a formal hearing.

Section 2: Coverage, Benefits, and Claims Management and Processes

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

Emerging Risks and Evolving Workplace Challenges

» Knowledge Check

Directions: Read the scenario and respond to the prompt that follows.



Rick is a construction worker on a high-rise project, while Alex works from home as a customer support representative.

Based on typical job exposures, identify and classify the hazards each individual faces—physical, chemical, biological, ergonomic, psychosocial, and emerging—and explain which hazards should be prioritized for mitigation and why.

Rick faces physical hazards from working at heights, risk of falls, and heat stress. He may also encounter chemical hazards from construction materials and emerging hazards such as moving machinery or robotic lifts. Alex's main risks are ergonomic, due to prolonged computer use on non-ideal home workstations, and psychosocial, from isolation and high workloads. Physical or chemical risks for Alex are minimal, but emerging risks include distractions or improper home setup. Mitigation should prioritize Rick's physical hazards due to the immediate risk of injury and Alex's ergonomic hazards to prevent long-term musculoskeletal issues.

Building a Successful Return-to-Work Program

» Knowledge Check



Directions: Read the scenario and respond to the prompt that follows.

Frances, a manufacturing supervisor, notices that despite recent safety training and new engineering controls, minor injuries are still occurring on the assembly line.

Using the principles of continuous improvement and the hierarchy of controls, explain how Frances should analyze the situation and adjust the safety program to reduce future incidents.

Frances should begin by analyzing injury data, near-miss reports, and employee feedback to identify patterns in when, where, and how minor injuries occur. This helps determine whether the issue is tied to specific tasks, behaviors, or gaps in existing controls.

Using the hierarchy of controls, she should reassess whether the current engineering controls are fully effective or if higher-level controls can be strengthened. For example, she should evaluate whether hazards can be further eliminated or substituted, or whether engineering controls need to be modified. If risks remain, she can reinforce administrative controls, such as work procedures, job rotation, and supervision, and confirm that personal protective equipment is appropriate and consistently used.

Frances should also evaluate the quality and effectiveness of the recent safety training, not just whether it was delivered, but whether employees understand and apply it correctly on the job. Observations and informal check-ins can help validate this.

Applying continuous improvement principles, she should implement a cycle of monitoring, feedback, and adjustment. This includes conducting regular audits, tracking key performance indicators such as incident frequency and near-misses, and engaging employees to identify practical solutions.

Note: Based on these insights, Frances can make targeted adjustments to controls, training, and processes. Over time, this iterative approach will strengthen the safety program, reduce recurring incidents, and build a more proactive safety culture.

Analyzing Loss Trends for Improved Safety Outcomes

Check-In



Directions: Select the best answer for each of the following questions.

1. Which of the following best describes the purpose of analyzing historical loss and injury data?

- ☐ To punish employees who report injuries
- ☐ To make decisions based solely on intuition
- ☒ To identify patterns, recurring hazards, and cost drivers
- ☐ To eliminate the need for safety training

Historical loss data allows organizations to spot trends, recurring hazards, and high-cost incidents. This objective approach supports proactive safety management rather than relying solely on guesswork.

2. Sophie sprains her wrist when she slips and falls on a wet floor. The claim initially seems minor but grows over several weeks due to her need for physical therapy and time off from work. This scenario demonstrates why organizations should:

- ☐ Ignore low-cost incidents because they are rare.
- ☒ Track claim duration and severity to understand overall costs.
- ☐ Only track high-severity incidents.
- ☐ Avoid intervention to save resources.

Even minor incidents can escalate in cost and impact. Monitoring claim duration and severity helps organizations identify cases needing early intervention and allocate resources effectively.

Continued

Check-In Continued



Directions: Select the correct response.

3. What is the main benefit of near-miss reporting in workplace safety?

- ☒ It provides insight into potential hazards before injuries occur.
- ☐ It replaces formal claims reporting.
- ☐ It reduces the need for employee training.
- ☐ It only captures incidents with injuries.

Near misses are events that *could have* caused harm. Tracking them provides valuable information to prevent future incidents and complements traditional claims data for a more complete risk picture.

4. The Pareto Principle (80/20 rule) is applied in loss data analysis to:

- ☒ Focus on the 20% of hazards that cause 80% of injuries or costs.
- ☐ Prioritize only low-frequency incidents.
- ☐ Replace the need for return-to-work programs.
- ☐ Ignore 20% of hazards that cause 80% of injuries or costs.

The Pareto analysis identifies the small number of hazard types responsible for the majority of injuries or costs. By targeting these high-impact risks, organizations can allocate resources effectively and reduce losses.

Implementing Corrective Actions

» Knowledge Check



Directions: Read the scenario, respond to the question, and elaborate.

Marco, an operations manager at a local candy factory, observes that employees occasionally suffer repetitive strain injuries at a packaging station, while forklift accidents—though rare—result in serious injuries.

How should Marco prioritize these hazards when planning corrective actions? Explain which root cause analysis tools he could use, what types of data he should examine, and how he can track the effectiveness of his interventions over time.

Marco should prioritize hazards by balancing frequency and severity; repetitive strain injuries happen more often, while forklift accidents, though rare, are high-severity. He could use tools like the Five Whys or fishbone diagram to identify underlying causes, such as workstation design or operator training. Marco should review incident reports, near-miss data, and loss runs to gather evidence. To track effectiveness, he can monitor KPIs, such as injury frequency, lost-time incidents, and return-to-work timelines, and adjust interventions as needed to reduce risk.

Common State Differences

» Knowledge Check



Directions: Read the scenario and respond to the question.

A multi-state employer operates facilities in California, Texas, and New York. At a Texas location, an employee is injured while engaging in horseplay but delays reporting the injury for several weeks. At the same time, a similar claim arises in California involving an employee who alleges a work-related mental health condition, and the injury is reported within the required timeframe.

How should the employer evaluate and compare the applicability of legal defenses and state-specific requirements in these two cases, and what are the potential operational and compliance impacts of handling each claim incorrectly?

In Texas, the employer can evaluate two primary defenses: horseplay and delayed reporting. A horseplay defense may apply if the employee's actions represented a substantial deviation from job duties, but it may fail if such behavior was common or implicitly tolerated. The late reporting defense may also limit compensability, depending on whether the delay prejudiced the employer's ability to investigate. To successfully assert these defenses, the employer must rely on timely investigation, clear workplace policies, and documented enforcement. Failure to properly evaluate or support these defenses could result in unnecessary claim acceptance, increased indemnity and medical costs, and weakened precedent for future claims.

