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**Stefan Schumacher** • Jan. 09, 2014

From the SurePayroll [Payroll Blog](#).

By law, companies are solely responsible for paying unemployment insurance. The costs, therefore, cannot be passed onto workers. This means that a company has limited ability to control those costs.

And this is not an insignificant matter. A single claim can inflate the company's annual charge. A series of claims can seriously affect the company's bottom line.

That is why it makes sense for a company to give attention to the one way it can help keep costs low — by challenging false or fraudulent unemployment claims.

One small business owner noticed a bump in his unemployment insurance and couldn't figure out why. Turns out one of 50 or so employees, after voluntarily leaving and moving to another state, made a false unemployment claim. The claimant purposely gave the wrong address of his former small business employer so it couldn't contest the claim until it was too late. Eventually, the business owner figured out the problem and recovered the money and got his rate lowered, but it was an important lesson learned.

In conjunction with your company's employment lawyer, [it pays to closely monitor unemployment claims](#) to make sure none are fraudulent. A company not only should pay close attention for its own financial sake, it has a duty under many state laws to contest false unemployment benefits.

Another consideration is the message it sends to other employees. If a company fairly

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Another possible benefit of contesting an unemployment claim is when an employee is threatening legal action. A legitimately framed unemployment contest can provide the company important and relatively inexpensive information about the worker's complaints and evidence.

Unemployment insurance is a [necessary cost for small business](#) owners and one that cannot be dramatically controlled. But there are ways to minimize those costs spiraling upward. Small business owners who take those extra steps will be rewarded with financial peace of mind.

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