

# Meet Today's Webinar Team



**Presenter: Laurelle Bednar**

Laurelle is a training consultant for Texas Mutual's safety services department. She conducts webinars, presentations and creates e-Learning content for our policyholders and internal departments. Laurelle holds a bachelors and masters degree in Anthropology from California State University Fullerton.



**Presenter: Eryc Garcia**

Eryc is a safety services representative for Texas Mutual's safety services support center. He provides internal support for the safety services department, translates documents into Spanish and provides policyholder support by answering questions through our worksafe number.



**Moderator: Hannah Bolton**

Hannah is a safety services representative for Texas Mutual's safety services support center. She provides internal support for the safety services department, and provides policyholder support by answering questions through our worksafe number. Hannah has a degree in Communications from Texas A & M University, Corpus Christi.

# Experience Modifiers

What They Are and  
Why There's Nothing Wrong with a 1.0

**Texas**Mutual<sup>®</sup>  
WORKERS' COMPENSATION INSURANCE  
WORK SAFE, TEXAS™



# Agenda

## Understanding

Experience  
rating and  
modifiers

Experience  
rating formula

Ways to control  
your experience  
modifier

# Agenda

## Understanding



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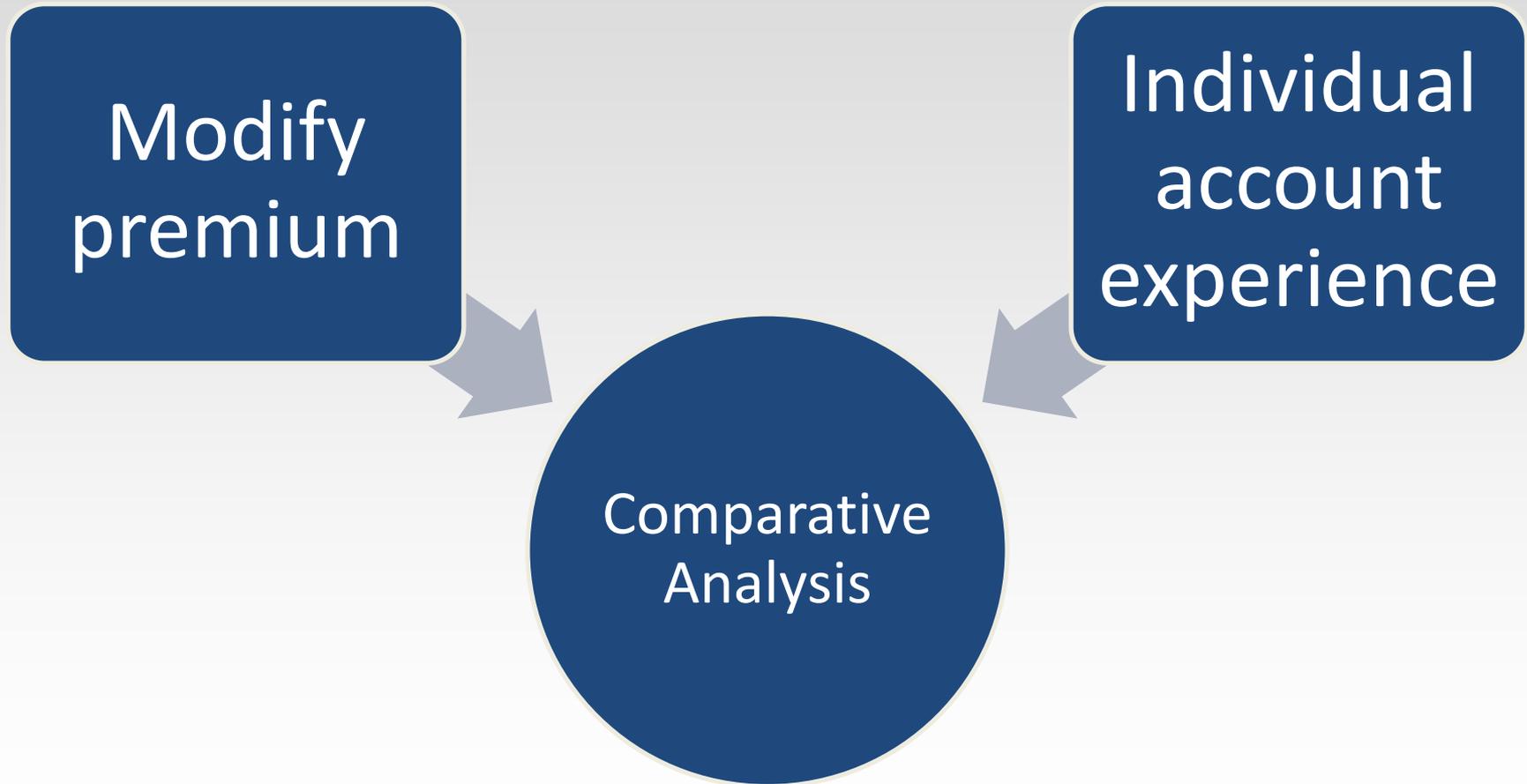
## Understanding

