

Understanding Your Ex-Mod

AKA: Experience Modification Rate, EMR or Mod Rate

What Is An Ex-Mod?

In short, your Ex-Mod is the best opportunity you have to influence your workers' comp costs. Your Ex-Mod is based on the past cost of injuries and provides a comparison between businesses within the same industry.

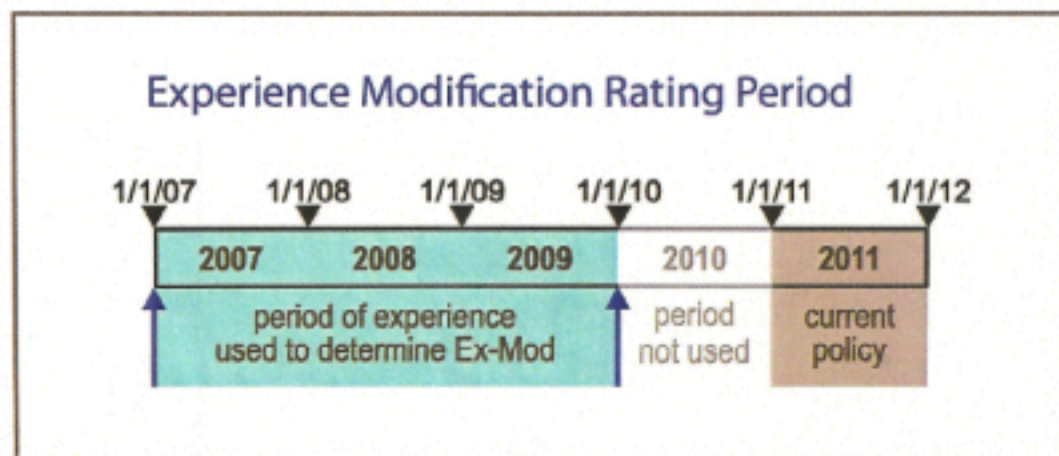
Through effective safety program implementation and claims management you can improve your loss record and earn a discount on your workers' comp rates giving you a financial incentive to reduce workplace injuries.

Ex-Mod Calculations

Your Ex-Mod is issued by the California Workers' Compensation Insurance Rating Bureau (WCIRB), a private non-profit organization designated as the statistical agent of the Insurance Commissioner.

The WCIRB calculates your company's Ex-Mod using a complex formula that takes into account the ratio of expected losses in your industry and your actual claims, including the frequency and severity of those losses, as well as factoring in the payroll of the classification.

The Ex-Mod is calculated based on a full three year period starting four years before your current policy inception. For example your 2011 Ex-Mod will look at your loss history for 2007, 2008 and 2009 but not the 2010 past year.



The Ex-Mod Affect

Your Ex-Mod can either act to increase or decrease your insurance costs. Insurance carriers apply the Ex-Mod to your base premium (which is the product of your payroll multiplied by the carrier's base rates).

If your Ex-Mod is greater than 100% then your costs will be higher than average. If your Ex-Mod is less than 100% then your costs will be lower than average.

How Your Ex-Mod Works

If you start with a \$40,000 base premium:



75% Ex-Mod
You pay: \$30,000



125% Ex-Mod
You pay: \$50,000

How To Lower Your Costs

An effective safety program that eliminates hazards and prevents injuries is the starting point. No injuries equals no claims.

In the real world injuries will happen, but the proper response to a workplace injury can help keep the Ex-Mod from going up. Having a comprehensive safety plan combined with a plan to manage your claims is imperative if you want to control your costs and lower your Ex-Mod.



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