

Why is your Experience Modifier Important?

EMR - Experience Modification Rate

Experience Modification Rate (EMR) has strong impact upon a business. It is a number used by insurance companies to gauge both past cost of injuries and future chances of risk. The lower the EMR of your business, the lower your worker compensation insurance premiums will be. An EMR of 1.0 is considered the industry average.

If your business has an EMR greater than 1.0 the reasons are simple. There has been a worker compensation claim that your insurance provider has paid. To mitigate the insurance company's risk, the modifier is used to modify your worker compensation premiums. The bad news is this increased EMR sticks with you for 3 years.

Want to know how EMRs are calculated?

The base premium is calculated by dividing a company's payroll in a given job classification by 100, and then by a

'class rate' determined by the National Council on Compensation Insurance (NCCI) that reflects the inherent risk in that job classification. For example, structural ironworkers have an inherently higher risk of injury than receptionists, so their class rate is significantly higher.

A comparison is made of past claims history to those of similar companies in your industry. If you've had a higher-than-normal rate of injuries in the past, it is reasonable to assume that your rate will continue to be higher in the future. Insurers examine your history for the three full years ending one year before your current policy expires. For example, if you're getting a quote for coverage that expires on January 5, 2008, the retro plan will look at 2004, 2005 and 2006.

NCCI has developed a complicated formula that considers the ratio between expected losses in your industry and what your company actually incurred, as well

as both the frequency of losses and the severity of those losses. A company with one big loss is going to be 'penalized' less severely than a company with many smaller losses, because having many small losses is seen as a sign that you'll face larger ones in the future.

The result of that formula is your EMR, which is then multiplied against the manual premium rate to determine your actual premium. Essentially, if your EMR is higher than 1.00, your premium will be higher than average; if it's 0.99 or lower, your premium will be less.

How does a high EMR affect costs?

An EMR of 1.2 would mean that insurance premiums could be as high as 20% more than a company with an EMR of 1.0. That 20% difference must be passed on to clients in the form of increased bids for work. A company with a lower EMR has a competitive advantage because it pays less for insurance.

news & notes

How do I lower EMR?

The good news is that EMR can be lowered. An effective safety program that eliminates hazards and prevents injuries is the starting point. No injuries equals no claims.

In the real world injuries will happen, but the response can help keep EMR from increasing as much as it could without proper management. Having a plan to manage injuries and workers compensation claims is a must to get control of the EMR.

Risk Management Resources, the Third Party Administrator for the AHA Workers' Compensation Self-Insured Trust is a full service safety company ready to help you get control of your Experience Modification Rates and reduce your overall costs. Reducing your EMR will save you money.

For assistance with reducing your EMR and making sure you have an effective safety program that eliminates hazards and prevents injuries, contact your assigned Loss Control Consultant:

Risk Management Resources:

Martha Wright, 501-614-1575

Bob Dwinell 501-614-1191

Ray Robinson 501-614-1139.

S:ERVE, Available to AHAWCSIT

Safety: Emergency Responder Vehicle Education

S:ERVE, available to AHAWCSIT members, is an online driver simulation and curriculum created to educate law enforcement, firefighters, EMS and other emergency responders to drive at their safest in an effort to reduce collision rates in emergency response scenarios. The program guides users through a series of situations in which decision making is key. Users prioritize their vehicle handling and emergency task activities while experiencing situations related to typical emergency response or pursuit operations.

S:ERVE includes five core lesson plans:

Intersection Approach - Select appropriate methods for maximizing vehicle control when approaching intersections and recognizing the risks associated with improper intersection negotiation.

Intersection Assessment - Learn to recognize, categorize and prioritize all potential hazards.

Clearing the Intersection Basics - Decipher appropriate techniques and recognize the dangers associated with improper intersection clearing.

Clearing the Intersection Advanced - Review and reinforce awareness of risk factors when clearing intersections and how to avoid common mistakes when doing so.

Intersection Departure & Course Summary - Learn the steps for safely departing an intersection then complete a comprehensive course recap of all key concepts.

Improved Comprehension

S:ERVE offers an interactive functionality to support a higher learning retention rate than traditional classroom environments. Users are tested throughout each lesson to ensure complete understanding of the material and receive immediate feedback on performance.

AHAWCSIT members may reserve access to **S:ERVE** for your organization by contacting:

Tina Creel or Liz Carder

501.224.7878

tcreel@arkhospitals.org, lcarder@arkhospitals.org

S:ERVE will be offered through Safety National's MAP Client Services - a program that offers various resources to help policyholders improve their workers' compensation management, analysis and prevention efforts.

AHAWCSIT



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