

# COMPCONTROL

## 'Affidavit of Waiver' of Work Comp Insurance

As KMIT members were first notified via an email alert during the summer, cities (in fact, all employers) are now allowed to choose NOT to cover small 'contractors' (typically self-employed individuals or very small businesses) who do work for the city.



One provision of the new work comp law (**sub for HB 2134**, passed by the 2011 Kansas Legislature and effective May 15, 2011) is that certain contractors and sub-contractors can 'waiver out' of the workers compensation system by signing an Affidavit of Waiver. Here is the notice, as emailed on July 19:

**One provision of the new Kansas work comp law (sub for HB 2134, effective date: May 15, 2011) allows for the use of wavers for 'subcontractors' who do not wish to purchase work comp policies (only those who are not required by law to do so).**



**This process also allows cities to NOT COVER small contractors for work comp. Cities would not have to provide proof of insurance or payroll information for the smaller contractors who do contract work for cities, and who, by law, are not required to purchase work comp (essentially, self-employed contractors and those whose total payrolls do not exceed \$20,000), if/when the contractor produces the now-required and correct document.**

**KMIT has been requiring either a proof of coverage certificate or collecting payroll data (and covering) all others. KMIT will now accept a proper (APPROVED) waiver affidavit for each subcontractor not required by law to have work comp insurance (though it will continue to require proof of coverage from all other contractors).**

**Please bear in mind that there are now three required possibilities for ALL contractors:**

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CompControl/City Safe are publications of the League of Kansas Municipalities and the Kansas Municipal Insurance Trust for the purpose of educating and informing cities about loss control methods and risk management. If you have any questions concerning KMIT workers' compensation or risk management that you would like to see answered in this newsletter, please direct those inquiries to:

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# Workers' Compensation Experience Modification Factors

by Ashley Boydston, Risk Management—IMA

Workers' Compensation Experience Modification ('mod') Rating Factors. What are they? Why are they used? Who generates them? How do they affect my premium? These are all commonly asked questions. The purpose of this article is to answer these questions and further your understanding of experience rating.

Experience rating assesses whether your claim history is greater or less than average by comparing your payroll

and claims history to other cities. This assessment is mathematically translated into a factor used to adjust premium. The adjustment to premium helps to ensure it is adequately being charged based on historical performance.

Every city starts with an experience modification rating factor (mod) of 1.00. If the city's claim history is less than average, their experience modification will drop below a 1.00, giving them a premium credit. However, if the city's claim history is higher than their industry average, then their mod will be greater than 1.00, giving them a premium debit.

Experience Modification Rating is calculated using the three most recent policy periods' payrolls and claims. Claims history is valued six months after expiration of the most recent policy period. For example, an experience modification effective January 1, 2012 includes the January 1, 2010, January 1, 2009, and January 1, 2008 policy periods' payrolls and claims history. The claims history is taken as a snap shot valued as of July 1, 2011.

Experience Modification Rating Factors are calculated and produced by the National Council on Compensation Insurance, Inc. (NCCI), which the state of Kansas has designated as the licensed rating and statistical organization. NCCI organizes and houses the claims information by

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WORKERS COMPENSATION EXPERIENCE RATING									
NCCI Risk Name: :						Risk ID:			
Rating Effective Date: 01/01/2012			Production Date: 07/28/2011			State: KANSAS			
State	Wt	SRP	Exp Excess Losses	Expected Losses	Exp Prim Losses	Act Exc Losses	Ballast	Act Inc Losses	Act Prim Losses
KS	.15	0	90,390	107,539	17,149	121,658	28,200	134,347	12,689
(A) Wt	(B)	(C) Exp Excess Losses (D - E)	(D) Expected Losses	(E) Exp Prim Losses	(F) Act Exc Losses (H - I)	(G) Ballast	(H) Act Inc Losses	(I) Act Prim Losses	
.15		90,390	107,539	17,149	121,658	28,200	134,347	12,689	
		Primary Losses		Stabilizing Value		Ratable Excess		Totals	
Actual		(I)	12,689	C * (1 - A) + G		(A) * (F)	18,249	(J)	135,970
Expected		(E)	17,149	C * (1 - A) + G		(A) * (C)	13,559	(K)	135,740
		ARAP	FLARAP	SARAP	MAARAP			Exp Mod	
Factors		1.00						(J) / (K)	1.00

# Experience Mod

...continued from page 2

corresponding class code (specific job) for most of the states. This enables NCCI to accurately apply the correct industrial weighting factors to a city's payroll, and then compare that to the city's actual claims performance, in order to generate a factor that either debits or credits its premium.

