

THE
ADVANTAGE
BUILDERTM

WORKER'S COMPENSATION





Devin H. Pipkin,
Executive Vice President, Construction Specialty Group
500 1st St. SE | Cedar Rapids, IA 52401
319-739-1354 | dpipkin@truenorthcompanies.com

PROFESSIONAL EXPERTISE:

Risk Management specializing in Construction

INDUSTRY CONCENTRATION:

Devin has more than 20 years of experience in helping construction companies put controls in place to create scenarios where they are less likely to have to use the insurance they carry. He coordinates and manages multiple areas of risk that include contracts, certificates of insurance, Human Resources, safety/Loss Control, Succession Planning and Trusted Advisor Coordination. Devin helps you close the gap in multiple areas of your company's exposures.

CERTIFICATES:

Mr. Pipkin has certificates as a Certified Insurance Counselor (CIC), OSHA 10 hour and multiple construction specific continuing education hours.

ADMISSIONS/MEMBERSHIPS:

Devin serves as Chair of the Associate Council and is a member of the Board of Directors of the Master Builders of Iowa. He is also a Member of the National AGC, AGC of Iowa and AGC of Colorado. Devin is aware of the issues that contractors face today. He has also held many board positions in the Cedar Rapids area thanks to his dedication to his community.

TRUENORTH LOCATIONS:

Iowa: Cedar Rapids, Des Moines & Cedar Falls. Texas: Arlington & Fort Worth. Colorado: Longmont. Missouri: Kansas City. Tennessee: Nashville. Illinois: Quad Cities and Peoria. Michigan: Grand Rapids.

Coverage forms are subject to change based on state regulatory requirements.

Nothing contained in these materials is intended to be advice on an specific factual situation.

These materials are intended for educational and informational purposes only.

Workers' compensation has been one of the oldest insurance programs in the United States dating back to the early 1900's. It provides monetary compensation of the employee for work-related injuries or illnesses. In the event of such injury or illness, workers' compensation pays the medical expense, income loss due to disability, and death & survivor benefits.

Before the nineteenth century, most workers had no insurance coverage for injuries while on the job. This started becoming a larger issue during industrialization as the increase in number of factory workers correlated with an increase in job-related injuries. During these times, workers could only recover damages by suing their employers for negligence, claiming breach of common law obligations. Although the employees could obtain restitution in court for their injuries, the process of litigation was often unfavorable. The establishment of workers' compensation eliminated many of the problems of the past. Workers are entitled to recover for injuries or diseases as long as they were related to the job.

Workers' compensation follows a no-fault system, meaning that the employer is liable to any work-related injury regardless of fault or negligence. In turn, workers' compensation is the employees' sole remedy.

A competitive state fund is a state-owned and operated fund that provides workers' compensation insurance to employers who operate within that state. Some states operate a state workers' compensation insurance fund in direct competition with private insurance carriers. Employers in these states can choose to purchase their workers' compensation coverage from the state fund or a private insurance. The following states listed below provide a state fund program at the time this page was produced.

Arizona	California	Colorado	Hawaii	Idaho
Kentucky	Louisiana	Maine	Maryland	Minnesota
Missouri	Montana	New Mexico	New York	Oklahoma
Oregon	Pennsylvania	Rhode Island	Texas	Utah

Monopolistic States have special legislation that requires workers' compensation coverage be provided exclusively by the state's designated workers' compensation program. Insurance through private insurance companies is not allowed. Coverage will need to be secured through a private insurance company either on another state's worker' compensation policy or general liability for the employers liability (Part B) as this is not provided by the monopolistic states coverage. This is also referred to as Stop Gap. The following is a list of monopolistic states as of the time this page was produced:

Ohio

North Dakota

Washington

Wyoming

WORKER'S COMPENSATION

Workers' Compensation Coverage – Workers Compensation and Employers Liability

Part A covers all injuries and diseases that must be covered according to the individual state workers compensation statutes. All benefits are paid in accordance with the schedule provided by the states.

Part B covers the liability that may be imposed beyond the state statutes subject to the exclusions and conditions of the policy.

The National Council on Compensation Insurance (NCCI) provides a standard form that is a model for all member companies to use. Certain states have alternatives but all are fairly similar. Part A is mandatory and dictated by the states; however, Part B is more insurer-defined and should be compared by carrier, particularly the exclusions.

WORKER'S COMPENSATION

Classifications – A class code is a three or four digit numerical code assigned by NCCI or a State Rating Bureau. Class codes are assigned to differentiate between the various job duties or “scope of work performed” by employees. The Scopes classification system contains over 700 unique codes and is the basis for both pricing and underwriting workers’ compensation insurance rates.

There are a few states that do not use the NCCI classification system. California, New Jersey, New York, Delaware, and Pennsylvania utilize their own classification systems. Texas licenses much of the NCCI system, but makes significant variations in specific classification rules. Many other states have some “state special” classifications that may vary significantly from NCCI standard definitions for certain workplace classification codes.