Experience  
rating and  
modifiers

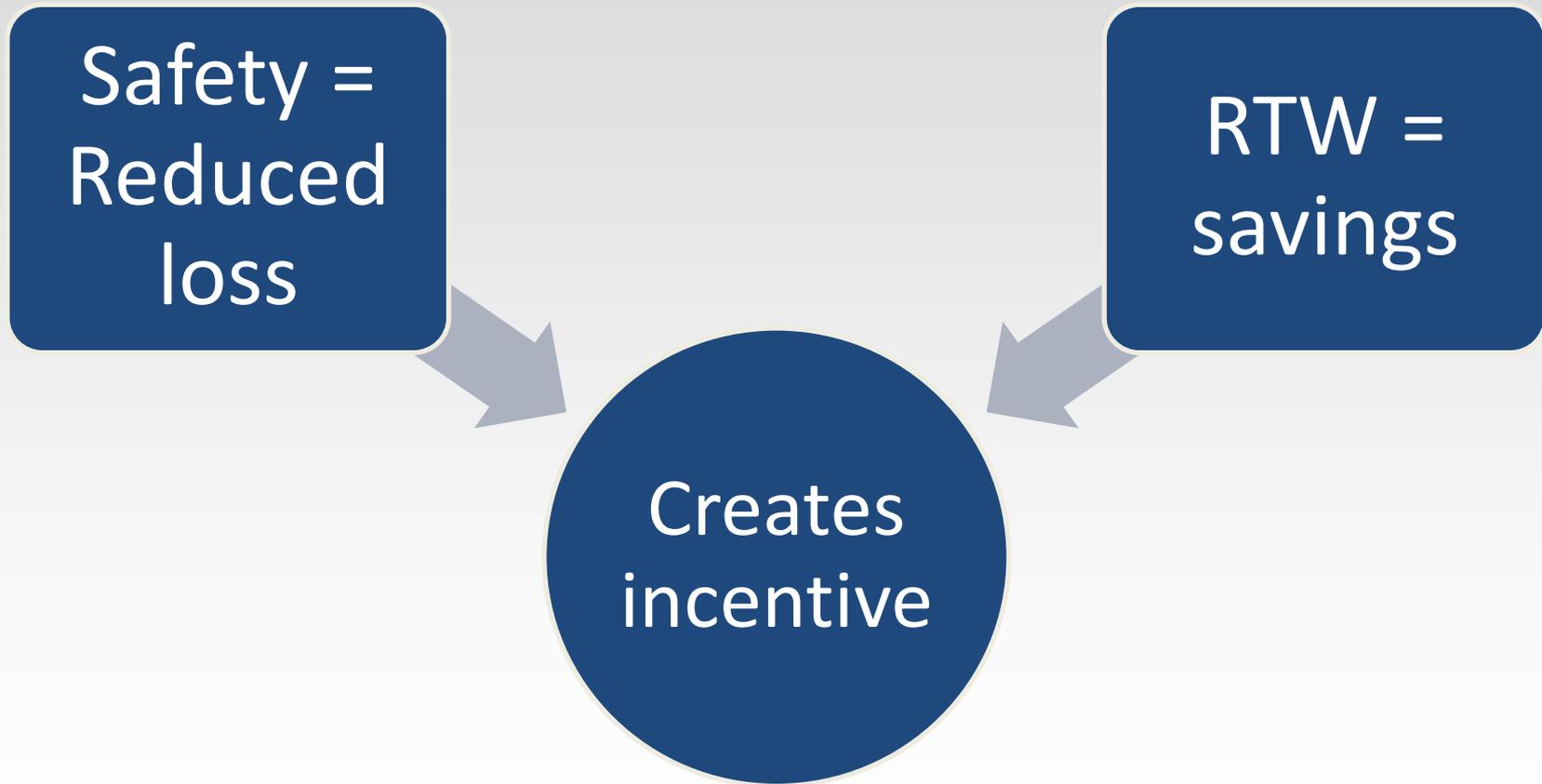
Experience  
rating formula

Ways to control  
your experience  
modifier

# What is the purpose?



# What is the purpose?



# What is experience rating?

Compares an employer's actual losses against the expected losses within their industry

