

Insurance Carrier Resources

Partnering for Your Success



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Together we are better!

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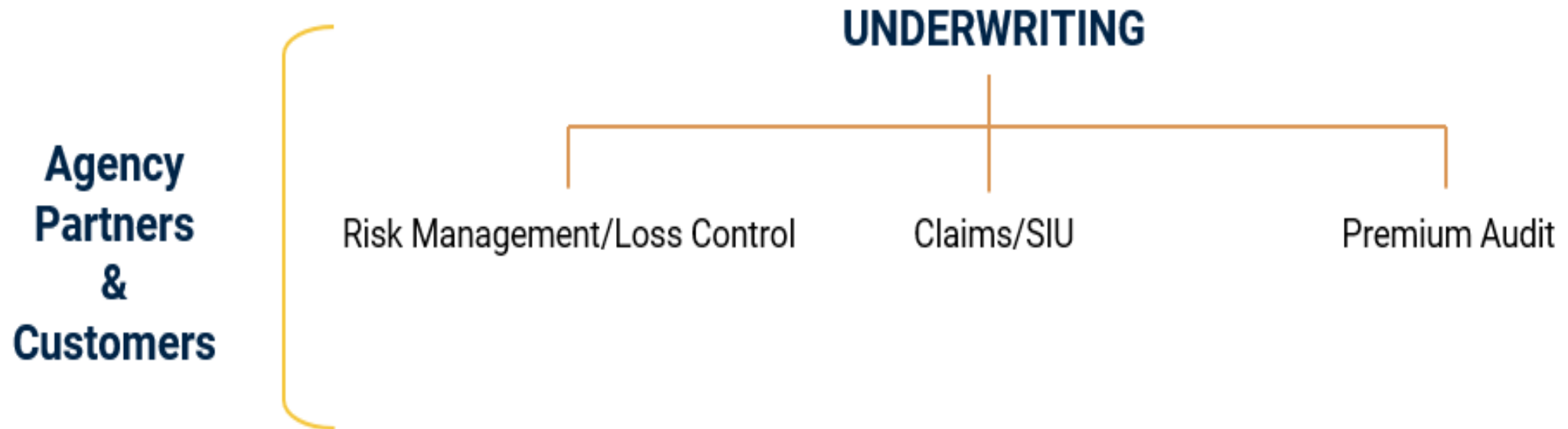
Knowledge is Power

Understanding the insurance process

01

Agency – Customer - Carrier

Together we are better!



Agency – Customer Relationship

- Company/organization works with their Insurance agent/producer to obtain lines of coverage necessary to protect their business assets/employees.
 - *Agency works with their network of carriers to find the best pricing/partnership for their customer.*
 - *Agent/producer knows and understands their customer's business needs.*
 - *Agencies may also have risk management and safety professional on staff.*
 - *Agency and carrier safety professionals often collaborate on service to help customers.*

Agency – Carrier Relationship

- **Agent/Producer – Underwriter**
 - *Underwriters have a book of Agencies they are assigned to work with and service.*
 - *Agency submits business to Underwriter for consideration of quote.*
 - *Underwriters review financials of business / analyze loss history / OSHA history / look at class fit / submit proposal/quote to Agency to present to customer.*

Carrier Team

- **Risk Management – Claims/SIU - Audit**
 - *Underwriters (behind the scenes to most customers) are the quarterback of the carrier team.*
 - *Ask for Risk Management Consultants to visit new customers to complete Risk Assessments and determine customers' service needs.*
 - *Communicate with Claims Examiners to ensure proper handling and management of claims.*
 - *Communicate with Auditors to ensure class codes are properly assigned.*

Claims Team

- Carrier has same claims goals as customer. Ensure best medical treatment is provided to injured worker and best financial outcome for customer.
- If you are involved in the decision-making process for choosing your carrier, ask about claims examiner case loads. **Industry average is 150.**
- Utilize claims file reviews to periodically discuss open claims/reserves/ and the carrier/examiner strategy for handling/closing claims. Agency's also often have a claims advocate on their team who will participate in file review, along with your Agent.
- Don't wait for your file review to talk to your examiner if you have questions.

Claims Partnership

How safety professionals can help control work comp claims cost:

- Ensure return-to-work/transitional work is available and that supervisors understand the “why” behind RTW.
- Ask your carrier if they work with “Re-employability” vendor.
- Communicate regularly with the injured worker to ensure they feel “seen and heard”.
- Regularly discuss the process for reporting injuries, and the workers’ rights.

SIU Partnership

- Workers' Compensation fraud is complicated.
 - Attorney/doctor
 - Employee
 - Employer
- If you have concerns that a claim may be fraudulent, make sure you express early.
- True, actual fraud claims are not as common as abuse / malingering.
- Carrier/SIU can help with surveillance or claimant.
- Carriers can conduct Outreach training for managers and employees to educate.

