



# 10 Things You Should Know To Lower Your Ex-Mod and Reduce Costs

---

Our Presentation Will Begin Soon



Today's Presenter:

**Amber Hunter**

Business Development Underwriter



## Ex-Mod Topic:

- What it is & how it packs a punch

# What factors into your work comp premium?

- Payroll by Class Code
- Company Manual Rates
- Schedule Rating

**Ex-Mod**

*The one thing you can  
control!*

# What is Ex-Mod?

Experience Modification factor Merit rating system:

1. Measures how your company is doing
2. Compares to other companies in same industry
3. Then applies this “factor” to your rate

# What is the Ex-Mod based on?

Based on payroll and loss data submitted for each policyholder

**Average Ex-Mod for all class codes = 100% or (1.0)**

- If you're "**better** than average", Ex-Mod = **below 100%**
- If you're "**worse** than average", Ex-Mod = **over 100%**

**Always strive to be BELOW average (100%)!!**

# What “Payroll by Class Code?”

Class codes vary by industry and are developed through your State Classification System

- There are hundreds of class codes!
- Any business specifically described by a classification must be assigned to that classification
- Any business not specifically described by a classification must be assigned to the most analogous (most similar) classification

# What is “Payroll by Class Code?”

Typically, job titles are reflected in the Class Code

## For example:

- 8810 (Clerical) could be assigned to an office worker
- 3030 (Iron or Steel Works) could be assigned to an iron worker
- Payrolls on your policy are organized by each Class Code assignable to your company and will vary depending on the exposure
- Remember, Class Codes can vary by state!



# What are “Manual Rates?”

Manual rates vary by industry and are developed through State Classification System

- Carriers charge for “Average Risk” for class code
- Include:
  - Costs to pay claims
  - Company overhead and expenses
  - Profit margin

# What are “Manual Rates?”

Manual Premium is determined by applying the Manual Rate to each \$100 of payroll

<i>CLASSIFICATION</i>	<i>PAYROLL</i>	<i>MANUAL RATE</i>	<i>MANUAL PREMIUM</i>
<i>7219</i>	<i>255,000</i>	<i>12.30</i>	<i>31,365</i>
	<i><math>255,000/100 \times 12.30 = 31,365</math></i>		

# What are “Manual Rates?”

Manual Premium is determined by applying your Ex-Mod to the total Manual Premium.

<i>Total Manual Premium</i>	<i>31,365</i>
<i>Experience Modification</i>	<i>x .95</i>
<i>Modified Premium</i>	<i>29,797</i>

# What is “Schedule Rating?”

Schedule Rating can vary greatly

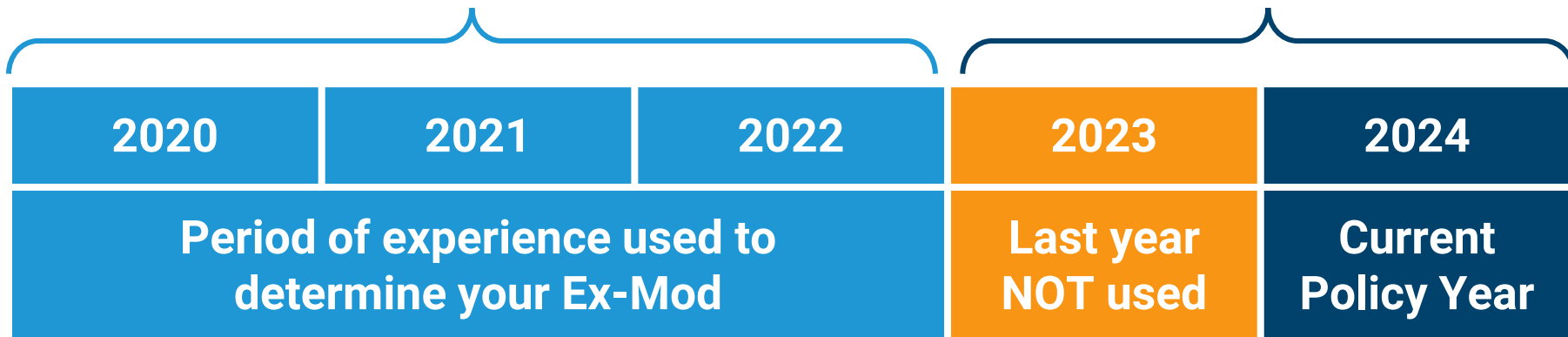
- Schedule rating involves either reducing or increasing a policyholder's premium and relates to how much risk the insurer wants to assume.
- Credits and debits are determined by Underwriters based on the unique characteristics of your operation.