WORKER'S COMPENSATION

Experience Modification is the adjustment of annual premium based on previous loss experience. The experience period used is based on three years of experience not including the immediate past year, but the prior three.

Experience modifiers are recalculated annually. The experience rating approach uses an individual's historical data as a proxy for future risk. The insured's modification is compared to a calculation of expected losses for a company in a line of work, in a particular state, and adjusted for the size of the employer to their actual losses.

MOD/EMR Effect

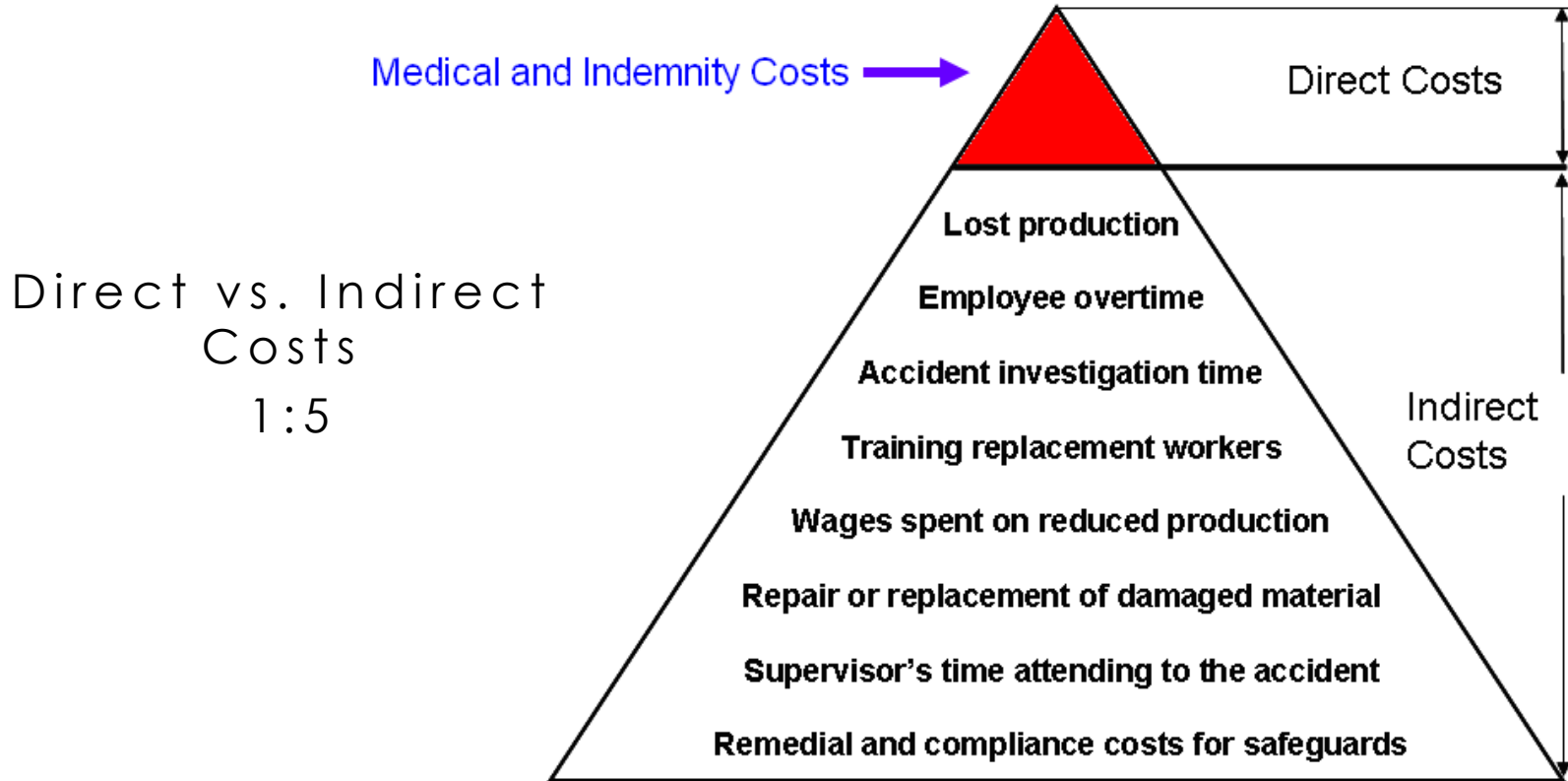
Class Description	Class Code	Rate per 100	Estimated Payroll	Annual Premium
Concrete Construction	5213	10.49	\$150,000	\$ 15,735.00
Executive Supervisor	5606	2.56	\$150,000	\$ 3,840.00
Iron or Steel Erection	5040	36.81	\$150,000	\$ 55,215.00
Sheet Metal Outside	5535	7.67	\$150,000	\$ 11,505.00
Total Annual Premium				\$ 86,295.00
EMR				\$ 1.00
Total Annual Premium				\$ 86,295.00

