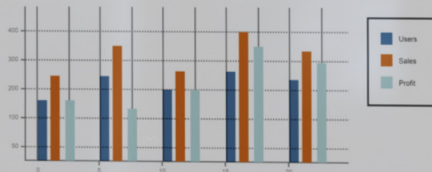


BUSINESS STRATEGY

OPPORTUNITIES TO INCREASE SALES



Company's Growth

85%

1,505

NEW VISITS/REGISTRATION

18,321

REGISTERED USERS

S SAFETY
S SOLUTIONS &
S SUPPLY

Insurance Application

A. General Questions

Proposed Insured's Name: _____
(Please use capital letters)

Birth: _____

Gender: ☐ Male ☐ Female

Status: ☐ Single ☐ Married ☐ Divorced

Email Address: _____

Occupation: _____

Social Security Number: _____

B. Type of Health Coverage

Medical: _____

Employee: ☐ Yes ☐ No

Plan Choice: _____

Complete If Spouse/Children: _____

Name: _____



Improve Your EMR to Lower Your Company's Insurance Rates

www.solutionsinsafety.com

INTRODUCTION

Businesses with safe workplaces may see a better-than-average experience modifier or a connection between workplace injury loss and workers' compensation expenses. Insurance companies use experience modifiers to assist in calculating the cost of workers' compensation premiums, and employers with lesser risk will often pay a lower premium.

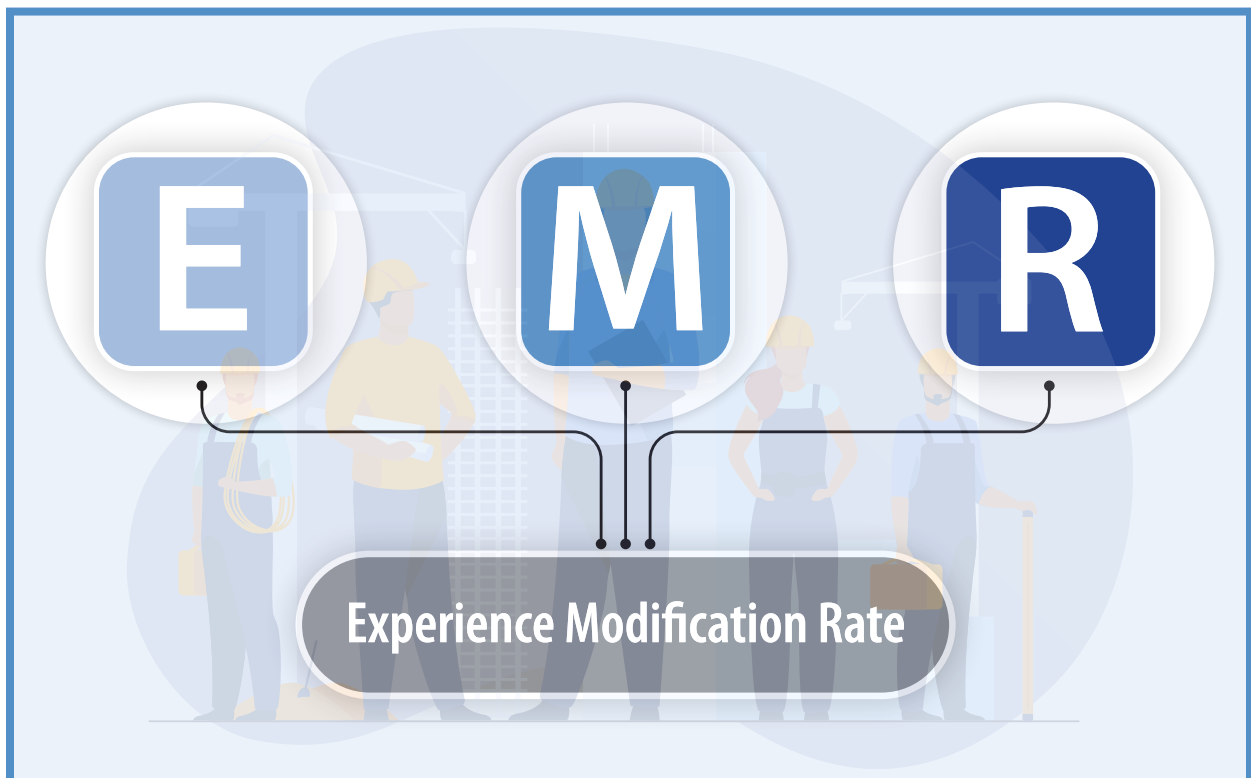
An EMR, or experience modification rating, is a number that is used to calculate the cost of workers' compensation insurance premiums. Worker's compensation is a payment made in the event of an injury on the job. An EMR rating is similar to a credit score in that it uses historical data to forecast future liabilities. An insurance company can measure the cost of prior occurrences and estimate future risks based on your organization's EMR rating.

