

Avoiding Common Mistakes in Calculating Death Benefits

Common Mistake	How to Avoid the Mistake
<p>✗ Basing the average weekly wage (AWW) on an incomplete <i>Employer's Wage Statement</i> (DWC Form-003)</p>	<p>✓ DWC Form-003 is incomplete if the nonpecuniary wage information, Part 2, is left blank. Either "Yes" or "No" must be checked to state whether nonpecuniary benefits were provided.</p> <p>✓ DWC Form-003 must state whether the employer will continue to pay nonpecuniary wages. Unless the insurance carrier verifies that the employer is continuing to pay them, the insurance carrier must assume that nonpecuniary wages are not continued.</p>
<p>✗ Basing the AWW on an incorrect DWC Form-003</p>	<p>✓ Do not include wages after the date of injury in the pay period, and gross wages amounts on DWC Form-003.</p> <p>✓ Do not include the pay period when the employee was new and had not begun employment at the beginning of the pay period on DWC-Form-003.</p>
<p>✗ Failing to adjust AWW to include nonpecuniary wages that were initially continued after the injury but discontinued after death</p>	<p>✓ Adjust the AWW to include nonpecuniary wages</p> <p>If:</p> <ul style="list-style-type: none"> • DWC Form-003 is dated before the employee's death; • DWC Form-003 indicates that nonpecuniary wages were continued after the injury; and • the initial AWW calculation did not include non-pecuniary wages.
<p>✗ Using an incorrect calculation method when the injured employee was not employed for 13 weeks prior to the injury</p>	<p>✓ Initially, the insurance carrier may presume that the AWW is equal to the amount of the wages paid divided by the number of weeks for which the wages were earned. The insurance carrier then must get a complete DWC Form-003 using wages paid to a similar employee who performs similar services to determine the AWW accurately and adjust the benefit amount.</p>

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<p>✗ Using the employee's last paycheck to estimate the AWW but failing to get the DWC Form-003 to determine the AWW accurately and adjust the benefit amount</p>	<p>✓ If there is no information available about the employee's hourly rate and standard work week then to expedite benefits, it is ok to use the employee's last paycheck to estimate the AWW. However, the insurance carrier must then get the DWC Form-003 to determine the AWW accurately and adjust the benefit amount.</p>
<p>✗ Failing to pay death benefits weekly without filing an <i>Application for Division Approval of Change in Payment Period and/or Purchase of an Annuity for Death Benefits</i> (DWC Form-031)</p>	<p>✓ To change the frequency of death benefits from weekly to monthly, the insurance carrier must file DWC Form-031 with DWC and get DWC's approval.</p>
<p>✗ Calculating the monthly death benefit rate incorrectly</p>	<p>✓ Calculate the monthly death benefit rate by multiplying the weekly death benefit rate by 4.34821.</p>
<p>✗ Stopping payment early to a spouse after remarriage</p>	<p>✓ A remarried spouse is entitled to a lump-sum payment of 104 weeks of death benefits, unless the remarried spouse is a widow or widower of a first responder. After 104 weeks, distribute the benefit amount equally between the remaining eligible beneficiaries.</p>
<p>✗ Paying death benefits based on an incorrect percentage of the AWW</p>	<p>✓ Subject to the Maximum Weekly Benefit, the amount of a death benefit is equal to 75% of the employee's AWW.</p>

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<p>✗ Failing to make a payment to the Subsequent Injury Fund (SIF)</p>	<p>✓ An insurance carrier must pay the SIF if a compensable death occurs and there are no eligible beneficiaries.</p> <p>✓ An insurance carrier must also pay the SIF if they've paid death benefits to all legal beneficiaries and all legal beneficiaries cease to be eligible for death benefits before the insurance carrier pays 364 weeks of benefits.</p> <ul style="list-style-type: none"> • Nondependent parents are paid 104 weeks of benefits. The insurance carrier must pay the remaining 260 weeks of benefits to the SIF. • If a widow dies before getting 364 weeks of benefits and there are no other eligible beneficiaries, the insurance carrier must pay the SIF the remaining benefits up to 364 weeks.