



A State Fund Mutual Companies publication for insurance agents

Agentagenda

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news briefs

Bill, physician review savings

In 2002, State Fund Mutual saved a record \$10.2 million by reviewing medical bills and managing cases through on-site physicians.

In-house bill review and medical case management systems work toward getting injured employees treated appropriately, paying fairly for treatment and returning employees to work as soon as medically possible.

Bill review saved \$584 per claim reviewed in 2002. Every claim is reviewed from the first dollar billed by a medical, chiropractic, pharmaceutical or rehabilitation provider.

Medical case management saved an average \$2,398 per claim reviewed, including an average \$498 in savings from more accurate permanent partial disability ratings and an average \$1,900 in savings from earlier return to work.

Wilson, Volz commissioners

Gov. Tim Pawlenty has appointed Glenn Wilson as commissioner of the Minnesota Department of Commerce and Jane Volz as commissioner of the Minnesota Department of Labor and Industry.

Wilson, former vice president of U.S. Bank Home Mortgage, has experience leading large financial organizations and a major federal agency.

Volz, founder and owner of Volz Law Firm, is recognized for her legal expertise in labor and employment law.

Top 10 producing agencies

Here are the top 10 producing agencies for State Fund Mutual in 2002:

Apollo Insurance Agency, Acordia of Minnesota Inc., Ray Smith Insurance Agency Inc., The Christensens Group, RJ Ahmann Co., Liscomb Hood Mason Co., Maguire Agency Inc., Dolliff Inc., RJF Agencies Inc., Arthur J. Gallagher & Co.

2002: Retention stays strong as premium tops \$77 million

More than 92 percent of State Fund Mutual's policyholders renewed in 2002, sustaining SFM's consistently high performance over the years in retaining policyholders. About two out of three policyholders have been with SFM five years or more.

Total written premium for SFM's 4,968 policyholders reached a record \$77.7 million in 2002 including \$2.1 million in assumed "other states" premium. Retention of renewal premium was 95 percent.

"This was a solid year for State Fund," said Fran Kaitala, vice president, Insurance Operations. "Agents helped us respond to rising claims costs by moving pricing up more than 18 percent overall for the year. That's where we needed to be to price for the rising medical costs we're seeing, the sluggish investment returns, lengthening periods of disability and other factors driving costs up."

"We've seen several years now of pricing increases, but we've been able to avoid pricing extremes and keep pricing increases to more moderate levels. And while pricing has continued to increase, 2002 pricing was still 26 percent below the level of 1991."

Other highlights of 2002:

- Employers served by SFM totaled 7,098 at year-end, including both insureds and self-insureds.
- 651 of those were new SFM policyholders accounting for \$12.3 million in premium.
- Agents submitted more than 3,800 applications.
- SFM captured 50 percent of business quoted.
- Growth of new business was consistent with prior years and with SFM's overall book of business. Largest growth was in:
 - Construction with 133 new accounts totaling \$3.7 million.
 - Manufacturing with 115 new accounts totaling \$ 3.3 million.
 - Services with 179 new accounts totaling \$ 3.0 million.
 - Retail trade with 174 new accounts totaling \$ 1.7 million.

news briefs

Terrorism disclosure notice

State Fund Mutual is planning to send a "Policyholder Disclosure Notice of Terrorism" to policyholders in early February.

Coverage for acts of terrorism is already included in SFM policyholders' current policies. SFM policyholders with business in Minnesota are not charged at this time for terrorism coverage.

Any losses caused by certified acts of terrorism could be partially reimbursed by the federal government under a formula established by federal law.

For more information, call your SFM underwriter.

SFM smallpox vaccine policy

State Fund Mutual will provide coverage to any health-care workers who suffer medical complications as a result of receiving job-related smallpox vaccinations under President Bush's smallpox vaccination plan.

The customary workers' compensation indemnity benefits will apply, including providing wage-replacement benefits subject to Minnesota law's three-day waiting period.

Merriam named to DNR post

Gene Merriam, vice chair of State Fund Mutual's Board of Directors and chair of its Audit Committee, has been appointed commissioner of the Minnesota Department of Natural Resources.

The former DFL state senator is an avid hunter, angler and birdwatcher. With his extensive knowledge of state government operations and finance, this appointment has been widely praised.

Merriam will leave his job as vice president and chief financial officer of ECM Publishers Inc., an SFM policyholder, to take the DNR post but will remain on ECM's board.

"We're delighted and honored that Gene plans to also continue his leadership positions on State Fund Mutual's Board of Directors," said Pat Johnson, "and that Governor Pawlenty is supportive of him doing that, despite this challenging new public service assignment."

calendar

April 1	MCPAP deadline
April 29	SFM claims coordinator seminar
May 19	Legislative session ends

SFM No. 1 in timely reporting

State Fund Mutual again ranked No. 1 among large insurers for prompt action on lost-time claims, according to the Minnesota Department of Labor and Industry's 2002 *Prompt First Action Report*.