Evaluates  
your claim  
experience

Compares  
your  
company's  
claim  
experience

Results in an  
experience  
modifier

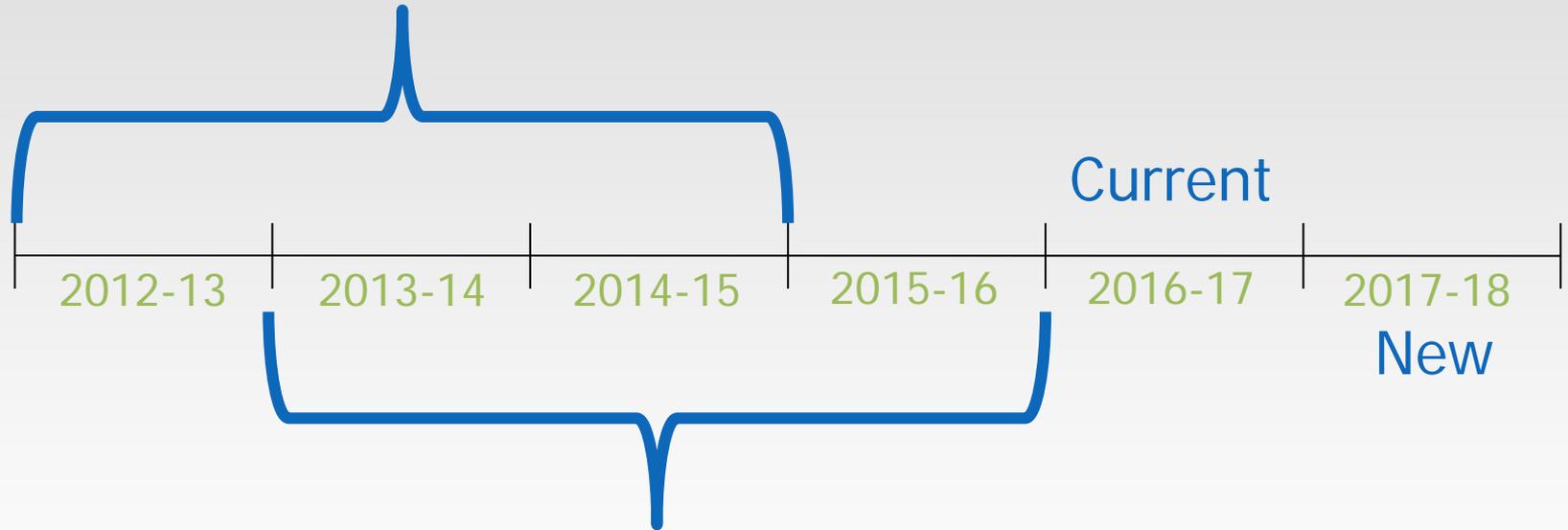
# Experience Modifier



- A factor used in premium calculation.
- Calculated based on your claim experience during the last 3 completed policy years.

