



September 2017

ALTERNATIVE RISK FINANCING SOLUTIONS

# CONTROLLING WORKERS' COMP COSTS

RISK FINANCING CONTINUUM

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# MASSACHUSETTS DISCLAIMER



**AH**





# MASSACHUSETTS DISCLAIMER



**AH = R**



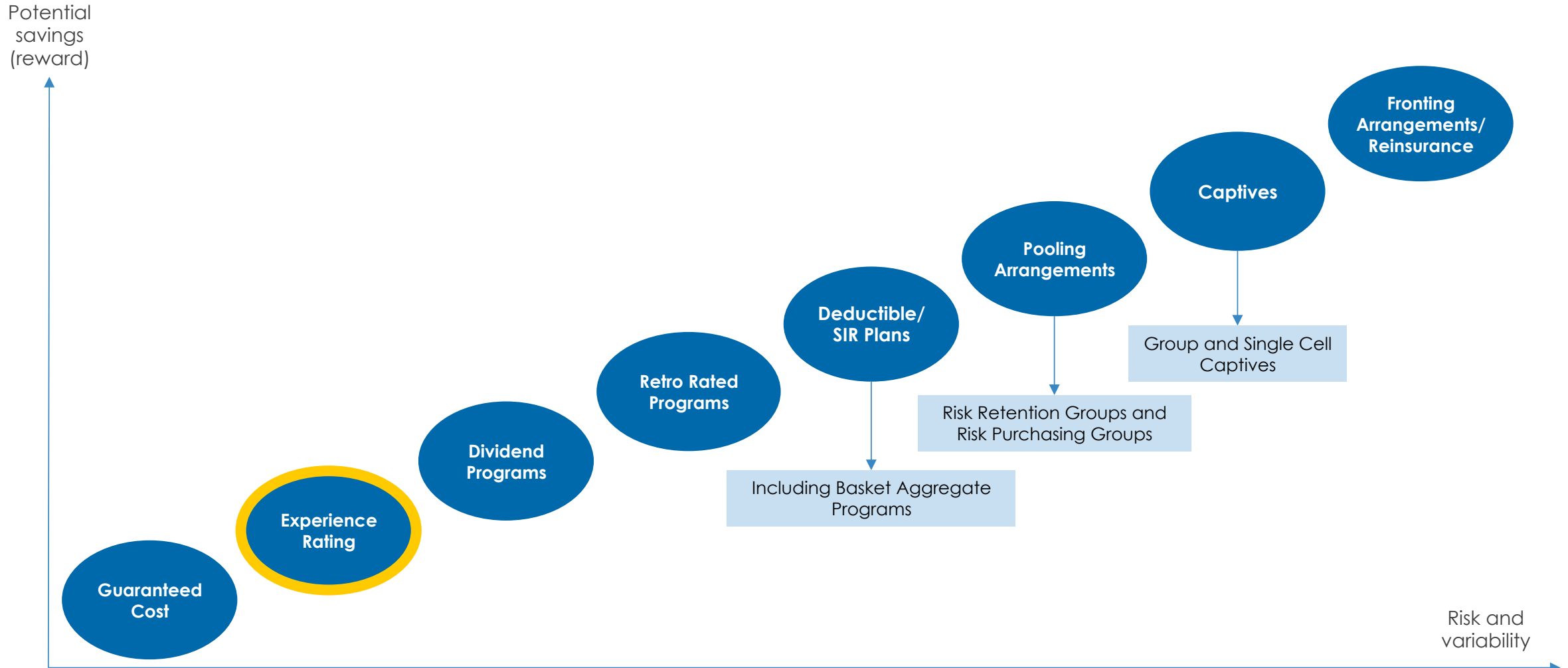


## IT'S ALL ABOUT KNOWLEDGE & COMMITMENT

Employers have tremendous control over their final insurance costs in experience rated programs – **it is all about claims** - prevention, mitigation, and management



# Experience Rating Risk Financing Continuum





## Our “ONE” Advantage and Unique Approach

### Omni-Proprietary Analytics & Solutions

We used our proprietary interactive knowledge engine built by our experts using a resource-intensive, consultative approach that enables clients to identify critical issues that may not have been addressed by their current broker. We are helping clients move past commodity based buying of insurance (and off the shelf products) into a risk management based, financially transparent process.

### Network-Networked Local Resources

We execute our analytics and solutions through our local technical experts, who are networked nationally with other USI insurance professionals nationwide to build an integrated team around your company.

### Enterprise-Consultative Process Delivering Economic Impact

We integrate highly consultative team meetings using our analytics and our broad resource network to build a risk management strategy aligned with our client's business needs. We offer unique insight into the challenging issues facing similar businesses with structured round table “breadth, depth, & dollar” solutions development.

### Customized Strategic Plan

Our unique process leads to proven solutions that will reduce total cost of risk through premium reduction and coverage enhancement.



Month Day, Year

PARTNERSHIP FOR COMMERCIAL INSURANCE & RISK MANAGEMENT

# EXPERIENCE MOD REVIEW

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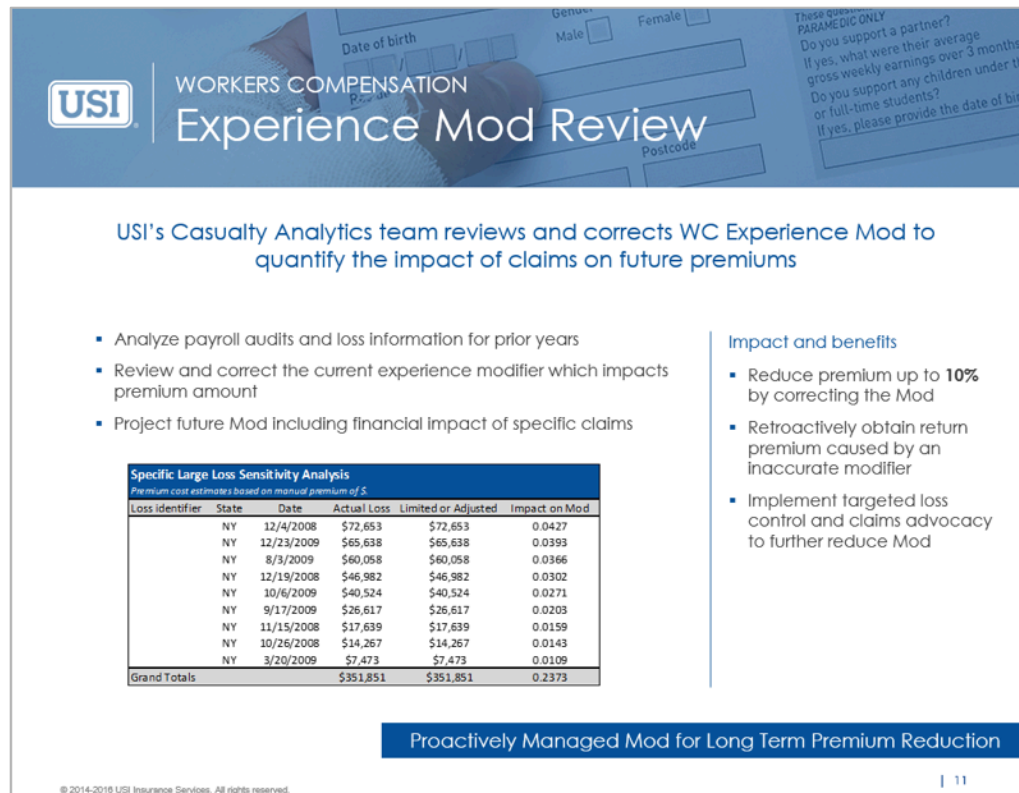




