

AUGUST 2026

Workers' Comp for Contractors: Classifications, E-Mods, and What You're Overpaying

Most Contractors Are Misclassified on Their WC Policy — Are You?

August heat, heavy equipment, elevated work, and fast-paced schedules make construction one of the highest workers' compensation claim environments in any industry. Missouri law requires most contractors to carry WC — and the way your employees are classified determines what you pay.

I'm Jay Stoetzer, and I've been auditing contractor WC policies for over 46 years. This month: how classifications, experience mods, and payroll reporting directly affect your bottom line.

Why Classification Codes Are Critical

Workers' compensation premiums are calculated using NCCI classification codes that reflect the risk level of each job type. A general laborer, a framing carpenter, and a project manager carry very different rates. Misclassification — even when unintentional — can mean you're paying for the highest-risk code when a portion of your workforce qualifies for a lower one. A proper audit often uncovers savings of 10–25% on annual WC premium.

Your Experience Modification Factor (E-Mod)

Your e-mod is a multiplier applied to your base WC premium based on your claims history relative to similar contractors. An e-mod of 1.00 is average. Below 1.00 means you're paying less than average — you've earned it with good safety practices. Above 1.00 means you're being penalized for past claims. One significant lost-time injury can raise your e-mod for three full years, costing you thousands annually in premium surcharges.

Subcontractors and WC: Your Exposure

If you hire subcontractors who don't carry their own WC, your carrier may assess those workers onto your policy at audit — at your highest classification rate. Always collect certificates of insurance from every subcontractor before they set foot on your jobsite. I provide a COI tracking system to all my contractor clients as part of our service package.

JAY STOETZER

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THIS MONTH'S FOCUS

Workers' Compensation

"Good management is the art of making problems so interesting that everyone wants to work on them." — Paul Hawken

DID YOU KNOW?

- Missouri contractors with 5+ employees are required by law to carry workers' compensation. Sole proprietors and partners may opt in.
- A single lost-time WC claim can increase your e-mod by 0.15–0.25 points, raising your annual premium by thousands for 3 years.
- Payroll audits at policy expiration can result in significant additional premium if your actual payroll exceeded estimates — always report payroll accurately.

CLIENT WIN SPOTLIGHT

A framing contractor in Blue Springs was paying \$38,000/year in WC premiums. After a full classification audit, I found that 4 of his 11 employees were misclassified at a higher rate than their actual job duties warranted. After reclassification and re-placement with a specialty contractor carrier, his annual premium dropped to \$29,500 — saving \$8,500 per year with identical coverage.

— Jay Stoetzer

PRO TIP FROM JAY:

Before your next WC renewal, ask your agent for a payroll classification breakdown by employee. If you can't get that breakdown within 24 hours, call me — that's a basic service every contractor deserves.

KC BBQ Pulled Pork Sliders (Batch)

Ingredients:

- 3 lbs pork shoulder
- 1 cup KC-style BBQ sauce
- 2 tbsp brown sugar
- 1 tbsp smoked paprika
- 1 tsp garlic powder
- 1 tsp onion powder
- Salt & pepper
- Slider buns and pickles

Instructions:

1. Rub pork with spices; refrigerate overnight.
2. Cook in slow cooker on low 8 hours.
3. Shred with forks; toss with BBQ sauce and sugar.
4. Pile onto slider buns with pickles and extra sauce.

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