HOW DOES WORKPLACE SAFETY TRAINING HELP YOUR COMPANY?

Consider your company's recent experience with workers' compensation claims (whether fraudulent or not). As a result, your rate of experience modification has risen. So, how does this affect you?

Every seven seconds, a workplace injury occurs, but investing in safety training can help you overcome the chances.

Employee safety training has been shown in studies to reduce injuries, illnesses, and fatalities, as well as save costs and increase employee satisfaction. Continue reading to learn how workplace safety training might help your company.



WHAT IS EXPERIENCE MODIFICATION RATING (EMR)?

The Experience Modification Rate (EMR) is a phrase used in the insurance industry, specifically in workers' compensation insurance, to describe how an annual premium is adjusted depending on the cost of previous injuries and the likelihood of future risk. EMR ratings can have a significant impact on a company's bottom line. Your premiums will be reduced if you have a lower rating. An EMR rating of 1.0 is usually considered average.

If a company's EMR rating is more than 1.0, it signifies that the insurance company has paid a worker's compensation claim. The insurance company upped the premiums on the firm to reduce future risk. The company will benefit from this boost for the next three years. Every year, experience modifiers are usually revised. Data from the previous year is added to the three-year window each year, while data from the oldest year is removed.

The Experience Modification Rate is essentially a comparison of a company's injury rate to that of its competitors. An EMR of 1.0 is ascribed to the industry's overall average. An EMR of above 1.0 indicates a company with more injuries than normal, whereas an EMR of below 1.0 indicates a company with a better-than-average workers compensation claim history.

You're probably aware that insurance companies consider drivers who have been in more accidents or received speeding tickets to be more likely to be involved in more accidents than average drivers, so they charge them more for insurance coverage than a driver with no tickets or accidents on their record.

EMR works in a similar way. If a contractor's EMR is greater than 1.0, it suggests they've had more recordable injury claims than is typical. It signals to an insurer or owner that the contractor isn't doing enough to keep project sites safe and will continue to file accident claims at a higher rate than usual in the future.

Do you think that's an unjust method of judging? It doesn't matter if it's fair or not; it's the reality of how insurance companies work and how project owners and construction managers think.

HOW ARE EMR RATINGS CALCULATED?

The information on past losses reported by insurers is used in the experience modifier computations. A computation of predicted losses for a company of that size, in that state, and in that industry is compared to this. Expected losses are calculated using prior payroll data for a specific employer, broken down by classification code and state. Expected Loss Rates, which rating bureaus generate based on the cost of previous claims, are multiplied by these payrolls.

EMR is calculated using a simple formula. The manual (base) premium for a contractor is calculated by multiplying the company's payroll in a certain work classification by 100. The result is split by a Class Rate, which is a factor defined by the National Council on Compensation Insurance and reflects the inherent risk of each work classification (NCCI). Structural ironworkers, for example, are more likely to be injured than receptionists, so their class rate is substantially higher.

