



Agentagenda

DECEMBER - JANUARY 2003

What kind of business should I submit to SFM?

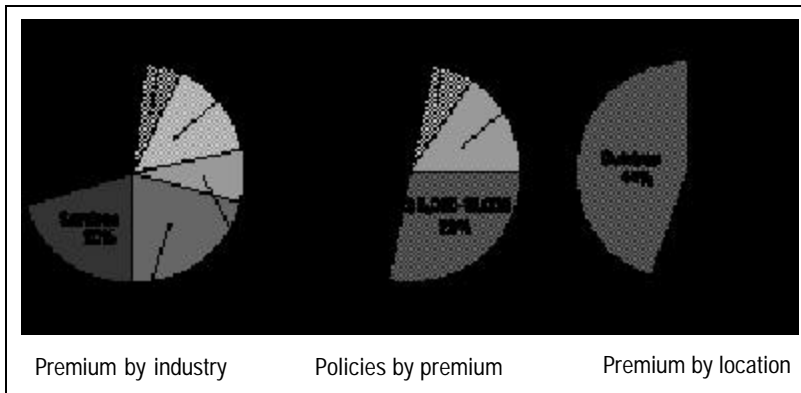
Answer: Any industry, size, location

From agents, particularly newer agents, occasionally comes this: What kind of business should I be submitting to State Fund Mutual? What kind of business does SFM prefer to write? Is there a minimum premium?

For starters, it's helpful to understand what SFM is not—and that's a niche market. SFM is not a niche player for a particular industry or size of employer. SFM over the years has underwritten a broad base of Minnesota employers. That's served Minnesota well, and it's a good business strategy for SFM.

Diversification is important to SFM's book of business, much like diversification's importance in an investment portfolio. Various business sectors—industry type, business size, geographic location—respond differently to changes in the performance of the national and state economies. Because economic cycles drive major changes in workers' compensation costs, it's important that SFM maintain a diversified base by underwriting employers across these business sectors.

What that looks like is demonstrated by cross-sectioning SFM's current book of business:



For instance, in just the past few weeks, SFM wrote a number of small accounts including a theater in Roseau, a law firm in Long Prairie, and a photography studio in Moorheade.

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Paint a complete picture on the ACORD application

The place to use your time well deciding what to submit to SFM is in the quality of the business you're submitting and how well you've described that on the application.

The First Commandment of Application Writing says, "Be not constrained by the ACORD form."

Instead, use the ACORD form to help your SFM underwriter understand the answers to these four fundamental questions:

1. Does the employer demonstrate a readiness to prevent losses and, therefore, a stability of losses for which SFM can adequately price? How?

Help your underwriter determine whether the employer understands his own business' insurance risk and is motivated to do the right things to stabilize and control losses. What's been the employer's track record? What's the workplace culture: Do people like working there? What's the workplace environment: Is safety an obvious part of work life? Give an illustration. What's the employer's level of active commitment to loss prevention: Are programs in place, working and re-evaluated as loss patterns change?

2. For injured employees able to return to work, how do you assess the availability of jobs either with the same employer or elsewhere within the community?

Help your underwriter understand the prospects

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news briefs

AOR procedure revised

SFM will accept an Agent of Record letter any time prior to the effective date of a renewal policy. Past procedure required an AOR letter to be submitted at least 15 days prior to the renewal date.

As in the past, on duplicate submissions for new business, the first complete application received takes priority. However, an AOR letter will be accepted prior to the effective date of the policy and must be accompanied by a complete application.

The AOR letter must be on the applicant's letterhead and signed by an owner, partner or officer. SFM allows the first agent 10 days to obtain a rescinding letter.

Calendars, *CompTalks* available

Encourage your clients to use SFM's resources to generate awareness of hazards and safety tips.

Think safe. Act safe. Be safe. 2003 calendar
Features monthly safety topics that are useful and educational. Offers practical, easy-to-understand suggestions for employees.

"Drive Defensively year 'round" *CompTalk*
Makes defensive driving top-of-mind. Gives the top eight contributing factors for vehicle accidents, the "Five keys to safe driving" and "Winter driving tips."

"Prevent winter slips-and-falls" *CompTalk*
Provides helpful suggestions for preparing a workplace for winter. Includes practical tips for employees to avoid slips-and-falls while working and simply coming to work.

You or your clients can go to SFM's website at www.sfmic.com to download these resources or call SFM's Policyholder Services at (952) 838-4325 or (800) 937-1181 ext. 4325.

calendar

Jan. 7	Legislative session begins
Jan. 22-23	SFM Contractor's OSHA workshop, Bloomington
Jan. 22-23	SFM Claim Coordinator seminar
Feb. 5-6	SFM Contractor's OSHA workshop, Brainerd
Feb. 18-19	SFM General Industry OSHA workshop, Bloomington

◆ Paint a complete picture Continued from front

for workers getting back to work following injury, especially in today's tighter economy. What's the employer's return-to-work track record? How effective is its return-to-work program, and how serious is this employer about making its program work in tougher economic times? How successfully does the employer communicate return-to-work plans and expectations?

