

ALABAMA GOVERNOR'S SAFETY AND HEALTH CONFERENCE

August 28 – August 30, 2023
Perdido Beach Resort
Orange Beach, Alabama

“Safety is the Right Choice”

Presented by



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SAFETY IS THE RIGHT CHOICE

- An effective safety program, enforced and encouraged throughout your business, while costly, will increase your business' profitability.

How Investing Money in Safety Results in Profit:

- Reduces potential accidents
- Reduces lost time injuries
- Avoids OSHA inspections
- Important for defending OSHA citations
- Important for defending civil lawsuits

Avoiding accidents, reducing injuries, and successfully avoiding and defending OSHA citations and civil lawsuits, **will reduce insurance costs, both worker's compensation and liability.**

Company Ownership and Management Must “Buy Into” a Safety Oriented Culture

- An effective safety program must be implemented and enforced from the top down
- Management and ownership must be prepared to make financial investment and hard employment decisions to develop and maintain a safe work environment
- Invest in a corporate safety director or independent consultant to develop an effective safety program
- Invest in and support supervision and enforcement of the program

Difficult Business Decisions

- Unsafe employees, no matter how productive, must be **reprimanded, retrained, and ultimately terminated**, if they refuse to correct their behavior

Topics:

1. OSHA
2. General Liability
3. Worker's Comp
 - Anyone in the audience work for OSHA?
 - Anyone in the audience work in the insurance industry?

Emotional

- An on-the-job accident, injury and/or fatality can have a significant emotional impact on the morale and culture of a company.

Financial

- An on-the-job accident, injury and/or fatality can have a significant financial impact on a company

OSHA

- Investigation
- Citation

Civil Penalties

- Civil penalty for willful or repeated violation
 - \$156,259 maximum for each violation
- Civil penalty for serious violation
 - \$15,625 maximum for each violation
- Civil penalty for violations determined not serious
 - \$15,625 maximum for each violation

Civil Litigation – General Liability Insurance

- Lawsuit
- Discovery
 - Documents
 - Depositions
- Jury Trial

Worker's Compensation

- On-the-job injury to **your employee**
- Worker's compensation immunity
- Worker's compensation litigation
- Risk of third-party litigation

Impact on Insurance Premiums

- General Liability
- Premium increase as a result of both:
 - Liability through judgment or settlement
 - Cost of defense

Worker's Compensation Insurance

The following information provided through:

Higginbotham Risk Management
Fort Worth, Texas

Erling Riis
Lyon Fry Cadden Insurance Agency
(now Higginbotham Risk Management)
Mobile, Alabama

An Overview of the Experience Modifier Rating (EMR)

Experience Modification Rating

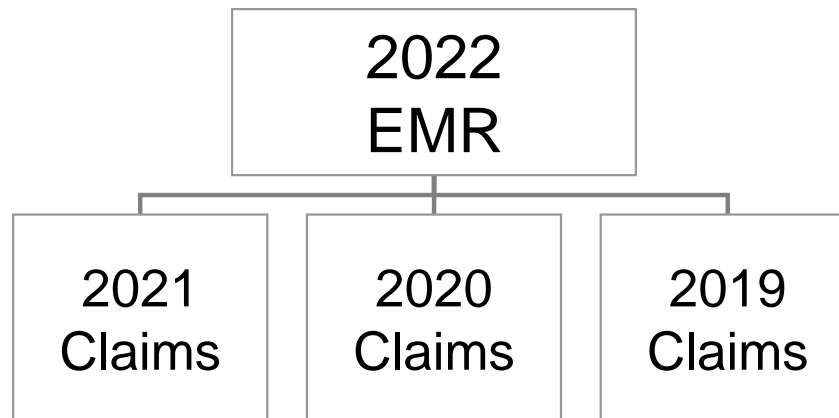
Summary of an EMR

- Benchmark tool used to compare actual losses to expected losses
- National Council on Compensation Insurance (NCCI) promulgates
- 1.00 is average
 - Lower than 1.00 is better than average
 - Higher than 1.00 is worse than average
- Compares expected vs. actual losses by payroll
- Used as a multiplier for W.C. premium calculation

Experience Modification Rating

What's in an EMR

Claims data the workers' compensation carrier reports to NCCI for a period of 3 years excluding the current policy.



Experience Modification Rating

Financial impacts of controlling the EMR:

- If the mod is consistently low, there's a quantifiable financial benefit to keep it from going up.
- If the mod is consistently high, there's a quantifiable financial benefit to bringing it down. Potential savings could pay for a safety facilitator.
- If the mod has fluctuations, smoothing it out at a lower level would relieve some budgetary frustration.

Experience Modification Rating

Financial impacts of controlling the EMR:

Manual Premium	Modifier	Adjusted/Modified Premium
\$100,000	0.75 (minimum)	\$75,000 (\$25k savings)
\$100,000	1.00	\$100,000
\$100,000	1.25	\$125,000 (\$25k hit)

Experience Modification Rating

How to control the EMR:

✓ Invest in safety to prevent claims

Safety Polices

Inspections

Training

Accident Investigations

Substance Abuse Programs

Management Accountability

✓ Have a medical management program (avoid ER's)

✓ Develop a return to work program (medical only claims are discounted by 70%).

✓ Aggressively review & manage claims costs

✓ Leverage insurance partners.

Solution:

1. Investment in safety program
2. Investment in safety director
3. Investment in safety equipment
4. Investment in safety training
5. Investment in safety enforcement

**Job safety requires time and
money, but**

Job safety saves time and money