

[Painting Company Insurance](#) plans should all include a [workers compensation policy](#) for your employees and subs, unless of course you work alone and have no employees. And if handled incorrectly, work comp policies can tear a huge hole in your cash flow. For more information on how this can happen, please

[read my blog on the audit trap](#)

. So it is important to understand your cash flow process vis-à-vis your payroll. What if you could time your workers compensation policy to match the slower cash flow and lower payroll times?

In fact you can. With a little understood tool called pay as you go. Now you need to know that not every insurance company that insures painters can or will offer this feature, but if you can find one that does and their price is right, this can be a nice benefit for painters and painting companies.

So how does it work? Well, these plans vary some from company to company, but the very best of them will send you an email or a mail reminder each month. You then log on to their web site and enter your payroll totals for the past month. The web site will then calculate your premium for that month and you can pay your bill on line right then and there with a credit card. What this means for you is that now your workers compensation expense tracks your payroll with only a 30 day delay. And since your revenue from jobs is always running just a bit behind your payroll costs, now your workers compensation expenses will more nearly track your revenue and this means you will have less wild swings in your monthly cash flow.

There are a few things to watch out for here. First of all, there are some payroll service companies out there offering pay as you go workers compensation to go with their payroll service. On the surface this sounds great but there is a problem with this approach. One huge factor in your workers compensation insurance costs is [your experience modification factor](#). And you need to work proactively to protect that mod to keep future costs lower. Companies that specialize in payroll services and sell work comp as a sideline are rarely as good at keeping claims costs low as companies whose prime mission is workers compensation insurance. These dedicated work comp insurance companies by contrast, will often have nurses and case managers on staff to help reduce your overall claims costs. And keeping your claims costs low will keep your rates low over time. To learn more about this read [my blog on protecting your experience mod](#)

. In addition, if you purchase your workers compensation insurance through a payroll processing company, you will usually have only one choice in terms of the insurance company that handles it. This is stripping you of your free market shopping tool as a way to reduce the

overall costs of workers compensation insurance. Instead, consider finding an independent insurance agent who represents many insurance companies, and more importantly, [find one who specializes in insuring painting contractors](#) so that you get the expertise that you need for your business.

One last thing to mention here is that the pay as you go feature offered by some companies is often only available to painters whose premium exceeds a certain level, often as high as \$5000. There are a few companies out there who can offer this feature at a much lower premium level, but you will need to find an agent who specializes in painters insurance to find them.

At [Clinard Insurance Group, in Winston Salem, NC](#) , we are the Painting Contractor Insurance Specialists. We have companies that can write pay as you go workers compensation policies for painters with annual premiums as low as \$1000. If we can help you with any of your painters insurance policy questions, please call us, toll free at 877-687-7557 or visit us on line at our [Painting contractors' insurance program policy page.](#)

Some of the source material for this article was drawn from other blog articles which can be found at [www.InsuranceAnswerGuy.com](http://www.InsuranceAnswerGuy.com) .