In California, the timely reported mental health claim requires a different approach due to statutory protections governing psychiatric injuries. Compensability depends on factors such as whether employment was the predominant cause and whether any lawful, good-faith personnel actions contributed to the condition. Defenses are narrower and highly fact-specific, requiring careful documentation and adherence to procedural requirements. Mishandling the claim—such as an improper denial or delay—can trigger regulatory penalties, increased litigation risk, and additional costs through extended benefits or settlements.

Overall, these cases highlight the need for state-specific claims handling strategies. Applying a Texas-style defensive approach in California could result in compliance violations, while failing to assert valid defenses in Texas could lead to avoidable costs. Inconsistent handling across jurisdictions may also create broader risks, including audit exposure, reputational harm, and inefficiencies in claims administration.

Recent Legislative Changes

Check-In



Directions: Select the correct response.

1. COVID-19 presumption laws shift the burden of proof from the employee to the employer in certain cases.

True

False

2. Under COVID-19 presumption laws, all employees automatically qualify for workers compensation coverage regardless of job role.

True

False

COVID-19 presumption laws apply primarily to specific job classifications, such as frontline or high-risk roles. Eligibility depends on factors like job duties and exposure risk, not all employees.

3. Mental health claims generally require that 100% of the cause be work-related to qualify for workers compensation.

True

False

Many jurisdictions have lowered the threshold for mental health claims. Work no longer needs to be the sole or primary cause; it may only need to be a contributing factor.

4. COVID-19 workers compensation claims can impact OSHA recordkeeping and insurance premiums.

True

False

5. Expanding PTSD and mental health coverage has increased potential employer liability in certain industries.

True

False

Continued

Check-In Continued



Directions: Select the correct response.

6. Return-to-work programs are less effective than keeping employees fully out of work during recovery.

True

False

Return-to-work programs are generally more effective because they support recovery, maintain engagement, and reduce the duration and cost of claims.

7. Misclassifying independent contractors can create workers compensation liability for employers.

True

False

8. Remote work injuries are always considered work-related and compensable.

True

False

Remote injuries are only compensable if they occur within the course and scope of employment. Activities outside defined work duties—such as personal errands—are typically not covered.

9. Clearly defined remote work policies help determine whether an injury is work-related.

True

False

10. The workers compensation dispute process typically begins with a formal court hearing.

True

False

The process usually starts with an internal review and may proceed to mediation before reaching a formal hearing. Court involvement occurs only if earlier steps do not resolve the dispute.

How to Stay Informed



» Knowledge Check

Directions: Read the prompt and respond to the questions that follow.

Action-Planning: Identify one or two workers compensation or risk management requirements within your organization that you are not fully confident are being handled correctly.

Focus on anything you heard in this session that made you think,

“I am not sure we are doing this right now.”

Ask yourself the following:

- Who is responsible for monitoring legal and regulatory changes in your organization?
- What needs to be verified this week?
- Is that responsibility clearly assigned?
- How are updates tracked?
- How is information shared with HR, risk management, and leadership?

Answers will vary.

Section 3 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called Wayground, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. Which of the following is considered a physical hazard?

- ☐ Workplace bullying
- ☐ Exposure to solvents
- ☒ Working in extreme heat
- ☐ Repetitive motion

Physical hazards involve environmental conditions that can cause harm, such as extreme temperatures, noise, or working at heights. Heat exposure is a clear example of physical risk.

2. A worker exposed to mold in a poorly ventilated building is experiencing what type of hazard?

- ☐ Chemical
- ☒ Biological
- ☐ Ergonomic
- ☐ Psychosocial

Biological hazards involve exposure to living organisms or their byproducts, such as mold, bacteria, or viruses, which can lead to illness or infection.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

3. Which of the following best describes an ergonomic hazard?

- ☐ Exposure to infectious diseases
- ☐ High workload and stress
- ☐ Exposure to toxic chemicals
- ☒ Poorly designed workstations and repetitive motion

Ergonomic hazards relate to how work is performed and how the body interacts with the work environment. Repetitive motion and improper workstation setup can lead to strain and injury over time.

4. Why is hazard identification considered a critical first step in risk management?

- ☐ It ensures compliance with insurance requirements
- ☐ It eliminates the need for safety training
- ☒ It allows organizations to address risks before incidents occur
- ☐ It guarantees that no injuries will happen

Proactively identifying hazards enables organizations to assess and control risks before they lead to injuries, claims, or other adverse outcomes.

5. What is the focus of job hazard analysis (JHA)?

- ☐ To evaluate employee performance
- ☐ To investigate completed workers compensation claims
- ☐ To schedule safety training sessions
- ☒ To break down a job into steps to identify risks in each task

JHA focuses on analyzing individual steps within a job to identify potential hazards and implement controls to reduce the risk of injury.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

6. Why is employee input valuable in the hazard identification process?

- ☐ Employees are required to approve safety policies.
- ☒ Employees have firsthand knowledge of job tasks and potential risks.
- ☐ Employees are responsible for conducting formal inspections.
- ☐ Employee feedback replaces the need for safety audits.

Employees perform the work daily and are often the first to notice hazards or inefficiencies that may not be visible to supervisors or managers, making their input critical for accurate hazard identification.

7. What is the primary purpose of continuous improvement in a safety program?

- ☐ To eliminate the need for inspections
- ☒ To ensure safety programs remain effective and adaptable over time
- ☐ To replace management involvement in safety
- ☐ To reduce the number of written policies

Continuous improvement focuses on regularly evaluating and refining safety efforts to ensure they remain effective as workplace conditions and risks evolve.

8. Which of the following is an example of an engineering control?

- ☒ Enclosing a laser system to prevent exposure
- ☐ Requiring employees to wear gloves
- ☐ Providing safety training on equipment use
- ☐ Limiting the time spent working with a hazard

Engineering controls physically remove or isolate the hazard, making them the most effective form of control because they do not rely on worker behavior.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

9. Why is management commitment critical to an effective safety program?

- ☐ It eliminates the need for employee involvement.
- ☐ It ensures safety policies are written correctly.
- ☒ It sets the tone for safety expectations and ensures resources are provided.
- ☐ It replaces the need for hazard controls.

Employees perform the work daily and are often the first to notice hazards or inefficiencies that may not be visible to supervisors or managers, making their input critical for accurate hazard identification.