# How is it calculated

Calculated from payroll loss data over “3-year period”

**3-year period calculated for  
2024 Ex-Mod**

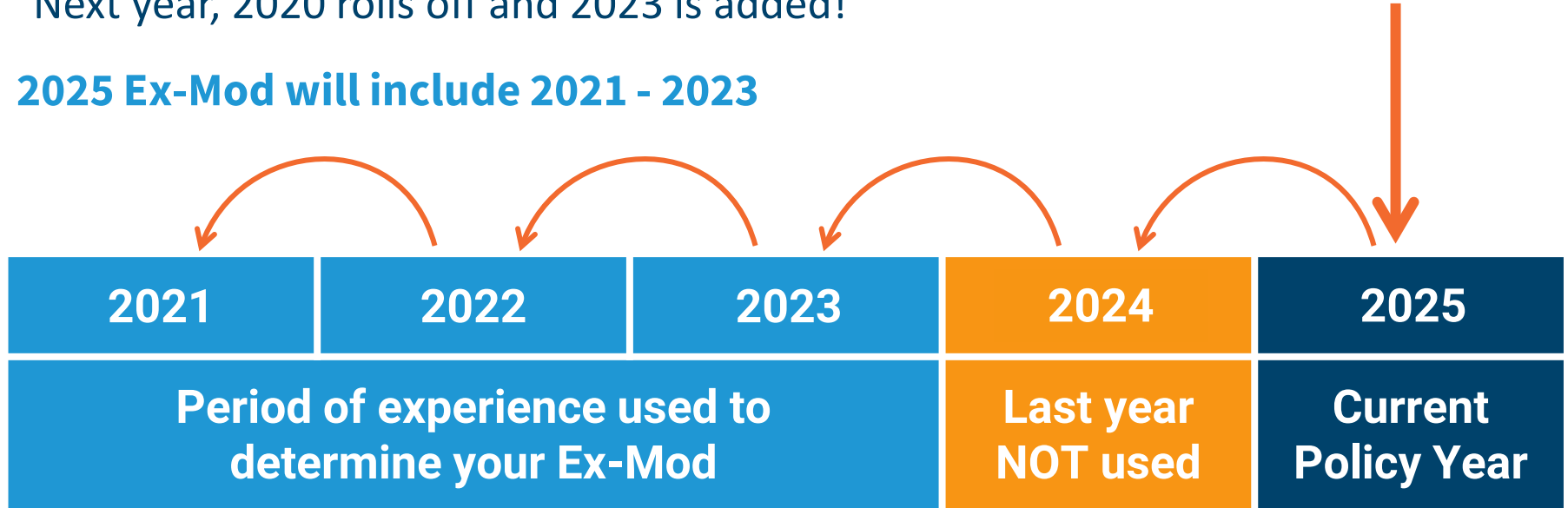
**Current and last year  
*not included***



# How does the calculation update annually? (Rolling Average)

Next year, 2020 rolls off and 2023 is added!

**2025 Ex-Mod will include 2021 - 2023**



# Are all states the same?

Some state calculations differ slightly

- May also include frequency and severity of your work comp losses and payroll classification

2021	2022	2023	2024	2025
Period of experience used to determine your Ex-Mod			Last year NOT used	Current Policy Year

## Ex-Mod Topic:

- How it can ruin your day



# Ex-Mod is major impact on your bottom line!

If you start with a \$40,000 base premium...

**.75 Ex-mod = \$30,000**

**1.25 Ex-mod = \$50,000**

**If your Ex-Mod is above 125%...**

Ex-mods of 125 and over place your organization on the...

# OSHA Target List

**High injuries + high claims =**

More Injuries contribute to...

# Lower Morale

Show them you care by sending them safely home to their families



## Ex-Mod Topic:

- COVID-19 impacts



# COVID-19 Impacts

Refer to your state's COVID-19 procedures!

- **Keep separate, accurate, verifiable records** for furloughed employees being paid but not working.
- **Maintain properly segregated payroll records** for employees whose duties changed while working from home.
- **If records not maintained** *all payroll* could be assigned to the highest rated applicable classification.

**You can never go wrong keeping great records**

# COVID-19 Impacts

Refer to your state's COVID-19 procedures!

- Claims attributable to COVID-19 that meet state's requirements **will not impact your Ex-Mod**
- Pandemics are rare and generally considered catastrophes because of scope and severity

# Ex-Mod Topic:

- Top 10 things YOU can do!



