



CONTROL THE 3 M'S OF WORK COMP
...AND BECOME IRREPLACEABLE

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3 M'S OF WORKERS' COMPENSATION

Modification Factor

Markets

Meetings


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EXPERIENCE MODIFICATION FACTOR

- Factor reflects how the safe performance of an employer is compared to similarly classed employers
- Acts as a "Safety Grade" with 1.0 being average (1.0 requirement)
- Takes into account payrolls, class codes, and claims history over three years
- The Mod factor is multiplied against an employer's work comp premium resulting in a increase or decrease in premium.
- Mod factors are released each year (NCCI/WCRB/State WC Bureaus) and should be reviewed for accuracy.

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EXPERIENCE MODIFICATION FACTOR

- Your 2017 Experience Mod is created from losses that occurred in 2015, 2014 and 2013 – formula excludes the most current year.
- Different claims impact the Mod **differently** – Medical Only, Lost Time, and Severity
- Reducing injuries will lower the Mod, which lowers the workers' compensation premium.
- What is your lowest potential Mod? Will your Mod increase next year? How much did the John Smith claim impact your premiums? Are our claims over-reserved?
- Adjusters, Management, Supervisory, and Employee teams would benefit from a better understanding (Mod 101 / ModMaster / 2002 adjuster).

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EXPERIENCE MODIFICATION FACTOR

- If you're a large employer (\$300K+) explore loss sensitive/retro and captive program options.
- The Mod becomes less important, but the strategies to improve the Mod (to prevent injuries) become more important financially.
- If you have solid risk management practices and want more control over the costs of your program, these are viable options to further reduce your insurance premiums.

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EXPERIENCE MODIFICATION FACTOR

- Understand the timing of the Mod and how it's created each year
- Understand how different claims impact the Mod
- Use the Mod as a tool to teach why Return-to-Work is important
- Target the Top 3 loss drivers in your claims data and tackle those areas to reduce your Mod
- Make sure your employees are properly classified
- Train employees, make safety part of your culture, and develop a consistent process for reporting claims timely – lag time!
- Don't do it alone, No need to recreate the wheel.
- 3-legged stool – Create a Client Service Plan

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MARKETS - INSURANCE COMPANIES

Point 1

- All insurance carriers are not created equal – different appetites, coverages, resources, locations, experience, online systems, ratings, size (National/International needs), etc.

Point 2

- All Brokers, Consultants, Agencies are not created equal for many of the same reasons above.

Point 3

- Different desires/needs during the "buying process" - Owner, President, CFO, HR, Safety – all want different thing

- Invest the time to pick the best of both worlds - Meet the teams that will service your company – Relationships Matter!

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MARKETS - INSURANCE COMPANIES

- Your insurance company partner will impact your premiums, your ability to do your job, your efficiency – your life
- They also have the potential to positively impact your workplace culture for the better
- Invest time in evaluating potential insurance company partners – do they check the boxes you need?

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MEETINGS

- Getting the best workers' compensation program in place requires a **Time Investment** in the form of meetings:
- Client Service Plan Meetings (every year)
- Mod Analysis (Mod Master Meetings – every year)
- Claim Review Meetings (depends on frequency/severity of claims)
- Broker/Agency/Consultant Selection Meetings (3-5 years)
- Insurance Company Interview Meetings (3 years)
- Loss Control / Pre-Inspection / Safety Survey Meetings (prepared?!?)
- Pre-Renewal & Renewal Discussion Meetings (Negotiations)
- Have you met your underwriter? Important if larger operation
- Captive and Loss Sensitive program evaluation meetings

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3 M'S OF WORKERS' COMPENSATION

Modification Factor – understand and control

Markets – learn about them /qualify them

Meetings – worth the investment

***You don't have to do this alone, and you don't have to recreate the wheel

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QUESTIONS?



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