10. What is the primary goal of a return-to-work program?

- ☐ To eliminate all workplace injuries
- ☐ To reduce insurance premiums by denying claims
- ☒ To help injured employees safely return to work in a productive capacity
- ☐ To replace injured employees with temporary workers as quickly as possible

The primary goal of a return-to-work program is to support injured employees in safely resuming work through modified or transitional duties. This helps maintain employee engagement, supports recovery, and benefits both the employee and the organization by reducing time away from work.

11. What is a key risk associated with unreported workplace injuries?

- ☒ Safety hazards may go unidentified and unaddressed.
- ☐ Employees recover too quickly.
- ☐ Insurance premiums automatically decrease.
- ☐ Workers compensation benefits increase.

When injuries are not reported, organizations lose critical data needed to identify patterns and root causes, allowing hazards to remain in the workplace and potentially impact other employees.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

12. How do effective return-to-work programs impact an organization's experience modification factor?

☒ They can improve the factor by reducing lost time and claim severity.

☐ They have no impact on insurance calculations.

☐ They increase premiums by adding more claims.

☐ They eliminate the need for workers compensation insurance.

By reducing lost workdays and limiting claim severity, return-to-work programs positively influence an organization's claims history, which can lead to a lower (better) experience modification factor over time.

13. What is the main value of analyzing historical claims and injury data?

☐ It eliminates the need for safety training.

☒ It helps identify patterns and recurring workplace hazards.

☐ It guarantees that future injuries will not occur.

☐ It replaces the need for inspections.

Historical claims data allows organizations to move beyond individual incidents and identify trends, recurring hazards, and systemic issues that can be addressed proactively.

14. What does Pareto analysis help organizations do in loss data evaluation?

☐ Predict individual employee injuries

☐ Eliminate all workplace hazards

☒ Rank losses to identify the most significant contributors to risk or cost

☐ Replace loss runs with real-time reporting

Pareto analysis organizes data to show which few causes are responsible for the majority of injuries or costs, helping organizations prioritize the most impactful risks.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

15. Why are near-miss reports important in risk management?

- ☐ They replace formal injury claims.
- ☐ They are only used for regulatory compliance.
- ☐ They only apply to severe workplace accidents.
- ☒ They provide insight into hazards before injuries occur.

Near-miss reporting captures incidents that did not result in injury but could have, allowing organizations to identify and address hazards proactively before they lead to actual claims.

16. Why is it important to consider both frequency and severity when evaluating workplace incidents?

- ☒ To prioritize corrective actions based on overall risk impact
- ☐ To focus only on the most expensive claims
- ☐ To ensure minor incidents are ignored
- ☐ To eliminate the need for investigations

Balancing frequency and severity helps organizations focus resources on both common minor incidents and rare but serious events to reduce overall risk effectively.

17. What is the main purpose of root cause analysis tools like the Five Whys or fishbone diagram?

- ☐ To document incidents for legal compliance only
- ☐ To identify surface-level symptoms of accidents
- ☐ To replace the need for safety training
- ☒ To uncover the underlying causes of workplace incidents

These tools help move beyond immediate causes to identify deeper system, process, or behavioral issues, enabling organizations to implement effective, long-term solutions.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

18. What is a key characteristic of SMART goals in corrective action planning?

- ☐ They are broad objectives focused on general areas for improvement.
- ☐ They prioritize documentation over implementation.
- ☒ They are specific, measurable, attainable, realistic, and time-bound.
- ☐ They are developed after corrective actions are already completed.

SMART goals provide a clear structure for corrective actions by defining what will be done, how success will be measured, and the timeframe for completion, ensuring accountability and effective implementation.

19. An employee operating machinery is injured after testing positive for alcohol following the incident. What must the employer demonstrate for an intoxication defense to be successful?

- ☒ The intoxication directly contributed to the injury.
- ☐ The employee consumed alcohol at any point during the workday.
- ☐ The employee had alcohol in their system regardless of its effect.
- ☐ The employee had a prior history of substance use.

For an intoxication defense to apply, the employer must prove a direct causal link between the impairment and the workplace injury, not just the presence of alcohol or drugs.

20. A group of employees uses workplace equipment to stage a prank that results in an injury. How would this situation most likely be classified under workers compensation defenses?

- ☐ Non-work-related injury
- ☒ Misconduct or horseplay
- ☐ Failure to report injury
- ☐ Intoxication

Misconduct or horseplay occurs when employees engage in unauthorized, non-work-related activities that fall outside job duties, and employers may use this as a defense if it results in injury.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

21. An employee delays reporting a workplace injury for several weeks and only submits a claim after medical bills increase. Which defense may the employer use in this situation?

- ☐ Self-inflicted injury
- ☐ Intoxication
- ☒ Failure to report in a timely manner
- ☐ Misconduct

Workers compensation laws require injuries to be reported within specific timeframes. If an employee fails to report within that window, the employer may contest the claim based on late reporting requirements.

22. Why is it important for multi-state employers to understand the differences in workers compensation laws?

- ☐ To eliminate the need for insurance coverage
- ☐ To ensure consistent payroll practices across states
- ☒ To manage compliance, coverage, and claims handling accurately across jurisdictions
- ☐ To standardize employee benefits nationwide, regardless of state law

Workers compensation laws vary by state, affecting coverage requirements, reporting timelines, and claims processes. Understanding these differences helps organizations stay compliant and manage claims effectively.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

23. Which statement correctly describes a key difference among California, Texas, and New York workers compensation systems?

- ☒ Texas allows some employers to opt out of the system entirely.
- ☐ All three states allow employers to opt out of workers compensation coverage.
- ☐ California has voluntary coverage requirements for part-time employees.
- ☐ New York does not require injury reporting within any specific timeframe.

Texas is unique because it permits certain employers to be non-subscribers, meaning they can opt out of the traditional workers compensation system, unlike California and New York, which require coverage.

24. How do COVID-19 presumption laws affect workers compensation claims for eligible employees?

- ☐ COVID-19 claims are excluded from OSHA recordkeeping requirements.
- ☒ The burden of proof shifts to the employer to show the illness was not work-related.
- ☐ Employees must prove their illness was work-related.
- ☐ Employers are automatically exempt from covering COVID-related claims.

COVID-19 presumption laws establish that certain employees (especially frontline workers) are presumed to have contracted the virus at work, requiring employers to disprove that the infection was work-related to deny the claim.

25. How have recent changes in mental health workers compensation laws impacted employer liability?

- ☒ Coverage has expanded to include situations where work is a contributing factor.
- ☐ Claims are only covered if work is the sole cause of the condition.
- ☐ Mental health claims are no longer eligible for workers compensation benefits.
- ☐ Employers are no longer required to evaluate PTSD claims.