# Practical Approaches you can do now to

- Improve your culture of safety
- Lower injuries
- Lessen abuse and fraud
- Achieve long-term savings

**ICW GROUP**  
Insurance Companies

**10 THINGS YOU SHOULD KNOW TO LOWER YOUR EX-MOD & REDUCE COSTS**

**1 START WITH A "TOP-DOWN" COMMITMENT TO SAFETY.** Safety should be emphasized by all management on a daily basis & included in performance reviews.

**2 ESTABLISH YOUR WRITTEN SAFETY PROGRAM.** Incorporate incentives & disciplinary plan into the program. Ensure all employees take this seriously.

**3 CLEARLY DEFINE PROGRAM OBJECTIVES & MEASURE PERFORMANCE.** Align management with loss reduction goals & provide clear actionable objectives.

**4 TRAIN & REWARD - OFTEN.** Don't leave anything to chance. Teach employees correct behavior & reinforce constantly.

**5 COMMUNICATE, COMMUNICATE, COMMUNICATE.** "Talk safety," use posters & other reminders to firmly instill in your culture.

**6 THOROUGHLY EVALUATE ALL EMPLOYEES.** Focus on your safety culture, hire safety-minded individuals & complete background checks.

**7 PROMOTE CONSISTENT ENFORCEMENT OF SAFETY RULES.** Enforce all across your organization, from executives, managers, workers & visitors.

**8 INVESTIGATE ACCIDENTS & NEAR-MISSES IMMEDIATELY & THOROUGHLY.** Take corrective action to eliminate all hazards—even if no injury occurred.

**9 CONTROL LOSSES AFTER-THE-FACT.** Communicate with all parties, create Return-to-Work programs & follow best practices to reduce abuse & fraud.

**10 PARTNER WITH ICW GROUP.** We'll help you mitigate risk, grow your safety culture & proactively manage claims.

[ICWGROUP.COM/SAFETY](http://ICWGROUP.COM/SAFETY)

icwgroup.com

ICW GROUP is the marketing name for ICW Group Holdings, Inc. For a list of all ICW Group Holdings, Inc. subsidiaries, please visit our website [www.icwgroup.com](http://www.icwgroup.com). Not all products and coverages are available in all states.

10ThingsToKnow.com#644,202124



# Start with a “Top-down” commitment to safety

- Safety should be emphasized by management on daily basis.
- Included in performance reviews.
- A statement letter or notice from ownership m



tone!

# Establish your written safety program

- Incorporate incentives & disciplinary plan into the program.
- Ensure all employees take this seriously.
- Clearly define & assign responsibilities & accountabilities.



# Clearly define program objectives & measure performance

- Align management with loss reduction goals & provide clear actionable objectives.
- Manager's departmental goals in-line with executives.
- Supervisors have safety action goals.



# Train & Reward - often

- Don't leave anything to chance.
- Teach employees correct behavior & reinforce constantly.
- Effective, job specific, well-documented and easily understood.

**ICW GROUP**  
Insurance Companies

**10 THINGS YOU SHOULD KNOW TO LOWER YOUR EX-MOD & REDUCE COSTS**

**1 START WITH A "TOP-DOWN" COMMITMENT TO SAFETY.** Safety should be emphasized by all management on a daily basis & included in performance reviews.

**2 ESTABLISH YOUR WRITTEN SAFETY PROGRAM.** Incorporate incentives & disciplinary plan into the program. Ensure all employees take this seriously.

**3 CLEARLY DEFINE PROGRAM OBJECTIVES & MEASURE PERFORMANCE.** Align management with loss reduction goals & provide clear actionable objectives.

**4 TRAIN & REWARD - OFTEN.** Don't leave anything to chance. Teach employees correct behavior & reinforce constantly.

**5 COMMUNICATE, COMMUNICATE, COMMUNICATE.** "Talk safety" - use posters & other reminders to firmly instill in your culture.

**6 THOROUGHLY EVALUATE ALL EMPLOYEES.** Focus on your safety culture, hire safety-minded individuals & complete background checks.

**7 PROMOTE CONSISTENT ENFORCEMENT OF SAFETY RULES.** Enforce all across your organization, from executives, managers, workers & visitors.

**8 INVESTIGATE ACCIDENTS & NEAR-MISSES IMMEDIATELY & THOROUGHLY.** Take corrective action to eliminate all hazards - even if no injury occurred.

**9 CONTROL LOSSES AFTER THE-FACT.** Communicate with all parties, promote Return-to-Work programs & follow best practices to reduce abuse & fraud.

**10 PARTNER WITH ICW GROUP.** We'll help you mitigate risk, grow your safety culture & proactively manage claims.

[ICWGROUP.COM/SAFETY](http://ICWGROUP.COM/SAFETY)

icwgroup.com

ICW GROUP is the marketing name for ICW Group Holdings, Inc. For a list of all ICW Group Holdings, Inc. subsidiaries, please visit our website [www.icwgroup.com](http://www.icwgroup.com). Not all products and coverages are available in all states.