# EXPERIENCE MOD REVIEW

## Executive Summary

Evaluating the key factors of your E-Mod and leading cost drivers results in a quantifiable impact on both claim costs and premium savings



**USI** WORKERS COMPENSATION  
**Experience Mod Review**

USI's Casualty Analytics team reviews and corrects WC Experience Mod to quantify the impact of claims on future premiums

- Analyze payroll audits and loss information for prior years
- Review and correct the current experience modifier which impacts premium amount
- Project future Mod including financial impact of specific claims

**Impact and benefits**

- Reduce premium up to **10%** by correcting the Mod
- Retroactively obtain return premium caused by an inaccurate modifier
- Implement targeted loss control and claims advocacy to further reduce Mod

Specific Large Loss Sensitivity Analysis					
Premium cost estimates based on manual premium of \$:					
Loss Identifier	State	Date	Actual Loss	Limited or Adjusted	Impact on Mod
	NY	12/4/2008	\$72,653	\$72,653	0.0427
	NY	12/23/2009	\$65,638	\$65,638	0.0393
	NY	8/3/2009	\$60,058	\$60,058	0.0366
	NY	12/19/2008	\$46,982	\$46,982	0.0302
	NY	10/6/2009	\$40,524	\$40,524	0.0271
	NY	9/17/2009	\$26,617	\$26,617	0.0203
	NY	11/15/2008	\$17,639	\$17,639	0.0159
	NY	10/26/2008	\$14,267	\$14,267	0.0143
	NY	3/20/2009	\$7,473	\$7,473	0.0109
<b>Grand Totals</b>			<b>\$351,851</b>	<b>\$351,851</b>	<b>0.2373</b>

Proactively Managed Mod for Long Term Premium Reduction

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- The Experience Modification factor has a direct financial impact on your workers compensation premium. As losses increase, the E Mod factor increases and premium costs rise.
- An E-Mod review evaluates the data used to calculate the modification factor, including payroll, class codes and claim history. Future mod and financial impact of individual claims will then be projected.
- A reduction in E-Mod has a direct correlation to premium. E.g., if Mod of 1.00 = 100k premium, then Mod of .75 = 75k premium. A reduction in claim costs results in a dollar for dollar premium savings.







# EXPERIENCE MOD REVIEW

## Step 1: Input Data Accuracy

Ensuring key factors are accurate, as well as managing & mitigating your losses can have a positive and significant impact on your workers compensation costs

### Workers' Compensation Experience Rating Worksheet

Effective Date: 6/1/2016

Risk ID: 917402000

State: INTERSTATE

1	2	3	4	5	6	7	8	9	10	11
CODE	ELR	D-RATIO	PAYROLL	EXPECTED LOSSES	EXP. PRIM LOSSES	CLAIMDATA #	IJ	OF	ACT. INC. LOSSES	ACT. PRIM. LOSSES
Policy Period: 2/1/2014 to 6/1/2015			Policy #: WCC034157254/5							
3030	3.64	0.32	41,875	1,524	488	2 Sm. losses			2,873	2,873
5040	9.86	0.28	31,406	3,097	867	30143241594	5	F	3,372	3,372
5059	8.68	0.27	31,406	2,726	736	30154022790	5	F	45,472	16,000
5102	3.84	0.29	10,469	402	117					
5213	6.06	0.30	104,687	6,344	1,903					
5535	5.09	0.32	31,406	1,599	512					
5606	0.70	0.30	281,250	1,969	591					
8227	1.83	0.27	231,250	4,232	1,143					
8810	0.10	0.36	937,500	938	338					
9534	2.02	0.30	2,094	42	13					
Policy Period Totals			1,703,343	22,872	6,706				51,717	22,245

Are your Class Codes accurate?

Is your Payroll accurate?

Claim Inventory accurate?

Are your Reserves accurate?

### Key Observations

- Four areas requiring a review for accuracy:
  - Job Classification
  - Payroll
  - Open vs. Closed Claims
  - Reserve accuracy (open claims)
- Your Experience Modification has a direct correlation to your Workers Compensation premiums. 1 for 1 relationship +/- of industry avg. (1.00) mod. 1.00 = 100k, .75 = 75k, 1.25 = 125k
- An error in any one of these factors can result in the overpayment of the workers compensation premium



# Key Factors involved in Experience Modification Calculation

**Classification Codes:**

- Reviewing each job classification will ensure that the payroll associated with each class code is properly allocated.
- On many occasions as operations and job responsibilities change, employees miscoded in high risk job class codes results in overpayment of WC premium. In this example, class codes 3030 and 5535 were corrected - a reduction in payroll for class code 5535 of \$22,384 and total payroll of \$19,949.

**Payroll:**

- Payroll for each classification code may be overstated due to: Overtime and bonus payroll, as well as certain portions of executive compensation.
- In this case, payroll was reviewed and reduced by \$712,453 resulting in a reduction in expected losses of \$43,175.

**Claims:**

- Claims review to ensure accuracy of: a) claims that have been closed and should not be part of the calculation and b) reserve accuracy of open claims.
- More open claims and associated claim reserves = higher mod.
- In this case, we reduced reserved by \$113,494.