Many jurisdictions have lowered the standard for mental health claims, allowing compensability when work contributes to or exacerbates a condition, even if it is not the primary cause.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

26. Which factor may indicate that a worker is misclassified as an independent contractor rather than an employee?

- ☐ The worker uses their own tools and follows their own schedule.
- ☐ The worker has no interaction with company supervisors.
- ☐ The worker signs a standalone service agreement with defined project deliverables.
- ☒ The worker performs identical duties under shared supervision with direct employees.

Shared supervision, integration into the core workforce, and performing the same duties as employees are strong indicators that a worker may be legally classified as an employee rather than an independent contractor.

27. An employee working remotely leaves their workspace to walk their dog during a break and is injured. What factor is most relevant in determining whether the claim may be disputed?

- ☐ The employee was using a company-issued laptop.
- ☒ The injury occurred during a personal activity outside the defined work environment.
- ☐ The employee was working from home with the employer's approval.
- ☐ The employee had an ergonomic workstation setup.

Injuries that occur during purely personal activities outside the scope of work duties—such as walking a dog—may be considered non-compensable because they fall outside the course and scope of employment.

Section 3: Risk Management, Loss Control, and Legal and Regulatory Considerations

28. What is a key risk associated with coverage gaps in workers compensation programs?

- ☒ Injuries may result in lawsuits or uninsured liability if workers are misclassified or excluded.
- ☐ Employees automatically receive duplicate coverage from multiple policies.
- ☐ Contractors are always fully excluded from liability.
- ☐ Coverage gaps only affect full-time employees.

Coverage gaps occur when workers are not properly classified or insured. If an injury occurs, the organization may face lawsuits, regulatory penalties, and retroactive liability for uncovered claims.

29. Which approach best supports turning legal and regulatory updates into effective action within an organization?

- ☐ Relying on HR to independently interpret and distribute updates as needed
- ☐ Assuming brokers will automatically update internal policies without review
- ☒ Using a structured system that assigns responsibility, tracks changes, and updates policies and training accordingly
- ☐ Waiting until an incident occurs before reviewing regulatory requirements

A structured system ensures that responsibility is clearly assigned, regulatory updates are actively monitored, and changes are systematically translated into policies, procedures, and training. This creates a proactive compliance framework that reduces ambiguity, improves consistency across departments, and minimizes legal exposure.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

Intersections of Insurance Coverage and Risk Coordination

» Knowledge Check



Directions: Read the scenario and respond to the questions.

During a busy shift at a distribution center, a company vehicle driven by an employee collides with a vendor's truck on-site. The employee is injured, the vendor sustains injuries, and the collision damages both vehicles. The employee initially seeks treatment through personal health insurance before reporting the injury as work-related.

Weeks later, the employee files a workers compensation claim and also alleges retaliation after being placed on unpaid leave.

1. How should the organization analyze and coordinate the application of workers compensation, general liability, auto insurance, health insurance, disability, and EPLI in this scenario?

Since multiple coverages are triggered and need to be coordinated, the organization should align each policy to its role. Workers compensation should cover the employee's injury once confirmed as work-related, while the auto policy should address vehicle damage and the vendor's injuries, with general liability potentially applying based on site responsibility. The employee's initial use of health insurance should be reconciled through reimbursement once the claim is accepted, and disability insurance may bridge any delay in wage replacement. The retaliation allegation should be handled separately under EPLI.

Continued

Continued

2. What operational and compliance risks could arise if the claim is misclassified or improperly managed across these coverage lines?

If mismanaged, this could result in denied or delayed claims, duplicate payments, compliance issues, and increased legal exposure. The organization should prioritize early reporting, clear documentation, and coordination across HR and risk teams to ensure proper claim handling.

Challenges in the Remote and Hybrid Workforce

Check-In



Directions: Select the correct response.

1. Ergonomic injuries are becoming a less significant driver of workers compensation claims due to remote work.

True

False

Ergonomic injuries are increasing and have become a leading driver of workers compensation claims in remote and hybrid work environments.

2. Improper workstation setup, such as working from a couch or kitchen table, can contribute to cumulative ergonomic strain.

True

False

3. In remote work environments, ergonomic injuries may begin as minor discomfort but can progress into formal workers compensation claims as employees recognize that these conditions may be compensable.

True

False

Check-In Continued



Directions: Select the correct response.

4. Employees always receive formal ergonomic training before beginning remote work.

True

False

Many employees lack guidance on ergonomic best practices, which contributes to poor habits and increased injury risk over time.

5. All injuries that occur while an employee is working from home are automatically compensable under workers compensation.

True

False

Compensability depends on whether the injury occurred within the course and scope of employment, not simply the location.

6. Slips, trips, and falls in remote work settings can be harder to evaluate because work and personal activities often overlap.

True

False

7. Employers should avoid establishing clear remote-work expectations because flexibility reduces liability.

True

False

Clear policies on work hours, duties, and environments are essential for reducing ambiguity and properly evaluating claims.

8. Mental health claims related to remote work are typically simple to evaluate because they follow the same standards as physical injuries.

True

False

Mental health claims are often more complex and less clearly defined, requiring careful evaluation of course and scope of employment and contributing factors.

Employer Strategies for Remote Work

» Knowledge Check



Directions: Read the scenario and respond to the question.

Allen, a fully remote employee, develops wrist pain after months of working from a couch using a laptop. He also slips and is injured while on a personal errand during the middle of his workday.

How should the organization determine compensability in each case using course and scope of employment and ergonomic considerations, and what key gap in its remote work policy does this reveal?

The organization should assess whether Allen was performing job duties and acting in the employer's interest at the time of each incident. His wrist injury may be compensable if it is linked to work activities despite poor ergonomic setup, while the slip during a personal errand would likely fall outside the course and scope of employment. These situations highlight a gap in the organization's remote work policy, particularly regarding clearer expectations for approved work environments, breaks, and ergonomic guidance.

Changing Work Models

Check-In



Directions: Select the best answer for each of the following questions.

1. Which of the following is a primary benefit of wearable technology in workers compensation?

- ☐ Eliminating the need for safety training
- ☐ Replacing all human supervision
- ☒ Real-time exposure monitoring and early intervention
- ☐ Reducing the need for insurance coverage

Wearable technology enhances workplace safety by providing real-time data on exposure, fatigue, and movement. This allows organizations to respond quickly to potential risks and intervene before incidents escalate. It does not replace training or oversight but supports more proactive risk management.

