



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

600 JEFFERSON PLAZA, SUITE 350  
ROCKVILLE, MARYLAND 20852

PHONE: 301/838-9385

FAX: 301/838-9481

**LCO-9**

---

### **WORKERS' COMPENSATION INSURANCE – "EXPERIENCE MOD"**

*Reviewed December 17, 2003*

The Workers' Compensation Insurance (WCI) Experience Modifier, or "Experience Mod," provides a mechanism for a logger's individual accident and claim history to be reflected in his or her premium. The experience mod is a numerical multiplier that is based on the individual logger's WCI claims for the previous three years. An experience mod of 1.0 indicates that the logger's safety record is average for the industry; a mod of less than 1.0 indicates a better than average safety record; while an experience mod greater than 1.0 reflects a logger that has incurred more accidents and claims than the industry average for the three-year period.

The experience mod is multiplied by the state's "Manual Rate" (see Loss Control Overview 8) to determine the logger's WCI premium. For example, a safety-conscious logger with an experience mod of 0.72 in a state with a Manual Rate of \$20.00 per \$100.00 of payroll would pay  $\$20.00 \times 0.72 = \$14.40$  per \$100.00 of payroll. Likewise, an accident-prone logger with an experience mod of 1.20 would pay  $\$20.00 \times 1.20 = \$24.00$  per \$100.00 of payroll. The impact of the experience modifier can be substantial. In the above example, assuming an annual \$100,000 payroll, the safety conscious logger pays \$9,600 less than the unsafe logger in Workers' Compensation premiums. In addition to a favorable experience mod, safe loggers with excellent claim histories may also receive premium discounts from insurance companies selling WCI.

When it comes to managing WCI costs, it is obvious that **safety pays**.

*Important Note:* Many factors are considered in determining an experience modifier. Consult your insurance representative for details.