



SAFETYTIMES

A Bi-Monthly Publication distributed by the Workers' Comp Trust
P.O. Box 8070, Santa Rosa, CA 95407 • (707) 542-9502 • www.ncbesafety.com

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Issue 11, Number 2 North Coast Builders Exchange September-October 2005

What is an Ex Mod?

It can be measured in real dollars

October 1st is workers' comp renewal time for a large number of our members and companies that take advantage of our group workers' comp program. Therefore, knowing what an ex mod is and how it can affect your policy is important.

It's also called an X-Mod, Mod, or EMR and these acronyms are short for Experience Modification Rating. For purposes of this article it will be referred to as "ex mod".

The ex mod is a rating plan that modifies an employer's premium based on loss experience (actual claims) that the policy has over a certain period of time. The Workers' Comp Insurance Rating Bureau (WCIRB) determines the ex mod for individual companies throughout California. The

The bottom line is that your safety program (preventing injuries) can make a difference in real dollars.

WCIRB utilizes a complicated equation to determine the ex mod for individual companies but some of

the factors they use are size of company (payroll/premium), number/frequency of injuries, cost of claims, etc. The number assigned is a percentage of the injury average



for all businesses like yours (with the same classification codes) with a 100 percent average. Companies that qualify have a total premium of over \$23,288 (effective 7/1/05) for the past three years.

If your accident record is better than average, your modification will be a credit amount, such as 85 or 90 percent. A modification greater than 100 percent, say 110

Continued on page 3

Ex Mod Questions & Answers:

If two businesses are owned by the same person, will they have the same ex mod?

Most likely, yes. If two or more businesses are owned by the same person, or share more than 50 percent common ownership, then they will be combined for experience rating purposes.

Can an ex mod be revised once it is issued?

Yes, if the insurer submits a correction,

such as a non-compensable claim (this includes a fraudulent claim), or if you have ownership changes, then the WCIRB may revise your ex mod. Also, if the insurer or WCIRB reassigns the classification applicable to the business after an audit, then the WCIRB may revise the ex mod.

For more information or if you have questions regarding the ex mod and how it is computed contact Hallie Fraser at (707) 542-9502, your broker, or State Fund Customer Service.

COMP CORNER

Hallie Fraser
Workers' Comp &
Safety Director



SAFETY PAYS: 10 PERCENT CLAIMS-FREE CREDIT NOW AVAILABLE

State Fund is pleased to announce that effective July 1, 2005, qualifying policyholders will receive an additional 10% renewal credit. The renewal credit recognizes those policyholders who have demonstrated the ability to control their claims costs by providing and maintaining a safe work environment.

HOW TO QUALIFY FOR THE NEW 10% CLAIMS-FREE CREDIT:

The new 10% Claims-Free Credit will be applied automatically upon renewal to qualifying renewal policies when they meet all of the following criteria:

- Base premium from \$1,000 to \$74,999 for the renewal year. Base premium is the total amount of premium determined by multiplying the base rate for each applicable class code by the annual payroll estimate for each class before any experience modification score, adjustments, or discounts are applied.
- Continuous State Fund coverage during the experience period.
- Total paid indemnity costs that do not exceed \$1,000. See table on page 4 for examples. (Note: Medical-only claims and the medical portion of indemnity claims do not count toward the \$1,000 limit.)

Continued on page 4





Trustee Profile **Joe Cox** **Coggins Fence & Supply, Inc.**

Christo might get the recognition for the “Running Fence” between Valley Ford and the coast, but Joe Cox and Coggins Fence & Supply hold the record for total miles of fencing throughout Sonoma County.

According to Joe, “We’ve been responsible for thousands of miles of fencing in Sonoma County.”

Two brothers, T.C. and Marlin Coggins, started the business in 1955. They sold it in 1984 to their brother Sam and Joe Cox. Joe had been an installer with the Coggins’ family business for 20 years prior to becoming an owner. Although his former partner Sam retired 14 years ago, Joe suggests there is another partner in his life helping him celebrate his 21st year as owner of Coggins Fence this September. Paula Cox, Joe’s wife of 40 years is no stranger to the family fencing business.

The company holds a C-13 Fence Contractors license and employs 23 people year round. Back in the 1980s it wasn’t uncommon to find a Coggins crew working in either the extreme north or south of the state. Joe estimated that they would spend eight to nine months out of the Santa Rosa area. These days the company’s crews stay pretty close to the Santa Rosa yard. Close to 80 percent of their work is in Sonoma County and although they provide service to Lake and Mendocino Counties, rarely do they venture further north than Ukiah.

