

Advanced Ratemaking



Advanced Rate Making

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Advanced Ratemaking

Agenda

8:30 - 10:00

- Introduction
- Background on experience exhibits
- Cost-saving strategies

10:00 - 10:15

- BREAK

10:15 - 12:00

- Cost-saving strategies (continued)
- Claim prevention
- Demo of BWC website

12:00

- DISMISS

Advanced Ratemaking

Objectives

You will learn:

- How to understand your experience exhibit, including how BWC calculates the experiences modifier;
- A better understanding and appropriate application of cost-saving strategies, including settlements, handicap reimbursement, salary continuation, subrogation, payroll and manual classification, transitional work and claim prevention;
- The impact of real-life examples to show cost-saving strategies on employer premiums.

BWC Office Locations

**Ohio Center for
Occupational Safety &
Health (OCOSH)**
13430 Yarmouth Drive
Pickerington, OH 43147
1-800-OHIO BWC
(Follow the prompts)
(614) 995-8622
Safety@bwc.state.oh.us

Cambridge
61501 Southgate
Parkway
Cambridge, OH 43725
(740) 435-4210

Canton
400 Third St. S.E.
PO Box 24801
Canton, OH 44701-
4801
(330) 471-0397

Cleveland
615 W. Superior Ave.
6th Floor
Cleveland, OH 44113
(216) 787-3060

Columbus
30 W. Spring St.
11th Floor
Columbus, OH 43215
(614) 752-4538

Dayton
3401 Park Center Drive
PO Box 13910
Dayton, OH 45414
(800-862-7768
(937) 264-5230

Garfield Heights
4800 E. 131st St.
Garfield Heights, OH
44105
(216) 584-0115

Governor's Hill
8650 Governor's Hill Dr.
4th Floor
Cincinnati, OH 45249
(513) 583-4403

Hamilton
One Renaissance
Center
345 High St.
Hamilton, OH 45011
(513) 785-4510

Lima
2025 E. Fourth St.
Lima, OH 45804
(419) 227-4116

Logan
1225 W. Hunter St.
Logan, OH 43138
(740) 385-9848

Mansfield
240 Tappan Drive N.
PO Box 8051
Mansfield, OH 44906
(419) 529-4528

Portsmouth
1005 Fourth St.
PO Box 1307
Portsmouth, OH 45662
(740) 353-3419

Springfield
1 S. Limestone St.
PO Box 1467
Springfield, OH 45501
(937) 327-1365

Toledo
1 Government Center
12th Floor
Toledo, OH 43604
(419) 245-2474

Youngstown
242 Federal Plaza W.
Suite 200
Youngstown, OH 44503
(330) 797-5010



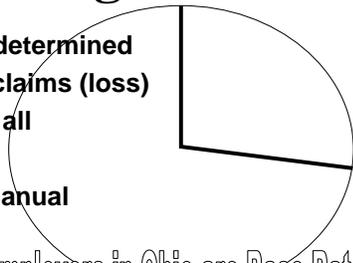
Welcome to Advanced Ratemaking

Claim Costs = Rates

How do we begin
to divide the bill equitably
so each employer pays the
correct premium?
Rate setting spreads
costs equitably

Base Rating

Average rate determined
by collective claims (loss)
experience of all
employers
in the same manual
classification.



About 70% of employers in Ohio are Base Rated

Payroll as Measure
of exposure

Past as best
predictor of future

Rating Concepts

Industry
Classification by
degree of hazard

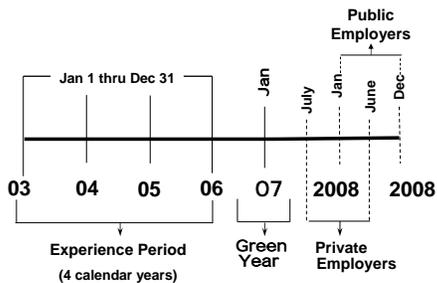
Expected losses as
determinant of
base rates for a
manual
classification

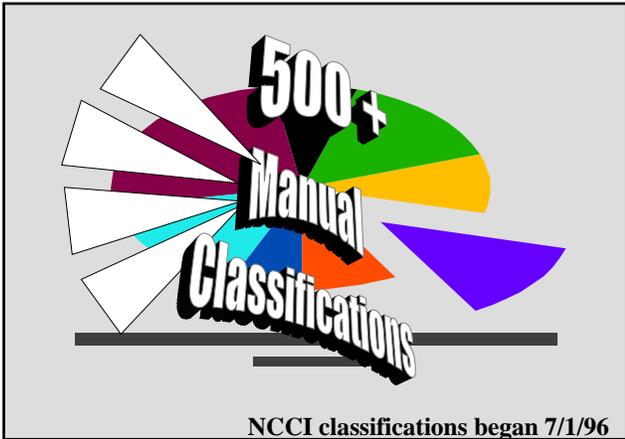
4-year Calculation

- For policy year beginning 7/1/2007, BWC used data from calendar years 2002, 2003, 2004, 2005 for ratemaking purposes.
- Each year, the oldest year drops off and a new year is added.
- For policy year beginning 7/1/2008, BWC will use data from calendar years 2003, 2004, 2005, 2006 for ratemaking purposes.

Experience Rating

Rates as of 7/1/08 for private and 1/1/08 for public employers





EMPLOYER EXPERIENCE EXHIBIT

Policy Number: 9876543-0 Payroll and Losses as of 12/31/2005

Employer Name: ST. ANDREWS BAKERY Federal ID: 99-99999 Service Company: 000150-80 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier:	Experience Modifier:
\$41,699	\$27,578	\$14,121	0.8120	0.19	0.0973	0.10	1.10

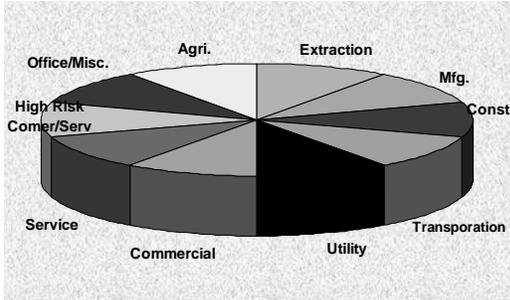
Claim Number	Claimant Name	Manual Number	Sub Manual Number	Injury Date	Indemnity Paid	Indemnity NEDA Reserve	Medical Paid	NCCI Injury Type	Total Modified Losses	Handicap Percentage	Claim Over Max Value?
04-222222	KNIGHT, L	8017	96	2004/09/22	80	\$0	\$3,872	MO	\$3,872	0	N
04-323232	PARKER, S	8017	96	2004/01/14	80	\$0	\$447	MO	\$447	0	N
03-444444	FRURA, T	2003	96	2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-333333	WILLIAMSON, R	2003	96	2003/07/01	80	\$0	\$229	MO	\$229	0	N
02-222222	HOLMES, A	2003	96	2002/03/14	80	\$0	\$1,381	MO	\$1,381	0	N
02-111111	WILSON, M	2003	96	2002/05/22	80	\$0	\$1,330	MO	\$1,330	0	N
02-010101	JONES, K	2003	96	2002/08/25	80	\$0	\$290	MO	\$290	0	N
02-000000	DUNLAP, J	2003	96	2002/05/04	80	\$0	\$387	MO	\$387	0	N
Totals:						\$1,942	\$24,225	\$15,532	\$41,699		

Manual Number	Sub Manual Number	Manual Type	Experience Period	Expected Loss Payroll	Expected Loss Rate	Expected Losses	Limited Loss Ratio	Limited Losses	Rate	EM	Experience Rate
8810	96	NCCI	\$29,495	0.0011	\$32	0.5351	\$17	0.0028	1.10	0.0031	
8017	96	NCCI	\$471,688	0.0121	\$5,707	0.5359	\$3,059	0.0285	1.10	0.0311	
2003	96	NCCI	\$1,263,401	0.0340	\$42,956	0.6704	\$24,509	0.0753	1.10	0.0826	
Totals:						\$1,264,584	\$48,695	\$27,578			

Degree of Hazard

- BWC uses the manual classification system produced by the National Council on Compensation Insurance, a private entity providing classifications for 43 states.
- Each manual classification represents a degree of hazard.
- Ohio uses approximately 536 manual classifications.