Class Description	Class Code	Rate per 100	Estimated Payroll	Annual Premium
Concrete Construction	5213	10.49	\$150,000	\$ 15,735.00
Executive Supervisor	5606	2.56	\$150,000	\$ 3,840.00
Iron or Steel Erection	5040	36.81	\$150,000	\$ 55,215.00
Sheet Metal Outside	5535	7.67	\$150,000	\$ 11,505.00
Total Annual Premium				\$ 86,295.00
EMR				\$ 0.85
Total Annual Premium				\$ 73,351.00

MOD/EMR Effect-Continued

Class Description	Class Code	Rate per 100	Estimated Payroll	Annual Premium
Concrete Construction	5213	10.49	\$150,000	\$ 15,735.00
Executive Supervisor	5606	2.56	\$150,000	\$ 3,840.00
Iron or Steel Erection	5040	36.81	\$150,000	\$ 55,215.00
Sheet Metal Outside	5535	7.67	\$150,000	\$ 11,505.00
Total Annual Premium				\$ 86,295.00
EMR				\$ 1.25
Total Annual Premium				\$107,869.00

Class Description	Class Code	Rate per 100	Estimated Payroll	Annual Premium
Concrete Construction	5213	10.49	\$150,000	\$ 15,735.00
Executive Supervisor	5606	2.56	\$150,000	\$ 3,840.00
Iron or Steel Erection	5040	36.81	\$150,000	\$ 55,215.00
Sheet Metal Outside	5535	7.67	\$150,000	\$ 11,505.00
Total Annual Premium				\$ 86,295.00
EMR				\$ 1.50
Total Annual Premium				\$129,443.00



1. Commit to Something! (Safety Plan)
OSHA compliance is important but it is NOT a safety plan.
2. Written & Documented, Professionally and Custom Built
3. Train Management and Supervisors (Must have total buy in)
4. Inform and Train Employees
Do an Employee perception survey.

Should Include:

1. Rewards and Discipline – Stick to Both
2. Return to Work Policy and Program
3. Drug Testing
4. JSA for every job, every day.
5. Near Miss Reporting

Should Have:

1. Constant and Continuous Training (Documented)
2. Proper equipment and PPE in good repair.
3. Job Description

When an injury happens be prepared, everyone needs to know what to do.

1. Provide proper care immediately. Where allowed use your PPN.
2. Investigate the accident, notice everything and document.
3. Report to insurance carrier within 24 hours and keep them informed of what you know.
4. Communicate with injured Employee on what to expect.
5. Follow the claim and keep a documented file.
6. Get Employee back to work, RTW Program
7. Debrief, learn from it.

It must be a culture / Put safety first
What do these really mean?

STEP 1

Administrative Controls

STEP 2

Evaluate Safety
Steering Committee

STEP 3

Engage Leadership on
Culture Improvement Plan

STEP 4

Manager /Supervisor
Training

STEP 5

Hazard Analysis &
Corrective Action

STEP 6

Educate All Employees
& Monitor Progress

In our continuing efforts to encourage a progressive safety program, we announce a unique policy benefiting everyone. It is a hardhat exemption program. If you are one of those hard-headed individuals that wants to let your hair blow in the breeze, who feels a hardhat shortens his/her neck, and that in general it is just a pain in the 'you-know-what', this program is for you. Every employee is required to wear a hardhat on the job. But, if you earn a certificate of exemption, you will be excused from this requirement.

The program works like this. If your head meets the standards for head protection, you don't need a hardhat. Contact the company safety department to be scheduled for the testing at the earliest possible date. Upon successful completion of testing, you will receive a beautiful embossed certificate, suitable for framing, identifying your head as conforming to American National Standards Institute requirements (ANSI Z89.1 and Z89.2 classes A, B, C and D). You will also receive a wallet sized card that you must carry at all times. The tests include the following:

You will undergo a 24-hour water immersion test. A maximum of permitted absorption is 0.5% by weight. Air will be provided for the 24 hours at no charge.

Next, an impact test will be conducted. While lying horizontally, with your head resting on a steel plate, an 8-lb. steel ball will be dropped on it several times from a height of 5 feet. If your head is not damaged, you pass.

Next, your head will be subjected to the application of a variety of acids, solvents, oils, and industrial gasses. It must pass with no damage or deficiencies.

A propane torch will be used to determine if your head is fire resistant. If slow burning, you may only achieve a Class A or B rating. If there are any holes in your head, it will restrict you from a Class A rating.

On the final test, you must sustain 2200 volts AC, 60 Hz, for three minutes with leakage currents not exceeding 9 milliamperes. Breakdown threshold has been established at 30,000 volts.

All tests must be conducted at a variety of temperatures ranging from -20 degrees to 140 degrees Fahrenheit.

If you don't feel you can qualify, don't despair. Although not as pretty as your hairdo, your hardhat does provide protection for your head from all the above. Remember that unless you receive an exemption certificate, you must continue wearing your hardhat. Not wearing one is a privilege that will be granted only to those with proper certification and designated as genuine HARD HEADS.