SIU Partnership

The Coalition Against Insurance Fraud (the most trusted and widely accepted anti-fraud consumer organization) released results of a study last year.

Specific to worker's compensation, they have calculated **Claimant fraud cost \$9B/year. Premium fraud by employers costs an additional \$25B/year** for a total exposure within Worker's Compensation to be \$34B/year.

District Attorney and CA DOI summit:

New stat of 20,082 "Questionable Claims" submitted to the Department of Insurance in the last 12 months. That isn't to say all were proven to be fraudulent, but that shows 20,082/260 working days per year....77 questionable claims are submitted to the CDI **every working day...**

SIU Partnership

SIU investigator's advice:

Create values/culture that supports its employees (we care about you, we care about your wellbeing, if you're injured, we want you to recover promptly and appropriately) and also does not tolerate fraud.

If a claim is reported, it will be investigated. Be vigilant and be aware.

Ask probing questions about what happened.

Collect and save evidence at the time of the injury report (video, materials, secure statements from witnesses, etc.).

Risk Management Team

- Our purpose/goal is to reduce and eliminate risk exposures in the workplace to ensure all employees go home safe at the end of the day, and to ensure that the business is profitable.
- The underwriters depend on their Risk Management Consultants to review scope of operations to ensure risk exposures are controlled and identify areas and opportunities for assistance with safety and health.
- Often referred to as the eyes and ears for Underwriters.
- Partnership helps ensure consultants and carrier are viewed as a trusted advisor instead of an “enforcer” or “inspector.” Communication is open, co-operation is easier (even sought) and results are improved.

Risk Management Partnership

How can you collaborate with your carrier's safety and health consultant to achieve best outcome for your organization?

- We see our relationship as a partnership and want to provide you with the resources to be successful, reduce and mitigate risk exposure and drive your organization's experience modification down!
- We want to make you look good!
- Reach out and ask for our help. Be open to our services. We are your advocate not adversary.
- Ensure we understand your operations to better assist you and our underwriters.

Risk Management Services

- Provide onsite risk assessments; manager/leadership training; safety meeting presentations; industry loss data; customer loss analysis data; live and on-demand webinars and podcasts; email campaigns; training and video libraries; industry blogs.

Claims / SIU

- File reviews
- Fraud prevention and outreach

Audit

- An audit is conducted at the conclusion of the policy period to determine the actual insurance exposure during the policy term. The final premium is determined by using the actual, not the estimated, premium basis and the proper classifications and rates that apply to the business and the work during the policy term. Don't hesitate to reach out if you questions about classifications.

Get a seat at the table

- Having insight into company loss data is critical to your ability to analyze risk exposure and determine solutions for mitigation. Ensure you are included.
- Partner with your carrier's risk management consultant and claims team to get the data you need. Let your consultant know how they can best help you. Don't hesitate to ask.
- File reviews – are you currently involved? Do you know the work comp claims lingo and how work comp claims system works? Ask your carrier for training if needed.
- Manager and supervisor knowledge. Do your line and middle managers understand how work comp insurance works? (i.e. – experience modification). Their understanding of processes is critical to success of risk management and claims management. Ask your carrier for training for managers and supervisors.

Experience Modification Factor

The Experience Modification Factor, often abbreviated as "mod factor" or "EMR" (Experience Modification Rate), is a numerical representation used by insurance companies to adjust the premium rates for workers' compensation insurance.

Compares a company's historical workers' compensation loss experience to the average experience within its industry. The factor is calculated using a formula that considers both the frequency and severity of past workers' compensation claims.

The main purpose of the Experience Modification Factor is to incentivize and reward companies for maintaining safe working environments and reducing workplace injuries.

Experience Modification

How the calculation generally works: $\text{Mod Factor} = \text{Company's Actual Losses} / \text{Expected Losses}$

Claims History: The number of workers' compensation claims a company has filed over the past three years. This includes both the number of claims and the associated costs of those claims.

Calculation: Experience modification factor is calculated based on the company's actual losses (claims) and expected losses (industry average losses). If a company's claims history is better than the industry average, its mod factor will be less than 1. If it's worse, the factor will be greater than 1.

Underwriting consideration: Claims history is compared to the average claims experience of similar businesses within the same industry. This comparison helps determine whether the company's safety record is better or worse than the industry average.

Experience Modification

Premium Adjustment:

The experience modification factor directly affects the premium rates a company pays for its workers' compensation insurance.

- A mod factor less than 1 results in a reduced premium, as it indicates better-than-average safety performance.
- A factor greater than 1 leads to a higher premium, reflecting a higher risk profile.

In essence, the Experience Modification Factor is a tool that encourages companies to prioritize workplace safety, implement effective risk management practices, and reduce the number and severity of workplace injuries.

By doing so, companies can potentially lower their workers' compensation insurance costs and create a safer and more productive work environment.

Thank you!