2. How does artificial intelligence (AI) improve workers compensation processes?

- ☒ By generating detailed job descriptions and identifying claims patterns
- ☐ By fully replacing human decision-making
- ☐ By eliminating the need for claims investigations
- ☐ By preventing all workplace injuries

AI supports workers compensation by improving job analysis and identifying trends in claims data. It enhances decision-making but should be used as a tool alongside human judgment, not as a replacement for it.

Continued

Check-In Continued



Directions: Select the best answer for each of the following questions.

3. What is a key new risk introduced by automation and robotics?

- ☐ Increased manual lifting injuries
- ☐ Reduced operational efficiency
- ☒ Equipment malfunction and human-machine interaction hazards
- ☐ Elimination of all workplace accidents

While automation reduces some traditional risks, it introduces new ones such as equipment failure, unsafe interactions between workers and machines, and system-related hazards. These require updated safety protocols and oversight.

4. What is a primary advantage of blockchain in workers compensation systems?

- ☐ Eliminating the need for claims documentation
- ☐ Increasing claim denial rates
- ☐ Replacing insurance carriers
- ☒ Enhancing transparency and reducing fraud risk

Blockchain improves transparency and data integrity by creating secure, traceable records of transactions. This can help reduce fraud and improve confidence in claims processing, though it does not replace existing systems entirely.

Check-In Continued



Directions: Select the best answer for each of the following questions.

5. Why are mental health claims becoming more prominent in workers compensation?

- ☐ Employers no longer require documentation.
- ☒ Issues such as stress, burnout, and anxiety are gaining increased recognition.
- ☐ Physical injuries no longer occur.
- ☐ Employees are working fewer hours.

Mental health claims are increasing due to greater awareness and recognition of conditions such as burnout, anxiety, and chronic stress. These often develop over time and require a more nuanced approach to evaluation and management.

6. What is a key difference between older and younger workforce injury trends?

- ☐ Older workers have higher injury frequency.
- ☐ Younger workers experience fewer injuries due to a faster work pace.
- ☐ There is not sufficient research to suggest any difference between age groups.
- ☒ Older workers often have higher severity, while younger workers have higher frequency.

Older workers tend to experience more severe and costly injuries with longer recovery times, while younger workers often have higher injury frequency due to inexperience and workplace dynamics. Effective risk management must address both patterns simultaneously.

Looking Forward

» Knowledge Check



Directions: Read the scenario and respond to the question.

A healthcare company has implemented wearable devices to monitor fatigue and movement in its warehouse while also supporting a hybrid workforce that regularly participates in virtual meetings and events. One afternoon, wearable data flags that a warehouse employee had been experiencing elevated fatigue levels prior to a minor equipment incident. On the same day, a remote employee is injured at home while participating in an optional virtual team activity that their manager strongly encouraged.

How should the organization evaluate these two situations in terms of risk management and workers compensation? In your response, consider how data from emerging technologies, workplace expectations, and the evolving definition of the work environment may influence both prevention strategies and compensability decisions.

The organization should evaluate each situation separately using a fact-specific approach. For the warehouse incident, wearable data indicating fatigue should be used as a proactive risk management tool, helping identify whether additional controls such as rest breaks, task rotation, or schedule adjustments are needed to prevent future incidents. While the data does not determine compensability on its own, it provides valuable context for understanding contributing factors.

For the remote employee, the key consideration is whether the activity falls within the course and scope of employment. Even if participation was labeled as optional, strong managerial encouragement may create an implied expectation, which could support compensability. Overall, the organization should combine data insights, clear policy guidance, and careful analysis of workplace expectations to guide both prevention efforts and claims evaluation.

Section 4 Self-Quiz



Set Yourself Up for Success!

An interactive version of this quiz, called Wayground, a Quizlet set of vocabulary/definition flashcards, and Study Guide, are available on the Resources webpage at riskeducation.org/riskPROresources.

Directions: Select the best answer for each of the following questions.

1. During a warehouse incident, an employee and a visiting vendor both slip on a wet floor and sustain injuries. Which statement BEST describes how coverage would apply?
 - ☐ Both injuries are handled under workers compensation.
 - ☐ Both injuries are handled under general liability.
 - ☒ The employee's injury is covered by workers compensation, and the vendor's injury is covered by general liability and potentially their employer's Workers Compensation policy.
 - ☐ The vendor's injury is covered by workers compensation, and the employee's injury is covered by general liability.

Workers compensation applies to employees injured in the course of employment, while general liability applies to third-party injuries (such as vendors or visitors). When incidents involve both groups, each policy responds to the appropriate party.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

2. An employee experiences back pain after lifting boxes at work but initially seeks treatment through their personal physician using health insurance. Later, the injury is determined to be work-related. What typically happens next?

- ☐ The employee must pay out of pocket for all medical expenses.
- ☐ Health insurance continues to cover all costs permanently.
- ☒ Medical costs may be transferred or reimbursed to workers compensation once the claim is accepted.
- ☐ The claim is automatically denied because it was not reported immediately.

When a work-related injury is initially treated under health insurance, costs may later be shifted to workers compensation if the claim is accepted. This highlights the importance of timely reporting and accurate classification.

3. An employee files a workers compensation claim after a workplace injury, but the claim is under investigation, and benefits are delayed and the employee cannot work. Which coverage may provide interim wage replacement?

- ☐ General liability insurance
- ☒ Disability insurance
- ☐ Auto insurance
- ☐ EPLI

Disability insurance can act as a temporary income replacement when workers compensation benefits are delayed or disputed. Coordination between benefits is necessary to ensure proper wage replacement and avoid duplication.

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4. A salesperson is injured in a car accident while traveling to meet a client. The accident also damaged another driver's vehicle. Which combination of coverage is MOST likely to apply?
- ☐ Workers compensation only
 - ☐ General liability only
 - ☐ Health insurance and EPLI only
 - ☒ Workers compensation for the employee's injury and commercial auto insurance for vehicle damage and third-party liability

Workers compensation covers employee injuries arising out of and in the course of employment, while commercial auto insurance addresses vehicle damage and third-party liability. Incidents like this often require coordination across multiple policies.

5. How have evolving workforce expectations contributed to new workplace risks?
- ☐ Employees now prefer more supervision, reducing risk exposure.
 - ☒ Increased flexibility has blurred the boundaries between work and personal activities.
 - ☐ Hybrid work eliminates the need for risk management programs.
 - ☐ Employees are less likely to report injuries in flexible environments.