**As of 2010, KMIT has new procedures** as to how it files information to NCCI and requests promulgation of each city's mod. Previously, KMIT would file policy and claims information electronically, which required multiple data submissions during the year. Every time new information was submitted, an updated mod would be generated and submitted to each city. This has caused confusion as to what factor KMIT was using for calculating insurance premiums. KMIT now files information manually once a year to NCCI to generate the experience modification that is used for calculating insurance premiums. Each city should now only receive one experience modification from NCCI if no errors are made during its promulgation. KMIT will review each city's experience modification to be sure that it has been accurately calculated. In the event that an error has been made in calculating the experience modification, KMIT will request a revision to be made, and a new mod be generated. Once all mods have been finalized, the current a correct mod will be used to calculate premiums. KMIT will send each city their **FINAL mod**, simultaneous with their quote and invoice in December.

We hope this has furthered your understanding of experience rating. If you have any questions regarding your city's mod, or experience modifications in general, please contact KMIT.

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## 'Affidavit of Waiver' ...continued from page 1

1. Contractors who are required by law to have work comp coverage must provide a proper certificate of coverage.
2. Contractors who are NOT required by law to have work comp may submit an approved waiver of coverage affidavit;
3. Contractors who are NOT required by law to have comp who chose not to submit a waiver and who do not provide proof of insurance will be required by KMIT to be listed on the city's payroll (meaning that KMIT will collect a premium).

The official *approved affidavit* is **REQUIRED BY LAW** in order to waive coverage. This affidavit is **NOT required to be submitted to the state**, but will be used by the KMIT payroll auditor (The Audit Store), at audit time, to verify proper waiving of work comp coverage by contractor; so, it needs to be kept in a file in your city office.

**REMEMBER that MOST contractors remain covered by the Kansas work comp law, and must continue to provide the city with a certificate of insurance.**

Here is the link to the entire new work comp law: [www.dol.ks.gov/wc/doc/HB2134Enrolled.pdf](http://www.dol.ks.gov/wc/doc/HB2134Enrolled.pdf) (the specific provision for the above waiver is Sect. 27). The official waiver form can be found online at [www.kmit.net](http://www.kmit.net) in the Document Center.

# NEWS & NOTES

## KMIT Honors Newest 15- and 10-Year Members

This year, **fifteen cities** join the list of KMIT member-cities who have been a part of the KMIT work comp pool for **at least 10 years**, and will be honored by being presented an award at the **KMIT Annual Meeting in Wichita on October 9.**



KMIT's newest group of 15-Year members is comprised of the following cities: ***Abilene, Basehor, Chautauqua, Concordia, and Frankfort*** (all joined in 1996).

The cities of **Cullison, Edgerton, Ford, Grainfield, Hays, Haysville, Ogden, Peabody, Roeland Park, Spring Hill, Tipton, and Wellsville** join the ranks of those members who have been with KMIT at least **ten continuous years**, and will be honored with a plaque.

With the addition of the above cities, the membership of the KMIT pool is now comprised of **70** cities (including 48 Original Members, from 1994) which have been in the pool for at least 15 straight years, along with **53** other cities who have been members for between 10 and 15 years.

A never-ending commitment to the mutual benefit of all its members is the **backbone principle** of KMIT and its members, and that commitment is no better expressed than by the loyalty of its members, who understand and appreciate the need to have a LONG TERM view and a long-term perspective. A **commitment to the long term** is what makes for a successful work comp pool, and is why KMIT will always be there to serve the cities of Kansas—through all of the ups and down of the economy, and through the never-ending roller-coaster cycle of the insurance industry.

Congratulations to all.



# City Safe

Fall 2011

## Safety Policies and Procedures Manual:

### *When is one needed and how often does it need to be revised?*

There are basic safety and health rules for most employers in the State of Kansas. Employers are responsible for providing a safe and healthy workplace for their employees. Nobody wants accidents to happen in his or her city. A serious fire, a permanent injury, or the death of an employee can have a devastating impact on your city as well as the family of the affected employee. To prevent such losses, you don't have to turn your business upside down, however you do need to use good business sense and apply recognized prevention principles.

**There are reasons why accidents happen.** Something goes wrong somewhere. It may take some thought, and maybe the help of coworkers, supervisors or other trained people, to figure out **what** went wrong, but an accident always has a cause—a reason why. Once you know why an accident happened, it is possible to prevent future incidents. You need some basic facts and perhaps some help from others who already know some of the answers. **You also need a plan—a plan to prevent accidents.** Make your workplace safe and healthier by following these rules and developing or revising your existing safety and health plan.



