



## Safety And Your Company's Money

In simplest terms, fewer injuries can demonstrate to potential insurers that you spend less money than current, or proposed, premiums. But, did you know that your safety program has a direct effect on your company's "mod rate" (a comparison of injury rates for similar industries)? The mod rate directly affects the cost of workers' compensation insurance, yet many people don't understand how they can have an effect on it.

The average experience modification rate for all industries is 1.00. It simply means that a company has average workers' compensation losses for their industry and will pay 100 percent of the manual premium set by their state. A higher than average experience modifier is any number greater than 1.00. A company with a 1.43 experience modifier will pay 143 percent of their manual premium. The 43 percent surcharge reflects the higher than average claims the company has experienced. The experience modifier can also be lower than 1.00. If a company has an experience modifier of .73, they will pay only 73 percent of their manual premium. This effectively gives the company a 27 percent discount for having lower than average losses, claims, and injuries.

Consider the following example using a manual premium of \$63,106:

### 2006 Dates:

#### January:

Plan Your Safety Training Now!  
Call Cambridge For Ideas!  
312-381-8208

#### February:

Child Passenger Safety Week

#### March:

Poison Prevention Week  
Workplace Eye Safety Month  
Save Your Vision Month

#### April:

Sports Eye Safety Month  
Intl Building Safety Week  
Work Zone Aware. Week  
Playground Safety Week

#### May:

Clean Air Month  
Melanoma Awareness Month  
Electrical Safety Month  
National EMS Week  
Poison Prevention Week

#### June:

National Safety Month

#### July:

EYE INJURY PREV. MONTH

#### August:

Prepare Your Winter Safety Training!

#### September:

Farm Safety /Health Week

#### October:

Nat. Fire Prevention Week  
Drive Safely Work Week  
Radon Action Week

#### November:

Take advantage of the weather and do your classroom training!

#### December:

"3D Month" - National Drunk & Drugged Driving Prevention Month

### Company A

Experience Modifier - .73  
Discount/Surcharge - \$16,769 discount  
Modified Premium - \$45,337

### Company B

Experience Modifier - 1.00  
Discount/Surcharge - Neither  
Modified Premium - \$63,106

### Company C

Experience Modifier - 1.43  
Discount/Surcharge - \$26,706 Surcharge  
Modified Premium - \$88,812



\$43,000 and I have control over it? Count me in!!

As you can see, the experience modifier has a significant impact on what a company actually pays for insurance. The difference between the low-experience modifier and the high-experience modifier in this example is more than \$43,000.

The experience modification rate is recalculated each year using a combined claims history from a three-year rolling period. Each year, the rolling period drops off the oldest policy year and adds the most recent policy year. If a company has unusually high claims during one policy year, their rate will be affected for three years. Hopefully you can see that...prevention is the key!

### Editorial: Do you have a safety program to save money?

(by Jody Warner, CSP, CFPS)  
Are there editorials in safety? If there isn't, there is now!

I recently spoke at an international seminar as a risk management and safety expert. During my two hour presentation, I referenced the ability of companies to reduce and control their insurance costs (and the bottom line) through a dedicated safety effort. An audience member immediately raised his hand and strongly disagreed with my logic. The young man turned out to be a freshman safety student at a large western university (a "risk-manager-in-training"). He poses a very good question - **Should companies have a safety program in order to save money?**

The answer is...it doesn't matter what motivates you as much as the fact that you have a safety program! If you aggressively stop injuries to save money, you've stopped injuries to accomplish the goal. Comparatively, if you prevent injuries in order to protect your workers and make their lives longer and more enjoyable, you will automatically save money by doing it.

**In short, safety stops injuries and saves money.**



## ***OSHA Identifies Employers With High Injury Rates***

OSHA recently announced that approximately 14,000 employers have been notified that injury and illness rates at their worksites are higher than average and assistance is available to help them better protect their employees.

In a letter sent to those employers, OSHA explained the notification was a proactive step to motivate employers to take steps now to reduce those rates and improve the safety and health environment in their workplaces.

"This identification process is meant to raise awareness that injuries and illnesses are high at these facilities," said Assistant Secretary of Labor for OSHA Edwin G. Foulke, Jr. "Injuries and illnesses are costly to employers in both personal and financial terms. Our goal is to identify workplaces where injury and illness rates are high and to persuade employers to use resources at their disposal to address these hazards and reduce occupational injuries and illnesses."

Establishments with the nation's high workplace injury and illness rates were identified by OSHA through employer-reported data from a 2006 survey of 80,000 worksites (the survey collected data from calendar year 2005). The workplaces identified had 5.3 or more injuries or illnesses resulting in days away from work, restricted work activity, or job transfer (DART) for every 100 full-time workers. The national average during 2006 was 2.4 DART instances for every 100 workers.

Employers receiving the letters were also provided copies of their injury and illness data, along with a list of the most frequently violated OSHA standards for their specific industry.

The list does not designate those earmarked for any future inspections. An announcement of targeted inspections will be made later this year. Also, the worksites listed are establishments in states covered by federal OSHA; the list does not include employers in the 21 states and Puerto Rico, who operate OSHA-approved state plans covering the private sector.

To view the 14,000 sites by state, visit [www.osha.gov/as/opa/foia/hot\\_13.html](http://www.osha.gov/as/opa/foia/hot_13.html).

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## ***Overtime May Not Be That Bad For You***

Although working very long hours is linked to an increased risk of certain types of health and safety problems for some industrial workers, other factors such as previous health problems may have a more significant impact. That's the chief finding of a study reported in the February *Journal of Occupational and Environmental Medicine*.

Results challenged the assumption that each hour of work above 40 steadily increases risks and reduces productivity. In fact, no adverse effects were found until the 60-hour mark.

# **Safety Resource Center**

### *Did You Know?:*

The box next to this one is going to reference a "cut-resistant glove"? Here's what it looks like:



There're also great for oyster shucking, wood carving and other knife-use jobs.

However, they CANNOT be used to clean electric slicers – they're for knife-use only. Slicers take a different type of safety glove.

### *Jody, is it true?*

"A sharp knife is a safer knife" – is that true, a wives tale or is it a myth?" Isabella L., in FL

It's true! A large portion of on-the-job knife injuries come from a dull knife slipping off of the material being cut. Sharp knives go where they're guided.

For food preparation we also recommend an FDA approved, Kevlar "cut-resistant glove" when using a knife.

### *Safety Information:*

The Cambridge Risk Control website remains a great resource for your safety information needs.

This newsletter, safety handouts, safety videos as well as many other resources can be found at:

[www.CambridgeRiskControl.com](http://www.CambridgeRiskControl.com)

**Have you tried it ?**