

# Loss Prevention

## Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

## Helping control workers' compensation costs

### *part 1 of 2*

In the insurance industry, we often hear the question, "How do I control my workers' compensation insurance costs?" Well, we're here to share the secret. The key to controlling these costs is you. You as the owner, operator or manager are the key to controlling workers' compensation insurance premiums. In fact, you have the potential to lower the cost of work comp insurance.

### Experience rating

Individual states establish "manual rates" for employers in various types of businesses. The manual rate is the cost of insurance, per \$100 of payroll, for the business in question. This rate undergoes many calculations, and one of these is experience rating.

In the National Council on Compensation Insurance (NCCI) booklet\* titled, ABCs of Experience Rating 2012 Edition, the author explains, "In workers compensation experience rating, the actual payroll and loss data of the individual employer is analyzed over a period of time. Usually, the latest available three years of data is compared to similarly grouped risks to calculate the experience modification." Why is this important? The NCCI goes on to say "Since experience rating gives individual employers some influence over the final premium they pay, it provides an incentive for employers to develop loss prevention as well as incentives to have the injured employees return to work as soon as reasonably possible. In this way,

experience rating benefits employers by promoting occupational health and safety." The frequency of claims (not the severity of a claim) will impact your experience rating.

\* This booklet is available online at [www.ncci.com](http://www.ncci.com)

### Safety and loss prevention can mean savings

Now we know that establishing safety programs can result in direct savings on insurance premiums. This is in addition to the indirect savings (productivity, efficiency, etc.) and the satisfaction of keeping your employees safe and healthy. What do we do now? What are the essential elements of a good safety program? Are some elements more important than others? What is the quickest and most efficient way to implement a loss prevention program? The purpose of this bulletin is to provide guidance on this matter.

### Essential loss prevention program elements

Establishing an effective loss prevention program can be as simple as one, two and three. Time is the crucial issue. Implement a safety program containing these elements:

#### 1. Publish a safety policy statement

- a. Express management support and commitment
- b. Establish objectives for the program

#### 2. Assign responsibility for the safety effort

- a. Designate one person at each location as the safety coordinator
- b. Give them authority to address safety issues

3. **Develop workplace rules and procedures**
  - a. Publish and post safety rules
  - b. Develop procedures for job tasks – identify hazards and controls
4. **Establish supervisor and employee training programs**
  - a. New employee orientation
  - b. Regularly scheduled safety training for all employees
5. **Investigate all incidents and accidents**
  - a. Goal is to determine actual causes of loss
  - b. Identify corrective actions to be taken
6. **Conduct regular safety inspections of the facility**
  - a. Identify hazards before they can cause accidents or injuries
  - b. Unsafe conditions and unsafe acts should be evaluated
7. **Get employees involved in the safety effort**
  - a. Safety committees
  - b. Suggestion box
  - c. Incentive programs

8. **Address regulatory compliance issues**
  - a. OSHA standards
  - b. Fire safety codes
9. **Establish a formal “Return to Work” Program**
  - a. The goal is to get injured employees back to work as soon as possible
  - b. Identify temporary “Light Duty” assignments (jobs, duties, etc.)
  - c. Work closely with medical providers to determine acceptable restrictions

#### Looking for help

The first place to look for help is your workers’ compensation insurance carrier. They generally have professional consultants available to assist you with program development and implementation. Outside safety consultants can also be helpful in this regard. For our customers, the topics listed above are all addressed in our Zurich Loss Prevention Guidebook for Aftermarket. Many industry associations publish safety information for their members and make it available at little or no cost. Government and private Websites can also provide a wealth of free information. For instance, the OSHA site ([www.osha.gov](http://www.osha.gov)) offers the “Small Business Handbook.”

#### Loss prevention information

For questions about this loss prevention topic, contact the Zurich Risk Engineering Department at 800-821-7803.

#### Not a customer?

For more information about Zurich’s products and Risk Engineering services, visit [www.zurichna.com/automotive](http://www.zurichna.com/automotive) or call us at 800-840-8842 ext. 7449.

#### Already a customer?

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