



**FOREST RESOURCES ASSOCIATION INC. LOSS CONTROL OVERVIEW**

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**LCO-8**

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**WORKERS' COMPENSATION INSURANCE – "MANUAL RATE"**

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The Workers' Compensation Insurance (WCI) "Manual Rate" for logging is set annually by the state. It is basically determined by dividing the statewide cost of all WCI claims for medical expenses arising from logging-related accidents and injuries for the previous year by the total reported logging payroll. The Manual Rate is then expressed as a percentage of payroll, or premium per \$100.00 of payroll. For example, if 1994 total state WCI claims for logging were \$5 million and total logging industry state payroll was \$20 million, WCI Manual Rate premium for 1995 would be 25 percent, or \$25.00 per \$100.00 of payroll.

As you can see, the WCI Manual Rate is driven by (1) the number and severity of logging accidents, injuries, and fatalities, and (2) the cost of the required medical care. To a much lesser extent, the efficiency of the state in administering the WCI system can also be a factor. Therefore, if logging injuries and/or medical costs decrease, the Manual Rate will decrease. It is in the best interest of each logger to practice and promote safety and loss control across the industry, as the WCI system penalizes all loggers for the actions of the unsafe members.

An individual logger's WCI premium is also determined by his or her "Experience Mod" (see Loss Control Overview 9). Safe loggers can often receive premium discounts on the Manual Rate from commercial insurance companies offering WCI, while loggers with poor accident histories may be forced to obtain their insurance at a much higher rate through the state's assigned risk pool or associated fund.

The WCI system makes industry-wide logging safety everyone's business!

***Important Note:*** This Overview provides a simplified explanation of the Workers' Compensation Insurance "manual rate." For detailed information, contact your insurance representative.