10 Things You Should Know to Lower Your Ex-Mod & Reduce Costs

# Communicate, communicate, communicate

- “Talk safety” constantly.
- Use posters & other reminders to firmly instill safety in your culture.
- Make it part of your vocabulary, everyday workflow.



# Thoroughly evaluate all employees

- Focus on your safety culture when you hire.
- Interview for safety-minded individuals.
- Complete background checks to look for red flags.

**ICW GROUP**  
Insurance Companies

**10 THINGS YOU SHOULD KNOW TO LOWER YOUR EX-MOD & REDUCE COSTS**

**1 START WITH A "TOP-DOWN" COMMITMENT TO SAFETY.** Safety should be emphasized by all management on a daily basis & included in performance reviews.

**2 ESTABLISH YOUR WRITTEN SAFETY PROGRAM.** Incorporate incentives & disciplinary plan into the program. Ensure all employees take this seriously.

**3 CLEARLY DEFINE PROGRAM OBJECTIVES & MEASURE PERFORMANCE.** Align management with loss reduction goals & provide clear actionable objectives.

**4 TRAIN & REWARD - OFTEN.** Don't leave anything to chance. Teach employees correct behavior & reinforce constantly.

**5 COMMUNICATE, COMMUNICATE, COMMUNICATE.** "Talk safety" - use posters & other reminders to firmly instill in your culture.

**6 THOROUGHLY EVALUATE ALL EMPLOYEES.** Focus on your safety culture, hire safety-minded individuals & complete background checks.

**7 PROMOTE CONSISTENT ENFORCEMENT OF SAFETY RULES.** Enforce all across your organization, from executives, managers, workers & visitors.

**8 INVESTIGATE ACCIDENTS & NEAR-MISSES IMMEDIATELY & THOROUGHLY.** Take corrective action to eliminate all hazards - even if no injury occurred.

**9 CONTROL LOSSES AFTER THE FACT.** Communicate with all parties, promote Return to Work programs & follow best practices to reduce abuse & fraud.

**10 PARTNER WITH ICW GROUP.** We'll help you mitigate risk, grow your safety culture & proactively manage claims.

[ICWGROUP.COM/SAFETY](http://ICWGROUP.COM/SAFETY)

icwgroup.com

ICW GROUP is the marketing name for ICW Group Holdings, Inc. For a list of all ICW Group Holdings, Inc. subsidiaries, please visit our website [www.icwgroup.com](http://www.icwgroup.com). Not all products and coverages are available in all states.

10 Things You Should Know to Lower Your Ex-Mod & Reduce Costs

# Promote consistent enforcement of safety rules

- Enforce all across your organization.
- Include executives, managers, workers & visitors - no one is exception.
- Model correct behaviors!



# Investigate accidents & near-misses immediately & thoroughly

- Take corrective action to eliminate all hazards – even if no injury occurred.
- Complete Accident Investigation form to help plan and prevent
- Follow-up with safety observations to ensure risk is controlled.





# Control losses after-the-fact

- Communicate with all parties.
- Promote Return-to-Work programs.
- Follow best practices to reduce abuse and possible fraud.

**ICW GROUP**  
Insurance Companies

**10 THINGS YOU SHOULD KNOW TO LOWER YOUR EX-MOD & REDUCE COSTS**

**1 START WITH A "TOP-DOWN" COMMITMENT TO SAFETY.** Safety should be emphasized by all management on a daily basis & included in performance reviews.

**2 ESTABLISH YOUR WRITTEN SAFETY PROGRAM.** Incorporate incentives & disciplinary plan into the program. Ensure all employees take this seriously.

**3 CLEARLY DEFINE PROGRAM OBJECTIVES & MEASURE PERFORMANCE.** Align management with loss reduction goals & provide clear actionable objectives.

**4 TRAIN & REWARD - OFTEN.** Don't leave anything to chance. Teach employees correct behavior & reinforce constantly.

**5 COMMUNICATE, COMMUNICATE, COMMUNICATE.** "Talk safety" - use posters & other reminders to firmly instill in your culture.

**6 THOROUGHLY EVALUATE ALL EMPLOYEES.** Focus on your safety culture, hire safety-minded individuals & complete background checks.

**7 PROMOTE CONSISTENT ENFORCEMENT OF SAFETY RULES.** Enforce all across your organization, from executives, managers, workers & visitors.