The insurer then analyzes the contractor's claims during the previous three years (ending one year before the current policy expires) with those of comparable companies. They presume that a higher number of claims in the past indicates that the contractor is more likely to have claims in the future, much as they do with vehicle insurance. They also consider how frequently those claims happened (frequency) and how serious each claim was (severity). Over a three-year period, a contractor with just one big accident would be harmed less severely than a competitor with ten minor claims. Insurance companies believe that a trend of claims indicates a problem.

HOW CAN YOUR COMPANY IMPROVE ITS EMR RATING?

This procedure yields a single number, which is the contractor's EMR. Again, an EMR of 1.0 represents an industry-average claims rate, an EMR of 1.0 implies more claims than average, and a lower EMR indicates a better-than-average claims history.

These five suggestions can help your company **decrease risk and enhance its rating**:

- 01 **Create an Out-of-Service Policy.** Without hesitation, repair or replace any malfunctioning equipment. Any breach of the tag-out policy should be cause for dismissal.
- 02 **Create Accountability.** Create a buddy system to ensure that each employee is accountable for himself and one other coworker. Middle management should oversee his/her own crew as well as one additional crew.
- 03 **Creating a Site-Specific Health and Safety Plan (HASP).** Compile your JSAs and individually distribute a copy to each employee to create the HASP. At least once a year, each employee should make revisions and return their copy.
- 04 **Make each supervisor a Competent Person (CP) who will represent you on the jobsite.** Assign three conditions of employment: safety, quality, and productivity. These are your company's main priorities, and they should be printed on your letterhead and checks. Give your coworkers a reason to believe in you. Allow them to make necessary decisions in the field without first consulting you.
- 05 **Maintain that "safety first" is a requirement of employment by holding monthly company-wide meetings.** During these meetings, invite everyone to contribute their thoughts and views. Your equipment and employees will live longer if you develop a profit-sharing scheme.

EMR ratings are used to compare a company's historical claim and payroll data to that of other companies that operate similarly. Employers who effectively manage their workers' compensation claims are rewarded. It also raises rates for those who have limited control over their claims. Managing your EMR properly will save your company time and money while reducing accidents and saving lives.

WHAT EFFECT DOES EMR HAVE ON PREMIUMS?

When determining a contractor's premiums, insurance companies consider the likelihood of having to pay a claim on the contractor's behalf. They will pay a smaller premium if the risk is lower than average and vice versa. EMR makes it easier for insurers to make that modification.

To calculate the real premium, the insurance company doubles the manual premium by the EMR. That is all there is to it. If a contractor's EMR is 1.2 and his competitors' is 1.0, the first contractor will pay 20% more for workers' compensation insurance. However, if their EMR is 0.8, they will pay 20% less than they already do. (After this calculation, any special discounts or credits granted by the insurance carrier are deducted.)

Contractors with a high EMR must factor the additional premium cost into their bids; therefore, a lower EMR translates to increased profitability. Insurance prices that are lower provide you a substantial competitive advantage.

Multiple studies have found that organizations with lower claims rates are more profitable than the average since their workers are more productive and turnover is lower.

WHAT INFLUENCE MIGHT A CONTRACTOR'S ACTIONS HAVE ON EMR?

The bad news about EMR is that any loss a contractor reports stay on their EMR for three years, causing their EMR and insurance premiums to rise. Even if they remain accident-free, a company that had a spotless injury record for a decade but had two large claims in 2019 will pay more for those claims every time they negotiate new policies through 2023.

There's also some positive news. A contractor can reduce EMR by preventing accidents, which is best accomplished through a strong safety policy. The likelihood of workers being hurt on the job decreases dramatically when they adopt safe work practices.

Accidents do happen, even with the finest safety policy in place. The way contractors respond to those accidents, on the other hand, can have an impact on EMR. The goal is to devise a strategy for dealing with injuries and the claims that result from them.

Begin by looking at your claim history objectively. Look for patterns in your EMR because several little claims might have a huge impact. For example, you might see several injuries that could have been avoided if workers had worn the appropriate personal protective equipment. A campaign to encourage the use of personal protective equipment (PPE) could result in a large reduction in reportable occurrences, lowering your EMR.

