

# Guide to Workers' Comp

## A guide for employers



### What is workers' compensation insurance?

It is insurance coverage providing benefit protection to workers for injuries, occupational diseases or deaths caused by accidents arising out of and in the course of their employment. In Arizona, a workers' compensation insurance system was established in 1925. Prior to that, workers who were injured on the job in Arizona had no recourse to recover medical costs and lost wages except to sue their employers. With the establishment of a no-fault workers' compensation insurance system, injured workers were guaranteed prompt payment of their legally entitled benefits.

### Why choose SCF Arizona?

When the Arizona Legislature passed statutes relating to workers' compensation insurance, it recognized the need to provide a competitive, sure source of coverage for all Arizona employers. By creating SCF Arizona, the legislature made it virtually impossible for any one insurance company to become a monopoly. Being competitive means that SCF offers employers the lowest possible cost, the maximum allowable premium discounts and the best service.

### Is SCF a part of the Industrial Commission of Arizona?

No. Although originally created as a part of the Industrial Commission, SCF was separated from it in 1969. SCF continues, however, to work closely with the ICA.

SCF was set up as a public insurance company directly supervised by a board of directors appointed by the governor. SCF's sole purpose is to perform the workers' compensation insurance function. ICA administers workers' compensation law, regulates payment of benefits, hears disputed claims and sets and enforces state and federal safety standards.

### Who must carry workers' compensation?

Since January 1974, Arizona requires that all public and private employers with at least one employee must carry workers' compensation insurance. The law makes coverage optional for domestic servants, working partners and sole proprietors.

### Who pays for workers' compensation?

Insurance premiums are paid totally by the employer. The law prohibits the use of payroll deductions from employees' wages to pay the cost.

### How are rates determined?

All workers' compensation insurance companies in Arizona belong to a rating organization, which classifies all jobs uniformly on the basis of similar risks. The rating organization collects detailed statistics on accidents, their related compensation payments and medical expenses. This information is analyzed by the rating organization's technical staff to develop rate recommendations for jobs that reflect the relative hazards associated with those jobs.

The rating organization files new rate recommendations at least annually with the Arizona Department of Insurance, which can either approve or disapprove them. The rates are the same for all companies. Once approved, new rates become effective on all policies on the issue date of a new policy or renewal date of an existing policy.

### What happens if SCF's earnings exceed operating and claims costs?

Arizona statutes mandate that SCF be "no more or less than self-supporting." All

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earnings in excess of claims costs, necessary reserves, required surplus and administrative costs are returned to SCF policyholders.

SCF has returned money to policyholders, in the form of a dividend, every year since it separated from the Industrial Commission. (Dividends are, however, not guaranteed.) SCF has returned more dividends than all other Arizona workers' compensation insurers combined.

### What services does SCF provide?

SCF pays all reasonable and necessary costs for medical care relating to industrial injuries, including doctor bills, hospital costs, medicine, lab fees, etc. In addition, payments are issued to compensate for lost wages while the worker is unable to return to the job. If the injury results in death, payments will be made to the worker's dependents. In addition, SCF provides the following services to policyholders:

- **Claims management:** SCF has a record of excellence in handling claims and expediting justifiable benefit payments. Your claims adjuster provides proactive claims management and helps with cost containment in the administration of your claims.
- **Rehabilitation:** Our counselors direct their efforts to returning injured and disabled workers to productive employment as soon as possible. This can reduce claim costs and future premiums for you. Your employee may benefit by acquiring new skills, if needed, and by having self-esteem restored.
- **Loss control:** Loss control team members serve as your safety consultants, working with you to identify hazardous working conditions or procedures and to establish safety programs. Our consultants also

provide periodic claims analysis reports to identify work injury trends and problem areas.

- **Legal:** SCF's legal staff represents you whenever litigation occurs on one of your claims. Our attorneys represent you at hearings, legal proceedings and in subrogation actions.
- **Financial and underwriting:** Our financial services team processes billings and premium payment plans specifically geared for your account. The underwriting team processes all policy transactions and makes sure the proper classifications are assigned to your policy.
- **Auditing:** Our auditors assist you in maintaining accurate records of all earnings and classifying them under the codes assigned to your policy. They also help clarify your payroll reporting procedures, making your job easier.
- **Customer service and sales:** You will be assigned an account service representative who will assist you in obtaining SCF's services. Your representative is knowledgeable regarding all facets of workers' compensation and can tailor your insurance program to your needs.
- **Investigations:** Our investigators conduct extensive compensability investigations when the validity of a claim is in doubt and provide surveillance when appropriate. A fraud hotline is available (800.526.5226) for confidential reporting of possible fraudulent claims.
- **SCF customer contact center:** Our representatives provide you and your injured worker with a variety of claims information. They may be reached at 602.631.2300 or toll-free in Arizona at 800.231.1363.

#### Claims Call Center

602.631.2300  
800.231.1363

#### Policy Call Center

602.631.2600

#### Certificate of Insurance Call Center

602.631.2570  
866.284.2694  
Fax 602.631.2599  
Fax 866.617.5680

#### Employer's & Physician's Initial Report of Injury Fax

602.631.2888  
800.356.4867

#### Preferred Connection Network (PCN)

602.631.2230

#### Fraud Hotline

800.526.5226

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**DISCLAIMER:**  
These recommendations were developed using generally accepted safety standards from safety organizations and governmental and industry sources. Compliance does not guarantee that you will be in conformance with any laws or regulations or any other safety requirements. Compliance does not ensure the safety of your occupation/ place of business.

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care trust & you  
SCF



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