**8 INVESTIGATE ACCIDENTS & NEAR-MISSES IMMEDIATELY & THOROUGHLY.** Take corrective action to eliminate all hazards—even if no injury occurred.

**9 CONTROL LOSSES AFTER-THE-FACT.** Communicate with all parties, promote Return-to-Work programs & follow best practices to reduce abuse & fraud.

**10 PARTNER WITH ICW GROUP.** We'll help you mitigate risk, grow your safety culture & proactively manage claims.

[ICWGROUP.COM/SAFETY](http://ICWGROUP.COM/SAFETY)

icwgroup.com  
ICW Group is the marketing name for ICW Group Holdings, Inc. For a list of all ICW Group Holdings, Inc. subsidiaries, please visit our website [www.icwgroup.com](http://www.icwgroup.com). Not all products and coverages are available in all states.  
10ThingsToKnow.com#644,202124

# Partner with ICW Group

- We're here to help!
- We'll work with you to help mitigate risk, grow your safety culture & proactively manage claims.

**ICW GROUP**  
Insurance Companies

**10 THINGS YOU SHOULD KNOW TO LOWER YOUR EX-MOD & REDUCE COSTS**

**1 START WITH A "TOP-DOWN" COMMITMENT TO SAFETY.** Safety should be emphasized by all management on a daily basis & included in performance reviews.

**2 ESTABLISH YOUR WRITTEN SAFETY PROGRAM.** Incorporate incentives & disciplinary plan into the program. Ensure all employees take this seriously.

**3 CLEARLY DEFINE PROGRAM OBJECTIVES & MEASURE PERFORMANCE.** Align management with loss reduction goals & provide clear actionable objectives.

**4 TRAIN & REWARD - OFTEN.** Don't leave anything to chance. Teach employees correct behavior & reinforce constantly.

**5 COMMUNICATE, COMMUNICATE, COMMUNICATE.** "Talk safety" - use posters & other reminders to firmly instill in your culture.

**6 THOROUGHLY EVALUATE ALL EMPLOYEES.** Focus on your safety culture, hire safety-minded individuals & complete background checks.

**7 PROMOTE CONSISTENT ENFORCEMENT OF SAFETY RULES.** Enforce all across your organization, from executives, managers, workers & visitors.

**8 INVESTIGATE ACCIDENTS & NEAR-MISSES IMMEDIATELY & THOROUGHLY.** Take corrective action to eliminate all hazards - even if no injury occurred.

**9 CONTROL LOSSES AFTER-THE-FACT.** Communicate with all parties, promote Return to Work programs & follow best practices to reduce abuse & fraud.

**10 PARTNER WITH ICW GROUP.** We'll help you mitigate risk, grow your safety culture & proactively manage claims.

[ICWGROUP.COM/SAFETY](http://ICWGROUP.COM/SAFETY)

icwgroup.com  
ICW Group is the marketing name for ICW Group Holdings, Inc. For a list of all ICW Group Holdings, Inc. subsidiaries, please visit our website [www.icwgroup.com](http://www.icwgroup.com). Not all products and coverages are available in all states.  
10ThingsToKnow.com#644,202124

# Partner with ICW Group

To help you lower your Ex-Mod, every policy includes:

- Risk management services
- Safety training, LMS, webinars, materials
- Free HR services
- Aggressive fraud investigations
- Proactive claims management.



# Ex-Mod Topic:

- Helpful Resources



# 2025 Safety Training Webinar Series – What’s Next!

**April 3** – Prevent Slips, Trips & Falls in the Workplace

**April 17** – 10 Steps to Prevent Outdoor Heat Illness

**May 1** – Employee Mental Health and Safety in the Workplace

Register at [www.icwgroup.com/webinar](http://www.icwgroup.com/webinar)

# 2025 Safety Training Webinar Series – What’s Next!

**March 20** – 10 Ways to Lower Your Ex-Mod and Reduce Costs

**April 3** – Watch Your Step: Prevent Slips, Trips & Falls in the Workplace

**April 17** – 10 Essential Steps to Prevent Heat Illness

**May 1** – Employee Mental Health: Strategies for a Resilient Workplace

**May 29** – 6-Part Risk Management for Leaders Certificate Series Kicks Off

Register at [www.icwgroup.com/webinar](http://www.icwgroup.com/webinar)

# Safety Resources Available to You

## Policyholder Website

- Injured Workers Resources
- Safety Webinars on demand
- Safety *OnDemand*<sup>®</sup>
- And More!!

[icwgroup.com/safety](https://icwgroup.com/safety)





# 10 Things You Should Know To Lower Your Ex-Mod and Reduce Costs

---

QUESTIONS?