Ensuring the accuracy of these factors has a direct impact on your Experience Modification and Premium

Class Codes				
Code	ELR	Payroll	Corrected	Difference
3030	3.64	\$41,875	\$44,310	\$2,435
5040	9.86	\$31,406	\$31,406	\$0
5059	8.68	\$31,406	\$31,406	\$0
5102	3.84	\$10,469	\$10,469	\$0
5535	5.09	\$104,687	\$82,303	-\$22,384

Reported Payroll			
	Payroll for code 5213	Multiplied by Expected Loss Rate 6.06	Divided by \$100 = Expected Losses
Total Payroll	\$6,524,940	\$39,541,136	\$395,411
Overtime	-\$159,203		
Bonus payroll	-\$121,212		
Executive comp	-\$432,038		
Adjusted Payroll	\$5,812,487	\$35,223,671	\$352,236
Reduction			\$43,175

Claim Accuracy				
Claim No.	Claim status	Total Incurred	Revised Total Incurred	Reserve Reduction
wc14790	open	\$30,080	\$30,080	\$0
wc84172	open	\$152,542	\$78,860	\$73,682
wc97240	open	\$18,004	\$2,234	\$15,770
wc42310	open	\$14,740	\$14,740	\$0
<del>wc88992</del>	<del>open</del>	<del>\$24,042</del>	<del>\$0</del>	<del>\$24,042</del>
<b>Total</b>		<b>\$239,408</b>	<b>\$125,914</b>	<b>\$113,494</b>

\*Closed claim  
\*Error - remove claim

Reserve reductions accomplished following a review of claims, including: venue, diagnosis, prognosis, effective medical management and RTW plan.

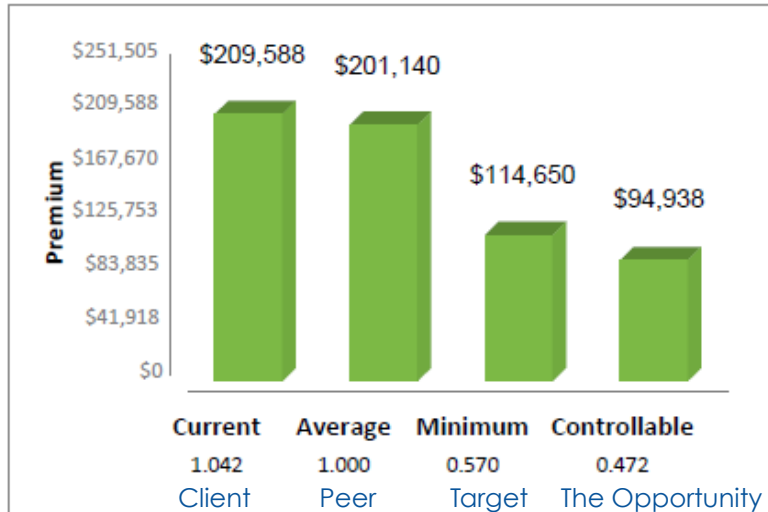




# Step 2: Identify Cost Savings Opportunity

- Current: Actual Mod
- Average: Industry Avg.
- Minimum: Mod with 0 losses
- Controllable: Current minus Minimum = what you could have saved

Mod Breakdown



## Key Observations

- Once accuracy of data is confirmed, the next step is identifying the opportunity to lower the mod (lower mod = lower workers comp costs).
- Four key data points:
  - Current Mod – represents your current position
  - Average – represents the average of all others in your class of business
  - Minimum – represents the lowest possible mod ( 0 losses)
  - Controllable – represents the opportunity for improvement
- In this case, the minimum modification is .57. This means there is .472 of controllable modification. On \$209,588 of standard premium, this would be a **savings of \$95,000** if this target was reached.



# Step 3: Impact of Annual Losses - Actual Losses vs. Expected Losses

**Actual Losses vs. Industry Average Losses by Policy Period**



## Key Observations

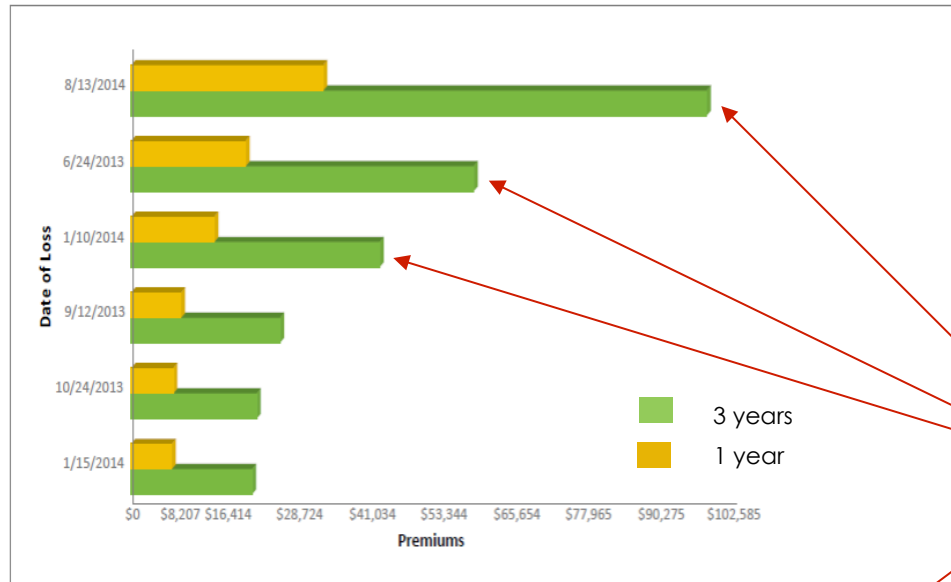
- The mod is calculated using the last three years of claim data.
- A review of all open claims over the last three years is completed to identify the policy period(s) contributing to the current mod.
- In this case, in two of the three measurement years, the actual losses are almost 50% higher than the expected losses (industry average for company of similar size and class of business).
- Next step is to review these years in greater detail to understand what is driving the losses.

Policy Period	Actual Losses	Industry Average Losses
6/30/2012 to 6/30/2013	\$133,505	\$150,915
6/30/2013 to 6/30/2014	\$241,699	\$167,417
6/30/2014 to 6/30/2015	\$248,975	\$162,755
<b>Totals:</b>	<b>\$624,179</b>	<b>\$481,087</b>

