

NORTH RISK PARTNERS®

CONSTRUCTION EMPLOYERS: UNDERSTAND YOUR E-MOD & WORKERS' COMP CREDITS

JANUARY 2024

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PRESENTERS

Lindsay Henningsgaard
Marketing Underwriter Specialist
SFM

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Program Director
Union Construction Workers' Compensation Program

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Risk Advisor & Partner
North Risk Partners

Charlie Raeker
Risk Advisor
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AGENDA

- Experience Modification Factor (e-mod)
- Minnesota Contractors Premium Adjustment Program (MSCPAP) Credit
- Union Construction Workers' Compensation Program (UCWCP)

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EXPERIENCE MODIFICATION FACTOR (E-MOD)


LINDSAY HENNINGSGAARD
SFM

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WHAT ARE WE GOING TO COVER?

- What is an experience mod?
- What impacts an experience mod?
- The importance of bringing injured workers back to work
- Other factors that can impact an experience mod



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COMMON TERMS

- Experience mod
- Experience modification factor
- Experience rating
- EMR
- E-mod
- Mod




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WHAT IS EXPERIENCE RATING?

- A credit or debit factor based on a business' loss and payroll history
- Developed by Data Collection Organizations (DCOs); MWCIA, NCCI, WCRB

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WHO QUALIFIES FOR AN EXPERIENCE RATING

Insured must be in business at least 2 years and meet one of the following premium criteria:

1. \$14,000 unmodified premium in the first year of the experience rating period, or
2. An average of \$14,000 unmodified premium in the first 2 years of the experience rating period, or
3. If an insured has more than 2 years of experience, they must develop an average annual unmodified premium of \$7,000 in the experience rating period.

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WHY IS IT IMPORTANT?

- An e-mod **under 1.00** applies a **credit factor** to your premium
- An e-mod **over 1.00** applies a **debit factor** to your premium


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ELEMENTS OF AN E-MOD

- Actual loss
- Primary loss
- Expected loss
- Expected loss rate
- D ratio
- Weight factor
- Ballast factor



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WHAT IMPACTS AN E-MOD?

- Losses
 - Medical and indemnity
 - \$17,500 split point
- Class codes
 - Misclassification
- Payroll
 - Increases or decreases

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IMPORTANCE OF RETURN TO WORK

Through early return-to-work, you can:

- Keep workers' compensation costs down
- Avoid overtime, hiring and retraining costs
- Lessen your chances for litigation

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MEDICAL ONLY CLAIMS VS. LOST TIME CLAIMS

- Medical only claims are discounted 70%
- Lost time claims are not discounted until they reach the split point
- Very large losses are capped
- Multiple claim incidents are capped

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E-MOD EXAMPLE SCENARIO

- Very Good Building Company
- Residential contractor
- Manual premium of \$56,000
- Minimum e-mod of .78
- Employee John Smith slipped and fell on ice while working at a job site


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MEDICAL ONLY CLAIM

- John goes to the doctor a couple of times but doesn't miss any time from work over the 3-day waiting period because his employer offers him light duty work within his restrictions
- Claim closes for only \$1,500 in medical paid




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RETURN TO WORK WITH SOME LOST TIME

- John goes to the doctor a couple of time and ends up being off work for a few weeks because his employer isn't able to offer him light duty work until he can lift more than 50 pounds
- Claim closes for \$10,000 in medical and indemnity paid






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NO RETURN TO WORK

- John has prolonged healing and doesn't return to work because his employer isn't able to accommodate his restrictions. John ends up getting an attorney because he is worried about not being able to work. Claim settles with an employment release.
- Claim closes for \$125,000 in medical and indemnity paid





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EXAMPLE COMPARISONS

Scenario	E-mod impact	3-year premium
No Claims	.78	\$0
1: Medical Only	.79	\$1,176
2: Some Lost Time	.93	\$26,124
3: No Return to Work	1.26	\$81,346



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IMPORTANCE OF REPORTING CLAIMS

- Allows for proper investigation
- Follow worker's compensation law
- Avoid penalties
- Medical only and incident only claim frequency

NOTICE



All Injuries, No Matter How Slight, Must Be Reported Immediately.




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OTHER FACTORS THAT CAN IMPACT E-MODS

- Ownership changes
- Effective date changes
- Claims closing




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2024 MINIMUM & MAXIMUM PAYROLLS

- Officer minimum
 - \$69,524
- Officer maximum
 - \$278,096




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CONCLUSION

Bringing an employee back to work as soon as medically appropriate is not only the right thing to do, but also a good business decision.