Flexible and hybrid work models introduce ambiguity between work and personal activities. This can make it more difficult for employers to assess risk, ensure compliance, and determine whether incidents are work-related.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

6. Sylvia is working from home and takes a break to walk her dog. During the walk, she slips on a wet sidewalk and injures her ankle. Which factor is MOST important in determining whether her injury is compensable under workers compensation?

☒ Whether the injury occurred while performing job-related duties

☐ Whether Sylvia was logged into her computer earlier in the day

☐ Whether the injury occurred during work hours

☐ Whether Sylvia reported the injury immediately

The key factor in determining compensability is whether the injury occurred within the course and scope of employment. Personal activities, even during the workday, are typically not considered work-related.

7. Which of the following is the MOST effective strategy for reducing ergonomic risks in a hybrid workforce?

☐ Requiring all employees to return to the office full-time

☐ Ignoring minor discomfort unless it becomes severe

☒ Providing ergonomic education, workstation guidance, and accessible resources

☐ Limiting employee use of laptops and mobile devices

Workers compensation covers employee injuries arising out of and in the course of employment, while commercial auto insurance addresses vehicle damage and third-party liability. Incidents like this often require coordination across multiple policies.

8. Why is a written work-from-home policy important for employers?

☐ It eliminates the need for claims investigations

☐ It ensures all employees work identical schedules

☐ It transfers all liability to employees working remotely

☒ It provides consistency, clear expectations, and supports decision-making in claims and workplace issues

A formal remote work policy establishes consistent expectations, defines standards, and helps guide decision-making when incidents or claims arise. It is a foundational tool for effective risk management.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

9. Which of the following BEST describes an effective approach to handling remote workplace injury claims?

- ☒ Apply structured investigations and use root cause analysis methods like the “Five Whys”
- ☐ Focus only on the immediate cause of the injury
- ☐ Rely on employee statements without further investigation
- ☐ Automatically deny claims that occur outside the traditional workplace

Through documentation and structured investigation methods help identify underlying causes of injuries, not just immediate events. This supports better prevention strategies and more defensible claims handling.

10. A company uses wearable devices to track employee proximity. An employee is notified that they were recently near a coworker who tested positive for an illness. What is the PRIMARY benefit of this technology in a workers compensation context?

- ☒ It enables faster identification of potential exposure and supports timely intervention
- ☐ It replaces all workplace safety programs
- ☐ It eliminates the need for reporting workplace illnesses
- ☐ It allows employers to monitor employee productivity at all times

Wearable technology supports real-time exposure monitoring, allowing organizations to quickly identify and respond to potential risks. This helps reduce uncertainty and enables more proactive safety measures.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

11. An organization uses AI to analyze workers compensation data and discovers that injuries frequently occur late in the evening shift in one department. What is the MOST appropriate next step?

- ☐ Immediately terminate employees working that shift
- ☒ Investigate operational or behavioral factors contributing to the pattern
- ☐ Ignore the trend unless injuries increase significantly
- ☐ Assume the data is incorrect and discontinue AI use

AI is a decision-support tool that identifies patterns and trends. These insights should prompt further investigation into underlying causes, such as fatigue, staffing levels, or workflow design.

12. In a highly automated warehouse, a robotic arm malfunctions and drops a heavy load near employees. No one is injured, but the incident raises concerns. What does this scenario BEST illustrate?

- ☒ Potential equipment failure introduces new categories of risk that must be managed
- ☐ Automation completely eliminates workplace risk
- ☐ Workers compensation no longer applies in automated environments
- ☐ Manual labor is always safer than automation

While automation reduces certain risks like manual lifting, it introduces new hazards such as equipment malfunction and system failure. These risks require updated safety protocols and oversight.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

13. What is a key consideration when implementing wearable technology and AI in the workplace?

- ☐ Eliminating all human oversight in decision-making
- ☐ Maximizing data collection without limitations
- ☐ Restricting technology use to management only
- ☒ Balancing safety benefits with employee privacy, transparency, and data governance

The use of advanced technologies requires responsible implementation, including clear communication, data protection, and respect for employee privacy to maintain trust and compliance.

14. Jordan has been working extended hours for several months while managing constant emails and team messages after work hours. Over time, Jordan begins experiencing anxiety, fatigue, and burnout. What does this scenario BEST illustrate?

- ☐ Mental health claims are only valid after a single traumatic event
- ☒ Psychological injuries can develop gradually from sustained workplace stressors
- ☐ Workers compensation does not apply to mental health conditions
- ☐ Burnout is unrelated to workplace conditions

Mental health conditions such as burnout and anxiety often develop over time due to ongoing stress, workload demands, and limited recovery periods, making them more complex to evaluate than acute injuries.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

15. A company is onboarding two employees. One prefers detailed written manuals, while the other prefers short videos and hands-on demonstrations. What is the MOST effective risk management approach?

- ☒ Tailor training methods to match different learning styles
- ☐ Focus training only on the younger employee
- ☐ Require both employees to complete identical training methods
- ☐ Allow employees to skip training if they have prior experience

Different generations and individuals learn in different ways. Tailoring training approaches improves engagement, reinforces safety practices, and helps reduce injury frequency.

16. Which statement BEST describes the relationship between workforce age and workers compensation trends?

- ☐ Older workers have higher injury frequency but lower severity
- ☐ Younger workers have lower injury frequency and lower severity
- ☒ Older workers tend to have higher severity claims, while younger workers have higher injury frequency
- ☐ Age has no impact on workers compensation outcome

Older employees often experience more severe and costly injuries, while younger workers tend to have more frequent incidents due to inexperience and evolving safety awareness.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

17. An employee regularly works a flexible schedule, often completing tasks late at night after a full day of personal commitments. Over time, the employee begins making frequent errors and reports feeling mentally exhausted. What is the MOST appropriate employer response to reduce risk?

- ☐ Focus only on correcting the employee's performance errors
- ☒ Reinforce general working hour guidelines and encourage consistent work-rest patterns
- ☐ Require the employee to track all non-work activities during the day
- ☐ Eliminate flexible work arrangements for all employees

While flexibility is valuable, inconsistent or extended schedules can increase fatigue and error rates. Establishing reasonable working hour guidelines helps balance autonomy with safety, reducing burnout and potential injury risk without overcorrecting.

18. What is the PRIMARY advantage of telemedicine in workers compensation programs?

- ☐ It eliminates the need for in-person medical evaluations entirely
- ☐ It reduces the number of workplace injuries
- ☐ It transfers responsibility for care entirely to employees
- ☒ It improves access to care and can accelerate treatment claims management

Telemedicine expands access to care, particularly for remote or underserved employees, and helps streamline treatment and claims processes. However, it complements—not replaces—traditional in-person care when needed.

