

# MTM Manufacturing Technology Mutual Insurance Company

Monthly Newsletter for November 2011



Participant in the Michigan Property & Casualty Guaranty Association



## FROM THE DESK OF GARY WOOD

### 2011 Annual Meeting Summary

Many of you missed the 5<sup>th</sup> Annual Meeting of the Manufacturing Technology Mutual Insurance Company. For those of you that have been around awhile this date would have coincided with the 35<sup>th</sup> Annual Meeting of the MTA Workers' Compensation Fund.

This was the fourteenth year that I attended this meeting and the thirteenth year that I presided over the event.

*It was my pleasure to introduce the 2011 Board members:*

Jack Accardo of GHB

**Chairman**, Bobby Cox of Acorn Stamping in Oxford, MI  
Gerald Decker of Precision Boring in Clinton Township, MI  
Robert Easterbrook of East-Lind Heat Treat in Madison Heights, MI  
Dennis Haller of Haller International in Detroit, MI

**Vice Chair**, Kurt Heuser of Bokum Tool in Madison Heights, MI

**Treasurer**, Joe Keppler of Hi-Tech Tool Ind. in Sterling Heights, MI  
Bradley Lawton of Star Cutter Co. in Farmington, MI  
Doug Mack of Grosse Tool & Machine in Warren, MI  
Richard Smith of Wolverine Bronze in Roseville, MI

Special Guests in attendance were Al Gardner of DeSeranno Wealth Management, the MTMIC investment manager and Nick Wagner of the Printing Industries of Michigan (PIM). The PIM self insured group recently endorsed the MTMIC to provide coverage for the employers in that group and we wish to acknowledge and thank them for the endorsement.

### Election Results

*Three Directors were elected to continuing three year terms:*

Bobby Cox with a new term expiring on December 31, 2014  
Gerald Decker with a new term expiring on December 31, 2014  
Dennis Haller with a new term also expiring on December 31, 2014

Special thanks were made to John Stefanko of Eagle Industries for participating as a candidate in this year's election.

Of the 116 ballots cast, twelve (12) were disallowed as they were improperly completed and four (4) were received after the deadline for ballots had passed. The result was based on 100 total ballots cast.

### Accounting/Finance

The Financial Report was provided by Chris Doebler, the Controller for MTMIC. The official report is filed annually with the Michigan Office of Financial and Insurance Regulation and that report, along with required quarterly updates, is public information available by request and is widely reported through various agencies.

### Claims

The Claims Department has been under the supervision of Donna Motley since 2003. Donna has been employed by this organization and its predecessor since the mid 1990's.

This year claims have shown an increase in both the frequency and initial severity compared to equivalent recent years. There

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#### From the Desk of Gary Wood Claims Corner Near Miss Reporting

has also been an increase in the number of policyholders so it was expected that there could be a higher claim count than in the past. Many of the claims are coming from new employees or recent called back employees from prior layoffs. This is a training issue that has to be addressed as employers slowly come back on line with their day to day production goals.

One of the steps we have taken to acknowledge this trend is to notify loss control whenever an unusual situation occurs. The loss control staff then will contact the employer for a comprehensive accident investigation.

A review of our claims will reveal that the medical expense of those claims has increased from prior years even though we do extensive re-pricing through a vendor which reduces our cost on nearly all procedures. The problem is that the cost of medical has increased but we have taken few rate increases to offset the increased cost.

One of our primary concerns is a fast and accurate claim reporting. We can, by law, control the treatment of the injured employee in their first ten days but once the claim gets beyond that without direction of their treatment, the genie is out of the bottle in regard to medical treatment.

### Loss Control

Ray Duff has been the Manager of the loss control department and has been serving the needs of our policyholder base for several years now.

Recently our focus has been directed to those policyholders that have proven to have a track record involving more than the usual amount of claims.

Loss Control or safety visits are not intended to just point out some bad news or less than perfect situation. We really want to control the losses at your facility. Owner involvement in the process has proven itself to be key to obtaining positive safety oriented results. Many times we find that safety programs are "on the books" but no one is actively promoting what is in place. Adopt safety programs and loss control as part of your core goals.

MTMIC continues to endorse the MIOSHA Alliance; your loss control representative has details on how this program works.

While our focus is on servicing policyholders with existing claim issues, we do not intend to ignore the rest of the policyholders and will provide timely visits and responses to questions and training issues.

We are very close to launching a new member portal from our website (MTMIC.COM). This portal can be used for training and obtaining confidential information on each policyholder's status. The official kick-off of this program should be before the end of the year.

The popular 5 in 1 posters are being printed and will be distributed at no cost to the policyholder after the first of the 2012 policies are issued.

## Sales and Marketing

Megan Brown is the Director of Marketing and Sales: she has been with MTMIC in that position since 2007. Megan's work has largely resulted in the growth of the organization from 420 policyholders in August of 2007 to 574 at the end of August 2011. In September and October an additional nine new accounts were added.