SFM's prompt first action performance of 92.8 percent is SFM's all-time high for the five years that DOLI has been issuing the report.

The report shows SFM's prompt first action to be 92.8 percent on its 2,099 lost-time claims between July 1, 2001, and June 30, 2002. That ranks SFM No. 1 among Minnesota insurers with more than 1,000 claims.

"Prompt first action" means the claim was reported and paid or denied within the statutory 14-day period. Most of the claims that didn't make the deadline were due to late reporting by employers.

"Year after year we've had exemplary performance, and this time we've been able to raise the bar even more. What it shows is that we're servicing policyholders promptly and fairly and that policyholders overall seem to be doing a continually better job of reporting on time," said Meg Kasting, vice president, Claims Services.

"In the end, what timely reporting is really all about is getting claims off to a good start."

"Online reporting is continuing to grow and can help improve an employer's reporting performance. Agents can help by encouraging employers to take advantage of the convenience and speed of SFM's online reporting," she said.

DOLI receives 30,000 to 40,000 lost-time claims each year.

DOLI's new reporting form available

The Minnesota Department of Labor and Industry's new First Report of Injury form is available to State Fund Mutual policyholders who report injuries online through SFM's website.

SFM's online reporting format incorporates the additional information that is asked for on the department's new First Report of Injury form.

Policyholders who still fill out the First Report of Injury by hand and

would like blank paper copies of the new form can download them from the "Resource catalog" on SFM's website www.sfmic.com and print them out.

SFM will accept either version, new or old, from employers who report by fax or mail. DOLI has not yet set a mandatory deadline for switching to the new form but recommends that employers begin using it soon.

Don't miss the *Companion* piece on premium

"Understanding your premium," the January *Companion's* main feature, is one of those pieces you might want to call employers' attention to.

The piece helps employers understand how their loss control efforts translate into bottom-line savings. It goes beyond the basics to show

employers how they can use the premium descriptions on their policy information pages as a tool to help manage business costs.

For extra copies, call SFM Policyholder Services at (952) 838-4325 or (800) 937-1181 ext 4325, or email resources@sfmic.com.

Uptick in auto crashes merits attention

State Fund Mutual has been seeing a slight uptick in auto crash-related claims over the past few months. Weather doesn't seem to be much of a factor. Several serious injuries were sustained by people who weren't wearing seatbelts.

It's unclear at this point what's behind the uptick, but it's something SFM is watching. Note, too, what looks like a longer-term rise in driving incidents:

According to the Minnesota State Patrol, nearly 99,000 citations were issued in 2001 to drivers for aggressive driving, an increase of 13.6 percent. In approximately 88,000 crashes, aggressive driving was identified as the cause of 17,660 crashes, an increase of 8.2 percent. In those crashes, 568 people were killed and 42,223 injured. Surprisingly, 74 percent of those crashes occurred when road conditions were dry and visibility was clear.

SFM is relying on agents to help remind employers to make safety a top priority for employees driving on the job. With statistics

Aggressive driving

- Incorrect lane changes
- Speed
- Disregard of stop signs
- Tailgating
- Failure to yield
- Improper passing

like these and more winter weather ahead—and with distractions like using cell phones on the rise—this might be a good time for employers to revisit their company driving policies. And employers looking for business efficiency gains these days may find that better planning to reduce the time employees spend on the road not only reduces crashes and claims but helps productivity, too.

Employers need to cover at least the basic three points in their employee training: (1) wear your seatbelt, (2) slow down, and (3) pay attention.

They may seem like no-brainers, but it's amazing how many on-the-job drivers don't heed them. The consequences show up in claims and costs.

Employers who need comprehensive training resources on safe driving can be directed to the "Resource catalog" on SFM's website at www.sfmic.com. Tell them to order or download the piece titled "Drive defensively year 'round."

AWAIR programs cited most frequently

Minnesota OSHA issued more citations for AWAIR program deficiencies than for any other OSHA standard in 2001, according to a report released by Minnesota OSHA.

In most cases, the cited employer simply had no written program.

Agents can help employers not only comply with the AWAIR standard but also improve their workplace operations by offering the following advice:

1. An AWAIR program must be developed and implemented by organizations that:
 - Operate under one or more of the 532 SIC codes identified by Minnesota OSHA. A list is on Minnesota OSHA's website.
 - Have an injury rate at or above the state average of 6.8 full-time workers per 100 workers in a one-year period or lost-

workday incidence rate of 3.4.

The formula for computing incidence rates is in the OSHA 300 log instructions.

2. A written AWAIR program is one that promotes safe and healthy working conditions and is based on clearly stated goals and measurable objectives.
3. A written AWAIR program must include:
 - Staff responsibilities.
 - Defined management participation.
 - Identification and hazard control methods.
 - Means of communicating the plan.
 - Procedures for workplace incident investigation and corrective action.
 - Enforcement practices.
 - Documentation of annual review.

For more information, go to Minnesota OSHA's website at www.doli.state.mn.us.



State Fund Mutual
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