

The Alliance Advisor

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Improving Loss Experience Town of Rotterdam Success Story

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The insurance industry has varying means of customizing premiums to fit the loss experience of a particular policyholder. No one method is used to calculate premiums for every insurance program. Typically, the traditional insurance companies use one method, self-insured groups use another, etc. What remains consistent throughout all workers' compensation insurance programs is the fewer the claims, the lower the subsequent claim costs are, and the less the employer has to pay for workers' compensation insurance.

In the traditional insurance market, rates are initially developed for the "average" account. Every employer has an

experience modification factor that is a reflection of how well they controlled their losses over the past few years and how they compare to the "average" employer in the same kind of business. Then an underwriter multiplies the initial premium by the experience modification factor to arrive at the final premium. The lower the experience modification factor, the lower the premium.

Let's look at the Town of Rotterdam to see how they reduced the losses within their control. They joined the Comp Alliance after receiving very large increases in premium from their carrier. When they joined us, their experience modification factor was 1.20; that is, 20%

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Controlling Your Own Destiny

The primary goal of the Comp Alliance Risk Management department is to assist members in establishing and implementing measures to reduce and minimize employee accidents/injuries in the workplace. To accomplish this we:

- Provide on-site risk evaluations
- Provide loss experience analysis
- Conduct inspections to identify hazards
- Develop appropriate risk control recommendations
- Conduct on-site general safety aware-

ness and/or PESH related safety training to assist in regulatory compliance to minimize serious injury and fatalities

- Identify those accounts having adverse experience modification factors (>1.05) and provide specific support

Perhaps the most important service we provide our members in this endeavor is educating municipal administrations, dept heads, etc. with respect to what each organization can do to control their own

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New York State
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Improving Loss Experience, Rotterdam Success *continued*

higher than average or other municipalities of the same size. Looking at it another way, they would have paid 20% more for their insurance than the average municipality in the traditional insurance marketplace.

Working with the Loss Control professionals at the Comp Alliance, Pat Aragosa, Rotterdam's Comptroller, understood that the experience modification factor could be improved by implementing better risk management controls in the town. Working closely with Pat Carroll, Safety Coordinator for the town and his department heads, Mr. Aragosa was able to make a huge impact in this controllable rating factor.

"Mr. Carroll, deserves a lot of the credit for the success," Mr. Aragosa said. "He was responsible for implementing various safety policies including supplying personal protective equipment for employees and developing standards for wearing and utilizing this equipment in the workplace. He

met with and educated the department heads and labor force on all safety policies and issues. He also coordinated the safety meetings with labor, management, and the Comp Alliance."

By focusing on the fundamentals and educating everyone about the adverse impact the experience modification has on the town's budget, the Town of Rotterdam was able to reduce the experience modification 21 points to .99! This 21% reduction has positively influenced the town's annual funding contribution and will continue to result in significant savings for the Town of Rotterdam over the long run. Their insight and commitment to controlling losses resulted in this tremendous accomplishment.

We would like to thank Mr. Aragosa for allowing us to share his exceptional story. We hope this inspires other members to raise the bar on safety and loss control practices to reduce their losses as well.

Loren Pratt, Marketing Manager

Meet Roger Cuva, Sr. Loss Control Specialist



Roger Cuva,
CSP, ARM, ALCM

Roger joined Wright Risk Management in April 2006 and is working tirelessly to reduce loss exposures for the members of the Comp Alliance. Roger takes to the road weekly to bring our members the information they need in the form of safety training, loss control inspections, consultations with safety coordinators and other important risk management educational activities.

Prior to Wright Risk Management, Roger worked for over 20 years in the risk management and loss control field with two insurance carriers in upstate NY and North/South Carolina and as an independent consultant. He is experienced in all lines of coverage, coordinating loss control services for large regional and national accounts as well as conducting generalized loss control evaluations and consulting service for large Workers Compensation/General Liability/Fleet accounts.