*Number of Periods where risk modified losses were less than expected: 1*



# Step 4: Impact of Individual Claims on the Mod



## Key Observations

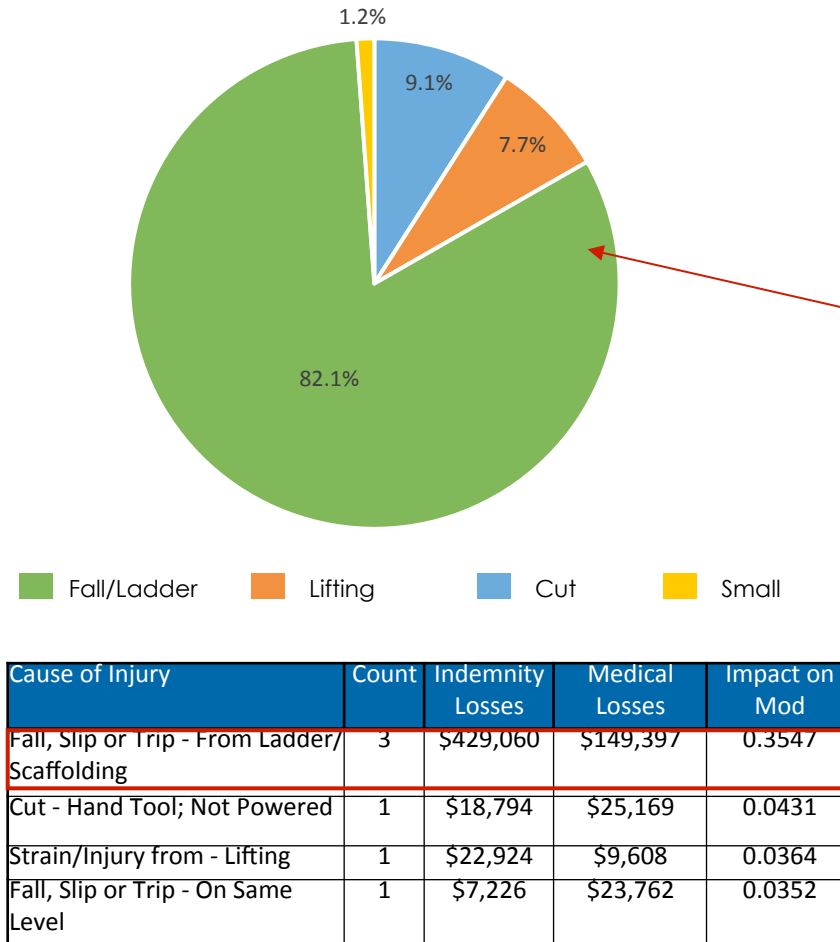
- To begin the process of lowering the mod, the next level of review is at the individual claim level from both a frequency and severity perspective,
- In this case, of the .472 controllable mod (the opportunity to lower work comp costs), there are three claims that account for .329 (or 70%) of that number.
- Introducing a Targeted Risk Control approach will provide a plan to eliminate/mitigate these claims, as well as potential future claims going forward.

Date	Indemnity Loss/Loss Time	Medical Loss	Indemnity (Loss Time) Total Modified Loss	Medical Total Modified Loss	Impact on Mod	Premium Cost	
						1 yr	3 yr
8/13/2014	\$287,898	\$68,975	\$180,000	\$68,975	0.1623	\$32,645	\$97,935
6/24/2013	\$75,000	\$60,000	\$77,250	\$60,000	0.0965	\$19,410	\$58,230
1/10/2014	\$66,942	\$23,837	\$68,281	\$23,837	0.0700	\$14,080	\$42,240
9/12/2013	\$18,794	\$25,169	\$19,358	\$25,169	0.0419	\$8,428	\$25,284
10/24/2013	\$22,924	\$9,608	\$23,612	\$9,608	0.0353	\$7,100	\$21,300
1/15/2014	\$7,226	\$23,762	\$7,371	\$23,762	0.0340	\$6,839	\$20,517
<b>Totals:</b>	<b>\$478,784</b>	<b>\$211,351</b>	<b>\$375,872</b>	<b>\$211,351</b>	<b>0.4400</b>	<b>\$88,502</b>	<b>\$265,506</b>

*Premium Cost Estimates based on Manual Premium of \$201,140*



# Step 5: Identify Opportunity to Improve - Impact of Cause of Injury on the Mod



## Key Observations

- Looking at all potential claim trends and drivers (who, what, where, how often, how large) will provide a road map for further improvement.
- 82.1% of controllable mod, or .3899 is from falls. This equates to over \$85,000 in premium
- 91.5% of that is from ladder falls
- A targeted risk control plan, focused on cause, nature and location of losses, will drive down frequency and severity of claims

September 21, 2017

PARTNERSHIP FOR COMMERCIAL INSURANCE & RISK MANAGEMENT

# TARGETED CLAIMS AND RISK CONTROL

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# CLAIMS AND RISK CONTROL Executive Summary

USI integrates Claims, Risk Control and Analytics to reduce claim costs and premium charges driven by existing and future claim trends

WORKERS COMPENSATION

**USI** Targeted Risk Control Advocacy  
Based on Claims Review Result

Targeted loss prevention driven by claims review outcomes and analytics improves claims trends and management of future losses

- USI Claims Advocates analyze claim trends that adversely impact loss experience and total cost of risk
- USI Risk Control Advocates create a plan to address adverse loss trends
- USI Analytics Team evaluates the cost of adverse claim trends and projects the financial improvement of implementing a risk control plan

Claim Advocacy	Risk Control	Analytics
<ul style="list-style-type: none"><li>Detailed review of all high impact claims</li><li>Based on review outcome, identify trends such as:<ul style="list-style-type: none"><li>High frequency</li><li>Repetitive claims by type and coverage</li><li>Location concentration</li><li>Increased severity</li><li>Improper reserving</li><li>Claims staying open</li></ul></li><li>Highlight key cost drivers</li></ul>	<ul style="list-style-type: none"><li>Evaluate financial impact of the claim trends identified with claim advocate</li><li>Design a targeted loss mitigation/elimination plan to address cost drivers behind the claim trends</li><li>Assign tasks and accountability amongst stake holders (Insurance Company, USI, Client)</li><li>Quantify the potential improvement in claim trends</li></ul>	<ul style="list-style-type: none"><li>Review loss mitigation plan proposed by Claims and Loss Control teams</li><li>Perform analytics to calculate financial impact with and without implementing the plan</li><li>Highlight key cost drivers to guide priorities in future loss prevention</li></ul>

**Impact and Benefits**

- Premium savings **up to 30%** by targeting risk control actions
- Clearer understanding of how risks impact premium development and cash flow
- Measure costs of specific safety improvements against future premium and claims savings to calculate ROI

**Reduce Total Cost of Risk with Targeted Risk Control**

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- Rising claims and ineffective risk control lead to significant premium and/or collateral increase year after year and poses a challenge for work force stability
- USI offers a holistic approach to integrate claims, risk control and analytics through reviewing claims, identifying loss trends and taking targeted corrective action with quantifiable benefits
- Reducing &/or eliminating the frequency and severity of incurred claims and cost drivers can lead to a reduction in premiums by up to 30%