10 Industry Groups



280,000 employers

Industry Group	NCCI Manual Classifications
1 Agriculture	0005, 0008, 0016, 0034, 0035, 0036, 0037, 0079, 0083, 0113, 0170, 0251, 2702
2 Extraction	1005, 1016, 1164, 1165, 1320, 1430, 1438, 1452, 1624, 1654, 1655, 1710, 4000
3 Manufacturing	1463, 1472, 1642, 1699, 1701, 1741, 1747, 1748, 1803, 1852, 1853, 1860, 1924, 1925, 2001, 2002, 2003, 2014, 2016, 2021, 2039, 2041, 2065, 2070, 2081, 2089, 2095, 2110, 2111, 2112, 2114, 2121, 2130, 2143, 2150, 2172, 2174, 2211, 2220, 2286, 2288, 2300, 2302, 2305, 2361, 2362, 2380, 2386, 2398, 2402, 2413, 2416, 2417, 2501, 2503, 2534, 2570, 2576, 2579, 2600, 2623, 2651, 2660, 2670, 2683, 2688, 2710, 2714, 2731, 2735, 2759, 2790, 2802, 2812, 2835, 2836, 2841, 2881, 2883, 2913, 2915, 2916, 2923, 2942, 2960, 3004, 3018, 3022, 3027, 3028, 3030, 3040, 3041, 3042, 3064, 3066, 3076, 3081, 3082, 3085, 3110, 3111, 3113, 3114, 3116, 3119, 3122, 3126, 3131, 3132, 3145, 3146, 3169, 3175, 3179, 3180, 3188, 3220, 3223, 3224, 3227, 3240, 3241, 3255, 3257, 3270, 3300, 3303, 3307, 3315, 3334, 3336, 3372, 3373, 3383, 3385, 3400, 3507, 3515, 3548, 3559, 3574, 3581, 3612, 3620, 3629, 3632, 3634, 3635, 3638, 3642, 3643, 3647, 3648, 3681, 3685, 3803, 3807, 3808, 3821, 3822, 3824, 3826, 3827, 3830, 3851, 3865, 3881, 4021, 4024, 4034, 4036, 4038, 4053, 4061, 4062, 4101, 4111, 4112, 4113, 4114, 4130, 4131, 4133, 4150, 4206, 4207, 4209, 4240, 4243, 4244, 4250, 4251, 4283, 4273, 4275, 4282, 4283, 4293, 4304, 4307, 4308, 4351, 4352, 4360, 4410, 4420, 4431, 4432, 4439, 4452, 4459, 4470, 4484, 4493, 4557, 4558, 4561, 4568, 4581, 4583, 4611, 4635, 4653, 4665, 4670, 4683, 4686, 4692, 4693, 4703, 4717, 4720, 4740, 4741, 4751, 4771, 4825, 4828, 4829, 4902, 4923, 5951, 6504, 6811, 6834, 6854, 6882, 6884, 9501, 9505, 9522
4 Construction	0042, 0050, 0106, 1322, 3365, 3719, 3724, 3726, 5020, 5022, 5037, 5040, 5057, 5059, 5069, 5102, 5146, 5160, 5183, 5188, 5190, 5213, 5215, 5221, 5222, 5223, 5348, 5402, 5403, 5437, 5443, 5445, 5462, 5472, 5473, 5474, 5476, 5478, 5480, 5491, 5506, 5507, 5508, 5536, 5537, 5538, 5551, 5605, 5606, 5610, 5645, 5651, 5703, 5705, 6003, 6005, 6017, 6018, 6045, 6204, 6206, 6213, 6214, 6216, 6217, 6229, 6233, 6235, 6236, 6237, 6251, 6252, 6260, 6306, 6319, 6325, 6400, 7538, 7601, 7605, 7611, 7612, 7613, 7855, 8227, 9534, 9564
5 Transportation Utility	6704, 7133, 7222, 7228, 7229, 7230, 7231, 7232, 7370, 7380, 7382, 7403, 7405, 7409, 7420, 7421, 7422, 7423, 7425, 7431, 8385 7502, 7515, 7520, 7539, 7540, 7580, 7600, 8901
7 Commercial	0400, 0401, 2105, 2131, 2156, 2157, 4361, 7390, 8001, 8002, 8006, 8008, 8010, 8013, 8015, 8017, 8018, 8021, 8031, 8032, 8033, 8039, 8044, 8045, 8046, 8047, 8050, 8058, 8072, 8102, 8103, 8105, 8106, 8107, 8111, 8116, 8203, 8204, 8209, 8215, 8232, 8233, 8235, 8263, 8264, 8265, 8286, 8304, 8350, 8390, 8391, 8393, 8500, 8745
8 Service	0917, 2585, 2586, 2587, 2589, 4362, 5191, 5192, 6036, 7360, 7610, 8279, 8291, 8292, 8293, 8392, 8601, 8720, 8800, 8824, 8825, 8826, 8829, 8831, 8832, 8833, 8835, 8861, 8868, 8869, 8989, 9012, 9014, 9015, 9016, 9019, 9033, 9040, 9044, 9052, 9058, 9059, 9060, 9061, 9062, 9063, 9082, 9083, 9084, 9088, 9093, 9101, 9102, 9110, 9154, 9156, 9178, 9179, 9180, 9182, 9186, 9220, 9516, 9519, 9521, 9586, 9600, 9620
9 High Risk	4511, 4777, 7590, 7704, 7720, 7772, 8606, 9088, 9402, 9403, 9984, 9985
10 Office	8721, 8742, 8748, 8755, 8803, 8810, 8820, 8871

Expected Losses

Payroll is the best measure of exposure to a hazard. The larger the payroll, the greater the exposure to loss.

Expected losses determine how much of the claims experience the employer will be responsible for.

Expected Loss Rate

- Raw claim losses / payroll = expected loss rate
- You are compared to your industry.
- If the industry rate decreases and your losses remain constant or increase, you will suffer.
- If your losses decrease and the industry rate remains constant or increases, you will benefit.

Expected Losses

- Represents the dollar amount in claims costs BWC would expect an average employer with that manual to file in 4 years.
- Is based on your manual classification and payroll.

Merit Rating Threshold

- \$8,000 ↑ = Experience rated
- \$8,000 ↓ = Base rated

Credibility of Maximum Value Table

Policy Number: 2006 Payroll and Losses as of 12/31/2005
 Policy Number: 9876543-0
 Employer Name: ST. ANDREWS BAKERY Federal ID: 99-99999 Service Company: 000150-00 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier	Experience Modifier
\$41,699	\$37,578	\$14,121	0.5120	0.19	0.0973	0.10	1.10

Claim Number	Claimant Name	Manual Number	Sub Manual Number	Injury Date	Indemnity Paid	Indemnity Resv	Medical Paid	NCCI Injury Type	Total Modified Losses	Handicap Percentage	Chain Over Max Value?
04-22222	DONZELL, L	9017	96	2004/09/22	\$0	\$0	\$3,972	MO	\$3,972	0	N
04-32322	PARSER, S	9017	96	2004/01/14	\$0	\$0	\$447	MO	\$447	0	N
03-44444	FIGURA, T	2003	96	2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-32322	WILLIAMSON, R	2003	96	2003/07/01	\$0	\$0	\$229	MO	\$229	0	N
03-22222	HOLMES, A	2003	96	2003/03/14	\$0	\$0	\$1,281	MO	\$1,281	0	N
02-11111	WILSON, M	2003	96	2002/05/22	\$0	\$0	\$1,330	MO	\$1,330	0	N
02-01010	JONES, E	2003	96	2002/08/25	\$0	\$0	\$200	MO	\$200	0	N
02-00000	DONLAP, J	2003	96	2002/05/04	\$0	\$0	\$307	MO	\$307	0	N

Sub Manual Number	Manual Type	Experience Period	Expected Loss Rate	Expected Losses	Limited Loss Ratio	Limited Losses	Base Rate	EM	Experience Rate	
8810	96	NCCI	0.0011	\$29,495	0.5351	\$32	\$17	0.0028	1.10	0.0031
8017	96	NCCI	0.0121	\$471,688	0.5359	\$5,707	\$3,059	0.0283	1.10	0.0311
2003	96	NCCI	0.0345	\$1,263,401	0.5704	\$42,956	\$24,502	0.0753	1.10	0.0826
Totals:				\$1,764,584		\$48,695	\$27,578			

Credibility %

- A measurement that separates random occurrences versus true expectations.
- In manuals with large amounts of payroll and losses, total future losses can be predicted from the past with a high degree of accuracy.

Appendix A
Table 1
Part A
July 1, 2008 Policy Year

Credibility and Maximum Value of a Loss

Credibility Group	Expected Losses	Credibility Percent	Group Maximum Value
1	8,000	4	12,500
2	15,000	9	12,500
3	27,000	13	25,000
4	45,000	17	37,500
5	62,500	21	55,000
6	90,000	26	75,000
7	122,500	30	97,500
8	160,000	34	100,000
9	202,500	38	112,500
10	250,000	43	125,000
11	302,500	47	137,500
12	360,000	51	150,000
13	422,500	55	162,500
14	490,000	60	175,000
15	562,500	64	187,500
16	640,000	68	200,000
17	722,500	72	212,500
18	810,000	77	225,000
19	902,500	81	237,500
20	1,000,000	85	250,000

Claim Maximum Value

Represents the maximum amount per claim that is charged to an individual employer for premium rate-making purposes.

