



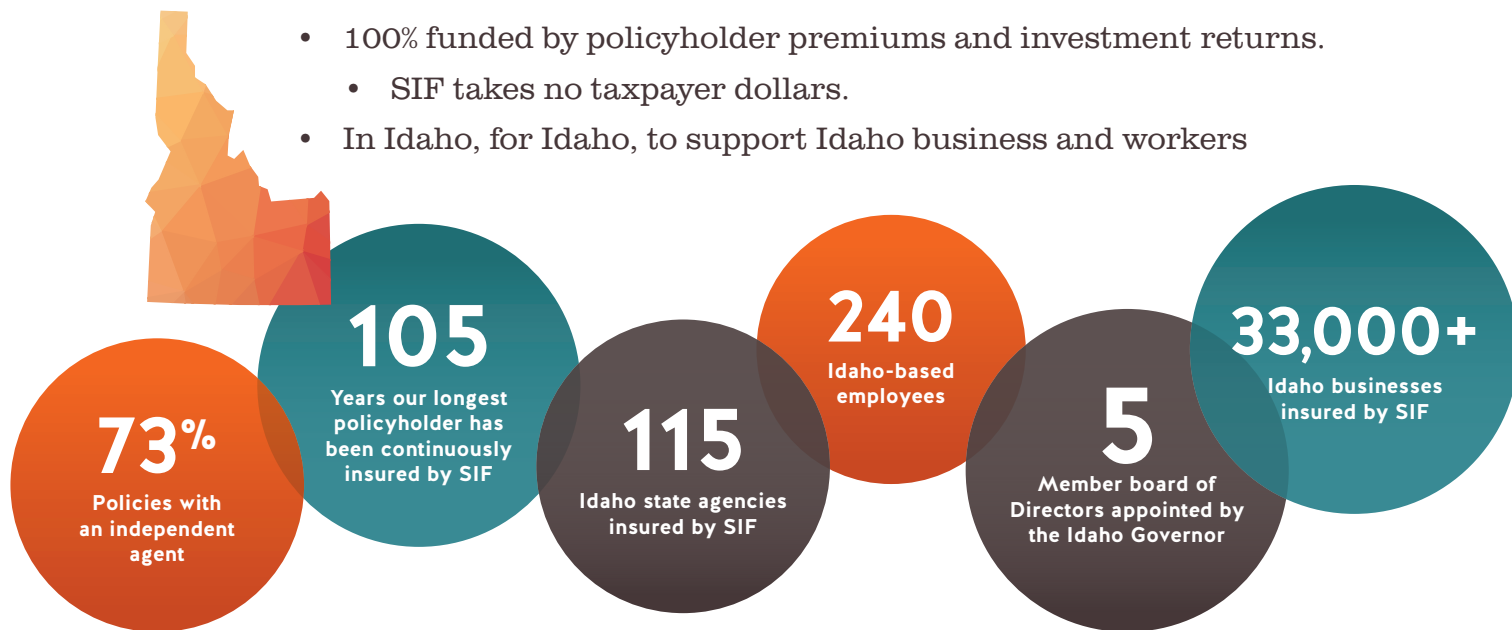
WORKERS' COMPENSATION 101

sif
IDAHO
WORKERS'
COMPENSATION

SIF, IDAHO WORKERS' COMPENSATION


Created in 1917, SIF was born out of a state mission to create a **reliable** and **competitive** source of workers' compensation for Idaho.

- 100% funded by policyholder premiums and investment returns.
 - SIF takes no taxpayer dollars.
- In Idaho, for Idaho, to support Idaho business and workers



WHAT IS WORKERS' COMPENSATION

Workers' compensation (or simply "work comp") is a form of insurance designed to protect business owners and their employees in the event of workplace injuries or illnesses.



Any employee who sustains a personal injury which arises out of and in the course of their employment is entitled to workers' compensation.

EXCLUSIVE REMEDY

- Exclusive Remedy protects the employer from lawsuits by the injured worker.
- Work comp is a 'no fault' insurance, meaning claims are paid no matter who is at fault for the accident that resulted in the injury or illness.
 - Work comp law attempts to prohibit an injured worker from suing their employer once a claim has been filed.
 - Certain exceptions apply - 3rd party, negligence, etc.

“Remedy” may include medical care and/or monetary benefits

BENEFITS OF WORKERS' COMPENSATION

Benefits for the Employer

- Employees cannot seek damages through a separate tort suit against the employer because of “exclusive remedy.”
- Employee benefits are limited to loss occurrence.