# 3 Years for Experience Rating

Used to calculate the current



Used to calculate for new period

# How it is calculated

The formula in simple terms:


$$\frac{\text{Actual Losses}}{\text{Expected Losses}} = \text{E-Mod}$$

Payroll

Class codes

Expected losses

# What does this mean for you?

**A multiplier of 1.00 represents an average risk**

Standard Premium		Experience Modification Factor		Modified Premium
\$50,000	X	1.00	=	\$50,000

# What does this mean for you?

A multiplier of 1.00 represents an average risk

**A multiplier less than 1.00 – called a *credit mod***

Standard Premium		Experience Modification Factor		Modified Premium
\$50,000	X	1.00	=	\$50,000
<b>\$50,000</b>	<b>X</b>	<b>0.80</b>	<b>=</b>	<b>\$40,000</b>

# What does this mean for you?

A multiplier of 1.00 represents an average risk

A multiplier less than 1.00 – called a *credit mod*

**A multiplier greater than 1.00 – called a *debit mod***

Standard Premium		Experience Modification Factor		Modified Premium
\$50,000	X	1.00	=	\$50,000
\$50,000	X	0.80	=	\$40,000
<b>\$50,000</b>	<b>X</b>	<b>1.20</b>	<b>=</b>	<b>\$60,000</b>

# Experience Rating Worksheet



## WORKERS COMPENSATION EXPERIENCE RATING

Risk Name: XYZ Company, Inc

Risk ID: 42XXXXXXX

Rating Effective Date: 07/01/2016

Production Date: 03/09/2016

State: TEXAS

42-TEXAS

Firm ID:

Firm Name: XYZ Company, Inc

Carrier: 29939

Policy No.000XXXXXXX

Eff Date: 07/01/2012

Exp Date: 07/01/2013

Code	ELR	D-Ratio	Payroll	Expected Losses	Exp Prim Losses	Claim Data	IJ	OF	Act Inc Losses	Act Prim Losses
8810	.06	.39	4,339,461	2,604	1,016	99R0742376	04	O	44,824	16,000
8832	.11	.41	10,358,559	11,394	4,672	99P0705642	04	F	48,374	16,000
						99P0713761	05	F	3,665	3,665
						NO. 3	06	*	1,285	1,285
<b>Policy Total:</b>			<b>14,698,020</b>	<b>Subject Premium:</b>		<b>82,952</b>		<b>Total Act Inc Losses:</b>		<b>98,148</b>

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						NO. 3	06	*	1,285	1,285
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# Experience Rating Worksheet

 <b>WORKERS COMPENSATION EXPERIENCE RATING</b>								
Risk Name: XYZ Company, Inc						Risk ID: 42XXXXXXX		
Rating Effective Date: 07/01/2016			Production Date: 03/09/2016		State: TEXAS			
State	Wt	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
TX	.09	26,069	43,962	17,893	94,218	23,750	197,504	103,286
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses
.09		26,069	43,962	17,893	94,218	23,750	192,821	98,603
	Primary Losses		Stabilizing Value		Ratable Excess		Totals	
Actual	(I)	98,603	C * (1 - A) + G 47,473		(A) * (F) 8,480		(J) 154,556	
Expected	(E)	17,893	C * (1 - A) + G 47,473		(A) * (C) 2,346		(K) 67,712	
	ARAP		FLARAP		SARAP		MAARAP	
Factors								
							<b>Exp Mod</b>	
							(J) / (K)	
							2.28	

# Controlling your experience rating



Prevent  
accidents  
and  
injuries

# Prevent accidents and injuries

- Develop and implement an Injury & Illness Prevention Program
- Train employees on safety topics
- Investigate accidents & near misses





Management  
commitment



Safety &  
health  
training



Hazard  
assessment



Accident  
investigation



Record-  
keeping

Injury and Illness Prevention Program

# Prevent Accidents & Injuries: Training Resources

**TexasMutual**  
WORKERS' COMPENSATION INSURANCE

Gateway Book Of Business Internet Quoting Policy In...

