

MTM Manufacturing Technology Mutual Insurance Company

Monthly Newsletter for October 2010



Participant in the Michigan Property & Casualty Guaranty Association



From the Desk of Gary Wood

I looked at October 2009 and 2008 before I started this article to review what has happened over the last several years. Following the review I decided that our world has changed immensely and only a few things I mentioned then have remained relevant since.

One year ago I would have never seen the changes that this organization has undergone and the positive result that has come from those changes.

The relevant matters are in regard to the **MTMIC Board of Director's Election, MTMIC Annual Meeting and the Renewal Questionnaire and Payroll Estimates.**

The results of the election are in and the new Directors will be announced at the Annual Meeting on October 21, 2010. Over 130 ballots were cast for the three year terms to be filled by the nominees.

This year the nominees for the position were:

Jack Accardo	GHB, Inc.
Kurt Heuser	Bokum Tool Company
Joe Keppler	Hi-Tech Tool Industries
Richard Smith	Wolverine Bronze
Alan Wright	Hackett Brass Foundry

MTMIC Annual Meeting

The MTMIC Annual meeting will be/was (depending on when you read this) held on October 21, 2010 at the Red Run Golf Club, 2036 Rochester Road, Royal Oak, MI 48073. The meeting is scheduled to begin at 11:30 a.m. with lunch at noon. Policyholders received invitations to the meeting during September. If you read this in time and still want to attend, call Glenda Moyle at ext. 1315 to find out if there is still available seating.

This is the regular meeting of the policyholders held in accordance with the requirements as detailed in the bylaws of the organization.

Renewal Questionnaire and Payroll Estimates

We have distributed renewal questionnaires for all January 1 policyholders. If you have not sent your reply with new payroll estimates, we will have to guess what numbers you want us to use and that always causes revisions later in the year.

Depending on your individual responses to the questionnaire, additional information may be required to update our data base. It is extremely important to have the best information to get the best terms and conditions on your renewal policy.

Status Report

Policyholders: At the September 16, 2010 meeting it was announced that there were 521 policyholders of record insured by MTMIC, this is again a record number of policyholders; we have never in the history of MTMIC or MTA WCF had



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as many insured companies.

Premium is driven by payroll and rates and the reported payrolls have been down from prior years. Our rates have remained virtually unchanged since I started here in 1998 so premium is down even with growth in the number of policyholders.

Claims: At the Beginning of September there were 474 open claims from 2006 through 2010 with 177 indemnity cases and 297 medical only cases. The average loss ratio is 63% for all years.

Loss Control: The staff has completed 597 policyholder visits to date with the three person staff averaging 66 a month.

Fee Schedule: The fee schedule process reduced the medical bills for all claims by 57.8% for the month of August; the amount saved was \$220,000. In the last twelve months the average reductions for fee scheduling was 58.4%.

Underwriting: Over the years some of the policyholders have had a less than favorable safety culture which has resulted in either an unprofitable loss ratio or uncontrolled loss exposure that could result in unacceptable levels of claims. Annually we review the book of business to re-evaluate the pricing of those clients or in extreme cases a determination is made to not offer a renewal quote

The underwriting process is designed to protect the majority of the policyholders from increases sometimes demanded by actuarial evaluations. We as an insurance company cannot assume risk that will provide unfavorable results.

Policyholders also benefit from this ongoing review as companies that are unprofitable will be priced accordingly or terminate their coverage thus reducing the exposure to claims which should result in a more efficient use of our financial and physical assets.

Dividend Plans: In the past many of you have had the good fortune to obtain dividends from your participation in the MTA WCF (the predecessor to the MTMIC). Dividends are a return of premium based on positive loss experience.

Recently, we have operated our organization in a non-profit status serving the interest of the policyholders while not dramatically increasing the assets of the MTMIC. There must be positive loss experience to produce a dividend.

It has been our goal to obtain positive loss experience WITHOUT raising the rates; we adopted the position that many policyholders would rather see up-front discounts than wait for a delayed dividend.

We are now contemplating filing an additional rating plan that would provide a dividend based on your individual loss ratio but without the upfront discounts currently available.

The options would be:

- A discount up front or
- A dividend paid over the 30 months following the policy inception.

The dividend program needs to be reviewed by actuaries and approved by the State but could be available in the very near future.

Meanwhile we will continue to attempt to provide the best market for your workers' compensation coverage offering exceptional service with affordable premium.

Safety is a process; be a part of the process...

Guidelines for Applying "Good Faith"

By: Ruth Kiefer, Loss Control

I've been asked recently what MiOSHA looks for when they are applying the Good Faith factor that can reduce your base penalty for most citation items by 30%. The MiOSHA Safety Officers and Industrial Hygienists use the following criteria to propose a penalty reduction based on Good Faith.