In the last year MTMIC added 122 new policyholders with a combined premium of \$1,286,678. We have averaged over \$1,000,000 in new premium every year since Sales and Marketing has become a distinct function.

This success did not just happen; over 484 accounts were solicited in the current year with a resulting close ratio of nearly 25%. The premium growth exceeded the goal for the year by 28%. Statistically Michigan experienced a 5% decline in the number of policyholders between 2009 and 2010 so the work to accomplish these numbers was no small feat.

Additional marketing department accomplishments included updating and distribution of state and federal posters, development of new marketing materials, strong involvement in developing an underwriting and policy issuance system, development of the policyholder portal, and at least one contact with every policyholder.

The operation of the MTMIC is our only business and the staff is dedicated to the operation of the group as an economical alternative specializing in your business. When you only have one product you want it to be the best and we hope that the policyholders think we have accomplished that goal. I trust that you will let me know first if we have not.

If you wish to contact any of the staff, our current contact information is available on our website, [www.mtmic.com](http://www.mtmic.com).

## CLAIMS CORNER

### Donna Motley, Claims Manager

The Michigan Worker's Disability Compensation Act was established in 1912. That is 100 years ago! The Act and Administrative Rules were last (formally) amended in 1969, that's 42 years ago. Obviously there have been a lot of changes in the world in the last 100 years. Industry and medicine alone have made tremendous strides.

Over the last 100 years, Worker's Compensation cases taken to court and appealed to the Supreme Court set a precedent. While these Supreme Court decisions are supposed to become standards by which other cases are decided, there is room for interpretation. Cases at the lower court levels are subjected to even more interpretation. There is no jury in Worker's Compensation courts; you only have to convince one person - the Magistrate sitting on the bench - a governor appointee.

A case was decided about one year ago concerning a gentleman that required a knee replacement, allegedly the result of a work related injury. Plaintiff's attorney proposed that the "joint replacement" was the same as a "specific loss" or "loss of use" requiring wage replacement benefits to be paid for the scheduled loss - a leg would require benefit payment of 215 weeks. The maximum compensation rate for 2011 is \$742 tax free dollars. At that rate, the leg would be worth \$159,530. Specific Loss payments are made even if the person is working.

I know my sister's boss had a double knee replacement (not work related) and returned to work, albeit an office job, after a couple of weeks. It is easy to see why someone might want their knee replaced under Worker's Compensation rather than Short Term Disability and health insurance.

Aside from the financial benefits, for the most part, the injured party just acquired a new body part that "made them whole". The knee should actually be "better than" the old one! Why should the person be entitled to payment for a "loss"? One hundred years ago, joint replacement surgery was unheard of, so the basic Worker's Compensation Act had no means by which a decision could be made. The Supreme Court awarded benefits to the employee. The proposed changes to the Act revisit this case.

As in all matters, there are two sides to every story. The Plaintiff and Defense bar both have their own idea of what is fair. Bill HB 5002 has been submitted to the Michigan House of Representatives on October 26, 2011, where it is anticipated it will be passed as drafted.

Changes may be on the horizon, we will keep you posted.

## NEAR MISS REPORTING

### Ruth Kiefer, Loss Control

It is important to be tracking near miss injuries and accidents as part of your safety programs. These near misses can give you insight on potential problems within your facilities, such as needed re-fresher training, change in processes, or a change in material flow. In order to properly track these near misses, it is important to get a buy in from your employees. There was a recent study as to the reasons employees don't report critical near misses. Listed below are the top reasons employees won't report them.

1. **Embarrassment** – workers don't want to be humiliated or labeled as "accident-prone" or a "frequent flyer" based on their injury record.
2. **Difficulty** – often organizations make near misses difficult to report with confusing paperwork or convoluted process. If you make it hard, workers won't do it.
3. **Bureaucracy** – If you involve workers who experienced the near miss to attend safety meetings to recount their experience, they are less likely to inform you in the first place.
4. **Peer Pressure** – If you have incentives in place and the near miss could cost the workplace or department's perfect safety record, which may include a free lunch or cash bonus, they will be less likely to say anything to avoid pressure from other coworkers.
5. **Loss of reputation** – Again, workers don't want to be labeled as accident prone by their peers or supervisors
6. **Lack of interest from the organization** – here's where you come in, if employees know that the organization does not take safety seriously, then really, is reporting a near miss really that important?
7. **Perceived as pointless** – if a near miss was not particularly serious and didn't result in a significant injury, some organizations consider tracking and reporting this as pointless.

You should have noticed that fear was not listed above. This is because it was the least common reason workers avoided reporting near misses. This held true, unless the workplace punished employees for being injured. In these locations, workers were in fear of losing their jobs.

To encourage near miss reporting, perhaps your company should handle them in a different way and make employee reporting a way for them to actively participate in your safety program and making their workplace a safer place to be. If you make the process positive, and allow workers to offer ideas and suggestions, they will be more likely to report the near misses that could have resulted in a severe injury. Remember, frequency breeds severity, and if you don't count the near misses you're missing the larger picture of providing a productive and safe workplace for your employees.