

insurance **TODAY**

Official quarterly newsletter of the Association of County Commissions of Alabama
First Quarter 2010

How to Save \$\$\$ on Your Premiums

Your workers' compensation premiums continue to rise, but do you know why?

Several factors influence your workers' compensation premiums, including internal and external forces, such as inflation, rising medical costs, increased payroll, increases in class code rates, and loss experience to mention a few.

We would like to focus on an area that Alabama's counties can control – **loss experience**. By controlling the hazards that cause the loss, you can directly control your workers' compensation premiums. The easiest way a county can manage its loss experience is by forming a safety committee (Please see, *"How can a safety committee help your county save money in insurance claims?"* on page 2.)

The focus of a safety committee is **SAFETY** and the implementation of programs and procedures in all county departments that mitigate loss exposure.

For example, instituting driver-training programs for employees whose duties require them to drive certain types of machinery would help reduce the likelihood of accidents and injuries. By reducing accidents, the county could control its experience modification factor, or MOD.

The MOD is a factor developed by measuring the difference between the county's actual past experience and the expected or actual experience of the particular class. This factor may be either a debit or credit and, therefore, will increase or decrease the standard premium in response to past loss experience.

A county with average experience would have a modifier of 1.0 and would pay the manual premium. Those counties with good experience would have modifiers below 1.00 and pay less than manual premium. Counties with poorer loss experience will have modifiers greater than 1.00 and would pay more than manual premium.

The bottom line is that the safety committee would provide county leaders with plans and procedures aimed at reducing losses, and improving its experience modifier to 1.0 or less and effectively reducing its premiums.

Did you know that Work Comp premiums can be influenced by inflation, medical costs, increased payroll, class code rates and loss experience?

Here's another very important question to consider when looking at your worker's compensation rates: Are all your county's employees classified properly?

When discussing workers' compensation and experience modification factors,

the proper classification of payroll on audit for your employees is extremely important.

For workers' compensation purposes, each employee classification has an expected loss for a given amount of payroll. If your county's payroll is incorrectly classified using lower-rated codes, this could cause your EMF to increase, and ultimately your workers' compensation rates will rise.

If you are interested in finding more ways to ease the burden of your insurance premiums, please contact **ACCA's Director of Insurance Services Henry van Arcken** at hvanarcken@acca-online.org or **(334) 263-7594**.

Henry van Arcken
ACCA's Director of Insurance Services

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How can a safety committee help your county save money in insurance claims?

If your county doesn't have a safety committee, or other form of safety board, then your county may be paying more in insurance claims from unsafe equipment, buildings and working conditions – things that go unchecked when no one is watching closely.



Keeping a close watch on HOW departments work is but one mission of a safety committee. **The main purpose of a safety committee is to prevent injuries or illnesses in the workplace by ADVISING county officials of potentially dangerous situations that could cause illness or accidents.**

A safety committee is a group of employees appointed to aid and advise management on worker safety. The committee may be composed of top management, two or three supervisors and several workers. *It is important that top management be represented and participate in the organization and conduct of the committee meetings.* The county commission may also include the county engineer and emergency management director with authority to quickly correct unsafe conditions.

Once the committee is in place, and meetings begin, employees should not expect the committee to assign blame in the event of an accident. That's not how the committee works. Facts are presented so effective solutions may be found.

Through activities and reports, the safety committee keeps county commissioners informed as to the condition of the buildings, grounds, and equipment, and as to progress or requirements for increased safety.

What a safety committee can REALLY mean to your county's bottom line:

- ✓ The committee itself is a way to allow your county employees to have ownership in the insurance program by participating in helping to keep the rates down. The committee also provides two-way communication between employees and supervisors for suggestions and ideas.
- ✓ By encouraging a closer relationship between management and employees, the committee can improve attitudes toward safety and understanding of problems. Keeping morale high among employees is important.
- ✓ The "on-the-job" experience of the committee members is valuable in determining hazardous conditions and methods of work, suggesting corrective measures and obtaining participation of all personnel.
- ✓ By its observations and discussions, the committee provides suggestions necessary to maintain safe working conditions for county employees.

The safety committee should hold regular meetings at which recommendations, accidents, records and program plans are discussed. A monthly inspection should be made of a selected area with special attention being paid to the subject or aim chosen for that month. Safety committees can also make arrangements for motivational guest speakers to lecture on safe working procedures and ergonomics in the workplace, and make awards for department with the least amount of injuries.