## CLAIM TRENDS

# Historical Loss Statistics By Policy Year

### Step 1: Review claims for frequency and/or severity

The data reflects summary historical claim performance by claim type, cost & average

Policy Year	# Incidents	Total Incurred Cost (\$)	# Lost Time	Total Lost Time Claim Cost (\$)	Average Lost Time Claim Cost (\$)	# Med Only	Total Med Only Claim Cost (\$)	Average Med Only Claim Cost (\$)
1/1/10 to 1/1/11	27	\$ 38,136	3	\$ 26,316	\$ 8,772	15	\$ 11,820	\$ 788
1/1/11 to 1/1/12	38	\$ 48,305	3	\$ 33,869	\$ 11,290	19	\$ 14,436	\$ 760
1/1/12 to 1/1/13	64	\$ 54,951	11	\$ 38,400	\$ 3,491	24	\$ 16,551	\$ 690
1/1/13 to 1/1/14	59	\$ 506,177	12	\$ 488,602	\$ 40,717	23	\$ 17,575	\$ 764
1/1/14 to 1/1/15**	83	\$ 357,817	7	\$ 321,872	\$ 45,982	67	\$ 35,945	\$ 536
<b>Totals</b>	<b>271</b>	<b>\$ 1,005,386</b>	<b>36</b>	<b>\$ 909,059</b>	<b>\$ 25,252</b>	<b>148</b>	<b>\$ 96,327</b>	<b>\$ 651</b>

### Key Observations

- Increase in both claim frequency and severity between 2010 and 2014.
- Reported incidents nearly tripled over a five year period from 27 to 83.
- Claim costs increased from \$26K to \$322K between 2010 and 2014.
- Lost time claims represent 13% of total claims but 90% of total cost.

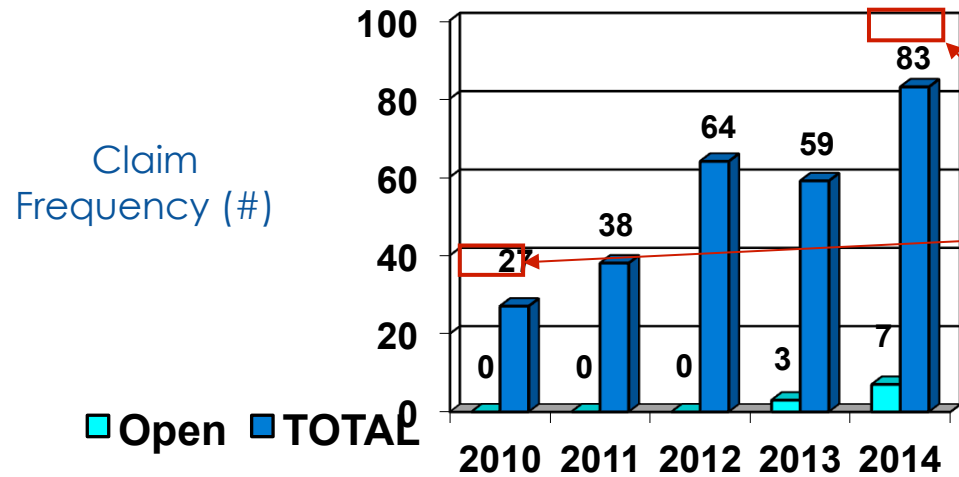
Claim Type	Claim (#)	Cost (\$)
Lost Time	13%	90%
Medical Only	55%	10%
Reported / No Activity	32%	0%



## CLAIM TRENDS

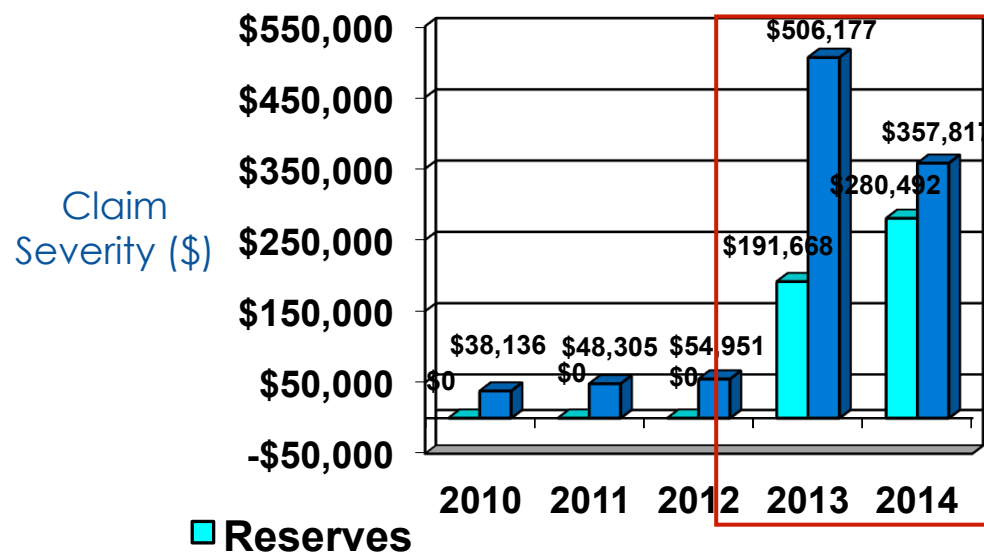
# Claim Frequency & Claim Severity

Step 2: Review claim frequency and severity by year to identify trends



### Key Observations

- Claim frequency has trended up over the last 5 years from 27 to 83 claims.
- Claim severity spiked dramatically in 2013.
- 2013 and 2014 years require further analysis and advocacy due to high open reserves and potential for further adverse development.

