

TIP SHEET

**Risk Management Ideas From
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Controlling Workers' Compensation Modifiers

While the experience rating process is a mystery to many insurance and risk management practitioners, it is not as complicated as it appears. The secret to reducing experience modifiers is to understand the process and proactively manage those facets of it that are within your span of control. Below is an action list for controlling experience modifiers:

- Implement a loss control program that attacks loss frequency.
- Communicate with claims representatives or your broker to review and update loss reserves before unit cards are prepared.
- Request unit stat cards from insurers and review them before they are submitted to NCCI.
- Prepare a test modifier in advance of receipt of the final modifier to estimate renewal premium.
- Verify modifier promulgations to assure no clerical errors are made by comparing the data to loss reports and premium audit reports.
- Understand the effects on modifiers of ownership changes before implementing them. If a change will be made, attempt to structure it to reduce the resulting modifier(s).
- Keep track of subrogation recoveries and request changes of modifiers when they are made.
- If your company operations are ever reclassified, determine if recalculation of current and past modifiers would be beneficial.

For more information on controlling insurance cost, please call our office.