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QUESTIONS?



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MINNESOTA CONTRACTORS PREMIUM ADJUSTMENT PROGRAM (MCPAP)

JON LAUNSTEIN & CHARLIE RAEKER
NORTH RISK PARTNERS

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**UNION
CONSTRUCTION
WORKERS'
COMPENSATION
PROGRAM (UCWCP)**

SANDY STODDARD
UCWCP

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UCWCP HISTORY & MISSION

- Eliminate the adversarial culture of workers' compensation
- Resource for 'best in class' medical and rehabilitation providers
- Ensure payment of appropriate benefits
- Create a prompt and safe return to work
- Reduce the costs of workers' compensation insurance

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WHAT ARE THE BENEFITS OF MEMBERSHIP

- Trusted workers' compensation resource for everyone
- Faster return to pre-injury job and wage
- Claim cost savings of an average of 30%
- Reduction in Experience Modification Rating (EMR)

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MEMBERSHIP ELIGIBILITY

- Union Contractor
- Insured by a Sponsoring Insurance Carrier
- Signatory to a Sponsoring Organization
- MN Union Payroll



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SPONSORING INSURANCE PROVIDERS

<ul style="list-style-type: none"> Insurance Carriers Accident/Fault Insurance - 5% AGI Insurance - 3% AmesLife Risk Services Amwest Insurance - 5% ArchNorth Insurance - 5% Arch Insurance Group - 5% BETO Insurance - 5% Cincinnati Insurance - 3% CNA Insurance - 5% Continental of Westerns - 5% Self Insured and Captive Groups #Bella Captive Builders & Contractors Work Camp Fund Charleston Captive Delta Services Group Foundation Captive Four Corners Captive General Contractors Captive Heartland Captive 	<ul style="list-style-type: none"> EMC Insurance - 5% Federated Insurance - 5% Harvester Insurance Group - 5% Hartford Insurance - 5% Liberty Mutual Insurance - 3% Nationwide - 5% QBE - 3% Secura Insurance - 5% Sentry Insurance - 5% Talbot Insurance - 5% Premier Partners Group Prostate Captive The Builders Group - 5% Titan Group 	<ul style="list-style-type: none"> SFM Insurance - 5% Third Coast Underwriters - 5% Travelers Insurance - 5% United Fire Group Insurance - 5% West Bend Mutual - 5% Western National Insurance - 5% Westfield Insurance - 5% Zurich N.A. Insurance - 5% Third Party Administrators Brookline - Covered Company Creative Risk Solutions ES&S Gulphar Asset Services Maclean Administrators LLC Sidgwick TBC Claims Services
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SPONSORING UNIONS

<p>Labor Organizations</p> <ul style="list-style-type: none"> Bricklayers & Allied Craftworkers' Local Union #1 Cement Masons, Plasterers & Stucco Hands Local #633 Glaziers & Glassworkers Local #1324 Heat & Frost Insulators & Allied Workers Local #34 Heat & Frost Insulators & Allied Workers Local #19 International Brotherhood of Electrical Workers - IBEW #110 International Brotherhood of Electrical Workers - IBEW #292 International Brotherhood of Electrical Workers - IBEW #343 International Union of Operating Engineers Local #10 International Union of Painters & Allied Trades D.C. #82 (all crafts) Ironworkers Local #112 Laborers District Council of MN & ND North Central States Regional Council of Carpenters (all crafts) Pipefitters Local #455 Pipefitters Local #539 Plasterers Local #265 Plumbers & Pipefitters Local #880 Plumbers & Steamfitters Local #11 Plumbers Local #15 Plumbers & Gasfitters Local #34 Roofers & Waterproofers Local #96 Sheet Metal Workers' Local #10 Teamsters (in ghwa/teany) 	<ul style="list-style-type: none"> www.baclocal1.org/bac-local-1-minnesotnorth-dakota www.local633.org www.local1324.org www.iuabtm34.org www.iuabtmlocal19.org www.ibew110.org www.ibew292.org www.ibewlocal343.org www.local10.org www.iuap82.org www.ironworkers112.com www.minnesotalaborers.org www.northcountrycarpenter.org www.local455.com www.pipetfitters539.com www.plasterers265.org www.pandplocal880.org/ www.uslocal11.com www.plumberslocal15.com www.plumberslocal34.org www.rooferlocal96.com www.sme10.org
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ENROLLMENT


- Enrollment Application
- Prior year payroll and MN WC Premium Audit
- Certificate of Insurance
- Insurance carrier applies the premium credit

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QUESTIONS?



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