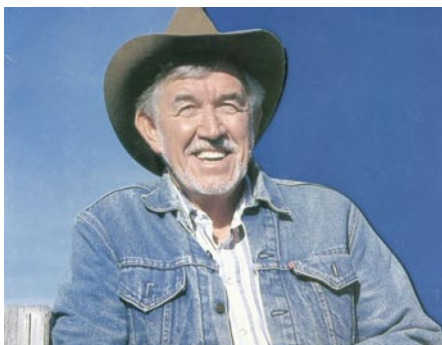
Coggins Fence is known for their chain link fences. The company has a fabrication shop that can turn out fence components and gates. The yard, which is located behind Hansel Ford on the Corby Avenue Auto Row, is open to the public and retail sales have been strong.

Although the company is well known as a provider of chain link, they consider themselves to be a full service fencing company and provide wood and plastic fencing as well as gates and controllers.

Joe shared some wisdom he learned many years ago, “When a customer asks if you can provide what they need, don’t say no.”

There’s a long history between NCBE and Coggins Fence. The Coggins brothers joined 46-years ago and when the company changed hands, the commitment to NCBE remained the same. In 1996 Joe became a director for NCBE and served through 1999. He answered a call to action by the Workers’ Comp Trust in 2004 to become a trustee. Having just ended a 12-year term as a director with the American Fence Association, he accepted the new role with NCBE.

“I decided that the subject of workers’



Joe Cox

compensation was of great interest to me based on the high costs that we were seeing. Being a member of the trust has given me much more information about the complexities of workers’ comp and the tools that NCBE has to offer member companies.

“Our costs aren’t anywhere near the cost of a roofing company, but they are still relative to our bottom line. NCBE has helped us by supplying the tools we needed to bring our ex-mod rate from 124 to 76 percent and that is a savings worth our investment.”

Joe recognizes that today’s economy is tough enough on small business. He says, “At times, it seems the longer you’re in business, the harder it gets. Being a member of NCBE has helped. They provide us with much more than a plan room. Besides the support material we use for our safety program they have also helped educate our sales staff by presenting seminars that relate specifically to the construction industry.”

Considering how much Joe gives back to the construction industry through his involvement in workers’ comp and other issues, he might be considered a bridge builder rather than a fence builder.

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The Top Ten

Most-Cited Cal/OSHA Standards for 2004

The following chart outlines the ten most-cited Cal/OSHA Standards for 2004. Notice number one and two on the list are violations related to the Injury and Illness Prevention Program (No written program, incomplete program, not implementing written program, etc.). There is no reason for any of our members to receive this type of violation. We have template written programs available and

two staff people that specialize in assisting with safety issues. We can help you write or update your safety programs, check your programs to make sure they are complete, etc. What we can't do is implement the written programs; that is up to you. Your safety programs should be working documents, especially your IIPP. Contact Hallie at (707) 542-9502 to request assistance.

Standard	Description	Total Violations
§3203	Injury and Illness Prevention Program	1,532
§1509	Construction IIPP Program	970
§342	Reporting Work Fatality or Serious Injury	605
§6151	Portable Fire Extinguishers	488
§5194	Hazard Communication	484
§3314	Clean, Repair, Service & Adjust Prime Movers, Machinery & Equipment	425
§5144	Respiratory Protection Equipment	365
§2340.23	Guarding Openings in Electrical Boxes	307
§1529	Asbestos	300
§461	Permits to Operate Air Tanks	268

Emergency Cal/OSHA Heat Regulation in effect

The California Occupational Safety and Health Standards Board approved an emergency regulation on Heat Illness Prevention (§3395 of Title 8) on August 12, 2005. It is now in effect and if you are in construction, it applies to you.

The regulation "applies to all outdoor places of employment at those times when the environmental risk factors for heat illness are present". "Environmental risk factors for heat illness" means working conditions that affect the possibility that heat illness could occur, including air temperature, relative humidity, radiant heat from the sun and other sources,

conductive heat sources such as the ground, air movement, workload severity and duration, protective clothing and personal protective equipment worn by employees.

The regulation requires access to shade, the provision of water (potable drinking water, one quart per employee per hour for their shift), and specific training for employees (this could be a tailgate meeting) and supervisors.

Contact Hallie Fraser at (707) 542-9502 or hallie@ncbeonline.com for further information or a copy of the regulation.

What is an Ex Mod?

Continued from page 1

or 120 percent, reflects a worse than average experience or claims/injury record and it becomes a debit amount. What does this mean to you? Well, your ex mod directly alters the amount you pay for workers' comp insurance as your base premium is multiplied by your ex mod

For example: If your base premium is \$25,000, an 80% ex mod would reduce your premium to 20,000. However, an ex mod of 110% would increase your premium to \$27,500.

