

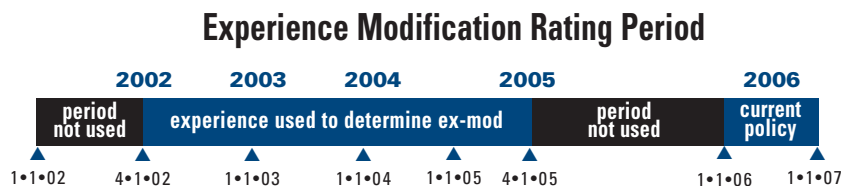
Experience Modification Rating

One way to lower your workers' compensation costs

What is it?

Experience rating assesses whether your company's claims are greater than or less than average by comparing your company's payroll and claims history with other California businesses in the same industry. This statistical comparison, from the Workers' Compensation Insurance Rating Bureau, uses your recent policy history to compute the experience modification (ex-mod) for your business. The ex-mod is a percentage factor that modifies your current workers' compensation premium. If your claims are less than the average, your premium is adjusted downward. Conversely, if your business has higher losses than the rest of your industry, your premium is higher. There is a minimum premium level necessary to qualify, and the plan is mandatory for all qualified businesses.

The illustration below shows the time frame of policy history used for experience rating. The rating period covers several years, beginning 4 years and 9 months prior to and terminating 1 year and 9 months prior to the inception date of the policy. For example, a policy incepting 1-1-07 will have its modification based on experience from policies incepting between 4-1-02 and 4-1-05. The data from 4-1-05 to 1-1-07 is too new and not fully credible for use in the computation.



State Fund can help. . .

- > We can review your policy history with you, explain your experience rating, and keep you informed.
- > We inspect jobsites to help you identify hazards, review your loss analysis reports for accident patterns, and assist you with setting up safety programs.
- > We guard against unnecessary medical treatments and procedures. We have an established Medical Provider Network to assure proper treatment, and our automated bill-review program helps eliminate the overpayment of bills. These services, designed to promote quick and equitable claims, can reduce claims costs.

Fewer and less costly claims → Lower ex-mod rating → Reduced premium

STATE
COMPENSATION
INSURANCE
FUND
www.scif.com