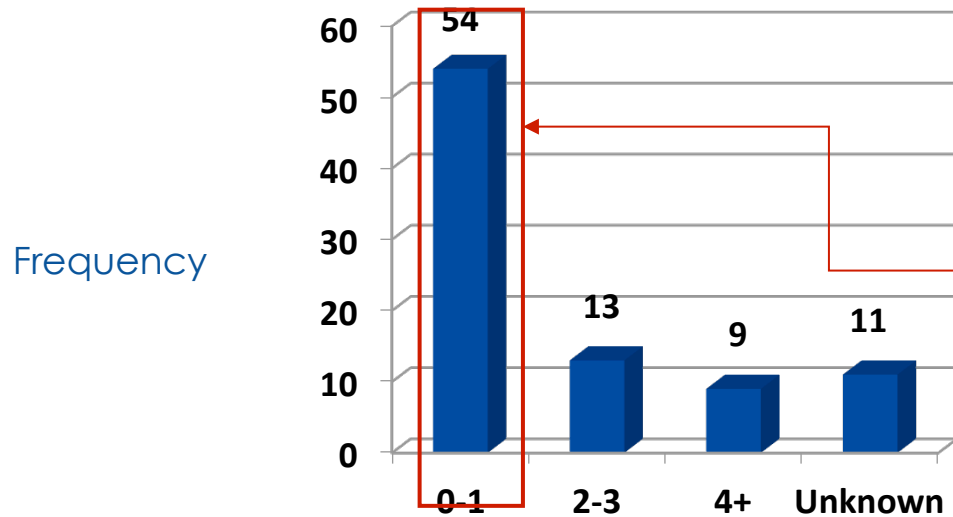




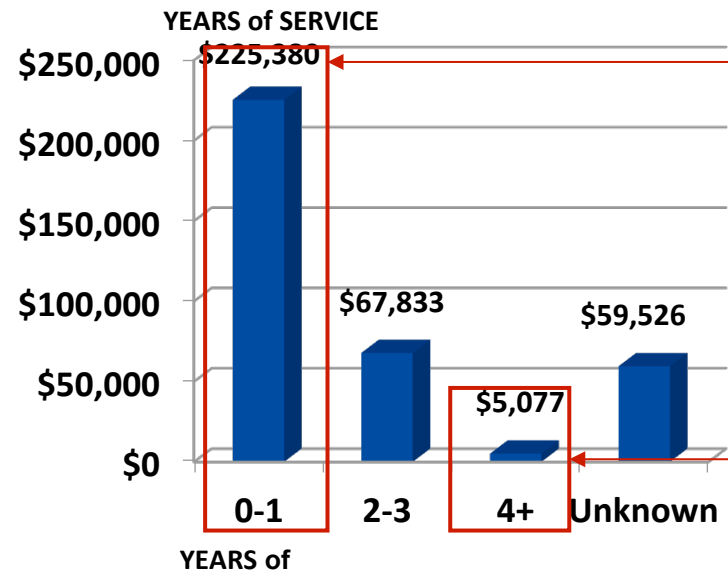
## CLAIM TRENDS

# Frequency & Severity by Claimants

Step 3: Identify who is causing these Claims



Severity



### Key Observations

- 54 of the 78 or 69% of lost time claims are incurred by employees with less than 12 months tenure.
- Employees with less than 12 months tenure account for \$225,380 of the \$357,816 claim costs which is 63% of the cost
- Employees with 4 or more years of employment generate very few claims and cost.

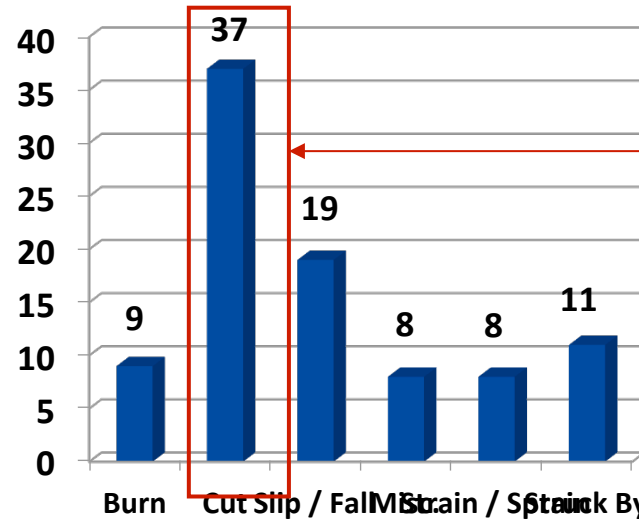


## CLAIM TRENDS

# Frequency & Severity By Cause of Loss

Step 4: Review claim frequency and severity by cause of loss for trends

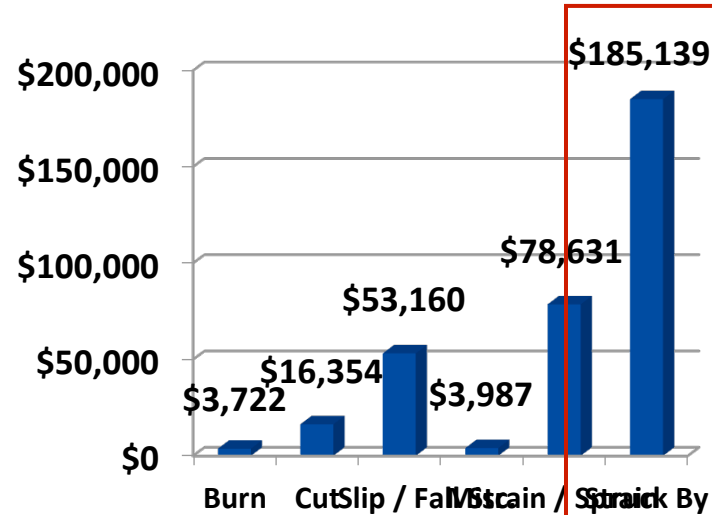
Frequency



### Key Observations

- Cuts were the most frequent cause of loss at 37 of 92 claims (40%), but these claims did not drive claim costs
- Struck by an object losses was the clear cost driver at \$185,139 out of \$340,933 in claims cost.

