

In This Issue:

- Claims Affect Workers' Comp. Premium
- There's Been an Accident! Now What Do I Do?
- Invalid and Forged COIs
- Accident Facts: Grinder Safety
- How to Ensure Drug Tests Are Performed
- Did You Know?
- Q and A

Claims Affect Workers' Compensation Premium

The North Carolina Rate Bureau and the National Council on Compensation Insurance (NCCI) rewards and penalizes loss performance using the experience modification ratio, or the "mod". The mod is a mandatory statistical number that provides employers with the financial incentive to improve workplace safety.

The mod uses class code, payroll and loss data developed during past policy years to forecast future workers' compensation insurance costs. In the formula, an employer's actual losses are compared to the expected losses for other employers engaged in similar operations and with similar exposures. If the employer's actual losses are less than what is expected, the employer will earn a "credit" mod, which decreases the amount of premium paid. Conversely, if the losses are greater than what is expected, the employer will be subject to a "debit" mod, which increases the amount of premium paid.

The mod is based on the claims cost for a three-year period. The year previous to the current year (lag year) is excluded because total claims cost are not known and premiums have not been audited. See example below.

Claims Cost for 3-Year Period			Lag Year	Rating Year
1/1/2001	1/1/2002	1/1/2003	1/1/2004	1/1/2005

How to Lower the Mod

A sound safety and loss prevention program, a return to work plan, and loss prevention procedures will lower accidents, which in turn will lower the mod. The following example compares two companies that perform the same services and employ the same number of workers:

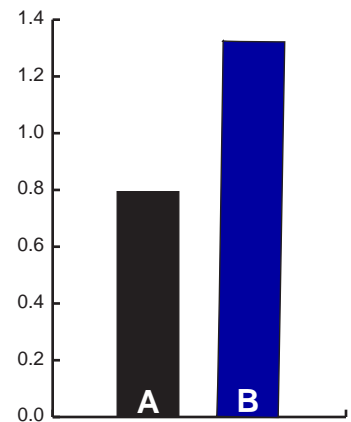
Company A (Strong safety program / good claims history / low mod)

Company A has a mod of 0.80, giving them a 15% discount on their workers' compensation premium compared to average companies in their industry. They pay 80¢ for every dollar of coverage received.

Company B (Inadequate safety program / large claims losses / high mod)

Company B has a mod of 1.30 and pays a 30% higher premium than average companies in the same classification. For every \$1 of coverage received, Company B will pay \$1.30. Compared to Company A, that is 50¢ more for every \$1 of coverage.

Cost per \$1 of Coverage Based on Experience Modification



Visit Us
On the Web!
www.iSurity.com

iSurity, Inc.
PO Box 6455
High Point, NC 27262
Phone:
(336) 869-3000
Fax:
(336) 869-7070

Did You Know?

Use of a safety belt can result in:

- 20% less chance of any injury
- 60% less chance of major injury
- 200% less chance of severe injury or death

(Source: GTS)

Electricity Kills!

It takes less than one amp of electricity to make a 100-watt light bulb glow.

It takes less than that to kill you.

There's Been an Accident!

Now What Do I Do?

Report Injury to Supervisor

All employees should immediately report incidents to their supervisor, no matter how minor they may seem at the time. In addition, procedures and guidelines should be established for how to handle injuries.

Investigate

Determine the who, what, when, where and why of the incident. One method of documenting this information is to have the supervisor fill out an incident form and then have employee give a written, signed statement.

Report Injury to Carrier

The North Carolina Workers' Compensation Act requires that every employer must use the NC Industrial Commission Form 19 to report any injuries within five (5) days after the occurrence or knowledge of an injury. This form should be sent to iSurity by fax (336-869-7070), email (claims@iSurity.com) or our telephone reporting service (336-869-3000 / 1-800-869-3999).

Direct Medical Treatment

North Carolina law allows an employer and carrier to direct the medical treatment of an injury. The injured employee should be sent to a pre-determined medical facility, such as an occupational health clinic or an urgent care. *iSurity requires that a drug test be performed immediately.* After being treated, the employee should return to the facility to give a copy of the drug test form and a copy of the restriction notes to their supervisor, who should then fax them to iSurity. If the employee needs to be referred to a specialist, notify an iSurity adjuster before giving authorization.

Claims Investigation

One of the iSurity claims adjusters will contact the insured, the physician's office and the injured employee within 24 hours of the receipt of the claim. The adjuster will gather all necessary information such as medical notes, witness statements, employee statements, and supervisor statements to determine if the injury and illness constitute a compensable claim according to NC statutes.

