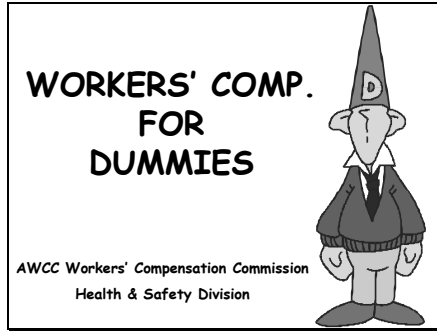


Slide 1



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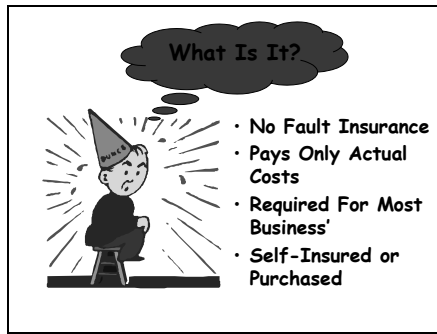
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Slide 2



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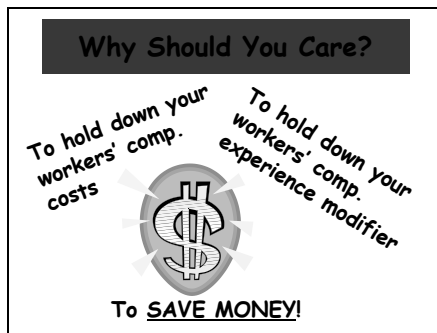
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Slide 3



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Slide 4



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Slide 5

**Direct or "Insured" Costs**

- Treatment
- Temporary wage replacement
- Permanent impairment awards



A cartoon character with a large head and a small body is holding a very large, multi-line calculator. The character is standing next to the list of costs.

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Slide 6

**Indirect or "Uninsured" Costs**

- Equipment damage
- Lost time
- Decreased production
- Training new worker
- Overtime paid to supervisors involved in training or investigating etc.



A cartoon character is sitting at a desk, looking stressed with their hand on their forehead. There are papers and a calculator on the desk. This character is associated with the indirect costs listed.

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Slide 7

**How does all this affect the bottom line?**



- Base Rate
- Experience Modifier
- Schedule Rating
- Credits

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Slide 8

**Your Workers' Comp Premium**



**The Base Rate**

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Slide 9

**The Base Rate**

- Classification Codes
- Expressed As \$1/\$100 Of Payroll
- Codes Determined By Agent Or Carrier
- Review Codes Periodically
- Shop For Best Rates

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Slide 10

**The Base Rate**

**Base Rate = Payroll X App. Rate**



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Slide 11

**The Experience Modifier**



**You Can Control It!**

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Slide 12

**Experience Modifier**

- Average E.Mod. Is 1.0 — Employer Will Pay 100% Of Manual Premium
- Bigger E.Mod = Bigger Premium
- Lower E.Mod = Lower Premium
- Reflection Of Claims Experience

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Slide 13

### How Is E.Mod Determined?

- Based On 3 Years
- Most Recent Loss Run
- E.Mod Worksheet NCCI
- ABC's Of Revised Experience Rating
- Agent



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Slide 14

### Annual Premium?

**Annual Premium =**  
**Wages X Dollar Rate/\$100**  
**Payroll X Experience Modifier**

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Slide 15

### Experience Modifier & Your Annual Premium

Company	Annual Wages	Dollar Rate	Exp. Modifier	Annual Premium
A	\$500,000	\$10	1.00	\$50,000
B	\$500,000	\$10	.75	\$37,500
C	\$500,000	\$10	1.50	\$75,000

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Slide 16

Year/Years	Safe Dairy "A"	Unsafe Dairy "B"
1990 # emp.	12	12
Payroll	\$200,000	\$200,000
Basic Premium	\$20/\$100	\$20/\$100
E. Mod.	1.0	1.0
Annual Premium	\$40,000	\$40,000
1990-93 Med. Only	4	24
Lost time	1	8
Fatalities	0	2
1994 # emp.	12	12
Payroll	\$220,000	\$220,000
Basic Premium	\$25/\$100	\$25/\$100
Annual Premium	\$55,000	\$55,000
E. Mod.	.50	2.0
Adjusted Premium	\$27,500	\$110,000

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Slide 17

Difference between  
"A" and "B"?

\$82,500



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Slide 18

Does Safety Pay?



You Bet!

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Slide 19



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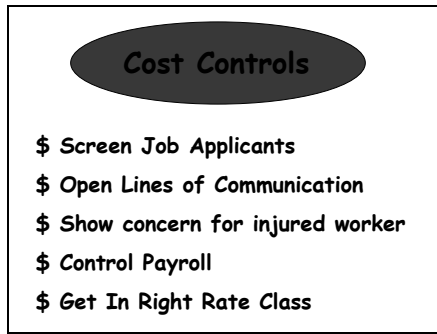
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Slide 20



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Slide 21



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Slide 22

**Review Loss Runs?**

A cartoon character with a lightbulb on their head, wearing a suit and tie, standing with one hand on their chin in a thinking pose.

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Slide 23

**Loss Runs**

- Review At Least Annually - 60 Days Prior To Renewal
- Accuracy Of Claims
- Open Claims & Reserves
- Make Sure Claims Are Closed Properly

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Slide 24

**Investigate Open Claims**

A cartoon character in a suit and cap, pointing with a stick at a list of questions.

- Ask: Why?
- Ask Claimant:
  - He/She Still On Meds/Therapy?
  - RTW Release From Doctor?

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Slide 25

**Claims & Workers' Comp.  
E.Mod**



- Loss Data Given To NCCI
- Reserves Count
- Difficult To Change

**Skyrocketing Prices?**

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Slide 26

**Premium Audits**



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Slide 27

**But I Paid, Really...**

- Based Wages Actually Paid
- Initially Collected Based On Estimate
- Employer Entitled To Worksheet
- Audit & Bill Due W/I 120 Days
- Bill Or Refund



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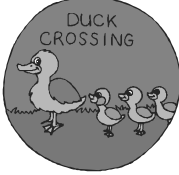
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Slide 28

**Service Considerations**

- Do They Have Loss Prevention Specialist?
- Will They Investigate Fraud?
- Do They Believe in RTW?



DUCK CROSSING

Get Your Ducks In A Row!

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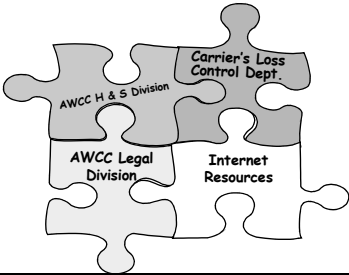
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Slide 29

**Putting The Pieces Together**



AWCC H & S Division

Carrier's Loss Control Dept.

AWCC Legal Division

Internet Resources

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Slide 30

**QUESTIONS?**

**[www.awcc.state.ar.us](http://www.awcc.state.ar.us)**

**1-800-622-4472**

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