EMPLOYER EXPERIENCE EXHIBIT

Policy Year: 2006 Payroll and Losses as of 12/31/2005

Policy Number: 9876543-0

Employer Name: ST. ANDREWS BAKERY

Federal ID: 99-99999 Service Company: 000150-80 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier:	Experience Modifier:
\$41,699	\$27,578	\$14,121	0.5120	0.19	0.0973	0.10	1.10

Claim Number	Claimant Name	Sub Manual Number	Manual Number	Injury Date	Indemnity Paid	EMRA Reserve	Medical Paid	NCCI Injury Type	Total Modified Losses	Headcap Percentage	Claim Over Max Value?
04-222222	KNIGHT, L	8017	96	2004/09/22	\$0	\$0	\$3,872	MO	\$3,872	0	N
04-323232	PARKER, S	8017	96	2004/01/14	\$0	\$0	\$447	MO	\$447	0	N
03-444444	FIGURA, T	2003	96	2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-333333	WILLIAMSON, R	2003	96	2003/07/01	\$0	\$0	\$229	MO	\$229	0	N
02-222222	HOLMES, A	2003	96	2002/03/14	\$0	\$0	\$1,381	MO	\$1,381	0	N
02-111111	WILSON, M	2003	96	2002/05/22	\$0	\$0	\$1,330	MO	\$1,330	0	N
02-010101	JONES, K	2003	96	2002/08/25	\$0	\$0	\$290	MO	\$290	0	N
02-000000	HUNLAP, J	2003	96	2002/05/04	\$0	\$0	\$387	MO	\$387	0	N
Totals:						\$1,942	\$24,225	\$15,532	\$41,699		

Sub Manual Number	Manual Number	Manual Type	Experience Period	Expected Loss Payroll	Expected Loss Rate	Expected Loss	Limited Loss Ratio	Limited Losses	Base Rate	EM	Experience Rate
8010	96	NCCI		\$29,495	0.0011	\$32	0.5351	\$17	\$17	1.10	0.0031
8017	96	NCCI		\$471,688	0.0121	\$5,707	0.5359	\$3,059	\$3,059	1.10	0.0311
2003	96	NCCI		\$1,263,401	0.0340	\$49,956	0.5704	\$24,500	\$24,500	1.10	0.0828
Totals:						\$1,264,584	0.68495	\$27,578			

Total Limited Losses

Represents the amount of losses BWC anticipates the employer to have over the 4-year period, based on industry, classification and payroll.

EMPLOYER EXPERIENCE EXHIBIT

Policy Year: 2006 Payroll and Losses as of 12/31/2005

Policy Number: 9876543-0

Employer Name: ST. ANDREWS BAKERY

Federal ID: 99-99999 Service Company: 000150-80 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier:	Experience Modifier:
\$41,699	\$27,578	\$14,121	0.5120	0.19	0.0973	0.10	1.10

Claim Number	Claimant Name	Sub Manual Number	Manual Number	Injury Date	Indemnity Paid	EMRA Reserve	Medical Paid	NCCI Injury Type	Total Modified Losses	Headcap Percentage	Claim Over Max Value?
04-222222	KNIGHT, L	8017	96	2004/09/22	\$0	\$0	\$3,872	MO	\$3,872	0	N
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03-444444	FIGURA, T	2003	96	2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-333333	WILLIAMSON, R	2003	96	2003/07/01	\$0	\$0	\$229	MO	\$229	0	N
02-222222	HOLMES, A	2003	96	2002/03/14	\$0	\$0	\$1,381	MO	\$1,381	0	N
02-111111	WILSON, M	2003	96	2002/05/22	\$0	\$0	\$1,330	MO	\$1,330	0	N
02-010101	JONES, K	2003	96	2002/08/25	\$0	\$0	\$290	MO	\$290	0	N
02-000000	HUNLAP, J	2003	96	2002/05/04	\$0	\$0	\$387	MO	\$387	0	N
Totals:						\$1,942	\$24,225	\$15,532	\$41,699		

Sub Manual Number	Manual Number	Manual Type	Experience Period	Expected Loss Payroll	Expected Loss Rate	Expected Loss	Limited Loss Ratio	Limited Losses	Base Rate	EM	Experience Rate
8010	96	NCCI		\$29,495	0.0011	\$32	0.5351	\$17	\$17	1.10	0.0031
8017	96	NCCI		\$471,688	0.0121	\$5,707	0.5359	\$3,059	\$3,059	1.10	0.0311
2003	96	NCCI		\$1,263,401	0.0340	\$49,956	0.5704	\$24,500	\$24,500	1.10	0.0828
Totals:						\$1,264,584	0.68495	\$27,578			

Total Modified Losses

- All claim costs (medical, comp and reserve) for the experience period
- MIRA reserve amounts at the time of the snapshot
- Adjustment for HC%
- Adjustment for subrogation
- Adjustment for maximum claim value

EMPLOYER EXPERIENCE EXHIBIT

Policy Number: 9876543-0
 Employer Name: ST. ANDREWS BAKERY
 Federal ID: 99-99999 Service Company: 000150-80 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier:	Experience Modifier:
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04-323232	PARKER, S	8017		06/2004/01/14	\$0	\$0	\$447	MO	\$447	0	N
03-444444	FRIGURA, T	2003		06/2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-333333	WILLIAMSON, R	2003		06/2003/07/01	\$0	\$0	\$229	MO	\$229	0	N
02-222222	HOLMES, A	2003		06/2002/03/14	\$0	\$0	\$1,381	MO	\$1,381	0	N
02-111111	WILSON, M	2003		06/2002/05/22	\$0	\$0	\$1,330	MO	\$1,330	0	N
02-010101	JONES, K	2003		06/2002/08/25	\$0	\$0	\$290	MO	\$290	0	N
02-000000	DUNLAP, J	2003		06/2002/05/04	\$0	\$0	\$387	MO	\$387	0	N
Totals:						\$1,942	\$24,225	\$15,532	\$41,699		

Manual Number	Sub Manual Number	Manual Type	Experience Period	Expected Loss Payroll	Expected Loss Rate	Expected Losses	Limited Loss Ratio	Limited Losses	Rate	EM	Experience Rate
8810	96	NCCI	\$29,495	0.0011	\$32	0.5351	\$17	0.0028	1.10	0.0031	
8017	96	NCCI	\$471,688	0.0121	\$5,707	0.5399	\$3,059	0.0285	1.10	0.0311	
2003	96	NCCI	\$1,265,401	0.0340	\$42,956	0.6704	\$23,509	0.0753	1.10	0.0828	
Totals:						\$1,766,584	\$88,695	\$27,578			

EM % Calculation

$$((TML - TLL) / TLL) \times C \% = TM + 1 = EM\%$$

$$((41,699 - 27,578) / 27,578) \times .19 = .10 + 1 = 1.10$$

Experience Rating

A mandatory rating plan for medium-to large employers in which the employer pays a higher or lower percentage of the base rate as determined by the employer's loss history

— Experience Modification +

50 Credit	100 Average	150 Penalty
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Reserve Example

Medical	\$ 5,000
TT Compensation	\$10,000
Reserves (Medical & Compensation)	\$50,000
Total Value	\$65,000
Value without Reserves	\$15,000

MIRA Reserve System

**MICRO
INSURANCE
RESERVING
ANALYSIS**

**Created by HNC Insurance Solutions
with 10 years of BWC history**

MIRA Features

Individualized Claim Reserving

**Cost Drivers
Data Elements**

- ICD-9 Codes
- Award
- Gender
- Age
- Classification
- Others



Why reserve?

Reserves, required by law, ensure enough money is set aside so:

- Costs are distributed equitably;
- The state fund is protected;
- There are no surprises;
- Rate calculations are accurate;
- Claim management is effective.

Claim Data Elements

Yellow indicates when an IC order may be required

1 NCCI Manual Class Code	25 X-ray/Radiology Paid
2 Date of Injury	26 Laboratory Paid
3 Claim Status	27 Misc Medical Services
4 ICD-9 Indicator	28 Prosthesis Devices
5 Filing Date	29 Prosthesis Exams
6 RTW Date	30 Ambulance
7 MMI Date	31 Funeral
8 1st Type Accident	32 Travel
9 Benefit Type Code	33 Medical Devices
10 ICD-9 Codes	34 Emergency Room
11 Claimant Gender	35 Court Costs
12 Marital Status	36 Perm Total
13 Claimant Zip Code	37 Temp Total Paid
14 Date of Death	38 Temp Partial Paid
15 Number of Dependents	39 Perm Partial Paid
16 Average Weekly Wage	40 Perm Partial Pct Paid
17 Full Weekly Wage	41 Facial Disfigurement Paid
18 PTD Comp Rate	42 Death Paid
19 Death Comp Rate	43 Change of Occ Paid
20 Hospital Paid	44 Living Maintenance Paid
21 Clinic / Nursing Home	45 Living Maintenance Wage Loss Paid
22 Doctor	46 Wage Loss Paid
23 Nursing Services	47 Attorneys Fees
24 Drug/Pharmacy Paid	48 MIRA Injury Type
	49 Handicapped %



Importance of data elements, integrity

- If BWC does not have the correct return-to-work date, MIRA reserve will be artificially inflated.
- MIRA reserve will change if the claim has a change or an additional condition.
- Claim trends for medical and / or indemnity are higher or lower than average can impact reserve.

