



The Safety Zone

The Newsletter of the AHA Workers' Compensation Self-Insured Trust

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 workers' compensation claim that your insurance provider has paid. To mitigate the insurance company's risk, the modifier is used to modify your workers' compensation premiums. The bad news is this increased EMR sticks with you for three 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 Jan. 5, 2018, the retro plan will look at 2014, 2015 and 2016.

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.

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news & notes

HOW TO 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 (RMR), 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 RMR Loss Control Consultant:

Don Jack
(501) 614-1191

Rusty Freeman
(501) 614-1173.



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Surefire Ways to Become the Workplace Pariah

No one wants to irritate their coworkers, but sometimes we can do just that without realizing it. Kelsey Borresen, a relationships reporter for HuffPost, identifies nine ways you might alienate your colleagues:

- Coming to work sick.
- Microwaving smelly foods in the breakroom.
- Sucking up to the boss and other VIPs.
- Talking over people and interrupting instead of listening.
- Talking loudly on the phone and taking personal calls in common areas.
- Using someone else's desk or computer without permission.
- Constantly complaining.
- Taking advantage of flexible work policies in an unfair or selfish manner.
- Gossiping about coworkers.

These, of course, are on top of the cardinal sins – taking credit for someone else's work, blaming others for your own mistakes, missing important deadlines, and engaging in any type of abusive behavior, sexual or otherwise.

Avoid all of these behaviors, and you're likely to be much more popular with your coworkers.

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Got News?

Do you have news that needs to be circulated or have a subject you would like us to address? Let us know by emailing the newsletter editor at tcreel@arkhospitals.org.

AHA Workers' Compensation Self-Insured Trust Program is administered by Risk Management Resources (RMR), a division of BXS Insurance Services, Inc. www.bxsi.com. In March 2003 the AHA Workers' Compensation Self-Insured Trust was established. The program provides workers' compensation coverage to AHA members.

Risk Management Resources, the administrator for the program, assists members in the areas of claims management, safety and loss control. Tina Creel, President of AHA Services, Inc., is the Group Manager of the Trust and provides oversight of the day-to-day operation of the Trust.

The Board of Trustees provides oversight of the overall operation of the Group Trust.

AHAWCSIT



419 Natural Resources Drive
Little Rock, AR 72205

AHA Services, Inc.

Tina Creel, Group Manager
Phone: 501-224-7878
Fax: 501-224-0519

Risk Management Resources

Phone: 501-664-7705
Fax: 501-664-4849

Linda Collins, COO
Phone: 501-614-1108

RMR Loss Control

Consultants:

Matt Bradshaw, Loss Control
Manager
Phone: 501-614-1165
Cell: 501-614-1465

Don Jack, Loss Control
Consultant
Phone: 501-614-1191
Cell: 501-454-7287

Rusty Freeman, Loss Control
Consultant
501-614-1173

AHAWCSIT Claims Contacts:

Jill Johnson, Claims Director
Phone: 501-614-1112
Fax: 501-614-1412

Tonya Rodgers, Claims
Specialist
Phone: 501-614-1194
Fax: 501-614-1463

Medcor (Injury at work)

800-775-5866