You've probably heard that if your company has significant losses in one year (and you qualify for an ex mod) that it affects your policy for three years. The reason for this is that the ex mod rating period is a three-year rolling period of time and the current policy year is excluded as the experience is too recent.

For example: The 2004 policy year (10/1/04-10/1/05) ex mod was computed from the 2002, 2001 and 2000 policy years' claims. The 2005 policy year (10/1/05-10/1/06) ex mod will be computed from the 2003, 2002, and 2001 policy years. So, if your "bad" year was in 2000, your company's ex mod should improve in this next policy year.

The bottom line is that your safety program (preventing injuries) can make a difference in real dollars. The number of injuries, cost of those claims and the size of the business are all taken into account when the WCIRB computes a company's ex mod. The total number of injuries weighs more heavily than their total dollar cost since accident frequency reflects the relative safety of your operation. Business size acts as a stabilizer so the employer with fewer employees is not penalized for a single high cost claim.





Face It!

FACE – Facility Assessment and Control Evaluation Program, a NIOSH program that assesses fatalities across the U.S. to determine what, why, how, where, when and how to prevent future occurrence. Use this information to create tailgate meetings or make sure similar circumstances are addressed on jobsites.

Backhoe operator dies when run over by his backhoe in California


A 46-year old male backhoe operator died after being run over by the front and rear wheels and the front bucket of his Rollover Protective Structure (ROPS)-equipped backhoe at a construction site. The backhoe was positioned with the right rear tire near the top edge of a 10-foot high slope with the front of the backhoe and its wheels angled to the left, away from the slope. The victim straightened the front wheels and was moving the backhoe forward after completing a section of the trench. The left front wheel of his backhoe struck a rock, which caused it to bounce. To regain steering control, the operator accidentally put the backhoe in reverse. The victim tried to jump toward the high side of the slope but rolled and slid down to the bottom of the slope. The backhoe, still traveling backward, came down the slope and ran over him. The operator had been wearing his seatbelt, but took it off when he decided to jump out. The CA/FACE investigator concluded that, in order to prevent future occurrences, employers should:

COMP CORNER

Continued from page 1

Renewal Base Premium	Years Used In Determination	Policy Years Used
\$50,000 - \$74,999	1	2003
\$25,000 - \$49,999	2	2002 & 2003
\$ 1,000 - \$24,999	3	2001, 2002, & 2003

Remember: NCBE members who are in our group workers' comp program qualify for an additional 6% group discount!

Questions? Contact me at (707) 542-9502 or Hallie@ncbeonline.com. 

- **Assure that ROPS-equipped backhoe operators stay in their machines, with their seatbelts fastened, when the backhoe seems in danger of rolling over.**
- **Ensure that all obstacles, such as large rocks, are removed from the intended path of machinery in operation.**

Manufacturers should:

- **Design the shifting lever of backhoes so that a deliberate action is necessary to shift the machine in and out of gear.**

For the complete investigation, go to <http://www.cdc.gov/niosh/face/stateface/ca/96ca011.html>

Safety Snippets

Reminder - 10/1 Renewal for Workers' Comp

As mentioned in the ex mod article, it is coming up on the 10/1 renewal. Get your payroll information into State Fund so they can give you an accurate rate for the next policy year. There should be some significant reductions in rates, on average 14-20% depending on your classification and credits (or debits) that apply to your policy. Contact your Broker or State Fund if you have questions about your payroll information or rates.

Reminder

North Coast Builders Exchange has moved it's offices. Our new address is: 1030 Apollo Way PO Box 8070 Santa Rosa, CA 95407 Phone and fax numbers are still (707) 542-9502 and (707) 542-2027. Come by and check out our new digs!



Contact Us

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FRAUD

Call the State Fund Fraud Hotline!

The Battle Continues...

Many workers' compensation insurance fraud arrests and convictions began with a tip phoned in to a fraud hotline.

The basic facts are:

- Workers' compensation fraud can be committed by doctors, lawyers, employees, employers—*ANYONE!*
- The penalties are stiff: Up to 5 years in state prison and/or up to a \$150,000 fine.
- Fraud raises the cost of living *for everyone* in California.
- It is easy to help. If you believe you have information or evidence of workers' compensation fraud, call us at:



1-888-STOP FRAUD (1-888-786-7372)

A TOLL-FREE CALL

7:00 a.m. to 7:00 p.m., Monday through Friday

You may remain anonymous. Bilingual operators available.

Please do not use this number to report billing problems, late payments, complaints, etcetera.