Look at the community: What is its track record on the availability of comparable pay jobs with other local employers, particularly during economic slowdown?

3. How do you assess the prospects for a stable, long-term customer relationship with SFM—a relationship commensurate with SFM's investment in that employer?

Your underwriter needs to know whether this employer is prepared for the longer-term commitment necessary to establish pricing that covers losses over time, not just one or two policy years.

4. Are there other key factors to consider?

Such as: independent contractor exposures, part-time or seasonal workers, non-legal employees, out-of-state exposures, old business dressed up like a new one so its prior workers' compensation experience doesn't show, or a new business run by an inexperienced person.

Don't take the ACORD application's format too literally. Use it to paint a complete picture for your underwriter. Use illustrations.

When you're done, ask yourself whether it adequately answers the four fundamental questions that your underwriter needs to know in order to understand the risk and price for it.

If not, say more.

Complete information will help your underwriter make a good decision efficiently and will help everyone involved better understand how the decision was made.

◆ Answer: Any industry Continued from front

Among mid-size employers, SFM recently wrote a physicians office in Minneapolis and St. Cloud, and a cable television firm in Winona. Large employers included a carpentry contractor in Winsted and an auto repair business with several locations in the metro area.

While SFM may do a little more business in one sector and a little less

in another depending on economic conditions and claim trends, this is generally the kind of broad, diversified base of business that SFM will continue writing.

Bottom line: Agents are welcome and encouraged to let SFM quote businesses of all types, sizes and locations. That will enable SFM to maintain a diversified policyholder base.

Online reporting hits 44 percent

Online reporting by SFM policyholders recently reached an all-time weekly high of 44.7 percent.

During the first week of November,

142 First Reports of Injury were submitted online.

Online reporting has risen to an average of 35 percent since July.

OSHA news

'Means of Egress' standard revised

Employers should be made aware that the "Means of Egress" standard has been revised and compliance is required of all industries. The new rule became effective Dec. 9.

The new standard is now more descriptively called "Exit Routes, Emergency Action Plans, and Fire Prevention Plans."

The standard has not changed significantly. Sections have been renamed and reorganized to make the standard easier for employers to use.

For more information, check out OSHA's website at www.osha.gov.

Post OSHA 300 log Feb. 1

Remind employers subject to OSHA record-keeping requirements they will need to post the OSHA 300 log Feb. 1 through April 30.

This is a change. Previously, employers only needed to post the log during February.

Agents and employers can download the OSHA 300 log and instructions from the *Resources catalog* on SFM's website at www.sfmic.com.

Time to evaluate forklift operators?

Remind employers that, to be in compliance with OSHA forklift training standards, they may have only a few months left to evaluate forklift operators.

According to the OSHA standard issued in March 1999, evaluations are required once every three years. This means evaluations should be completed by March 2003. The standard required employers to evaluate each operator's performance as part of the initial and refresher training.

For more information, go to www.osha.gov or call an SFM Loss Prevention representative.

SFM to launch pharmacy benefit program

State Fund plans to launch a pharmacy benefits management program in January to help control the sharply rising costs of prescription drugs.

Pharmacy benefits management services will be provided by St. Louis-based Express Scripts.

SFM's costs for claimants' prescription drugs rose an average 15.5 percent each year for the past five years, and the trend continues to accelerate. Ten years ago, prescription drugs on average consumed 2 percent of SFM policyholders' premium dollar. Today, that's risen to 5 percent of the premium dollar.

"The trend we're seeing mirrors what's happening nationally in workers' compensation and in personal health care," said Meg Kasting, vice president, SFM Claims Services. "This initiative is another step in our efforts to mitigate the increases in claim costs."

Under the program:

- Once SFM receives a First Report of Injury, SFM sends a *Prescription services identification card* to the injured employee.

ation card to the injured employee.

- When the employee goes to a pharmacy to fill a prescription, instead of paying up front for the prescription and getting reimbursed from SFM, he shows the ID card to the pharmacist. The pharmacist sends the bill to Express Scripts.
- To use Express Scripts, injured employees need to go to pharmacies that participate in Express Scripts' network. The network includes more than 600 pharmacies in Minnesota, accounting for a large majority of all Minnesota pharmacies.

The arrangement with Express Scripts provides a way for State Fund to pay consistently lower costs for pharmaceuticals whose prices otherwise can fluctuate widely. For a 30-pill supply of the popular pain reliever Celebrex, for instance, SFM has been paying prices ranging from \$64 to \$87. Express Scripts contracts with pharmacies to assure lower, stable prices.



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COMPANIES

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