Safety

- Contact Us
- Safety Help
- FAQ
- View Terms Of Use
- Track My Orders

Resources

- Resource Center

### Safety Program

1. Does your organization have a safety program?
  - Yes  No
2. Does your organization have safety training for new employees in the workplace?
  - Yes  No
3. Does your company have a process for handling employee reports?
  - Yes  No
4. Does your company have a process for handling safety incidents?
  - Yes  No

**View Video: Back Safety: Lift For Life**

**Title:**  
Back Safety: Lift For Life

**Running Time:**  
15:52

**Description:**  
According to the U.S. Department of Labor, back injuries are the nation's number one workplace safety problem and more than one million workers suffer back injuries every year. Summit's latest release Back Safety: Lift For Life in Video and DVD help to ensure that the problems don't occur.

Many of the causes of back injury can be prevented by teaching employees to follow proper lifting techniques and the basics of back safety. Help prevent incidents, accidents, and associated costs of back injury by educating employees with this engaging program from Summit.

This program covers:

- Common Back Injuries
- Proper Posture

## INTERACTIVE CONTENT

Interactive progress reviews and visuals keep employees engaged in the learning process

**Elevating Safety**

Many industries use forklifts to move materials. Forklifts can, however, be dangerous if operators do not follow safety procedures.

**Safe operating tips:**

- Only trained, licensed personnel should operate forklifts.
- Inspect the forklift before using it. Make sure the tires should have enough air, the forklift should be leak-free.
- Always wear your seat belt.
- Never exceed the forklift's safe load capacity.
- Never stand or walk under elevated loads.
- Never allow passengers on the forklift.
- If carrying a tall load that blocks your view, you should use a spotter.
- Always keep the load on the upper part of the incline or ramp. Drive in reverse when traveling up a ramp.
- When traveling without a load on an incline, drive off the floor.
- A parked forklift should have the parking brake set.

**Discussion questions:**

1. What safety concerns do forklifts pose?
2. Is it okay to exceed a forklift's safe-load capacity? Where can you find the load capacity?
3. How should you drive a forklift load up an incline or ramp?

**Meeting note:**  
Employee comments/concerns: \_\_\_\_\_

Other safety issues to be addressed on the job/facility: \_\_\_\_\_

**Training record:**

Date: \_\_\_\_\_ Job-site/Facility: \_\_\_\_\_  
Trainer: \_\_\_\_\_ Title: \_\_\_\_\_

Employee name (print) / (signature) Employee name (print) / (signature)

**LOAD SECUREMENT**

Chapter 10: 1 of 1

1. The purpose of load securement is to prevent the load from shifting or falling during transport.

2. The load should be secured to the vehicle in a way that prevents it from shifting or falling during transport.

3. The load should be secured to the vehicle in a way that prevents it from shifting or falling during transport.

## Clean up before you slip up.

**TexasMutual**  
WORKERS' COMPENSATION INSURANCE

HERE FOR TEXAS. HERE TO STAY.®

Success of Company depends upon our efficient use of resources and quality product for our customers. Our most important resource is our employees. To protect our employees that travel for the Company either in any-owned vehicles or in personal vehicles, we have established a vehicle manual.

Number one cause of work-related fatalities is from motor vehicle accidents. By providing training, inspecting vehicles, and promoting safe driving habits, we will protect our employees from the hazards of driving.

Every employee that drives for Company is responsible for the maintenance of the vehicle. The vehicles should be inspected prior to each trip and maintenance records should be followed. Under no circumstances will an employee of the Company drive a vehicle that is not in good operating condition. This includes ensuring that the vehicle has a current Texas inspection sticker and registration, that it meets all vehicle codes, and that any mechanical or physical repairs (including collision damage) are made in a timely fashion.

Any employee assigned a Company vehicle must adhere to all Company procedures for the use, operation, upkeep and security of his or her assigned vehicle.

00:17 15:52

# Controlling your experience rating



Contain  
claim  
costs

# Containing Claim Costs

Report claims to  
your carrier  
immediately

# Containing Claim Costs

Report claims to  
your carrier  
immediately

Implement a  
return to work  
program

# Containing Claim Costs

Report claims to  
your carrier  
immediately

Implement a  
return to work  
program

Communicate  
proactively with  
all involved  
parties

# Resources



Talk to your insurance agent

For more information visit



- [NCCI experience rating webinars](#)
- [ABCs of Experience Rating](#)

# Summary

Experience modifiers are...

Managing experience modifiers



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# Thank you!

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