Severity

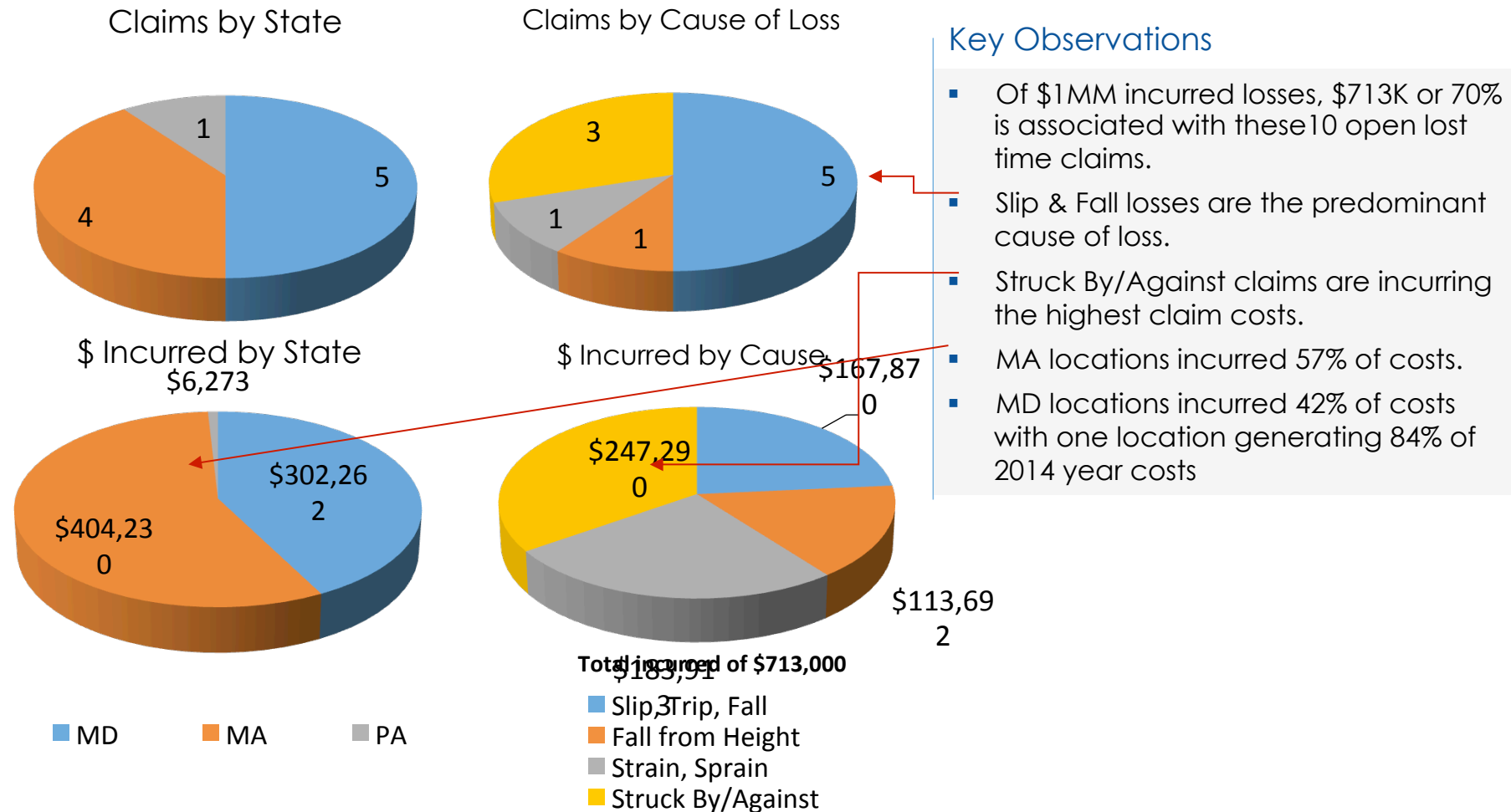




# CLAIM TRENDS

## Impact of Open Lost Time Claims

Step 5: For WC – Identify the key trends behind Lost Time Claim (a key driver of severity)





## FINANCIAL IMPACT

# Baseline: Top 10 Claims Impacting 2015 Exp. Mod

Step 6: Identify the key drivers of Experience Mod based on top 10 claims. In this case, 2015 Experience Mod Rating is 1.28, an increase from the 2014 rating of 1.01.

State	Injury Date	Cause of Loss	Incurred Loss (\$)	Mod without Loss	Impact on Mod	Premium Cost 1 year	Premium Cost 2 year	Premium Cost 3 year
MA	3/22/13	Strain from lifting	\$ 158,530	1.17	0.1028	\$ 25,207	\$ 50,415	\$ 75,622
MA	1/5/13	Slip, Trip or Fall from ladder	\$ 94,761	1.21	0.0666	\$ 16,331	\$ 32,662	\$ 48,992
MA	2/19/13	Slip, Trip of Fall into opening	\$ 57,998	1.23	0.0458	\$ 11,230	\$ 22,461	\$ 33,691
MD	5/31/13	Cut/Laceration with knife	\$ 46,907	1.21	0.0666	\$ 16,331	\$ 32,662	\$ 48,992
MA	11/17/11	Slip, Trip or Fall into opening	\$ 23,902	1.25	0.0265	\$ 6,498	\$ 12,996	\$ 19,494
MA	9/8/13	Strain from reaching	\$ 14,269	1.25	0.0210	\$ 5,149	\$ 10,299	\$ 15,448
MA	4/28/12	Cut/laceration with knife	\$ 9,142	1.26	0.0181	\$ 4,438	\$ 8,876	\$ 13,315
MA	8/4/13	Cut/laceration with knife	\$ 5,387	1.26	0.0160	\$ 3,923	\$ 7,847	\$ 11,770
MA	1/1/12	Robbery - post traumatic stress	\$ 5,207	1.26	0.0159	\$ 3,899	\$ 7,798	\$ 11,696
MA	9/24/13	Strain from twisting	\$ 5,186	1.26	0.0159	\$ 3,899	\$ 7,798	\$ 11,696
		<b>Grand Totals</b>	<b>\$ 421,289</b>		<b>0.3952</b>	<b>\$ 96,905</b>	<b>\$ 193,814</b>	<b>\$ 290,716</b>

Note: Premium Cost is derived from the estimated unmodified, manual premium of current policy or \$245,207  
The Minimum Experience Mod with no losses is .69. The above Top 10 Losses are impacting the mod by 0.3952 points.

### Key Observations

#### Driver of Increased Mod

- The \$158,530 3/22/13 claim increased the mod by 10 points and caused a three year premium impact of \$75K.
- These ten claims increased the mod by .39 points and potentially \$290K in future premium
- Strain from lifting, reaching, twisting account for a three year premium impact of \$102,766
- Slip, trip or fall injuries account for a three year premium impact of \$102,177





# Summary of Claim Trends for Steps 1-6

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1. Maryland restaurant location: accounts for 84% of incurred claims in 2014
2. Slip, trip, fall and struck by injuries: 50% of lost time claims frequency (key driver of losses)
3. Cuts: 40% of claim frequency
4. New Employee injuries: 63% of total claims costs

**See Pages 10 – 12 for targeted loss control plan addressing each of the 4 key drivers identified above.**





# Targeted Risk Control Action Plan (1/3)

Based on claim trends & observations, our targeted loss control plan involves:

Key claim Severity/frequency drivers	USI Risk Management plan solutions
1. Maryland Restaurant Location:	Since the restaurant at 239-245 ABC Blvd., Gathersburg, accounts for 20% of all frequency and 84% of incurred claims costs thus far in 2014, it is appropriate to provide some focused attention here. Based on frequency & severity cost drivers, this should include piloting and perfecting all of the following recommendations:
2. Slip, Trip, Fall and Struck By injuries	<p><b>Body Mechanics Training</b> – In order to provide employees with the necessary knowledge to utilize the proper body mechanics for a given job task they should be provided with Body Mechanics Training. USI can provide training that includes proper lubrication of the joints, effective and efficient fueling of the body, proper alignment, motor skills and flexibility. As desired, the program may include stretching and warm-up exercises to prepare the body for motion and open up each individual's range of motion to assist in strain, sprain, repetitive motion, slip and fall injury prevention.</p>
	<p><b>Slip and Fall Prevention Training</b> – In order to elevate awareness among employees all employees should be required to participate in Slip and Fall Prevention Training. The training will aid employees in hazard recognition and control, and provide measure they may take personally to reduce the possibility of a slip and fall occurring to themselves. Slip and Fall Prevention Training and Safety Talks are available in the Risk Management Center.</p>
	<p><b>Slip Resistant Footwear</b> – Our client should mandate all footwear worn by employees be designated "slip resistant". In order to better control the footwear worn by employees we suggest an annual allowance be provided or the purchase of shoes to be worn at the restaurant. USI does have an existing discount program available wit Shoes for Crews. If you are interested we can provide the necessary information to establish a Corporate Program.</p>







# Targeted Risk Control Action Plan (2/3)

Based on claim trends & observations, our targeted loss control plan involves:

Key claim Severity/frequency drivers	USI Risk Management plan solutions
2. Slip, Trip, Fall and Struck By injuries (Cont.)	<p><b>Kitchen Floor Maintenance Program</b> – In order to work toward the cleanest, slip resistant kitchen floor, free of excess grease accumulation we recommend a persistent program of frequent floor maintenance. This includes washing with a suitable degreaser and HOT water, followed by a liberal rinse with HOT water. The HOT rinse water should be allowed to sit for a moment or two and then vacuumed up with a wet/dry shop vacuum plugged in to/with ground fault circuit interrupter (GFCI). In addition we suggest the floors in the kitchen be steam cleaned at the same interval as exhaust hoods and ducts in the cooking area.</p>
	<p><b>Ladder Safety Training</b> – A formal ladder safety training should be provided to all restaurant staff. The training may be reinforce by periodic safety talks and the use of safety awareness posters. Ladders should be inspected before each use and cleaned of any grease accumulation as necessary. Ladder Safety Training and Safety Talks are available in the Risk Management Center.</p>
	<p><b>Storage Policy</b> – In order to control the exposure to lifting injuries a formal storage policy should be developed. Heavy items should be stored at waist height, approximately 3-4 feet. This may include bulk vegetables and fruits, flour, bread crumbs, marinated meats, linens, etc. In order to control strains, sprains and struck by type injuries, bulky, sharp and heavier items should not be stored above shoulder level, approximately 5'.</p>
3. Cut by injuries	<p><b>Cut Resistant Gloves</b> – Availability and enforcement of cut resistant gloves should be improved. We suggest disciplinary action be implemented when employees are using knives without a cut resistant glove on their free hand. Accident investigations for all cuts should indicate whether a cut resistant glove was available and worn or not. As appropriate disciplinary action may include the employee and their direct supervisor.</p>





# Targeted Risk Control Action Plan (3/3)

Based on claim trends & observations, our targeted loss control plan involves:

Key claim Severity/frequency drivers	USI Risk Management plan solutions
4. New Employee injuries	<b>Orientation</b> – Nearly two-thirds of workers' compensation claims costs are incurred by newer employees with less than 1-year of service). An increase focus on hazard awareness and control among new employees is in order. This may include increased training, mentoring and supervision.
5. General risk control practices	<b>Restaurant Inspection Checklists</b> – The Restaurant Inspection Checklist provided by USI can be tailored to each location. The checklists address risk control for the previously identified loss leaders and potential hazards that need to be monitored frequently. The checklists are designed to be a training tool to enlist ALL employees in hazard recognition and control.
	<b>USI Risk Management Center</b> – USI's Risk Management Center (RMC) provides a comprehensive, online library of resources for Safety, Wellness, Claims and Human Resources. In particular the included PowerPoint and on-line training programs, and safety talks could be utilized to elevate safety awareness among all restaurant employees





## FINANCIAL IMPACT

# Potential Impact on Future Premium by Implementing Target Risk Control

This analysis reflects the financial impact of improved claims and corresponding one year premium savings if the loss mitigation plan is implemented. The table also reflects the financial impact if claim experience worsens.

Percent Change in Aggregate Losses	Resulting Aggregate Losses	Resulting Mod	Mod Change	Resulting Premium	Premium Change
100% increase	\$969,374	1.87	0.59	\$458,537	\$144,672
75% increase	\$848,202	1.73	0.45	\$424,208	\$110,343
50% increase	\$727,031	1.58	0.30	\$387,427	\$73,562
40% increase	\$678,562	1.52	0.24	\$448,356	\$58,850
30% increase	\$630,093	1.46	0.18	\$372,715	\$44,137
20% increase	\$581,624	1.40	0.13	\$358,002	\$29,425
10% increase	\$533,156	1.34	0.06	\$343,290	\$14,712
5% increase	\$508,921	1.31	0.03	\$321,221	\$7,356
<b>Current Loss Level</b>	<b>\$484,687</b>	<b>1.28</b>	<b>0.00</b>	<b>\$313,865</b>	<b>\$0</b>
5% decrease	\$460,453	1.25	(0.03)	\$306,509	(\$7,356)
10% decrease	\$436,218	1.22	(0.06)	\$299,153	(\$14,712)
<b>20% decrease</b>	<b>\$387,750</b>	<b>1.16</b>	<b>(0.12)</b>	<b>\$284,440</b>	<b>(\$29,425)</b>
30% decrease	\$339,281	1.10	(0.18)	\$269,728	(\$44,137)
40% decrease	\$290,812	1.04	(0.24)	\$255,015	(\$58,850)
50% decrease	\$242,344	0.98	(0.30)	\$240,303	(\$73,562)
75% decrease	\$121,172	0.83	(0.45)	\$203,522	(\$110,343)
100% decrease	\$0	0.69	(0.59)	\$169,193	(\$144,672)

From this table we can estimate the cost benefits that could be incrementally achieved through gradual improvements in your losses over time. For example, a 20% decrease in losses would reduce the mod by 0.12 points and decrease the premium by \$29,425. Estimated premium is based on the manual premium entered for the current policy term at \$245,207

### Key Observations

- Current Exp. Mod is promulgated at 1.28.
- Current premium projects to be \$313,865.
- A reasonable goal with targeted loss mitigation efforts could reduce claims by 20% resulting in year one savings of \$30K and a 3 year premium savings of \$90k. A further reduction of 30% = premium savings of \$44,137 year 1 and \$132,411 over a 3 year period.**



Thank You

# Q&A