MIRA Reserve Calculation

$$\begin{array}{r} \text{MIRA Total Incurred Amount} \\ - \text{BWC Payments made to date} \\ \hline = \text{MIRA Reserve} \end{array}$$

MIRA will provide the ultimate cost of a claim at a specific point in time with the information available on the claim.

Impact on reserves

Reserves can be impacted in 3 ways.

They can be:

- Suppressed;
- Reduced;
- Stopped.

Suppressed reserves

- Medical-only claims
- Salary continuation claims
- Salary continuation claims followed by:
 - Living maintenance;
 - Employer incentive contracts.

Return to work = reduced reserves

BWC pays temporary total followed by living maintenance = 50% reduction of reserve.

90 days of successful RTW reduces the indemnity portion of the reserve.

MIRA reserves  when:

- There is final settlement of both medical and lost time;
- Claim changes from active to inactive.

MIRA reserves  when:

390 days have elapsed since the most current compensation and medical service date.

MIRA	MIRA Methodology			
		Total Incurred Cost Prediction	Payments Med/Comp	MIRA Reserve
	Month 1	\$50,000	\$500 Med \$500 Comp	\$49,000
	Month 2	\$50,000	\$500 Med \$500 Comp	\$48,000
Month 3	\$30,000	\$500 Med \$500 Comp	\$27,000	

Cost Savings Scenarios

Med Only & Voc Rehab	HC %	Salary Continuation	RTW	Settlement	Subrogation
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$$((TML - TLL) / TLL) \times C \% = TM + 1 = EM\%$$

$$((41,699 - 27,578) / 27,578) \times .19 = .10 + 1 = 1.10$$

Medical Only vs. Lost Time

113456	PREMIUM	\$388,429	SECRET MOSES LABORZY
NYC Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses										
Policy	Claim #	#	DWName	Med Paid	NR Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
113456	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
113456	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
113456	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
113456	X	4	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716		\$105,467	\$100,000
113456	X	5								
113456	X	6	TRANSITIONAL WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
113456	X	7A	SETTLE ME BY LIEU OF %FP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
113456	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
113456	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Benefit of an Approved Rehab Plan

Handicap Reimbursement

- Created to offset the increased claim costs caused by a pre-existing condition
- Offered as an incentive to Ohio Employers to hire the handicap
- There are 25 recognized handicaps

Defined - One who has a physical or mental impairment, whether congenital or due to injury or disease, where the impairment jeopardizes the person's ability to obtain employment or re-employment. And where the handicap is due to a specified disease or condition recognized by law.

Recognized Handicaps

- Epilepsy
- Diabetes
- Cardiac Disease
- Arthritis
- Amputated Foot, Leg, Arm or Hand
- Loss of sight of one or both eyes or partial loss of uncorrected vision of more than 75% bilaterally.
- Residual disability from Poliomyelitis
- Cerebral Palsy
- Multiple Sclerosis
- Parkinson's Disease
- Cerebral Vascular Accident
- Tuberculosis
- Silicosis
- Psycho-neurotic disability following treatment in a medical or mental facility
- Hemophilia
- Chronic Osteomyelitis
- Ankylosis of joints
- Hyper Insulinism
- Muscular Dystrophies
- Arteriosclerosis
- Thrombophlebitis
- Cardiovascular and pulmonary disease of a firefighter employed by a municipal corporation or township as a regular member of a lawfully constituted fire department
- Coal miners' Pneumoconiosis
- Disability with respect to which an individual has completed a

Handicap Reimbursement

Applies- If the pre-existing handicap contributes to a work-related accident, OR contributes to the convalescence of the injured worker, OR aggravates the pre-existing handicap.

The portion of the claim costs resulting from the handicap are charged to the SURPLUS FUND and not to the employers experience.

Handicap Reimbursement

When can the handicap form be submitted ??

- Anytime before the claim leaves your experience (6 year window)
- Recovery amounts from 5% to 100%
- Can an employer appeal the recovery percent?

Reduced Experience Modification = lower premium and can keep you group rated !

123456	PREMIUM	\$388,429	Blank MGRS EXHIBIT
XYZ Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses									
Policy #	Claim #	IW Name	Med Paid	NR Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TBL
123456	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537	\$24,713	\$24,713
123456	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725	\$18,485	\$18,485
123456	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287	\$18,466	\$18,466
123456	X	4 & 7B	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716	\$105,467	\$100,000
123456	X	5	PAY ME SALARY CONT	\$11,398		\$1,707	\$37,618	\$50,723	\$50,723
123456	X	6	TRANSITIONAL WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000	\$55,296	\$55,296
123456	X	7A	SETTLE ME IN LIEU OF %PP	\$1,084	\$161		\$45,157	\$46,402	\$46,402
123456	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285	\$32,285	\$32,285
123456	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284	\$17,095	\$17,095

Salary Continuation

- Employer must pay the employee their **REGULAR (FULL) wages.**
- Injured worker **IS NOT** required to accept.
- Employer required to submit all wage information to **BWC.**
- Must be paid uninterrupted from the time of the injury.
- Payment cannot wait until a determination is made by **BWC/IC.**
- Should begin in "good faith" – assuming that an accident occurred.

Salary Continuation

- Once TT has been paid, salary continuation cannot be paid.
- If the injured worker is employed by more than one employer, employer is not required to pay salary continuation from the other jobs.
- If it is discovered that the employer is NOT paying full salary/wages, BWC will immediately pay TT and set the reserve, unless the employer, complies and makes the necessary adjustments within 48 hours.

Salary Continuation

- Suppresses the reserve and reduces premium
- Employer can choose how long they want to pay
- SIU won't investigate

123456	PREMIUM	\$388,429	BWC WORK EXHIBIT
XYZ Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses										
Policy	Claim #	#	IW Name	Med Paid	NB Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
123456	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
123456	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
123456	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
123456	X	4	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716		\$105,467	\$100,000
123456	X	5	PAY ME SALARY CONT TRANSITIONAL	\$11,398		\$1,707	\$37,618		\$50,723	\$50,723
123456	X	6	WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
123456	X	7A	SETTLE ME IN LIEU OF %PP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
123456	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
123456	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Transitional Work

- “Get them to work to get them healthy” instead of “Get them healthy to get them to work”
- Transitional work is a progressive, individualized program that uses real job duties (with restrictions) for a specified time to gradually return the injured worker to their original job.

Transitional Work

- It is an interim step in the physical conditioning and recovery of the injured worker.
- Transitional work provides an opportunity for the employer to protect the employability while reducing financial liability associated with work restrictions and lost time

123456	PREMIUM	\$388,429	RISKY WORK EXEMPT
XYZ Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses										
Policy	Claim #	#	IW Name	Med Paid	NB Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
123456	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
123456	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
123456	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
123456	X	4	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716		\$105,467	\$100,000
123456	X	5	PAY ME SALARY CONT TRANSITIONAL	\$11,398		\$1,707	\$37,618		\$50,723	\$50,723
123456	X	6	WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
123456	X	7A	SETTLE ME IN LIEU OF %PP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
123456	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
123456	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Lump Sum Settlements

- A claim is settled when parties to the claim agree to a sum of money, which is paid to the injured worker.
- The payment will forever resolve all past, present and future liabilities in the claim, whether known or unknown.
- BWC's position is to act in the best interest of all parties, (IW, employer and BWC), by establishing a fair settlement amount.

Lump Sum Settlements

EMPLOYER SIGNATURE OPTIONS

- A.) The employer agrees to the requested settlement terms.
- B.) The employer does not agree with the requested settlement terms, but will participate with the BWC in the negotiation process.
- C.) The employer is supportive of and agreeable to settlement of the claims listed on the front of this application. However, the employer will not participate in the settlement negotiations and requests BWC to negotiate the settlement on behalf of the employer.
- D.) The employer is not agreeable to settlement of the claim(s) listed on the front of this application.

Lump Sum Settlements

CLAIM SETTLEMENT EVALUATION

- BWC has no pre-set formulas for determining the settlement value of a claim.
- The settlement figure is the amount BWC is willing to pay for the anticipated future cost of your claim.
- These costs are then pro-rated based upon the likelihood that they will occur.
- BWC considers both the future medical and indemnity.
- Evaluation is based on the merits of each individual claim.