Benefits for the Employee

- Coverage is provided without direct cost to the employee.
- Prompt payment of claims following an injury.
- Payments are based on the employee’s current earnings and are generally excluded from gross income for tax purposes.
- Payments are made to an employee’s spouse or dependent children in the event of death.

COVERAGE PART A

- Satisfies legal requirements to have workers’ compensation coverage
- Funds injured worker medical bills, related expenses, and lost wages due to injury
- Has no policy limits

COVERAGE PART B

Employers’ Liability

- Provides for additional damages commonly due to employer negligence
- Includes a predetermined schedule/limits:
 - Bodily injury by accident: \$100,000 each accident.
 - Bodily injury by disease: \$500,000 policy limit.
 - Bodily injury by disease: \$100,000 for each employee.
- Funds injured worker medical bills, related expenses, and lost wages due to injury
- Typically required by states if an employer has three or more employees
- *The limits shown are statutory limits in Idaho. Higher limits may be available through the carrier.*

OWNERS AND EXEMPTIONS

Sole proprietors, partners, working members of a limited liability company, and certain corporate officers* are typically exempt from work comp coverage.

Family members of business owners operating either as a sole proprietorship or as a single member limited liability company that is taxed as a sole proprietorship are automatically exempt from coverage under the Idaho workers' compensation law and the insurance requirement of that law, but only so long as the family member employee is residing with the family member owner of that business (Idaho Code § 72-212(4)).

**Individuals listed may elect coverage through the insurance company.*

COMBINABILITY

“Common majority interest is the basic rule of combinability. When the same person, group of persons or a corporation owns a majority interest in another entity, the owned entity’s loss experience is combined with the owning entity to develop a common (combined) experience modification factor.”

So... what if entities are combinable? They:

- Share an Experience Modifier
- Are more likely to be placed with the same insurance carrier

IDAHO INDUSTRIAL COMMISSION (IIC)

“The Idaho Industrial Commission is an administrative court, and through the Adjudication Division, it provides decisions in workers’ compensation disputes between workers and employers.”

The IIC is the state agency responsible for:

- Regulating workers’ compensation activities in Idaho, including companies licensed to issue workers’ compensation policies.
- Ensuring that employers have workers’ compensation coverage as required by law.
- Settling disputes between injured workers, employers, and insurers.
- Deciding appeals for unemployment decisions from the Idaho Department of Labor.
- Assisting injured workers by supporting their medical recovery while facilitating a timely return to employment that is as close as possible to the worker’s pre-injury status and wage.
- Providing compensation to innocent victims of crime through the Crime Victims Compensation Program.

NATIONAL COUNCIL ON COMPENSATION INSURANCE (NCCI)

A U.S. insurance rating and data collection bureau specializing in workers’ compensation. NCCI:

- Analyzes industry trends in workers’ compensation costs
- Recommends workers’ compensation insurance rate and loss costs
- Analyzes judicial and regulatory decisions on workers’ compensation
- Cooperates with other data-collection agencies to ensure a credible database

NCCI is the workers’ compensation rating bureau for the state of Idaho.

All standard work comp insurance rates are calculated and filed with the Idaho Department of Insurance by NCCI on behalf of insurance carriers.



RATES AND CLASS CODES

Class rates are applicable per \$100 of payroll

CLASS	DESCRIPTION	RATE
0005-000	Farm: Nursery Employees & Drivers	4.60
0008-000	Farm: Gardening-Market or Truck-& Drivers	3.74
0016-000	Farm - orchard or Grove & Drivers	11.99
0034-000	Farm: Poultry or Egg Producer & Drivers	4.09
0035-000	Farm: Florist & Drivers	3.94
0036-000	Farm: Dairy & Drivers	4.93

Payroll = Gross payroll + remuneration (housing, etc.)

EXPERIENCE MODIFIER (EMOD)

Tailors the cost of workers’ compensation based on an employer’s performance

Mandatory plan for entities that meet the state premium eligibility requirements

Compares employer performance for a particular industry to the average employer performance for the same industry

Based on a scale, with 1.0 being average



EXPERIENCE MODIFIER - CLAIM TYPE

Medical Only

- The injured worker is not severely injured and is able to return to work within 5 days of the accident.
- Does not have as much impact on the experience modifier (EMOD)
 - Costs are reduced by 70% in EMOD calculations

Indemnity (Time loss)

- Injury severity that does not allow an employee to return to work within 5 days the of accident
- Impacts the experience modifier more dramatically
- Not reduced for EMOD calculations

Split Point (Stop loss) limits used as part of the EMOD calculation makes loss frequency weightier than loss severity. One large claim typically will not damage an EMOD as drastically as three small claims in a single period.