Following up on what has been learned and the progress that has been made is a crucial step the safety committee should make. This way progress can be monitored and adjustments in the safety plan can be made, if necessary.

For details on starting a safety committee in your county, contact **Meadowbrook Insurance Group** at **(334) 954-7200**. The call will only take a few minutes, but the benefits you could see in your premiums will be worth the effort.

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INSURANCE | |

Is Controlling Workers' Comp Costs Possible in County Waste Departments? (Or, Providing a Safe Work Environment for Waste Collectors.)

Editor's Note: *In the Classroom* segments are real-world experiences we hope will help members better understand all aspects of the Association's insurance programs. If you have questions concerning ACCA's insurance programs, please contact **Meadowbrook Insurance Group** at (334) 954-7200.

Waste collection is a necessary service to Alabama's residents and businesses and an important way for a county to keep trash and litter under control. Some counties contract with private firms for collection, while many do it themselves. Expenses have escalated while most county revenues have dwindled. *Keeping costs down is more important than ever.*

How does workers' compensation costs affect a county's budget? What happens should one department experience a severe and costly loss? Will that loss affect in one department affect your overall workers' comp costs?

Here's the **BIG** question: *Does safety cost or save money in the long run?*

Safety can require investments in time lost on the job (commissioners, department heads, safety personnel, supervisors, employees); salary (regular time and overtime, replacement workers); lost productivity following serious injuries; and in costs for improved equipment and facilities.

But, it pays off in the long run if you count all the costs. Here is an example of how one county committed to make a difference.

ONE COUNTY'S STORY

Editor's Note: *In the interest of confidentiality, no names were used, and some non-critical facts omitted or changed. The story below concerns one county's Waste Department's struggle to implement a new plan to make a difference in workers' compensation claims and budget costs. However, the principles*

used by this county can easily be applied by any department in any county in Alabama.

This is a story about a county collecting its own waste using traditional equipment and philosophies. The county was hand-collecting household refuse using old trucks, wanting to provide a service to the residents and keeping the county's roads clean, yet unwilling to make big investments in equipment.

Financial losses from strains, sprains, slips and falls had been an ongoing problem in the Waste Department. The losses in this department were driving the county's experience modification higher each year.



Upon investigating these injuries, it was discovered that employees were picking up cans and bags by hand and loading them into the bin of rear-loading trucks.

Employees were required to pick up whatever the residents left for them, in whatever containers they provided. Some bags and cans were inside wire or wooden baskets at the roadside. This required them to reach and lift heavy bags or cans over and out of these "cages." Cans and bags were carried to the rear of the truck. Bags were thrown in, and cans lifted and emptied into the rear bin of the truck. Some of the cans were filled with water, ice, bricks, motor parts, etc., the weight of which was beyond any standards for lifting.

All these activities, while traditional, have been shown to lead to high injury rates for strains, sprains, and slips and falls. Falls come from bending and reaching at the edge of the road or ditch, carrying large and bulky objects. Falls also result from riding and getting up and down from the riders' step on the trucks. All of this caused fatigue, which can be a precursor to other injuries.

Classroom 101 (continued)

The loss history for this county for the last five years is listed below, but it does not show the historic losses that were similar to years two, three and four. The first year was unusual in that the county didn't have a large lost-time injury. Loss costs decreased considerably in the last year and are down for the current year. There were three losses in year five that could have lead to higher costs, but the Waste Department implemented a Return-to-Work program this year allowing employees to come back to work on modified jobs and return to full time without further injury or cost. According to the director and route supervisor, this program alone helped improve morale within the department. Employees felt the county cared about them and wanted them to keep their jobs.

LOSS HISTORY

Loss Causes	Total Number	Large (\$5K-\$20K)	Very Large (\$20K+)
Strains/sprains	28	2	8
Slips/falls	14	4	1 (largest reported)
Other	21	None over \$5,000	
Losses by Year	Number of Losses	Cost*	
1	9	\$3,167	
2	17	\$234,002	
3	8	\$1,616,772	
4	12	\$132,000	
5	7	\$16,709	
Totals	63	\$2,002,696	

**Loss amounts are based on actual amounts paid and reserves as of the date of the loss run used. This value changes over time and the numbers are used for comparison not to give specific amounts for each year or claim.*

Other Factors

There were several employees with multiple and repeated injuries to the same body part(s). With no Modified-Duty Program, employees were frequently off for prolonged periods of time. Morale was low, and injured employees didn't want to return to work.