As an independent contractor, he worked with the New York Municipal Insurance Reciprocal, the New York Schools Insurance Reciprocal and other insurance carriers to conduct loss control evaluations/inspections as an independent consultant. Roger has earned the following professional designations: Certified Safety Professional, Associate in Risk Management, and Associate in Loss Control Management.

Prior to his insurance career, Roger's experience included 4 years as a fleet safety director for two crude oil tank truck carrier companies in Wyoming. He graduated from The Citadel in 1976 with B.S. in Biology and upon graduation served 4 years active duty in the U.S Marines. For our members who have not yet met Roger, please feel free to call him at 518.437.1171 and introduce yourselves.

Controlling Your Own Destiny *continued*

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destiny relative to loss control, employee injury, accident reduction or prevention.

Achieving employee injury/accident reduction or elimination must come from within the municipality; that is, the administration must be committed to establishing a safety culture. This approach emphasizes "safety first" in all work operations in all departments and a low tolerance or "zero tolerance" for accidents in the workplace.

This commitment is necessary before any long-term change in safety culture can be established. It is essential that members adopt the view that accidents do not happen but are caused and therefore can be prevented.

They must believe that they do not have to be "victims" of endless work comp claims, "accident repeaters", filling out C-2's and just waiting for the WC Alliance to process the claim.

Members can do their own accident investigation (with training assistance from Comp Alliance) and determine their own corrective or remedial action. This is especially true for those employ-

ees who become injured on multiple occasions or "accident repeaters".

Remedial measures can include mandatory safety training for any injured employee returning to work before being released to duty. This could include:

- ◆ 4 hours of in-house safety training
- ◆ Viewing training videos or CDs
- ◆ Job retraining with an experienced staff member
- ◆ Job reassignment or modification
- ◆ Disciplinary action as provided for in union contracts (verbal, written, day off without pay) if employee is found to be intentionally violating safe work practices, refusing to wear PPE, etc.

Almost all accidents are preventable through education, preparation and by implementing safety measures. This does not take into account those injuries sustained by police and/or firefighters who are sometimes obligated to put themselves in harms way due to their commitment to protect the public and serve the public trust. However, even when they must respond to a situation, their ability to minimize or avoid injury is a function of the effectiveness and quality of their training.

Member commitment is critical to this goal - not only to improve EMF and effect a funding level decrease, but even more importantly to enhance life safety, reduce pain and suffering from workplace injury as mandated by OSHA (PEOSH in NYS). This requires all employers to provide a safe workplace for all employees.

Employees who fail to observe, or are not adequately trained to observe, or who refuse to observe safe work practices, etc.—especially those who are accident repeaters—threaten the member's ability to provide for a safe workplace as mandated by governing authorities. These employees not only endanger their own welfare, but those working around them. Members should view this as unacceptable.

It is essential that members adopt the view that accidents do not happen but are caused and therefore can be prevented.

The Comp Alliance is committed to educating our members relative to those aspects mentioned above. However, we can only be as successful as each member municipality will allow us to be. While we can advise, suggest, recommend, and persuade each member to implement necessary loss control measures, only the member has the power and authority to implement these measures and provide the necessary commitment.

We are willing to attend any department head meetings, village, town, and city board meetings at your convenience to deliver our message and be of assistance as your risk management resource.

Roger Cuva, Sr. Loss Control Specialist

On the Web



**INFORMATION
IS JUST A
CLICK AWAY
FOR MEMBERS!**

www.compalliance.org

Be sure to **REGISTER** on our website to gain access to the "Members Only" section, where you can:

- ◆ Obtain Reference Material — Download Forms
- ◆ Request Loss Runs and Certificates — Order ID Cards
- ◆ Learn about Fraud Prevention — Order Fraud Posters
- ◆ Browse our Training Video Library — Borrow Videos

If you are a member of the Comp Alliance and would like to gain access to the "Members Only" section, visit our website at www.compalliance.org, click on the "Member Registration" button, and follow the simple instructions.

We hope you found this issue of *The Alliance Advisor* informative and useful. If you wish to obtain additional copies, make comments, or suggestions for future topics, please contact:

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