

Experience modification factor (e-mod)

QUICK OVERVIEW

An e-mod is a multiplier based on your workers' compensation loss history that is used to calculate premium. By controlling your losses, you can lower your e-mod and have a positive impact on your premium.

Your e-mod is the key to understanding your premium

Your experience modification factor, or e-mod, is a number that shows how your organization's workers' compensation loss record compares with similar employers of size and type.

An e-mod of 1.00 is average.

That means if your e-mod is less than 1.00, your loss experience is better than the average.

Your e-mod is a multiplier used in calculating your premium. An e-mod less than 1.00 reduces the premium amount you pay. The lower your e-mod, the greater the reduction.

Because of this, you can make a direct,

positive impact on your workers' compensation premium by taking steps to prevent injuries and their costs.

Preventing injuries

Preventing injuries is one of the best ways to control your e-mod. The most effective way to prevent injuries is to focus on hiring and safety.

Fine tuning your hiring practices helps ensure that you find the best person for the job. Set a standard for the kind of employees you want and make sure your hiring practices are suited to helping you find the people who fit

your criteria. Read the Hiring or expanding CompTalk on sfmic.com to learn more.

It's also important to establish a comprehensive safety training program. Let your workers know what hazards they need to watch out for, and follow up regularly. Not all of the important information will sink in right away. Periodically giving your employees a refresher on best practices can go a long way towards preventing injuries. For more on safety training, check out the Loss prevention program CompTalk and Guide to successful loss prevention CompTalk in the resource catalog on sfmic.com.



The difference an e-mod can make on your premium

The example below shows two auto service shops. The first has an e-mod of 0.80, or better than average loss history. The second has an e-mod of 1.20, or worse than average. The difference in the resulting premium amounts is significant.

Employee job class	Est. payroll	*Rate per \$100	Premium subtotal	E-mod	Changes premium by this amount	Total est. premium
Automobile service	\$250,000	X 2.98 =	\$7,450 X	0.80	= \$ (1,490)	\$ 5,960
Automobile service	\$250,000	X 2.98 =	\$7,450 X	1.20	= \$ 1,490	\$ 8,940

*For illustration purposes, this uses SFM Mutual Minnesota rates.

Focus on return to work

Sometimes an injury may occur, despite your best prevention efforts. In these cases, you can significantly reduce your claim costs and future premiums by bringing injured employees back to work as soon as their doctors allow.

To do this, you may need to offer transitional, light-duty jobs.

If you'd like an estimate of how bringing an injured employee back to work would affect your e-mod and your bottom line, let your claims representative know.

That information can help you make informed decisions when dealing with injured employees. Bringing someone back even a day or two earlier may have a sizeable impact.

State law allows a set number of days to elapse before mandated workers' compensation wage-replacement benefits kick in. If you can bring an injured employee back to work within the waiting period, that claim's costs will be reduced by 70 percent when

calculating your e-mod.

For more information, see the Return-to-work practices CompTalk in the resource catalog on sfmic.com.

How SFM can help

Who you select as your workers' compensation insurer can significantly impact your e-mod. The insurer you choose to partner with can help with controlling costs.

At SFM, we offer:

- **Injury prevention**
Our loss prevention experts can give insight to help reduce injuries and costs, and our website offers free, downloadable resources.
- **Claims management**
Our claims representatives have the support of medical and legal experts, and can help minimize costs and bring claims to their best resolutions.
- **Medical cost control**
We offer a 24/7 nurse hotline, in-house nurses and physicians, medical bill review and provider

networks to help make sure injured workers get the best care while keeping costs as low as possible.

■ Legal cost control

SFM's in-house law firm, Lynn, Scharfenberg & Hollick, provides legal advice to help avoid litigation, and we offer third-party liability recoveries, which can help recover a substantial portion of a claim's costs.

Bottom line

Your e-mod is your workers' compensation history bottled into a single number. You carry your e-mod with you regardless of who your insurer is.

By taking steps to avoid injuries and minimize their costs, you can not only keep your employees safer, but also take control of your workers' compensation premium.

7

Seven ways to lower your e-mod

- 1 **Emphasize early return-to-work**
Offer temporary or lighter-duty jobs to injured employees who cannot return right away to their regular jobs because of medical restrictions.
- 2 **Report claims right away**
If you don't have all the information, report what you have and call back later with the rest. Stay in contact with your claims representative and be sure to share any of your questions or concerns.
- 3 **Analyze your work injury data**
After an injury happens, look for causes. Use loss history reports to help spot problem areas and to see where to invest your injury prevention resources.
- 4 **Implement a comprehensive safety program**
Educate your employees on potential work hazards. Start safety training right away and revisit it periodically.
- 5 **Develop a wellness program**
Encouraging healthy lifestyles can also raise productivity.
- 6 **Make good employee practices a priority**
Deal with performance problems promptly and separately from workers' compensation issues. Listen to and address employee concerns early.
- 7 **Use the resources SFM makes available**
For resources on preventing injuries and working with injured employees, visit the resource catalog on sfmic.com.