

MTM Manufacturing Technology Mutual Insurance Company



Monthly Newsletter for June 2011



Participant in the Michigan Property & Casualty Guaranty Association

FROM THE DESK OF GARY WOOD

Director Elections – Class of 2012:

Have you ever wondered what goes on at a Board meeting for the MTMIC? The best way to know is get elected to the Board and find out first hand. Annually the Policyholders are called on to elect one third of the Board members.

The Board meets monthly for approximately three hours at the MTMIC offices in Farmington Hills, MI. All Board members must be elected by the policyholders unless appointed for an initial interim term to complete a full three year term that has been vacated for any reason.

The nominees are selected by a committee comprised of a subgroup of the existing Board. Current Board members with expiring terms are:

Bobby Cox	<i>Acorn Stamping</i>
Gerald Decker	<i>Precision Boring</i>
Dennis Haller	<i>Haller International Technologies</i>

The Nominating Committee has been seated so if you are interested in participating, please contact Gary Wood at 248-488-1172, ext. 1316 (Gary.Wood@mtmic.com).

The successful candidates for the Director's position will be recognized at the MTMIC annual Meeting in October, 2011.

PAYROLL AUDITS

The payroll audits have been completed for those policies re-newing on the calendar year of January 1, 2010 through January 1, 2011 and the results are encouraging. Many of those policyholders recorded increased payrolls over 2009 as measured in increased premium. This should mean there is a more vigorous manufacturing economy in the state of Michigan but not every policyholder was "in" on the rising tide.

Premium for the 2010 policy period increased by a reasonable 6 to 7%. In a year to year comparison of premium, last year at this time this same group's payroll was off which resulted in a decrease in premium of around 17%. 2010 policyholders that over-estimated their payrolls either will or have received a check from the MTMIC as a refund of their premium overpayment.

If you received a large refund OR significantly underestimated your 2010 payroll, now would be a good time to revise those payrolls for 2011 so you can either put that money to work for you now or avoid a large audit billing after the end of this policy year.

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REFERRAL REWARD SYSTEM

Do you remember the policyholder referral system? If a policyholder or staff member makes a referral they are eligible to receive a reward.

The Referral is not limited by the size of the prospect but is limited to the first referral we receive for each prospect. The Reward is a \$100 Gift Card or Certificate at an establishment of your choice. If you know of someone that would like a competitive quote for their workers' compensation coverage you should contact Megan Brown, Director of Sales and Marketing by email (megan.brown@mtmic.com).

Megan will acknowledge receipt of your referral, contact the prospect, track the opportunity and notify you of the outcome. If the transaction is successful and we write the account (defined as when we receive the first premium payment), Megan will contact you to obtain your choice of gift cards and deliver the card to the person that made the original referral.



WORKERS COMPENSATION ISSUES

Part of my focus is to remain current on issues affecting workers' compensation insurance. For the last decade the cost of workers' compensation has illogically moderated and the coverage has become somewhat of a commodity. Recent headlines on PropertyCasualty360.com caught my attention and caused me to make you aware of what the insiders in the industry are saying.

In their article titled "[11 Workers' Compensation Issues Sure to Impact 2011](#)" they reflect on the issues (in the macro sense) facing those that purchase workers' compensation coverage. You can look it up for yourself but here are the main points:

1. The decline in the frequency of claims is slowing
2. Injured employees are staying out of work longer
3. Medical costs continue to rise
4. Safety and wellness begin to integrate

5. OSHA (MIOSHA) is everywhere
6. Litigation Swells
7. Misclassification of independent contractors
8. Medicare Set-Aside Arrangements
9. Telecommuting
10. Social Media
11. Uncertainty in the insurance markets

While some of these points have less impact than others, in my opinion numbers 1, 2, 3, 6, 8, and 11 are the topics that I would follow closely in the foreseeable future. The article quotes the CEO of AIG as stating in an interview that they are cutting back on their workers' compensation exposure due to unrealistic marketplace pricing. AIG is one of the largest insurers in the United States and does set trends.

Be warned; the hard market pricing is on the horizon and will impact all of the marketplace but particularly those accounts that are unprofitable from a loss versus premium ratio.

CLAIMS CORNER

Donna Motley, Claims Manager

It is "back to basics"! All Workers' Compensation claims are initiated via Form 100, Employer's Basic Report of Injury. Section I of this form (Employee Data) should be completed with the employee's personal information. The **employee** is to give you the date of the alleged injury. We **need** the social security number and date of birth as this information is filed with the State. The employee's telephone number is necessary, particularly if they are losing time from work as an adjuster is required to call the employee and take a "phone report". This phone report confirms the accuracy of the information on the form and provides greater detail surrounding the incident.

Section II (Employer/Carrier Data) is important as we compare the Federal I.D. Number with that in our system. Some insured's with multiple locations also have separate Federal I.D. Numbers. Some insured's with multiple locations use this part of the form to indicate the plant at which an injury occurred (as opposed to listing the parent location).

Section III (Injury/Medical Data). The center of the form, this relays to our department whether or not the employee is losing time from work, how the injury occurred, what caused the injury, the basic diagnosis, injured body part and initial medical provider.

