



## The Mutual Benefits Of Nonsubscription In Texas

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As the burden of ever-increasing regulatory and administrative costs hinders job growth and company viability, recent news stories have sharply criticized Texas employers that elect not to carry workers' compensation insurance.

The law permitting employers to opt out of the workers' compensation system — or to "nonsubscribe," as the term is generally known — has been unfairly mischaracterized as a cost-cutting measure which leaves injured employees with substandard benefits, if any.

To the contrary, when utilized in the right way and under the right circumstances, this law, unique to Texas, results in cost savings for employers while providing superior benefits and health care for injured employees. Faced with workers' compensation premiums that are already high, the possibility of even further cost increases places the nonsubscription option squarely on the table.

An employer with relatively few employee injuries, or with injuries that are frequently minor, such as soft-tissue injuries, may benefit by electing to nonsubscribe. Employers with high loss ratios, or which have a higher probability for catastrophic injuries, may be better off under the workers' compensation system.

The nonsubscription option will not be the right fit for every employer. Nevertheless, it is a vital component of the Texas system for ensuring both that employers remain viable and that employees receive proper care and compensation for workplace injuries.

Employers burdened by staggering workers' compensation premiums, and the prospect for continued significant premium increases, would at the very least benefit from a feasibility study to determine whether electing to nonsubscribe is a viable alternative to workers' compensation.

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