The way contractors handle injuries has an effect as well. Many contractors will automatically carry injured workers to the nearest medical room, but this might lead to a costly claim. Negotiating a lower per-visit cost with a local occupational care center or walk-in clinic in exchange for sending all but the most critically wounded staff there could save you money. Contractors may find it more cost-effective to staff an onsite clinic on larger job sites.

It may also be beneficial to ensure that wounded personnel return to work as soon as feasible. If a doctor advises a worker is unable to perform a task (such as no lifting for 10 days), don't immediately dismiss them. Instead, find a less taxing task for the worker to do until he/she is fully recovered. When workers spend less time healing at home, their EMR will improve.

Finally, contractors can save money on their worker's compensation plans by taking a deductible. Paying lesser claims out of pocket prevents them from being recorded in your claim history, which means the insurer is unaware of them. It's the equivalent of paying for a minor auto body repair rather than filing a claim with your insurance company. If you go this route, make sure you tell the insurance how you handled things in case anything goes wrong. Even if you don't notify your insurance, you may still be required to notify state workplace safety experts.

Impact of EMR on Insurance Premium

An unmodified premium of \$100,000. EMR of 0.75 $\$100,000 \times 0.75 = \$75,000$ (\$25,000 savings on insurance premium)	An unmodified premium of \$100,000. EMR of 1.25 $\$100,000 \times 1.25 = \$125,000$ (\$25,000 increase on insurance premium)
---	---

HOW TO IMPROVE YOUR EXPERIENCE MODIFICATION RATE?

Improving your experience modification rate can help you save money on workers' compensation insurance. Although the efforts you take now may not result in immediate cost savings, they can establish the framework for lower expenses and, more crucially, improved safety in the future.



Make safety a top priority.

Accident reduction is critical for reducing workers' compensation claims and enhancing your EMR. Accidents can be reduced by making simple modifications to your business operations, such as inspecting your premises and cars monthly or weekly. To assist with reduced losses, many small business owners form safety committees and train staff on how to avoid injuries and what to do if one occurs.



If you reduce the number of claims you file, safety measures can help you lower your EMR. Some insurers require policyholders to implement safety measures, and companies that do so may be eligible for premium discounts. Larger credits are often given to more complete training programs. Implementing a written safety plan may qualify you for a reduction or premium credit, depending on your state. Because the state is the one who grants the discounts, carriers must honor them if they meet the state's conditions.

Many contractors and construction companies hold toolbox sessions. These are weekly meetings in which the most significant hazards are discussed in relation to the task of the week. It's possible that one week you'll be working with trenches, and the next, you'll be dealing with scaffolding. These briefings act as reminders of safety protocol, assisting staff in remaining focused and safe.



Consider a policy that is loss sensitive.

Workers' compensation policies are priced using two methods: guaranteed cost and loss sensitive. When you think of insurance, you probably think of guaranteed-cost policies. You pay a certain premium, and your insurer assumes all your risks.

Different are loss-sensitive policies, such as a workers' compensation dividend or a small deductible plan. You maintain part of the risks, but your final premium is based on your actual losses over the policy's lifetime. This change can drastically lower your premiums while also motivating you to enhance your safety.



Set up a return-to-work plan.

Getting injured, disabled, or sick staff back to work as soon as their doctor releases them can help you improve your experience rating, but it needs planning. Return-to-work plans usually necessitate job adaptations that are specific to the injured worker's role, such as restructuring their workstation or altering their daily activities. In addition, you must determine which important duties the employee must be able to accomplish before returning to work while balancing the legal requirements of the Americans with Disabilities Act (ADA).

Because there are so many competing agendas to coordinate, most firms seek assistance. Many insurers and workers' compensation boards, fortunately, provide support in establishing return-to-work programs. The Office of Disability Employment Policy also includes a return-to-work toolbox that is helpful in determining how to keep wounded workers on the job.