Details

Long-range plans for the Waste Department included a change to automated equipment, while short-term changes included eliminating the bins currently being used in lieu of 30-gallon trash bags. Anything that doesn't fit in the trash bags would be picked up by the large-waste pick-up crew.

Safety meetings were planned each month, and safety meeting materials were provided, including "Training the Refuse Driver" and other videos.

The initial safety meeting with the Waste Department crew was scheduled to discuss problems and offer training on the proper lifting and carrying techniques.

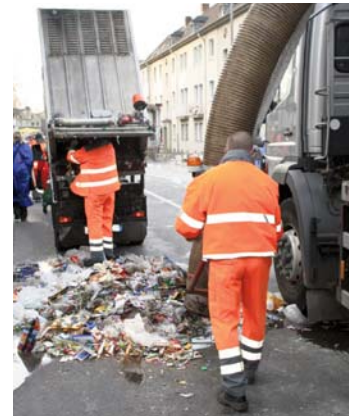
During this initial meeting, employees offered several concerns that few employees outside the department sympathized with what they went through to do their jobs. Job morale was definitely low.

A second visit was scheduled to review the losses in more detail and review possible corrective action. Agreement in principle was reached on the problems with the current collection practices and the long- and short-term plans. There was some concern by the county commissioners over the costs of the new program and the expectation that residents would perceive a reduction in services.

By providing loss data to the director to justify the cost of the changes to the county commission, it became much easier to implement the long-term plan for improvement. The plan included policies for large-item pickup needed to change; routes needed to be re-worked to balance the workload between crews; and safety meetings were scheduled on a monthly basis.

Annual training was also scheduled for lifting, riding on the rear of the trucks, and the proper handling of cans as new cans were purchased.

The use of Modified-Duty Jobs was discussed and finally implemented in the fifth year. It was presented to the employees as a new benefit to employment. Employees could work a modified job, meeting their physician's restrictions and continuing to keep their full pay, and allowing them work their way back to their normal duties as restrictions were lifted.



Activities/Changes

Meeting several times during the year with the director and county commission chair and administrator to provide data, advice, recommendations, and safety topics, and to review losses that had occurred proved quite beneficial.

The “bag system” was implemented with a campaign in the local newspaper and flyers. There were a few expected complaints from residents, but the questions were eventually answered, and the employees no longer picked up cans and large bags by hand.

The director worked consistently for improving the equipment. As a starting point, refuse cans were eventually purchased for all collection customers. These cans could be pulled to the trucks on wheels and tipped manually until automated tippers were added.

Used and sample equipment from suppliers was researched and tested. Eventually, nearly all routes were changed to the semi-automated tippers as they were added to the rear loading trucks. Soon, one-side loaders will be added that will operate on main roads.

Safety meetings continue monthly, and several of the safety meetings were moderated at the shop with demonstrations on lifting and carrying, moving cans, mounting and dismounting the steps, traffic, driving, etc. Employees are continually encouraged to share comments and recommendations for improvement.

Routes were reworked and schedules requiring the employees to work holidays or weekends were changed to normal work days. The change to bags helped the routes take less time as cans didn't have to be carried back into the yard and large items were being handled differently.

Following trucks on three occasions prior to the safety meetings provided information to discuss and review during the meetings, such as reviewing correct routing in view of traffic and stopping points, etc.

While this story concerns a particular department's struggle to implement a new plan to make a difference in work comp claims and budget costs, the principles used by this county can easily be applied by any department in any county in Alabama.

RESULTS

Loss frequency and severity are down for one full year and continuing into the new policy year. The system is now semi-automated, but the employees are still having to move the cans from the side of the road by hand. There were initially some shoulder strains with the new cans with wheels, because they were larger and heavy.

After two safety meetings to address how to handle these new cans, the new procedures seem to be working. Employees should continue working on proper handling procedures as long as they use the semi-automated equipment. This has eliminated lifting of bags or cans.

As employees saw these changes take effect morale improved. The Return-to-Work program is working very well. *This program helped keep three recent injuries from turning into large claims, and three employees with recent injuries avoided having to file major claims and are now back at their normal jobs.*

Questions about your Workers Compensation or Liability Insurance Plans? Please contact the professionals at **Meadowbrook Insurance Group** at P.O. Box 11047, Montgomery, Ala. 36111, by phone at (334) 954-7200 or fax at (866) 804-9412.