Section 4: Advanced Topics and Real-World Workers Compensation Insights

19. A state introduces a pilot program where rideshare drivers receive limited medical and wage-replacement benefits funded through small transaction surcharges. What is the PRIMARY goal of this type of program?

- ☐ To eliminate the need for workers compensation systems
- ☒ To reduce coverage gaps and disputes for non-traditional workers
- ☐ To require gig workers to purchase private insurance
- ☐ To classify all gig workers as full-time employees

Pilot programs for gig workers aim to address gaps in traditional coverage by providing limited benefits, reducing ambiguity, and potentially lowering litigation and dispute frequency.

20. What is the impact of presumptive coverage laws for mental health conditions in certain occupations?

- ☒ They shift the burden of proof, making it easier for eligible employees to establish compensability
- ☐ They eliminate the need for any documentation of mental health claims
- ☐ They apply equally to all employees across all industries.
- ☐ They replace traditional workers compensation benefits

Presumptive laws make it easier for certain workers—such as first responders—to qualify for coverage by assuming a connection between their job and specific mental health conditions, reducing the burden of proof required.

Appendix

Appendix

Preparing for the Final Exam

For many learners, test preparation is stressful. Please keep in mind that the most important measure of your knowledge will be witnessed in your service to your organization. Think of a test as a tool. Use it to come to an understanding of what you know, how it affects your work, and what more you would like to know to have even greater success in the workplace.

The testing period for the Final Exam is two hours long. The test itself is composed of 100 multiple-choice questions that ask you to demonstrate what you know. You are required to earn a minimum of 140 out of 200 possible points. Questions appear in the order of presentation of the topics.

Remain aware of the time as you take the test. Pace yourself and be aware that unanswered questions are considered incorrect.

Study Techniques

There are some techniques you can use to help you prepare for the end-of-course test. Apply the same techniques to each chapter in your Learning Guide.

1. Review the Section Goal.
2. Review each Learning Objective.
3. Change each head and subhead into a question. Then answer the question. For example,

Header: The Vision Statement

Question: What is a vision statement?

4. Review each diagram, graph, and table. Interpret what you see. Ask yourself how it relates to a specific Learning Objective.
5. Check your answers to each Check-In. Correct your original answers, if necessary.
6. Check your answers to each Knowledge Check. Consider ways to improve your original answers.
7. Re-read the summary at the end of each section.

8. Check your answers to each question in the Self-Quizzes at the end of each section. Correct your original answers, if necessary.
9. Review any comments, highlights, or notes you made in each section.
10. Rewrite important ideas in your own words. Find ways to connect those ideas to your own work experiences.
11. Make flash cards to help you review important vocabulary.

Sample Exam Questions

1. Which of the following is the primary underlying tenet of the exclusive remedy scheme that workers compensation established?
 - ☒ Employees receive guaranteed statutory benefits for work-related injuries, regardless of fault.
 - ☐ Employees gain support through regulatory frameworks such as the Occupational Safety and Health Act (OSHA).
 - ☐ Employees may seek compensation for pain and suffering or emotional distress.
 - ☐ Employees receive statutory benefits for skill-related injuries, regardless of location, if exercised at home or for a hobby.

Sample Answer:

The primary defining feature of the workers compensation statutory system is its deliberate departure from traditional tort law. Under the common law model, injured workers were required to prove employer negligence by demonstrating duty, breach, causation, and damages. The creation of workers compensation fundamentally shifted this framework.

Entitlement to benefits no longer depends on proving fault. Instead, the system provides a no-fault mechanism designed to mitigate the economic and social consequences of workplace injuries. By guaranteeing medical care and wage-replacement benefits—even when no negligence has occurred—the system ensures that injured workers and their dependents maintain financial stability.

Appendix

2. Marcus is a machine operator at a facility where high-decibel equipment runs continuously throughout each shift. Because of noise levels, the company has a strict safety policy requiring all employees in the production area to wear approved hearing protection at all times. This rule is clearly posted, covered in employee safety training, and reinforced during regular safety meetings. Marcus had been disciplined and written up multiple times for failing to comply. He was recently diagnosed with hearing loss. What is the likely outcome of his workers compensation claim?

- ☐ The workers compensation claim will more than likely be compensated under the state's system.
- ☒ The workers compensation claim will more than likely be denied or significantly reduced under the state's willful misconduct exclusion.
- ☐ The workers compensation claim will more than likely be denied or significantly reduced under the state's illegal conduct exclusion.
- ☐ The workers compensation claim will more than likely be compensated under the state's "substantial factor" consideration.

Sample Answer:

During a claim investigation, the employer's insurer will consider that documentation shows:

- Marcus had received clear instructions on the requirement to wear hearing protection.
- Marcus had been disciplined several times for failing to comply.
- The hearing protection equipment was readily available.

Based on this, the insurer will likely determine that Marcus's injury resulted from a willful violation of established safety rules. Unlike a simple failure to use safety equipment, Marcus's repeated noncompliance—after explicit warnings—demonstrates intentional disregard for workplace safety requirements.

As a result, the workers' compensation claim will likely be denied or significantly reduced under a state's willful misconduct exclusion.

Glossary of Terms

actionable plan template – a simple, structured implementation tool used to turn risk management or safety concepts into clear, accountable action steps

arbitration – a form of alternative dispute resolution in which a neutral third party (the arbitrator) hears a workers compensation dispute and issues a binding decision

causal employment – generally refers to work that is short-term, infrequent, or incidental and not performed in the employer's usual course of trade, business, or occupation

combinability – when two or more business entities share common majority ownership, typically 50 percent or more, resulting in common control

commissions – state (or federal) government agencies that administer and adjudicate workers compensation laws and claims

conditions precedent – a requirement that must be satisfied before coverage applies

conditions subsequent – an obligation that must be fulfilled after a loss occurs to preserve coverage

COVID-19 presumption laws – laws establishing that for certain job classifications, particularly frontline roles, it is presumed that an employee who contracts COVID-19 did so in the course of their employment

employee – generally, a person in the service of an employer under appointment or contract of hire (express or implied, written or oral), working under the employer's direction and control

ergonomics – a focus on the interaction between individuals and their work settings, particularly regarding the tools and equipment they use. Its objective is to tailor these tools and environments to fit the user's physical needs and comfort, aiming to reduce strain and discomfort while enhancing productivity.