WAYS SAFETY TRAINING CAN IMPROVE YOUR COMPANY'S BOTTOM LINE

An effective safety training program is the basis of a safe working environment. While the potential influence of a safety training program on employee wellness is apparent, many individuals are unaware of the benefits of safety training on a company's profitability. The top ten ways that safety training can help your company's bottom line are listed below:

01

By preventing accidents, safety training helps to keep the production line running

smoothly. Accidents and injuries have a negative impact on production line operations and your bottom line. Safety training has two main objectives: to improve wellbeing and to prevent injury.

02

Effective training contributes to the development of a safety culture at your organization.

Safety training programs include more than just a series of brief sessions. They are ongoing and ensure that personnel are up to speed on industry regulations as they change.

03

A web-based safety training program saves time and money by eliminating the need for paper and printing.

Because the cost of materials and supplies is considerably decreased, CFOs of manufacturing organizations are increasingly turning to online safety programs. Unlike the big binders holding a series of printed modules used in the 1990s, today's web-based safety training programs practically eliminate the cost of paper and printing supplies.

04

Safety training encourages employees and management to communicate effectively.

A hallmark of success for successful manufacturing organizations is clear communication between front-line personnel and management. Training promotes communication and gives production personnel the ability to explore ways to improve safety.

05

For elderly workers, training is especially effective in reducing absenteeism. New employees are at the highest risk for occupational injuries; thus, training programs are frequently built with them in mind. On the other hand, safety training may be most beneficial to workers between the ages of 45 and 55, who are more likely to miss work due to an injury.

06

Employees are capable of proactively pointing out safety hazards. When your organization supports a safety culture, employees grow more comfortable sharing safety difficulties and potential hazards with their supervisors. This data is invaluable in preventing accidents and lowering expenses associated with injury-related absenteeism.

07

When employees feel safe and secure, they are more likely to stay. In the manufacturing industry, corporations must retain their most efficient personnel to control costs and remain competitive. When working conditions are safe, and a wellness culture is promoted, retention is easier.

08

Safety training allows you to identify individuals who may want additional assistance.

One of the most important advantages of web-based training is the ability to quickly identify individuals who are having difficulty with certain safety issues. Management can then guarantee that these individuals obtain the additional training they need to operate equipment properly and do other job-related activities.

09

Safety training programs available online minimize the need for travel. Employees used to be obliged to travel to a central location to be instructed in the past. Travel and vehicle wear and tear are reduced by using online training sessions.

10

Fewer accidents lead to a better reputation in the sector and more business. A positive industry reputation has incalculable financial value. You can recruit top customers and the best staff if your firm has a reputation for putting the safety of its employees first. Your company's future growth will be aided by top clientele and talent.

CONCLUSION

There are several things a business owner can influence when it comes to their experience modification rate. The bottom line is to establish safety procedures for your company and keep claims to a minimum, both in terms of frequency and severity, to retain a low experience rating and lower costs.

Enlisting the help of an industry expert is the greatest approach to ensure that your safety training program will improve your company's profitability.

ABOUT SAFETY SOLUTIONS AND SUPPLY

Safety Solutions and Supply specializes in the development and support of safety-management systems, provides accredited instructional safety programs to employees, and assists with the selection and sales for a wide range of protective equipment.

SOURCES

1. Michelle Nystrom, "Workers' Compensation: Claims and Premiums for Employers," Mar 1, 2020. <https://blog.o2employmentservices.com/how-workers-compensation-claims-affect-employers>
2. Jack Benton, "What is Your Company's EMR? – Experience Modification Rate?," APRIL 7, 2017. <https://ehssafetynewsamerica.com/2017/04/07/what-is-your-companys-emr-experience-modification-rate-workerscompensation/>
3. Jeff Wallop, "Experience Modification Rate De-Mystified: How It Affects Your Workers' Compensation Premium," September 6, 2019. <https://www.psafinancial.com/2019/09/experience-modification-rate-de-mystified-how-affects-workers-compensation-premium/>



314 East Canal Street | Mulberry, Florida 33860

866-537-2262 | www.solutionsinsafety.com

© 2021 Safety Solutions & Supply. All rights reserved.