Return to Work

Once an employee has been released by the physician to return to work in any capacity, the employer will be contacted to establish if work is available. In the case of a light duty work release, the physician will provide restrictions so the employer can determine the availability of appropriate work. iSurity requires a light duty work program as a condition of membership in the NCME Fund.

Closing the Claim

Once the employee has been released to return to work and is deemed at maximum medical improvement (MMI), iSurity will calculate any permanent, partial disability benefits the employee may be entitled to as a result of the incident, and the claim will be brought to closure.



Fraud Alert!

Invalid and Forged COIs

"The subcontractor gave me a certificate of insurance (COI), how was I supposed to know that it was invalid? Now I have to pay for his employee's injuries!"

In recent years, the use of invalid or forged COIs has become more widespread, making it necessary to confirm validity. Listed below are some examples of fraud and some simple ways of protecting your company.

Examples

- An insurance policy is purchased from an unlicensed and illegal insurance plan either knowingly or unknowingly.
- Another company's COI is copied and their name is replaced with a new company name.
- An insurance policy is purchased with a down payment. It is then cancelled, but the certificate of insurance continues to be used.

How to Protect Yourself

1. A COI should be obtained before a subcontractor is allowed on the job site. Obtaining the COI before paying for the job is not enough. Once the subcontractors have set foot on the site, the general contractor or intermediate is liable for them. If the subcontractor cannot produce a COI, the job should not be allowed to start.
2. COIs should be obtained directly from the insurance agent or insurance carrier. Hand-delivered or photocopied certificates should not be accepted from a subcontractor. Instead, have their insurance agent fax a copy to you.
3. Verify each COI periodically to ensure that coverage is still in effect.

Fatality Facts

Incident Description:

An air-powered angle grinder was being used to cut grooves into cast iron with a cut-off wheel. The cut-off wheel fractured during use and a large fragment of the wheel went through the worker's face shield and into the worker's face. The worker died as a result of the injury.



Recommendations:

As a result of the investigation into this incident, the following recommendations were made and apply to all users of air-powered grinders:

1. Use manufacturer-supplied grinder guards at all times.
2. Install grinding wheels according to the manufacturer's recommended practices.
3. Use personal protective equipment that is appropriate for the hazard to which workers are exposed.
4. All workers using grinders should receive general grinder safety training and job-specific instruction.
5. Inspect grinder abrasives such as cups, discs, and wheels for damage at the time they are delivered to the workplace and prior to each use.
6. Operate grinders with abrasive away from the body directed towards the ground.
7. Operate grinders and other air-powered tools within the manufacturer's stated range of operating pressures and speed. (Source: AL024 Alerts, 9/2000)

Q & A

Q: Our company does not have a written safety program, how can iSurety help?

iSurety's Safety & Loss department can assist in establishing a safety program for your company as well as performing an on site consultation free of charge.

Q: What safety services does iSurety Safety & Loss Provide?

A: Typical requests include providing resources for written safety programs, safety meetings, videos, on site management training meetings, identification and correction programs, safety committees, job safety analysis, observation and feedback, etc.

iSurety



PO Box 6455
High Point, NC 27262
www.iSurity.com

iSurity, Inc.

PO Box 6455
High Point, NC 27262

Phone:
(336) 869-3000

Fax:
(336) 869-7070

E-mail:
info@iSurity.com

Visit us on the Web!
www.iSurity.com

**SAFETY
MATTERS**

How to Ensure a Drug Test is Performed After an Accident

North Carolina law states that a claim can be denied if the injury or death of the employee was caused by intoxication or under the influence of a controlled substance. As a member of the NCME Fund, you are required to perform a post-accident drug and alcohol test for each accident. Employers often fail to ensure that a drug test is performed in a timely manner after the occurrence of an accident. Listed below are some simple guidelines to ensure that a drug test is performed for each case.

1. Establish a designated medical treatment facility, such as an occupational health clinic or an urgent care center, and confirm that they offer drug testing.
2. Notify your designated facility that a drug test is required in the event of a work comp claim. This should be done in writing.
3. If an accident occurs, send a medical treatment authorization form with the employee. The form should include the employer's name and contact information, name and address of the carrier, and that a drug test is required.
4. The employee should return to the employer after medical treatment is completed and produce a copy of the restriction notes along with a copy of the "chain of custody" drug test form. If the employee does not have the form, call the facility to find out the details. This form should always be given to the employee after the test is completed.
5. Fax a copy of these two forms to the claims adjuster at 336-869-7070.

NOTE: Please contact iSurity's claims department at 336-869-3000 with any questions or concerns.