



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

Our Presentation Will Begin Very Soon

Today's Presenter:

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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 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 is “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>$255,000/100 \times 12.30 = 31,365$</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

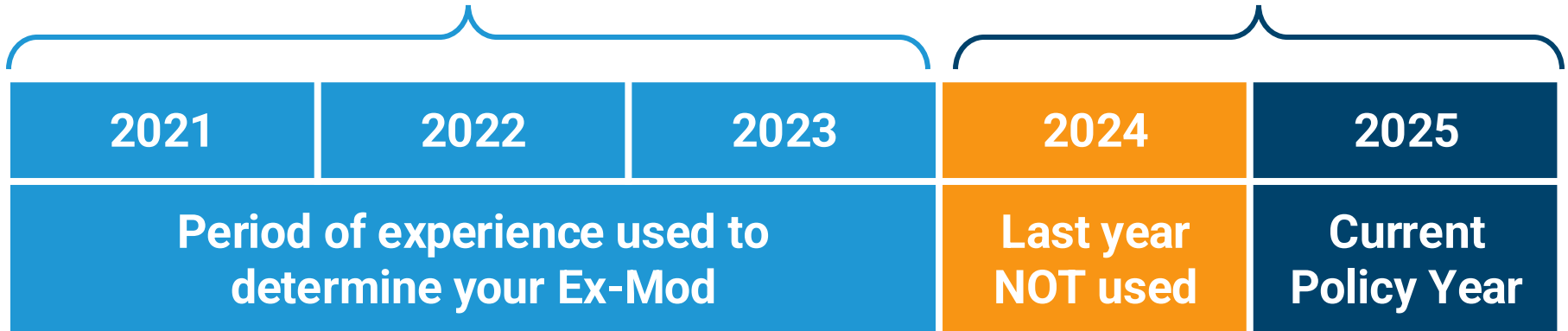
- Schedule rating involves either reducing or increasing a policyholder's premium and relates to how much risk the insurer wants to assume.
- Credits and debits are determined by Underwriters based on the unique characteristics of your operation.

How is it calculated?

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

**3-year period calculated for
2025 Ex-Mod**

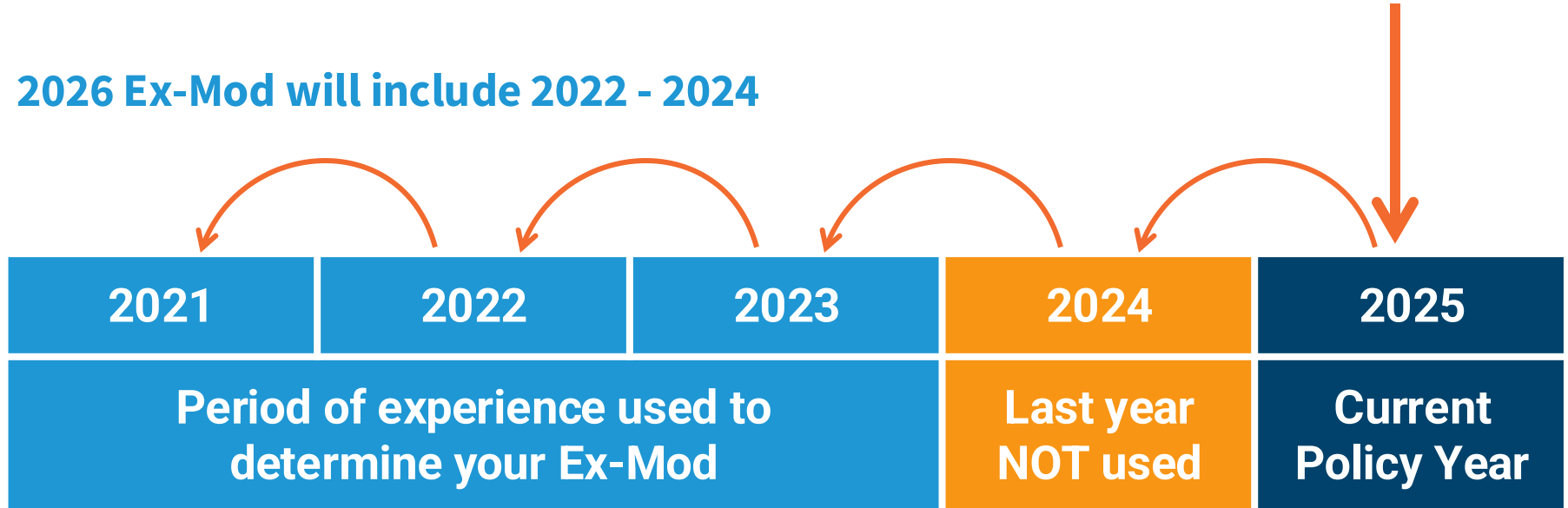
**Current and last year
*not included***



How does the calculation update annually? (Rolling Average)

Next year, 2020 rolls off and 2024 is added!

2026 Ex-Mod will include 2022 - 2024



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 plans 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

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Not all products and coverages are available in all states.
10/17/16 10:00 AM 10/17/16 10:00 AM

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 means a lot. It sets the 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.



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.



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.

The form is titled "S.T.E.P. UP TO A SAFER WORKPLACE ACCIDENT INVESTIGATION FORM" and is from ICWGROUP. It is divided into several sections:

- Report completed by:** Title, Department, Report type (Search, Employee, Lost time, Supervisor, Safety committee, First aid, Safety manager, Near miss, Other).
- Step 1: Injured employee (complete this part for each injured employee):** Employee name, Date of birth, Gender (Male, Female, Non-disclosed), Job title, Department, Original hire date, Time in current job, Shift hours (Start, End, Part time), Job category (Seasonal, Temporary), Injury description, and a diagram of the human body with "Area of body injured" checkboxes (Head, Neck, Upper back, Lower back, Hand, Finger, Forearm, Elbow, Wrist, Shoulder, Upper arm, Hip, Thigh, Lower leg, Foot, Toe).
- Step 2: Incident description:** Location involved, Incident description, Part of workday (Regular time, Overtime, On lunch/break, Other (describe)), Time occurred (Entering work, Leaving work, Other (describe)), PPE worn at time of incident (Safety glasses, Hard hat, Safety vest, Fall protection, Other), Equipment involved (Safety glasses, Respirator, PPE (describe), Hearing head, Other (describe)), Hand protection (Gloves, Other (describe)), Slip resistance (Slip resistance, No slip resistance).
- Organisational causes:** Ineffective training, Lack of supervision, Deficient procedures, Lack of applying procedures, Inadequate communication, Poor hazard assessment, Inadequate lifting practices, Lack of accountability, Inadequate motivation, Failed to provide proper tools, Failed to correct known issues.
- When happening again?:** Provide appropriate PPE, Perform maintenance, Supply remainder signage, Initiate safety communications, Develop new policy, Increase supervision.

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.



Ex-Mod Topic

- Helpful Resources



2026 Safety Training Webinar Series – What's Next!

April 16 – Essential Steps to Prevent Heat Illness

April 30 – Employee Mental Health: Strategies for a Resilient Workplace

May 14 – Accident Investigations

Register at www.icwgroup.com/webinar

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Policyholder Website

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- And More!!

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Questions?

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Thank You!

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