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### WORKERS' COMPENSATION SPLIT POINT RATING AND ITS EFFECTS ON THE BOTTOM LINE

Workers' Compensation Insurance is this month's topic. It is one coverage that you have the ability to modify the premiums because pricing is based on payroll and losses. The timing of this discussion is intentionally in the springtime before the camp season starts in earnest. The vast majority of losses are caused by counselors that do not understand the impact of injury to your council. All councils that purchase workers' compensation insurance through the BSA purchasing group receive training material that if used properly will significantly reduce losses during the camping season.

Workers' Compensation coverage is governed by your state insurance regulatory board. There is a national organization in Worker's Compensation that makes recommendations regarding the rates and the regulatory actions of insurance carriers and employers in about 40 out of the 50 states known as National Council on Compensation Insurance, known as NCCI. The other 10 states are not directly affected by NCCI regulations, but may look to NCCI for trending and regulatory guidance.

NCCI has not taken into account the increase in medical costs and inflation for more than 20 years. They will be catching up the inflation factors for the next three years. After that, inflation will be applied annually going forward. This may affect employer's workers' compensation premiums in potentially positive or negative ways depending on an employer's own loss experience.

Workers' Compensation claims used to be "capped" at \$5,000. Before, if an employer had a claim that was very large, say \$70,000, NCCI used to only fully factor \$5,000\* out of the entire \$70,000 claim when determining an employer's loss experience – a factor that takes your workers' compensation premium and adjusts it according to your loss experience. Employers with few or no losses are credited and employers with several or severe losses are debited. Now NCCI is increasing the cap to \$10,000 and over the next two years to \$15,000.

Before	
Actual Losses	What actually hits the bottom line
\$70,276	\$5,000*
\$495	\$495
\$7,316	\$5,000*

After	
Actual Losses	What actually hits the bottom line
\$70,276	\$10,000*
\$495	\$495
\$7,316	\$7,316

\*The excess cost of the loss is still factored into the experience history affecting the rates significantly less than the initial capped amount.

The bottom line is dependent on the amount of claims and the severity of those claims. You can affect these numbers by following just a few simple steps.

1. Report claims as soon as possible. Studies show that the longer a claim goes unreported, the more it costs. By reporting claims early, the employer can keep the cost of claims down and ultimately their insurance premiums.
2. Instill a culture of safety. Most workers' compensation claims are entirely preventable. By deputizing your staff into all wearing the hat of Risk Manager, you may save enough money that you can remodel that old Lodge or Dining Hall or perhaps invest in some new ventures.



3. Implement the Camp Staff Safety and Health Training provided by USI during Camp Counselor Orientation. You should already have a copy. If not, contact USI to obtain this.
4. Consider a Deductible on your workers' compensation plan. Ask your agent for a mod and deductible analysis 60 days prior to renewal. If they are unable to provide one, contact USI and we can provide one for you.

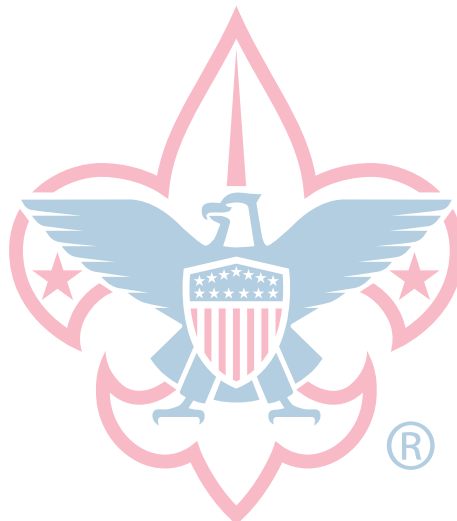
Some employers come out ahead with the changes affected by NCCI. Reach out to your insurance agent, BSA Risk management and USI to make sure you make the most of this opportunity.

### Questions About the Spilt Point Change?



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