You are more or less awarded or penalized points in the following categories:

- Compliance
- Cooperation
- Corrective Mitigation
- Postings and Logs
- Personal Protective Equipment
- Housekeeping
- MTI
- Miscellaneous Circumstances

We will briefly review each category so that you are aware of what you can or cannot be awarded points for.

Compliance – 0 to 9 points

A maximum of 9 points can be awarded if the proposed violation is classified only as other-than-serious and/or regulatory with a monetary penalty. If a proposed violation is classified as low to high gravity serious and not willful, then a total of 5 - 3 points can be awarded. But if any of the proposed violations are classified as willful, then there is no reduction for good faith and no points will be awarded.

Cooperation – 0-4 Points

You will be awarded points based on your cooperation with the compliance officer. They will determine if you allowed the inspection without unreasonable delays, provided management and employee representatives for the opening conference, site walk-around, and closing. Did you allow employee interviews as needed or allow the investigator to take pictures or video other such evidence, or were you verbally abusive to the officer? If you fully cooperated, then you can be awarded a maximum of 4 points.

Corrective Mitigation 0 – 3 Points

You can be awarded points if you initiated prompt corrective action to mitigate exposures to the hazard that was identified. Such as, if the officer noted the guard was missing on a machine, were you eager to find it and put it back on? If you show concern and replace the missing guard while the officer is there you could receive a maximum of 3 points.

Postings and Logs – 0 – 3 Points

The compliance officer will look to see if you have posted your required safety posters and see if they are in a location that is accessible to employees. They will also ask to see if you are maintaining your MiOSHA 300 logs. If all this is up to date and in place then they can award 3 points.

Personal Protective Equipment 0 – 3 Points

When you go for the walk-around, please don't forget your own safety glasses and ensure that your employees, including managers, and supervisors are using the appropriate personal protective equipment for the identified hazard. If everyone is in compliance you can earn 3 points.

Housekeeping – 0 to 3 Points

Housekeeping. Housekeeping. Housekeeping. As you know, our loss control staff is always concerned about this. What compliance is looking for are clear aisle ways, un-impeded exits, good material flow in your shop and general overall cleanliness. If housekeeping is in order, this should be an easy 3 points!

MiOSHA Training Institute (MTI) – 0 – 3 Points

Recently, MiOSHA established a training institute through Macomb Community College and is now awarding good faith points if anyone in your organization has attended. If you have had one or more employees complete their Level One General Safety and Health certification you will be awarded 3 points. If an employee is in the process of obtaining this certification they will award you 2 points, and so on.

Miscellaneous Circumstances – Minus 6 to Plus 6 Points

As you see, good faith can include a plethora of factors and can include other than those that were identified in this article. This is the subjective part of the process, where the officer can either award or subtract points, but their reasons must be documented.

So now the walk-through is completed, MiOSHA is sitting with you in their closing, don't forget to ask them about applying good faith credits. If you've done well, and earned between 25-30 points, you will get the full 30% reduction. Now if you had a few sticking points this is how the breakdown is given:

15 to 24 points = 20%

5 to 14 points = 10%

0 to 4 points = 0%

Claims Corner

By: Donna Motley

From what our department is seeing and hearing, work is picking up! And that's a good thing. Employees are being called back to work from lay-off, some new employees are being hired, or some lucky employees are getting some overtime! This is great news!

What our department is **also** seeing is an increase in work related injuries. Most of the new claims being filed are Medical Only claims - those of a less serious nature that only require minor medical treatment. However, a couple of the new claims have been serious injuries.

The less serious injuries, foreign body in the eye, welders flash, laceration, appear to be more related to "training issues", i.e. the lack of training. The more serious (costly) injuries, severe lacerations, fractures, sprain/strains, appear to be more related to employees hurrying or taking "short cuts".

While we can all appreciate "time is money", an employer is further ahead by thoroughly training new and even returning employees prior to starting any job. Having a disciplinary program in place and enforcing same in relation to procedure violation is encouraged. If discipline is utilized properly, employees should think twice before "standing on a bucket" or "by-passing lock-out, tag-out".

First level supervision is an employer's best defense. Educate your Line Leaders, Plant Managers, Shift Supervisors in safety and claims reporting and management. Ask them if they see potential problems arising and how to avoid or resolve those issues. You can have a myriad of safety programs in place, but if your employees are not educated in enforcing the programs, no one benefits.

As mentioned before, new hire or returning employees may be somewhat out of shape and may not adjust well to a physical job. As one employer recently told me, a new hire that previously worked flipping burgers would be out of his element in a plant. This is not to say they wouldn't be a good, productive employee, that just means he needs to be trained and educated and maybe work his way up to the heavier job. Good hiring practices are crucial. While you may be anxious to get a warm body in place so production can continue, you are further ahead by taking the time to find the right person.