Lump Sum Settlements

Other Factors

- IW has unrelated medical conditions
- IW has a “claimant oriented” physician of record.
- Issues pending at the Industrial Commission.
- Additional Conditions
- IW’s attitude towards future medical treatment and a return to work.
- Previous PTD denials.

113486	PREMIUM	\$388,429	BUCKET MODEL CLAIMANT
NYC Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjudged Losses										
Policy #	Claim #	#	IW Name	Med Paid	NR Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
113486	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
113486	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
113486	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
113486	X	4	AWARD 35% HC (LSS as 7B)	\$14,883			\$20,868	\$69,716	\$105,467	\$100,000
113486	X	5	PAY ME SALARY CONT	\$11,398		\$1,707	\$37,618		\$50,723	\$50,723
113486	X	6	TRANSITIONAL WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
113486	X	7A	SETTLE ME BY LIEU OF %FP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
113486	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
113486	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Subrogation

SUBROGATION – the right to recover benefits from a third party because of negligence.

Most Common Third Party Accidents

- Motor Vehicle Accidents
- Malfunctioning Products
- Medical Malpractice
- Exposure to toxic fumes
- Machinery Accidents
- Animal Bites

**BWC LAW SECTION
614-466-6600**

History

- * 1993 - Created by HB 107
- * 1995 – Revised by HB 278
- * 2001 – Supreme Court ruled Unconstitutional (Holeton)



NEW Subrogation Policy

SB 227 Reinstated BWC Subrogation Rights

Effective for claims with DOI on or after **4/9/03**

Presumption now eliminated -BWC is entitled to a proportional share of the IW insurance settlement (future claim costs included)

Formula created to establish BWC's share– originally had the authority to go after the entire lien – usually negotiated

Employers are not considered a third party unless Employee is able to prove intentional tort was committed

113486	PREMIUM	\$388,429	BUCKET MOVER LABORER
NYC Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses										
Policy	Chain #	#	IW Name	Med Paid	NR Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
113486	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
113486	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
113486	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
113486	X	4	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716		\$105,467	\$100,000
113486	X	7B								
113486	X	5	PAY ME SALARY CONT	\$11,398		\$1,707	\$37,618		\$50,723	\$50,723
113486	X	6	TRANSITIONAL WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
113486	X	7A	SETTLE ME BY LIEU OF %FP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
113486	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
113486	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Payroll and NCCI Manual

- **Manual**
 - Are they correct?
 - Have you read your description ?
 - Cost driver for you claims
 - Could be paying too much (or too little)
- **Payroll**
 - Very important that payroll is report correctly to the proper manual.
 - Misreporting may give you a short term gain but can cause long term pain !

123456	PREMIUM	\$388,429	Reset Month EAMHBT
XYZ Company	EM	232	
Ohio	MAX VALUE =	100,000	

Unadjusted Losses										
Policy	Claim #	#	IV Name	Med Paid	NR Comp	R Comp	MIRA Reserve	HC %	MIRA Total	MIRA TML
123456	X	1	KEEP AS M.O.	\$1,202	\$447	\$1,527	\$21,537		\$24,713	\$24,713
123456	X	2	VOC REHAB	\$6,649		\$2,111	\$19,725		\$28,485	\$28,485
123456	X	3	CLAIM GOES TO INACTIVE	\$3,739		\$2,440	\$12,287		\$18,466	\$18,466
123456	X	4	AWARD 35% HC (LSS as 7B)	\$14,883		\$20,868	\$69,716		\$105,467	\$100,000
123456	X	5	PAY ME SALARY CONT	\$11,398		\$1,707	\$37,618		\$50,723	\$50,723
123456	X	6	TRANSITIONAL WORK/LIGHT DUTY	\$16,234	\$62	\$7,000	\$32,000		\$55,296	\$55,296
123456	X	7A	SETTLE ME IN LIEU OF %PP	\$1,084	\$161		\$45,157		\$46,402	\$46,402
123456	X	8	SUBROGATION	\$2,000	\$1,000		\$29,285		\$32,285	\$32,285
123456	X	9	CLAIM NEVER HAPPENED	\$4,622		\$4,189	\$8,284		\$17,095	\$17,095

Direct VS Indirect Costs

- Medical Costs
- Compensation Costs
- BWC Reserves
- Hiring replacements
- Training replacements
- Overtime (lost work)
- Legal Expenses
- Product / tool damage
- Production delays
- Loss of Business (Customer Goodwill)



Indirect Costs are 4 times your company's BWC Insured Direct Costs

Medical & Compensation Costs..... \$346,719
 Compensation Reserve..... \$281,657
 Total Insured Cost..... \$628,376

Total Insured (direct costs) X (indirect costs) = \$628,376.00
 X 4 times = \$2,513,504

Total Insured (direct costs) + (indirect costs) =
 \$628,376 + \$2,513,504 = \$3,141,880

Profitability & your Bottom Line

- Direct Costs totaled \$628,376
- Direct Costs + Indirect costs totaled \$2,513,504
- Your Company's Profit Margin is 5% from Sales.

Your Company must generate sales of \$50,270,080 to compensate for this Loss

1% Company Profit Margin = \$ 251,350,400

2% Company Profit Margin = \$ 125,675,200

5% Company Profit Margin = \$ 50,270,080

Do the Math for your CEO !

Your Medical & Comp. Costs _____

Your Compensation Reserves + _____

BWC Direct Insured Cost = _____

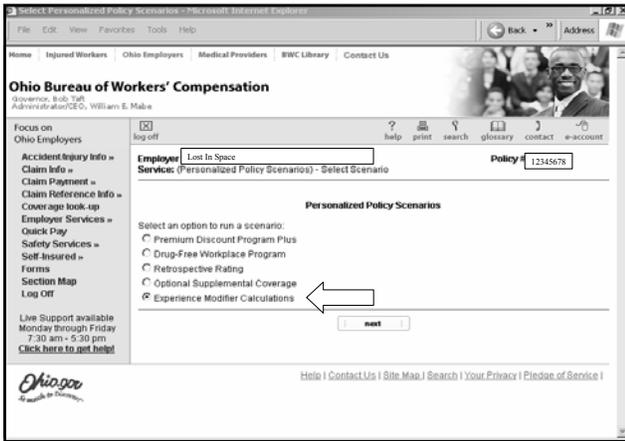
Direct Cost + (4X Direct Cost) = Your Total

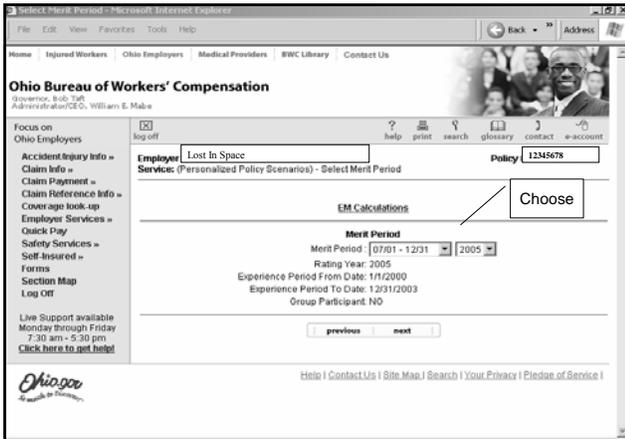
Your Total Costs / Your profit margin =
Sales required to cover your losses.

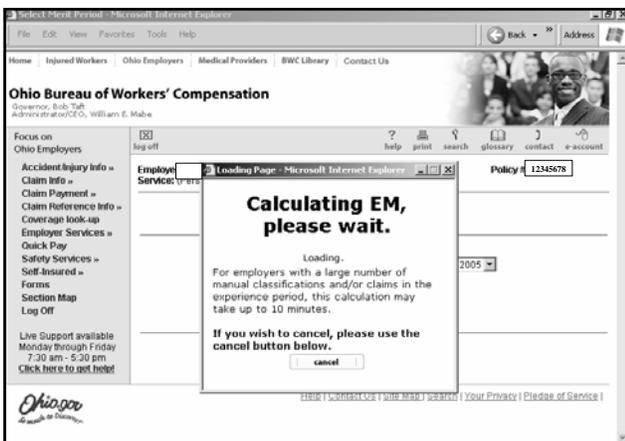
Today's Accident Costs

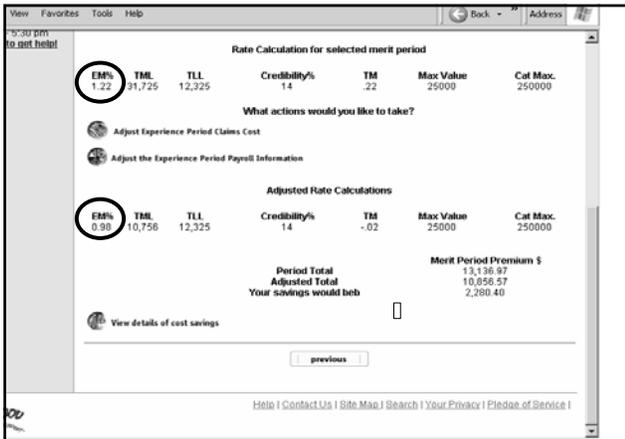
- Today's Average Claim Costs = \$30,000
- Today's Average Profit Margin = 5%
- Sales required to cover Direct Costs =
\$30,000 / 0.05 = \$600,000
- Sales required to cover Indirect Costs =
\$2.4 Million Dollars











Contacting BWC

- 15 Local Service Offices
- Employer Services Specialist
- Employer Management Supervisor

1-800-OHIOBWC (800-644-6292)
www.ohiobwc.com

Questions?