Section IV (Occupation and Wage Data). It is **IMPERATIVE** this section be completed. We cannot add a claim to our claims system without this information. (Gross weekly wages are only necessary if the employee is losing time from work because of the injury.) If the "Date Hired", "Occupation" or "Date Employer Notified by Employee" is missing, you will be getting a telephone call from us!

When a Form 100 is submitted, we first look at key facts: date of injury, date hired, date employer notified and date prepared. Then we review injury, body part and mechanism of injury. If deemed necessary, Loss Control will be notified.

To determine a Workers' Compensation (weekly) benefit rate, we need the gross weekly wages (broken down by week) dating

back 52 weeks from the date of injury. We extract the highest 39 of the 52 weeks, total and divide by 39. This gives us the employee's Average Weekly Wage. Based on tax filing status, and dependents allowed under the Workers' Compensation Act, a weekly benefit rate is provided by the Workers' Compensation Agency. Workers' Compensation rate is approximately 80% of the employee's net average weekly wage as Workers' Compensation benefits are considered **non-taxable income**. Benefits are not claimed at the end of the year. There is a maximum benefit rate that is adjusted annually based on State average weekly wage.

EMPLOYER'S BASIC REPORT OF INJURY
 Michigan Department of Labor & Economic Growth
 Workers' Compensation Agency
 PO Box 30016, Lansing, MI 48909

Form 301 Information

An employer shall report immediately to the agency on Form WC-100 all injuries, including diseases, which arise out of and in the course of the employment, or on which a claim is made and result in any of the following: (a) Disability extending beyond seven (7) consecutive days, not including the date of injury; (b) Death; (c) Specific losses in case of death, an employer shall also immediately file an additional report on WC-106. See instructions on reverse side for filing/mailing procedures.

I. EMPLOYEE DATA						
1. Social Security Number	2. Date of injury	3. Employee name (Last, First, MI)				
4. Address (Number & Street)	5. City	6. State	7. Zip Code			
8. Date of birth (MMDDYYYY)	9. Sex <input type="checkbox"/> Male <input type="checkbox"/> Female	10. Number of dependents	11. Telephone number			
12. Tax filing status: <input type="checkbox"/> A. Single <input type="checkbox"/> B. Single, Head of Household <input type="checkbox"/> C. Married, Filing Joint <input type="checkbox"/> D. Married, Filing Separate						
II. EMPLOYER/CARRIER DATA						
13. Employer name		14. Federal ID Number				
15. Injury location code	16. Mailing location code	17. UI number	18. Type of business (SIC/NAICS)			
19. Employer street address		20. City	21. State	22. Zip code		
23. Insurance company name (if employer not self-insured)		24. Insurance company telephone number (if known)				
III. INJURY/MEDICAL DATA						
25. Last day worked	26. Date employee returned to work (if applicable)		27. Did employee die? <input type="checkbox"/> Yes <input type="checkbox"/> No		28. If yes, date of death	
29. Injury city	30. Injury state	31. Injury county	32. Did injury occur on employer's premises? <input type="checkbox"/> Yes <input type="checkbox"/> No (If no, see item 53)			
33. Case number from OSHA/NIOSH log	34. Time employee began work <input type="checkbox"/> a.m. <input type="checkbox"/> p.m.		35. Time of event <input type="checkbox"/> a.m. <input type="checkbox"/> p.m.		36. If time cannot be determined, check here <input type="checkbox"/>	
37. What was the employee doing just before the incident occurred? Describe the activity, as well as the tools, equipment, or material the employee was using. Be specific.						
38. How did the injury occur? Examples: "When ladder slipped on wet floor, worker fell 30 feet." "Worker was sprayed with chlorine when gasket broke during replacement"						
39. Describe the nature of injury or illness			40. Part of body directly affected by the injury or illness			
41. What object or substance directly harmed the employee? Examples: concrete floor, chlorine, radial arm saw. If this question does not apply to the incident, leave it blank.						
42. Name of physician or other health care professional		43. Was employee treated in an emergency room?		44. Was employee hospitalized overnight as an in-patient?		
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No		
45. If treatment was given away from the worksite, where was it given? (Include name, address, city, state and zip code of facility)						
IV. OCCUPATION AND WAGE DATA						
46. Date hired	47. Total gross weekly wage (Highest 39 of 52)		48. Number of weeks used		49. Value of discontinued fringes	
50. Occupation (Be specific)		51. Was employee a volunteer worker? <input type="checkbox"/> Yes <input type="checkbox"/> No		52. Was employee certified as vocationally handicapped? <input type="checkbox"/> Yes <input type="checkbox"/> No		
53. Date employer notified by employee		54. If temporary service agency, provide name/address of employer where injury occurred.				
V. PREPARER DATA						
I CERTIFY THAT A COPY OF THIS REPORT HAS BEEN GIVEN TO THE EMPLOYEE						
<small>Making a false or fraudulent statement for the purpose of obtaining or denying benefits can result in criminal or civil prosecution, or both, and denial of benefits.</small>						
55. Preparer's name (Please print or type)		56. Preparer's signature		57. Date prepared		
Notice to employee: Questions or errors should be reported immediately to the individual listed above in space 54						

WC-100 (Rev. 10/05) Front

**Manufacturing Technology Mutual Insurance
 Company will be closed on Monday,
 July 4th to celebrate Independence Day.
 HAVE A SAFE AND ENJOYABLE HOLIDAY.**