EXPERIENCE MODIFIER - CALCULATION

EXAMPLE			
Past Experience	Premium	E-mod	You Pay
Worse than average:	\$10,000	1.25	\$12,500
	\$10,000	1.10	\$11,000
Average:	\$10,000	1.00	\$10,000
	\$10,000	.90	\$9,000
Better than average:	\$10,000	.75	\$7,500

SCHEDULE RATING

“Modification of manual rates either upward (debits) or downward (credits) to reflect the individual risk characteristics of the subject of insurance.” -IRMI

Schedule Rating modifies a policy’s premium based on the effectiveness of a policyholder’s safety efforts in relation to other, similar, businesses.

In Idaho, NCCI rules allow for up to a 25% debit or credit.

Example Risk Characteristics

- Safety measures and equipment
- Training and certification programs
- Accident investigation
- Return to Work and modified duty
- The degree of automation
- Workflows, housekeeping, emergency preparedness

CERTIFIED DRUG FREE WORKPLACE

- Provides a 5% credit
- Must comply with Idaho’s Employer Alcohol and Drug-Free Workplace Act (the “Act”), Idaho Code §§ 72-1701, et seq. and the National Council on Compensation Insurance’s (“NCCI”) guidelines.
- Verification required annually that policyholders continue the program



REPORTING CLAIMS

Report injuries as soon as possible.

- Idaho requires workplace injuries be reported within 10 days.
- OSHA requires workplace fatalities be reported within 8 hours and in-patient hospitalizations, amputations, or loss of an eye be reported within 24 hours.

First Report of Injury form is available for all alleged injuries resulting from work performed or incidents at work and that;

- Have or expect medical treatment and/or,
- Expect to miss work for more than one day due to the injury
 - All claimed employee injuries should be reported
 - Filing claim does not = liability
 - Insured should keep track of all incidents
- FROI may be filed electronically on SIF's website.
- Claims will determine compensability case by case
 - Refer to Claims for specific claims details

REPORT CLAIMS QUICKLY

Report injuries quickly to:

- Allow the injured worker access to medical treatment quickly
- Expedite the claim process and access to benefits
- Potentially reduce the overall cost of the claim
 - Delays in reporting can increase claims costs by as much as 40%
- Quickly recognize and correct possible workplace hazards
- Reduce the chances of litigation



OTHER CONSIDERATIONS

- Subcontractor vs. Employee
- Extraterritorial Certificates
- Premium discount

- Roles at SIF:
 - Premium Audit
 - Safety Services
 - Business Development Executives
 - Underwriter
 - Claims Examiner

WHY SIF?

Our public mission, to be a reliable and competitive source of workers' compensation, means we bring over 100 years of experience and currently support more than 30,000 Idaho businesses.

Blanket Waivers

SIF provides two types of waivers. Blanket waivers and specific waivers may be added to new and renewal policies for \$250 per waiver.

Medical Bill Review

Our partnership with Optum, provides prescription medication savings, access to a PPO network, and contract discounts reducing medical costs for claims while providing access to quality care.

WHY SIF? Continued

Our goal is to make workers' compensation easier to transact and understand.

SIFQuote

Submit business online, and receive an instant quote for many smaller lines of business.

Other States Coverage

Idaho businesses can now coordinate coverage for all of their employees whether they work in Idaho only or in other states. Contact your underwriter to learn specific program features and information.

Payment Options

Clients with estimated annual premium under \$25,000 may now pay their bill on our website using a credit card. All policy sizes may make a payment using EFT. Our make a payment feature is available via our secure portal within 48 hours of the client creating their account.

We're passionate about Idaho and the people who work to make our state great.

Idaho at Heart

Idaho resident Claims, Business Development, Underwriters, and Safety Services.

Negotiable Premium Deposits

Ask your underwriter about deposit flexibility on established accounts.

Certificates of Insurance

Obtain certificates quickly for your clients and save them to their profile through our online Create a Certificate.



Reliable. Innovative. Relationship Driven.

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