EXHIBIT TABLES

Industry Group	NCCI Manual Classifications
1 Agriculture	0005, 0008, 0016, 0034, 0035, 0036, 0037, 0079, 0083, 0113, 0170, 0251, 2702
2 Extraction	1005, 1016, 1164, 1165, 1320, 1430, 1438, 1452, 1624, 1654, 1655, 1710, 4000
3 Manufacturing	1463, 1472, 1642, 1699, 1701, 1741, 1747, 1748, 1803, 1852, 1853, 1860, 1924, 1925, 2001, 2002, 2003, 2014, 2016, 2021, 2039, 2041, 2065, 2070, 2081, 2089, 2095, 2110, 2111, 2112, 2114, 2121, 2130, 2143, 2150, 2172, 2174, 2211, 2220, 2286, 2288, 2300, 2302, 2305, 2361, 2362, 2380, 2386, 2388, 2402, 2413, 2416, 2417, 2501, 2503, 2534, 2570, 2576, 2578, 2600, 2623, 2651, 2660, 2670, 2683, 2688, 2710, 2714, 2731, 2735, 2759, 2790, 2802, 2812, 2835, 2836, 2841, 2881, 2883, 2913, 2915, 2916, 2923, 2942, 2960, 3004, 3018, 3022, 3027, 3028, 3030, 3040, 3041, 3042, 3064, 3066, 3076, 3081, 3082, 3085, 3110, 3111, 3113, 3114, 3118, 3119, 3122, 3126, 3131, 3132, 3145, 3146, 3169, 3175, 3179, 3180, 3188, 3220, 3223, 3224, 3227, 3240, 3241, 3255, 3257, 3270, 3300, 3303, 3307, 3315, 3334, 3336, 3372, 3373, 3383, 3385, 3400, 3507, 3515, 3548, 3559, 3574, 3581, 3612, 3620, 3629, 3632, 3634, 3635, 3638, 3642, 3643, 3647, 3648, 3681, 3685, 3803, 3807, 3808, 3821, 3822, 3824, 3826, 3827, 3830, 3851, 3865, 3881, 4021, 4024, 4034, 4036, 4038, 4053, 4061, 4062, 4101, 4111, 4112, 4113, 4114, 4130, 4131, 4133, 4150, 4206, 4207, 4239, 4240, 4243, 4244, 4250, 4251, 4263, 4273, 4279, 4282, 4283, 4299, 4304, 4307, 4308, 4351, 4352, 4360, 4410, 4420, 4431, 4432, 4439, 4452, 4459, 4470, 4484, 4493, 4557, 4558, 4561, 4568, 4581, 4583, 4611, 4635, 4653, 4665, 4670, 4683, 4686, 4692, 4693, 4703, 4717, 4720, 4740, 4741, 4751, 4771, 4825, 4828, 4829, 4902, 4923, 5951, 6504, 6811, 6834, 6854, 6882, 6884, 9501, 9505, 9522
4 Construction	0042, 0050, 0106, 1322, 3365, 3719, 3724, 3726, 5020, 5022, 5037, 5040, 5057, 5059, 5069, 5102, 5146, 5160, 5183, 5188, 5190, 5213, 5215, 5221, 5222, 5223, 5348, 5402, 5403, 5437, 5443, 5445, 5462, 5472, 5473, 5474, 5478, 5479, 5480, 5491, 5506, 5507, 5508, 5536, 5537, 5538, 5551, 5605, 5606, 5610, 5645, 5651, 5703, 5705, 6003, 6005, 6017, 6018, 6045, 6204, 6206, 6213, 6214, 6216, 6217, 6229, 6233, 6235, 6236, 6237, 6251, 6252, 6260, 6306, 6319, 6325, 6400, 7538, 7601, 7605, 7611, 7612, 7613, 7855, 8227, 9534, 9554
5	6704, 7133, 7222, 7228, 7229, 7230, 7231, 7232, 7370, 7380, 7382, 7403, 7405, 7409, 7420, 7421, 7422, 7423, 7425, 7431, 8385
Transportation Utility	7502, 7515, 7520, 7539, 7540, 7580, 7600, 8901
7 Commercial	0400, 0401, 2105, 2131, 2156, 2157, 4361, 7390, 8001, 8002, 8006, 8008, 8010, 8013, 8015, 8017, 8018, 8021, 8031, 8032, 8033, 8039, 8044, 8045, 8046, 8047, 8050, 8058, 8072, 8102, 8103, 8105, 8106, 8107, 8111, 8116, 8203, 8204, 8209, 8215, 8232, 8233, 8235, 8263, 8264, 8265, 8288, 8304, 8350, 8380, 8381, 8393, 8500, 8745
8 Service	0917, 2585, 2586, 2587, 2589, 4362, 5191, 5192, 6836, 7360, 7610, 8279, 8291, 8292, 8293, 8392, 8601, 8720, 8800, 8824, 8825, 8826, 8829, 8831, 8832, 8833, 8835, 8861, 8868, 8869, 8989, 9012, 9014, 9015, 9016, 9019, 9033, 9040, 9044, 9052, 9058, 9059, 9060, 9061, 9062, 9063, 9082, 9083, 9084, 9089, 9093, 9101, 9102, 9110, 9154, 9156, 9178, 9179, 9180, 9182, 9186, 9220, 9516, 9519, 9521, 9586, 9600, 9620
9 High Risk	4511, 4777, 7590, 7704, 7720, 7772, 8606, 9088, 9402, 9403, 9984, 9985
10 Office	8721, 8742, 8748, 8755, 8803, 8810, 8820, 8871

EMPLOYER EXPERIENCE EXHIBIT

Policy Year: 2006 Payroll and Losses as of 12/31/2005

Policy Number: 9876543-0

Employer Name: ST. ANDREWS BAKERY

Federal ID: 99-99999 Service Company: 000150-80 Group: 00000

Address: PO BOX 9999 City: GEORGETOWN State: OH Zip Code: 43725 Maximum Claim Value \$37,500

Total Modified Losses	Total Limited Losses	Difference	Ratio	Credibility %	Equals	Total Modifier:	Experience Modifier:
\$41,699	\$27,578	\$14,121	0.5120	0.19	0.0973	0.10	1.10

Claim Number	Claimant Name	Manual Number	Sub Manual Number	Injury Date	Indemnity Paid	Indemnity MIRA Reserve	Medical Paid	NCCI Injury Type	Total Modified Losses	Handicap Percentage	Claim Over Max Value?
04-222222	KNIGHT, L	8017	96	2004/09/22	\$0	\$0	\$3,872	MO	\$3,872	0	N
04-323232	PARKER, S	8017	96	2004/01/14	\$0	\$0	\$447	MO	\$447	0	N
03-444444	FIGURA, T	2003	96	2003/12/18	\$1,942	\$24,225	\$7,596	09	\$33,763	10	Y
03-333333	WILLIAMSON, R	2003	96	2003/07/01	\$0	\$0	\$229	MO	\$229	0	N
02-222222	HOLMES, A	2003	96	2002/03/14	\$0	\$0	\$1,381	MO	\$1,381	0	N
02-111111	WILSON, M	2003	96	2002/05/22	\$0	\$0	\$1,330	MO	\$1,330	0	N
02-010101	JONES, K	2003	96	2002/08/25	\$0	\$0	\$290	MO	\$290	0	N
02-000000	DUNLAP, J	2003	96	2002/05/04	\$0	\$0	\$387	MO	\$387	0	N

Totals: **\$1,942** **\$24,225** **\$15,532** **\$41,699**

Manual Number	Sub Manual Number	Manual Type	Experience Period Payroll	Expected Loss Rate	Expected Losses	Limited Loss Ratio	Limited Losses	Base Rate	EM	Experience Rate
8810	96	NCCI	\$29,495	0.0011	\$32	0.5351	\$17	0.0028	1.10	0.0031
8017	96	NCCI	\$471,688	0.0121	\$5,707	0.5359	\$3,059	0.0283	1.10	0.0311
2003	96	NCCI	\$1,263,401	0.0340	\$42,956	0.5704	\$24,502	0.0753	1.10	0.0828