Exclusive Remedy Rule – the rule that workers compensation benefits are the employee's sole legal remedy against the employer (and usually co-employees) for most work-related injuries or illnesses

Glossary

experience modifier/experience modification factor/experience mod – a numerical representation of claims history. It is the ratio of the costs of the company's actual workers compensation claims compared to the expected costs for companies of similar size in the same industry.

extraterritorial coverage – recognizes that employees will leave the state of employment temporarily, but the workers compensation benefits of the home state follow them if injured in that other state

flexible scheduling – an alternative to the traditional 9-to-5, 40-hour work week; scheduling that typically allows employees to vary their arrival and/or departure times

fortuity doctrine – a fundamental insurance principle providing that coverage applies only to losses that are unintended and not certain to occur

gig economy – consists of a labor market that emphasizes short-term, flexible, and freelance work engagements, often facilitated through digital platforms, representing a shift from traditional employment structures

general damages – non-economic losses, generally for pain and suffering; money awards under the rules of indemnification

hierarchy of controls – identifies a preferred order of actions to best control hazardous workplace exposures based on reliability and effectiveness

independent medical review (IMR) – a formal, non-judicial process in which a physician (or panel of physicians) who is not involved in the injured worker's treatment or claim administration reviews a disputed treatment request to determine whether it is medically necessary under applicable evidence-based guidelines

Information Page – the term NCCI uses to identify the page in the policy that outlines the coverages provided; similar to Declarations

job hazard analysis (JHA) – a technique that focuses on job tasks as a way of identifying hazards before they occur; it focuses on the relationship between the worker, the task, the tools, and the work environment

last injurious exposure rule – also known as "the last employer rule"; a doctrine that states liability for an occupational injury or illness falls to the employer who exposed the worker to the injurious substance just before the first onset of the disease or injury

loss control – a process of identifying, assessing, and mitigating risks to prevent accidents and minimize the frequency and severity of losses or claims

Glossary

loss run – a detailed summary of claims history; it typically includes data such as claim frequency, total incurred costs, medical expenses, indemnity payments, and claim status

maximum medical improvement – the point in which an injured worker’s medical condition has stabilized and is not expected to improve substantially with further curative treatment, at least in the foreseeable future

mediation – a voluntary, confidential process where a neutral mediator facilitates discussion to help parties find common ground without issuing binding decisions

Medicare Secondary Payer (MSP) Act – provisions that bar Medicare from paying for items or services to the extent payment has been made, or can reasonably be expected to be made, by a primary plan such as workers compensation, liability, or no-fault insurance. When workers compensation is available, it must pay first for injury-related care; Medicare pays only secondarily, and, if it makes “conditional payments,” it has a right to be reimbursed from the claim or settlement.

near-miss reporting – a potential hazard or incident in which no property was damaged, and no personal injury was sustained, but where, given a moderate shift in time or position, damage or injury easily could have occurred

non-scheduled injury – a work-related injury or condition that does not involve a body part listed in the statute’s “schedule of injuries.” It involves body regions or conditions not on the schedule, such as the spine (back/neck), hips, shoulders, head/brain, internal organs, as well as occupational diseases, repetitive-trauma, and psychological injuries.

permanent disability benefits – wage-replacement benefits that compensate a worker for the lasting loss of earning capacity after a work injury or occupational disease has reached maximum medical improvement and will not fully resolve

permanent partial disability – the most severe level of impairment; the worker is unable to return to any form of meaningful employment due to the extent of the injury

permanent total disability – when a worker retains some ability to work but has measurable, permanent loss of function

Plan-Do-Check-Act (PDCA) – a four-step management method that provides a useful framework involving planning a change, implementing it on a small scale (do), studying the results (check), and acting to standardize or further improve the process

remuneration – the total compensation for employees (money or substitutes for money) that is used as the exposure base to compute premium—not just straight “payroll”

Glossary

retrospective rating – a premium plan where the final premium is adjusted after the policy period based on the employer's actual incurred losses during that period, subject to negotiated minimums and maximums

risk priority number (RPN) – a scoring system used in risk management to rank the severity, likelihood of occurrence, and detectability of potential problems

scheduled injury – a predefined compensation system assigning value to specific body parts

Second Injury Funds – state-operated programs designed to encourage the hiring and continued employment of workers with pre-existing disabilities

settlement conference – a formal meeting (usually at the workers compensation board or agency) where the injured worker and the employer/insurer, typically with their attorneys, appear before a workers compensation judge or hearing officer to try to resolve the claim by agreement rather than by trial. Each side usually completes a pre-trial or settlement statement listing agreed facts, disputed issues, proposed exhibits, and witnesses; if a settlement is reached, terms are placed on record and submitted for judicial approval, and if not, the conference functions as a pre-trial setting the case for trial and narrowing the issues.

special damages – sometimes called economic damages; alleged damages for medical expenses, lost wages, future medical costs, and future wage loss

stare decisis – a doctrine stating that courts will adhere to precedent in making their decisions; Latin for “to stand by things decided”

subrogation – the substitution of one person for another; when one person is allowed to stand in the shoes of another and assert that person's rights against a tortfeasor or wrongdoer

subrogation rights – the insurer's legal right to recover from a responsible party what it paid in benefits for the worker's injury

telemedicine – using telecommunications technologies to support the delivery of medical, diagnostic, and treatment-related services usually by doctors

temporary disability benefits – wage-replacement benefits paid to an injured employee who has not yet reached maximum medical improvement and is temporarily unable to earn their usual wages because of the work injury

Glossary

third-party administrator (TPA) – an outside company hired by an insurer or self-insured employer to handle workers compensation claims and related services on their behalf. The employer or carrier remains legally responsible for benefits but delegates day-to-day administration, including investigation, reserving, payment of benefits, and coordination of medical care, to the TPA.

third-party liability provision – provisions for liability that is distinct from the original claim; provisions that allow the employee or insurance company name an entity that is not directly involved in the claim but may be liable for contributing to the injury

triers of fact – also called fact-finders; administrative law judges in workers compensation benefits hearings

utilization review – the process in which the insurer or employer has a medical professional review the treating doctor's recommendations to decide if the requested care is "medically necessary" and, therefore, covered.

vocational rehabilitation – focuses on restoring or developing a person's ability to work after illness, injury, or the onset of a physical or psychological condition. The goal is not just any job, but "suitable" work that fits the worker's residual functional capacity, skills, and restrictions while promoting independence and long-term employability.