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BIE SAFETY ADVISOR

Understanding Workers' Compensation Insurance

Workers' Compensation is:

- Mandatory in New York State
- Protection for injured employees
- Exclusive remedy
- Covered for all activities performed in the course and scope of employment
- No fault

There are three basic types of Workers' Compensation insurance:

- *Guaranteed Cost* is based upon the type of work your employees do, your estimated payroll for the year, and your loss experience over a three-year period.
- *Retrospective Rating Plans* begin the policy year with an estimated premium (as in the guaranteed cost plan), but the premium is adjusted up or down once the policy year is over and your actual losses are known.
- *Self-Insurance Plans* are programs where employers pay for their own losses up to a certain preset dollar amount. Companies can also join a Self-Insurance Group (SIG). In an SIG, members of the group contribute premiums into a fund and the SIG pays each policy year's claims and expenses from member contributions. In an SIG each company's individual loss experience affects the performance of the group as a whole.

What are Losses?

Losses are dollars reserved and paid by your insurance company for medical costs, replacement wages (indemnity), and legal costs associated with your Workers' Compensation claims. Loss runs are a listing of a company's Workers' Compensation claims and include claimants' names, accident dates, brief accident descriptions, claim costs (both paid and in reserve), and claim status (whether the claim is open or closed).

A "Reserve" is what your claims handler estimates a claim will cost by the time the injured employee is fully healed and back to work. At any time the claim handler can raise or lower the reserve on the claim based on the circumstances of the claim. Once the injured employee is fully healed and back to his/her regular job, the claim is closed and the value of the claim adjusted to the actual amount paid.

Companies should monitor their losses closely. If you don't already receive loss runs directly from your insurance company or from your insurance agent or broker, you should request them at least annually.

Experience Modification Rate (EMR)

An EMR is applied to guaranteed cost policies and used to gauge both past cost of injuries and future chances of risk. The lower the EMR of your business, the lower your Workers' Compensation premiums will be. An EMR of 1.0 is the benchmark average. If your organization's EMR number is lower than 1.0 your Workers' Compensation premium will be lower than average and an EMR greater than 1.0 will result in a higher than average premium.

An EMR is calculated using losses from a prior three-year history. About six months after your Workers' Compensation policy year ends, your insurance company submits a Unit Statistical Report to the New York Compensation Insurance Rating Board (NYCIR). This report lists your reserved losses over a previous three year period and is used to calculate your EMR.

A smart employer will review its losses a few months after the end of each policy year and prior to submission of the Unit Statistical Report to insure that:

- Loss run information is accurate
- Claims that should be closed are actually closed and only paid amounts are included in the report

Workers' compensation problems respond well to management focus and control. Costs can be controlled when companies make a commitment to taking care of injured workers.

Monthly Toolbox Talk

Portable Ladder Safety

Falls from portable (step, straight, combination, and/or extension) ladders are one of the leading causes of workplace injuries and fatalities.

Inspecting Ladders

Before using any ladder, inspect it. Look for the following faults:

- Loose or missing rungs or cleats.
- Loose nails, bolts, or screws.
- Cracked broken, split, dented, or badly worn rungs, cleats, or side rails.
- Wood splinters.
- Corrosion of metal ladders or metal parts.

If you find a ladder in poor condition, don't use it. Report it. It should be removed from service, tagged and properly repaired or immediately destroyed.

Using Ladders

Choose the right type and size ladder. Keep these tips in mind:

- Avoid electrical hazards. Look for overhead power lines before setting up a ladder. Don't use a metal ladder near energized electrical equipment or power lines.
- Always maintain 3-point (2 hands and 1 foot or 2 feet and 1 hand) contact when climbing a ladder. Face the ladder when climbing up or down and don't try to carry tools or materials with you.
- Don't set up ladders in areas such as doorways or walkways where others may run into them, unless they are protected by barriers. Keep the area around the top and base of the ladder clear. Don't run hoses, extension cords, or ropes on a ladder and create an obstruction.
- Don't try to increase the height of a ladder by standing it on boxes, barrels, or other materials. Don't try to splice two ladders together either.
- To avoid slipping on a ladder, check your shoes for oil, grease, or mud and wipe it off before climbing.
- Don't lean out to the side when you're on a ladder. If something is out of reach, get down and move the ladder over.
- Don't exceed the maximum load rating of a ladder. Most ladders are designed to hold only one person at a time. Two may cause the ladder to fail or throw it off balance.
- Don't move or shift a ladder while a person, materials, or equipment are on the ladder.
- Set all portable ladders on solid footing and straight and extension ladders against a solid support.
- Be sure that all locks on an extension ladder are properly engaged
- Don't use a stepladder as a straight ladder.
- Do not stand on the top or top step of a step ladder.
- Tie in, block, or otherwise secure the top of straight ladders to prevent them from being displaced.
- Place the base of straight ladders out away from the wall or edge of the upper level about one foot for every four feet of vertical height. Don't use ladders as a platform, runway, or scaffold.
- Be sure straight ladders are long enough so that the side rails extend above the top support point by at least 3' or install a grab rail.

Care of Ladders

Take good care of ladders and they'll take care of you. Secure them in well-ventilated areas, away from dampness.

Remember: These tips on ladders may save you from a ladder that tips.

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