Totals: \$1,764,584 \$48,695 \$27,578

Credibility and Maximum Value of a Loss

Credibility Group	Expected Losses*	Credibility Percent	Group Maximum Value
1	8,000	05	12,500
2	15,000	10	12,500
3	27,000	14	25,000
4	45,000	19	37,500
5	62,500	24	55,000
6	90,000	29	75,000
7	122,500	33	87,500
8	160,000	38	100,000
9	202,500	43	112,500
10	250,000	48	125,000
11	302,500	52	137,500
12	360,000	57	150,000
13	422,500	62	162,500
14	490,000	67	175,000
15	562,500	71	187,500
16	640,000	76	200,000
17	722,500	81	212,500
18	810,000	86	225,000
19	902,500	90	237,500
20	1,000,000	95	250,000

Industry Group

Credibility

	1	2	3	4	5	6	7	8	9	10
1	0.3482	0.3013	0.3570	0.2752	0.2596	0.3171	0.3286	0.3400	0.2990	0.3243
2	0.3482	0.3013	0.3570	0.2752	0.2596	0.3171	0.3286	0.3400	0.2990	0.3243
3	0.4699	0.4207	0.4893	0.3959	0.3832	0.4560	0.4586	0.4764	0.4293	0.4552
4	0.5551	0.5074	0.5818	0.4863	0.4763	0.5524	0.5530	0.5748	0.5231	0.5487
5	0.6437	0.6043	0.6758	0.5846	0.5781	0.6520	0.6517	0.6758	0.6253	0.6446
6	0.7183	0.6873	0.7514	0.6699	0.6658	0.7322	0.7318	0.7568	0.7091	0.7237
7	0.7541	0.7301	0.7882	0.7132	0.7097	0.7694	0.7715	0.7956	0.7486	0.7635
8	0.7861	0.7671	0.8195	0.7513	0.7483	0.7979	0.8056	0.8280	0.7829	0.7973
9	0.8146	0.8000	0.8468	0.7851	0.7829	0.8234	0.8352	0.8557	0.8133	0.8269
10	0.8404	0.8296	0.8708	0.8152	0.8141	0.8456	0.8614	0.8799	0.8410	0.8530
11	0.8642	0.8553	0.8920	0.8426	0.8423	0.8650	0.8842	0.9012	0.8665	0.8762
12	0.8863	0.8784	0.9107	0.8675	0.8675	0.8836	0.9043	0.9197	0.8888	0.8966
13	0.9069	0.8981	0.9273	0.8898	0.8902	0.9012	0.9218	0.9359	0.9081	0.9150
14	0.9273	0.9157	0.9420	0.9101	0.9106	0.9171	0.9373	0.9498	0.9259	0.9317
15	0.9445	0.9323	0.9550	0.9287	0.9294	0.9321	0.9512	0.9619	0.9421	0.9467
16	0.9586	0.9481	0.9664	0.9456	0.9464	0.9471	0.9635	0.9720	0.9564	0.9596
17	0.9698	0.9625	0.9764	0.9608	0.9616	0.9617	0.9743	0.9806	0.9687	0.9710
18	0.9804	0.9759	0.9852	0.9749	0.9753	0.9752	0.9838	0.9879	0.9797	0.9814
19	0.9905	0.9885	0.9930	0.9880	0.9881	0.9880	0.9923	0.9944	0.9903	0.9911
20	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

CLAIM DATA ELEMENTS

Boxes indicate when an IC order may be required

<p>1 NCCI Manual Class Code</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">2 Date of Injury</div> <p>3 Claim Status</p> <p>4 C92 Indicator</p> <p>5 Filing Date</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">6 RTW Date</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">7 MMI Date</div> <p>8 First Type Accident</p> <p>9 Benefit Type Code</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">10 ICD-9 Codes</div> <p>11 Injured Worker Gender</p> <p>12 Marital Status</p> <p>13 Injured Worker ZIP Code</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">14 Date of Death</div> <p>15 Number of Dependents</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">16 Average Weekly Wage</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">17 Fully Weekly Wage</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">18 PTD Comp Rate</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">19 Death Comp Rate</div> <p>20 Hospital Paid</p> <p>21 Clinic/Nursing Home</p> <p>22 Doctors</p> <p>23 Nursing Services</p> <p>24 Drug/Pharmacy Paid</p> <p>25 X-ray/Radiology Paid</p>	<p>26 Laboratory Paid</p> <p>27 Misc. Medical Services</p> <p>28 Prosthetic Devices</p> <p>29 Prosthesis Exams</p> <p>30 Ambulance</p> <p>31 Funeral</p> <p>32 Travel</p> <p>33 Medical Devices</p> <p>34 Emergency Room</p> <p>35 Court Costs</p> <p>36 Perm Total</p> <p>37 Temp Total Paid</p> <p>38 Temp Partial Paid</p> <p>39 Perm Partial Paid</p> <p>40 Perm Partial Pct Paid</p> <p>41 Facial Disfigurement Paid</p> <p>42 Death Paid</p> <p>43 Change of Occupation Paid</p> <p>44 Living Maintenance Paid</p> <p>45 Living Maintenance Wage Loss Paid</p> <p>46 Wage Loss Paid</p> <p>47 Attorneys Fees</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">48 MIRA Injury Type</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">49 Handicapped Percentage</div>
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Recognized Handicaps

- Epilepsy
- Diabetes
- Cardiac Disease
- Arthritis
- Amputated Foot, Leg, Arm or Hand
- Loss of sight of one or both eyes or partial loss of uncorrected vision of more than 75% bilaterally.
- Residual disability from Poliomyelitis
- Cerebral Palsy
- Multiple Sclerosis
- Parkinson's Disease
- Cerebral Vascular Accident
- Tuberculosis
- Silicosis
- Psycho-neurotic disability following treatment in a medical or mental facility
- Hemophilia
- Chronic Osteomyelitis
- Ankylosis of joints
- Hyper Insulinism
- Muscular Dystrophies
- Arteriosclerosis
- Thrombophlebitis
- Cardiovascular and pulmonary disease of a firefighter employed by a municipal corporation or township as a regular member of a lawfully constituted fire department
- Coal miners' Pneumoconiosis
- Disability with respect to which an individual has completed a rehabilitation program

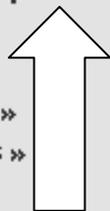
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- [Non-compliance list](#)
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- [Experience period data](#)
- [Rating adjustment history](#)
- [Rating plan information](#)

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- [Transitional WorkGRANT \\$](#)
- [Transitional WorkGRANT \\$-EZ](#)
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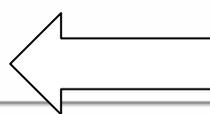
Policy #

Service: (Personalized Policy Scenarios) - Select Scenario

Personalized Policy Scenarios

Select an option to run a scenario:

- Premium Discount Program Plus
- Drug-Free Workplace Program
- Retrospective Rating
- Optional Supplemental Coverage
- Experience Modifier Calculations



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Employee

Policy #

Service: (Personalized Policy Scenarios) - Select Merit Period

EM Calculations

Choose

Merit Period

Merit Period :

Rating Year: 2005

Experience Period From Date: 1/1/2000

Experience Period To Date: 12/31/2003

Group Participant: NO



Select Merit Period - Microsoft Internet Explorer

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Employer: Policy #

Service: (Pers)

2005

**Calculating EM,
please wait.**

Loading...

For employers with a large number of manual classifications and/or claims in the experience period, this calculation may take up to 10 minutes.

If you wish to cancel, please use the cancel button below.

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Employer:

Policy #

Service: (Personalized Policy Scenarios) - Display EM Calculations

Merit Period: 7/1/2005-12/31/2005 Rating Year: 2005 Exp. Period: 1/1/2000-12/31/2003

If you would like to use the scenario option below, please note the experience modifier (EM) displayed is your individual EM, without any rating program discounts applied. If you are participating in group rating or the One Claim Program, and you would like to view your adjusted EM, go to [Rating plan information](#).

Any recent adjustments to your claims experience may not appear; therefore, your recalculated EM will not reflect these adjustments.

Rate Calculation for selected merit period

EM%	TML	TLL	Credibility%	TM	Max Value	Cat Max.
1.22	31,725	12,325	14	.22	25000	250000

What actions would you like to take?

