

agent agenda

OSHA ergo standard

The federal Occupational Safety and Health Administration issued a significant and controversial new ergonomics standard Nov. 14.

The standard requires nearly all businesses to provide their employees detailed information about musculoskeletal disorders (MSDs) and to encourage employees to report MSD symptoms.

These employers are also required to maintain extensive ergonomics programs and to maintain detailed records regarding MSDs and their programs. They must provide employees suffering from MSDs with wage loss and other benefits in addition to those provided by workers' compensation laws.

The new standard is already the subject of several lawsuits. Unless the courts, Congress or the new presidential administration intervene in some way, the new ergonomics standard will be effective in 2001.

For more information, call your SFM underwriter or SFM's General Counsel Bob Lund at (952) 838-4224.

Premier Partner Award

Third-quarter winner of SFM's Premier Partner Award is Northwood Panelboard Company, Solway, Minn., and the fourth-quarter winner is Landwehr Construction Inc., St. Cloud.

Northwood, an oriented structural board manufacturer, has established an impressive safety record through its unique "pay for skills" training program.

Landwehr, an earth-moving and demolition contractor, is known for its outstanding safety culture and its way of involving employees company-wide in all safety efforts.

Northwood was featured in the October *Companion*. Landwehr will be featured in the January issue.

Pricing increases continue into 2001

State Fund Mutual is continuing into 2001 the efforts it began this past year to reduce loss costs and increase pricing.

Loss-cost trends have been rising after many years of declining loss costs and dramatically declining pricing.

This uptick in costs appears due, at least in part, to the effects of a really tight labor market and rising medical costs. Investment returns have declined, too, as you're no doubt aware, and cannot subsidize the pricing of the past few years.

Trends have shifted. The upshot is that pricing needs to adjust to reflect the changing insured risks—and it needs to look not only at how the risk has changed today but also anticipate how that risk will continue to change in the months ahead.

Thanks to agents and SFM underwriters, the increases achieved so far this year have exceeded SFM's 2000 goal of increasing pricing by 6 percent overall—essential, it turns out, because loss-cost trends have been less favorable than anticipated.

Pricing target next year: 12 percent overall

Pricing increases will continue in 2001. Based on current loss trends, SFM's current book of business needs overall to be priced about 12 percent higher in 2001 to achieve its profitability target.

That's a good benchmark to keep in mind. Insured risks, of course, are underwritten one at a time and priced on their individual merits. Appropriate pricing for some will be higher than that benchmark. For others, it'll be lower—particularly those who've continued to do the right things to control losses.

On an account that has had significant losses and warrants a significant boost in pricing, the SFM underwriter will be sure to give the agent an "early warning." Of course, SFM doesn't want to lose good business and will work with agents to renew accounts that look like they're going to be profitable in the long haul.

To support the 12 percent pricing goal, SFM's rate filing for 2001 includes an increase in its load factors. The load factor is what each insurer applies to pure premium rates to cover the costs of doing business. It's also one place where the insurer can take into account how its own policyholder mix compares to the statewide average and its own experience and outlook on loss trends.

SFM has filed for a load factor increase of 7 percent. That offsets the recently announced 5 percent reduction in pure premiums for 2001, and actually produces about a 1 percent increase.

This appears to be a pretty moderate increase in the industry. But SFM's intention is to write business at closer to manual rates.

Helping to improve the risk

SFM is continuing other efforts, too, to align pricing with risk.

One significant effort is a continued focus by SFM Loss Prevention on policyholders with higher frequency and severity of claims. These specially focused LP efforts over the past year have already begun to show some positive results.



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Redesigned forms

Agents will be seeing newly redesigned quote and policy forms from State Fund Mutual. The content hasn't changed, just the look. Look for these in January.

New Spanish, Hmong material

In response to employer requests, State Fund Mutual's "If you become injured at work" poster is now available in Spanish and Hmong. The poster lists the three basic steps an employee should take if injured on the job.

SFM also has the state-mandated "Minnesota workers' compensation employee information sheet" available in Spanish as well. As of Aug. 1, 2000, employers are required to give this information to injured employees.

As a service to policyholders, SFM sends this sheet in English to injured employees with a copy of the First Report of Injury. However, employers may request copies in Spanish to give their Spanish-speaking employees.

To request any of these Spanish or Hmong employer resources, call SFM Policyholder Services at (952) 838-4325 or (800) 937-1181 ext. 4325.

'Claims info' contact name

When completing applications, please be sure to get the name of the "claims info" contact person and write it on the application form.

Having the claims contact names for new policyholders is becoming exceedingly important for SFM's education efforts. Those efforts include a revamped policyholder seminar program and a major long-term push to improve the timeliness and accuracy of claims reporting, particularly among new policyholders.

New automated phone feature

SFM will be rolling out a new auto-attendant call-routing feature soon.

The auto-attendant will automatically answer all incoming calls and will offer callers a variety of ways to self-direct their inquiries. This new phone feature will speed up the call-routing process.

Even though the auto-attendant will be active 24 hours a day, seven days a week, the caller will always have the option of pressing "0" to speak directly to the main receptionist.

SFM's receptionist will be at the front desk during regular office hours from 8 a.m. to 4:30 p.m., Monday through Friday. If a caller chooses to speak with the operator outside of normal business hours, he or she will roll to the main receptionist's voice mail.

Through third quarter

Premium retention hits 95%

The retention rate for premium on renewal policies reached a strong 95 percent at the end of 2000's third quarter. That compares to 85 percent a year ago and is the highest in quite a few years.

The retention rate on the number of renewal policies retained at the end of the third quarter was also strong at 92 percent, maintaining SFM's historically high policy retention rate.

New business through third quarter added more than 600 accounts and \$9 million in written premium, up about a half million from a year ago.

Construction generated the largest volume of both new accounts and written premium.

	Written premium (million)	Policies
Construction	\$ 3.5	174
Manufacturing	1.9	82
Services	1.6	157
Retail trade	0.6	108

Premium sizes ranged from \$200 to \$225,000.

Multi-state coverage has expanded significantly. SFM wrote more than \$2 million through third quarter, up from about \$1 million a year ago.

30-day lead needed on new apps

SFM reminds agents that new applications must be received by SFM at least 30 days prior to their effective dates.

A notice about the 30-day requirement was faxed out to all agents in early November.

Due to a dramatic increase in the number of submissions, SFM is unable to respond to those received with less than 30-day lead times and also won't be looking at submissions that are more than 90 days away from their effective dates.

If you have a large account or one that may require a visit from SFM staff prior to quoting, please keep in mind that SFM will need additional time to properly underwrite it.

Remember, too, to include with each submission a copy of the employer's return-to-work program, description of operations, and current loss information, including an experience rating worksheet if applicable. Submitting complete applications helps SFM underwriters turn your quotes around quicker, especially now with the high volume of submissions.

Pricing increases

Continued from front

Good results also have come from special initiatives to lower litigation costs even more.

You can assure policyholders that SFM is doing its part to help them reduce risk.

Two new credits

SFM has applied to the state for two new credits to encourage and recognize programs that SFM anticipates will significantly reduce an employer's loss costs.

One is a 5 percent drug-free workplace credit. To qualify, the employer needs to have a formal, state-approved drug program.

The other is a 3 percent alternative dispute resolution credit. With this ADR program, the employer and participating labor unions agree to bypass the state hearing process and instead resolve workers' compensation disputes by using the mediation and arbitration process familiar in collective bargaining.

Watch for more on these credits in a future *Agent Agenda*.