- Adjust Experience Period Claims Cost
- Adjust the Experience Period Payroll Information

Choose One

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Employer:
Policy #:
Service: (Personalized Policy Scenarios) - Experience Period Claim Cost

Merit Period: 7/1/2005-12/31/2005 **Rating Year:** 2005 **Exp. Period:** 1/1/2000-12/31/2003



Experience Period Claims Information:

Select Claim	Claim #	Injury Date	H.C. %	Non-Reducible Comp Amt	Reducible Comp Amt	Comp Reserve Amt	Medical Paid Amt
<input type="radio"/>	00- <input type="text"/>	5/16/2000	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$124.62"/>
<input type="radio"/>	00- <input type="text"/>	11/21/2000	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
<input type="radio"/>	00- <input type="text"/>	12/16/2000	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$131.02"/>
<input type="radio"/>	00- <input type="text"/>	1/16/2000	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$104.99"/>
<input type="radio"/>	01- <input type="text"/>	2/2/2001	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$782.72"/>
<input type="radio"/>	01- <input type="text"/>	6/14/2001	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$461.22"/>
<input type="radio"/>	01- <input type="text"/>	7/14/2001	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$7,179.16"/>
<input type="radio"/>	01- <input type="text"/>	8/31/2001	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$487.66"/>
<input type="radio"/>	02- <input type="text"/>	4/5/2002	<input type="text" value="45"/>	<input type="text" value="\$560.44"/>	<input type="text" value="\$5,818.65"/>	<input type="text" value="\$126,270.00"/>	<input type="text" value="\$25,489.06"/>
<input type="radio"/>	02- <input type="text"/>	5/1/2002	<input type="text" value="0"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$321.86"/>

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Employer:

Policy #:

Service: (Personalized Policy Scenarios) - Select Merit Period

Merit Period: 7/1/2005-12/31/2005 Rating Year: 2005 Exp. Period: 1/1/2000-12/31/2003

Experience Period Payroll Information

Refresh

Manual Classification #	Experience Period Payroll \$ for 1/1/2000-12/31/2003
8001	<input type="text" value="\$1,854,804"/>
8810	<input type="text" value="\$969,503"/>

Payroll 1 - 2 of 2

[Previous Payroll](#) | [More Payroll](#)

After you have made all your edits to Experience Period Payroll, hit the calculate button. To cancel changes and to return to previous page, hit the cancel button.



- [Claim Info »](#)
- [Claim Payment »](#)
- [Safety Services »](#)
- [Forms](#)
- [Quick Pay](#)
- [Action Map](#)
- [Log Off](#)

Live Support available
Monday through Friday
7:30 am - 5:30 pm
[Click here to get help!](#)

Merit Period: 7/1/2005-12/31/2005 **Rating Year:** 2005 **Exp. Period:** 1/1/2000-12/31/2003

If you would like to use the scenario option below, please note the experience modifier (EM) displayed is your individual EM, without any rating program discounts applied. If you are participating in group rating or the One Claim Program, and you would like to view your adjusted EM, go to [Rating plan information](#).

Any recent adjustments to your claims experience may not appear; therefore, your recalculated EM will not reflect these adjustments.

Rate Calculation for selected merit period

EM%	TML	TLL	Credibility%	TM	Max Value	Cat Max.
1.22	31,725	12,325	14	.22	25000	250000

What actions would you like to take?

- [Adjust Experience Period Claims Cost](#)
- [Adjust the Experience Period Payroll Information](#)

Adjusted Rate Calculations

EM%	TML	TLL	Credibility%	TM	Max Value	Cat Max.
0.97	9,969	12,325	14	-0.03	25000	250000

Merit Period Premium \$

Period Total	0.00
Adjusted Total	0.00
Your savings would be	0.00

- [View details of Merit Period Premium](#)

EXAMPLES

Strategy	EM	Premium	Savings		
- Starting Point	232	\$388,429 -			
1 Kept claim Med Only	225	\$376,758	(\$11,671)		
2 Voc Rehab followed comp	222	\$371,818	(\$4,940)		
3 Claim goes to MO (active mgmt with MCO/B	218	\$365,084	(\$6,734)		
4 Award 35% Handicap Reimbursement	208	\$348,436	(\$16,648)		
5 Salary Continuation paid	196	\$328,402	(\$20,034)		
6 Transitional Work/light duty	191	\$320,100	(\$8,302)		
7A Settle claim	178	\$298,346	(\$21,754)		
7B Settle claim	168	\$281,735	(\$16,611)		
8 Subrogation	165	\$276,683	(\$5,052)		
9 Claim that never happened	160	\$268,382	(\$8,301)		
		Total 1 Year Premium Savings	(\$120,047)	X 4	(\$480,188)
Payroll Shifting Illustration					
Keep Payroll as is	232	\$388,429 -			
Move \$4 M from 5645 into 5651	270	\$409,332			
		Annual Premium Increase due to payroll shifting	\$20,903	X 4	\$83,612

RESOURCES

Instructions for Downloading Materials from BWC's Learning Center

1. Go to: www.bwclearningcenter.com
2. Log in using your username and password
 - a. If you have forgotten your username and password call 1-800-OHIOBWC
3. Click the "Team Center" building
4. Click "Team Rooms"
5. Type "ARM" in the keyword field and click search
6. Click the "Advanced Ratemaking" team room which should be the first team room listed
7. Click "Content" listed in the Team Room Tools
8. Click on the document that you wish to view/download
 - a. Websites are available to click for easy access to online resources
 - b. Students and instructors are also able to submit resources that might be useful to other team members
9. Log off when finished

Resources Available from the Division of Safety & Hygiene (DSH) Libraries

(800) 644-6292 (614) 466-7388

library@bwc.state.oh.us

www.ohiobwc.com

Safety training:

- Safety talks, outlines and scripts - DSH Safety leader's discussion guide, Training Center's One-hour safety presentations, reference books, web resources
- Videos – hundreds of safety and health topics
- Books and articles on training techniques

Machine and equipment safety:

- Safety standards (ANSI, NFPA, CGA)
- Books and articles on power presses, material handling equipment, lockout/tagout, etc.

Sample written programs:

- DSH program profiles and sample written programs
- Reference books
- Internet resources

Illness and injury statistics:

- Statistics from the U.S. Bureau of Labor Statistics
- National Safety Council's *Injury Facts*
- National Institute of Occupational Safety & Health (NIOSH) studies

Hazard communication and chemical safety:

- Chemical safety information
- Material safety data sheets (MSDSs)
- Sample written programs
- Videos
- Internet resources

Safety standards

- American National Standards Institute (ANSI) standards (including standards for construction, machinery and equipment, personal protective equipment)
- National Fire Protection Association (NFPA) fire codes (including the Life Safety Code and the National Electrical Code)
- Compressed Gas Association (CGA) standards

Other topics of interest (books, articles, magazines, videos and standards):

- Confined spaces
- Electrical safety
- Job safety analysis
- New employee orientation
- Powered industrial trucks
- Respiratory protection
- Safety culture
- Scaffolds

Directories and lists of vendors of safety equipment

Occupational Safety & Health Administration (OSHA) regulations

Manual of Uniform Traffic Control Devices (MUTCD)

Recommendations of useful Internet sites

BWC publications

Saving You Time and Research

Requests for copies of OSHA standards, information on starting a safety committee, a video on accident investigation techniques -- these are some of the thousands of inquiries BWC's Division of Safety & Hygiene (DSH) libraries receive each year.

DSH has two libraries to serve you:

- The central library in the William Green Building in downtown Columbus;
- The resource center and video library located at the Ohio Center for Occupational Safety and Health (OCOSH) in Pickerington.

Both libraries are open 8 a.m. to 4:45 p.m., Monday through Friday. Your need for information does not require a visit to the library. You can phone, fax, or e-mail your requests and receive a quick response.

The central library provides free information services on the topics of occupational safety and health, workers' compensation and rehabilitation.

The OCOSH resource center provides similar services for those who visit OCOSH for meetings and training center classes.

The video library offers an extensive collection of videotapes to supplement your organization's safety and health training program. It is a convenient and popular source for Ohio employers to borrow quality occupational safety- and health-related training aids.

Visit our Web site at **www.ohiobwc.com**.

Central Library
30 W. Spring St., Third Floor
Columbus OH 43215-2256
1-800-OHIOBWC
(614) 466-7388
(614) 644-9634 (fax)
library@bwc.state.oh.us

OCOSH Resource Center
13430 Yarmouth Drive
Pickerington OH 43147
1-800-OHIOBWC
Resource center (614) 728-6464
Video library (614) 644-0018

**FOLLOW-UP
ACTIVITIES**

Advanced Ratemaking

Follow-up Activities

1. Meet with top management to share what you learned in class, including:
 - experience rating,
 - MIRA reserving system,
 - direct and indirect costs,
 - cost-saving strategies,
 - how implementing safety programs can reduce premiums.
2. Locate your experience exhibit at your office and contact BWC's Employer Service Specialist to review it with you. Request and review your manual classification descriptions to ensure they are appropriate.
3. Use the Personalized Policy Scenarios feature on the BWC website (www.ohiobwc.com) to manipulate your experience with the various cost-saving strategies to see what impact it has on your company's premium.

Activity Plan

	Activity	Other people involved	Target Deadline
<input type="checkbox"/>			
<input type="checkbox"/>			