**Renee Rhodes**  
**Risk Control Consultant, IMA**

Not all dangers at your worksite depend on an accident to cause harm, of course. Worker exposure to toxic chemicals or harmful levels of noise or radiation may happen in conjunction with **routine** work as well as by accident. You may not realize the extent of the exposure or harm that you and your employees face. The effect may not be immediate. You need a plan that includes prevention of these health hazard exposures and accidents. **You need a safety and health management system. In other words, you need to develop and implement a SAFETY POLICIES AND PROCEDURES MANUAL.** It is not difficult to develop such a plan. Basically, your plan should address the types of accidents and health hazard exposures that *could* happen in your workplace. Because each workplace is different, your program should address your specific needs and requirements. The KMIT Safety Certification program, through IMA Risk Control, provides template safety programs that can be customized to fit the exposures your employees face in the workplace. Contact Kristi McCosh [Kristi.mccosh@imacorp.com](mailto:Kristi.mccosh@imacorp.com) (316) 266-6297 for the safety manual templates.

There are four basic elements to all good safety and health programs, as follows:

Continued on Side B

# Safety Training Videos...Don't Delay - Order Today!

Videos Offered in the IMA Safety Video Library

## Confined Spaces: Risk and Responsibilities (DVD)

Confined spaces are responsible for many deaths every year due to lack of training. This confined space video teaches employees the risks and responsibilities when working in confined spaces. Topics include: Observers role, awareness of different potentially hazardous chemicals, and maintaining your role (for example it is not the observers responsibility to rescue, that job is for properly trained personnel). Cover each person's responsibility with this confined space training video and make sure that you are up to date with 29 cfr 1910.146 in the OSHA confined space training program.

To order these and many other videos to complement your employee safety training, contact Kristi McCosh with IMA, (316) 266-6297 or email [Kristi.mccosh@imacorp.com](mailto:Kristi.mccosh@imacorp.com). For a complete video library listing, go to [KMIT.net](http://KMIT.net) and click on the Document Center (top right corner) then click on IMA Safety Video Library.

## Safety Policies and Procedures Manual

Continued from Side A

- 1. Management Commitment and Employee Involvement.** The manager or management team lead the way, by setting policy, assigning and supporting responsibility, setting an example and involving employees.
- 2. Worksite Analysis.** The worksite is continually analyzed to identify all existing and potential hazards.
- 3. Hazard Prevention and Control.** Methods to prevent or control existing or potential hazards are put in place and maintained.
- 4. Training for Employees, Supervisors and Managers.** Managers, supervisors and employees are trained to understand and deal with worksite hazards.

Regardless of the size of your city, you should use each of these elements to prevent workplace accidents and possible injuries and illnesses. Developing a workplace program following these four points is a key step in protecting you and your workers' safety and health.

**If you already have a program, reviewing it and making periodic updates or revisions in relation to these elements should help you improve what you have.** Following this four-point approach to safety and health in your city may also improve efficiency. It may help you reduce insurance claims and other costs. While having a safety and health plan based on these four elements does not guarantee compliance with KDOL/OSHA standards, the approach will help you toward full compliance and beyond.

*Excerpts derived from safety manual data at [www.osha.gov](http://www.osha.gov)*

# SAFE CITIES as of August 31, 2011

If you would like assistance returning an injured employee to work, or need ideas for modified duty, please contact Marla or Gene at, 1-800-288-6732 or [kmitclaims@imacorp.com](mailto:kmitclaims@imacorp.com).

Abilene	Cherryvale	Eureka	Hiawatha	Moline	Satanta
Admire	Clay Center	Florence	Hill City	Montezuma	Sedgwick
Allen	Columbus	Ford	Horton	Mound City	Sharon Springs
Altamont	Concordia	Fort Scott	Jetmore	Neosho Rapids	Spearville
Andale	Conway Springs	Fowler	Johnson City	Ogden	Spring Hill
Andover	Cottonwood Falls	Frankfort	Kingman	Olpe	St. Francis
Atlanta	Council Grove	Fredonia	Kinsley	Oskaloosa	Stafford
Baldwin City	Cullison	Gasco	La Cygne	Oswego	Tampa
Basehor	Damar	Glen Elder	LEAGUE	Palco	Tescott
Bel Aire	De Soto	Goodland	Lenora	Park City	Tipton
Beverly	Douglass	Grainfield	Leoti	Parsons	Tonganoxie
Bird City	Eastborough	Grandview Plaza	Lincoln Center	Peabody	Treece
Blue Mound	Edgerton	Greeley	Lucas	Princeton	Turon
Blue Rapids	Edwardsville	Grenola	Maize	Ramona	WaKeeney
Bonner Springs	El Dorado	Grinnell	Marysville	Ransom	Wakefield
Brewster	Elkhart	Halstead	McFarland	Reading	Walton
Centralia	Ellsworth	Hamilton	Medicine Lodge	Rose Hill	Wellington
Chautauqua	Esbon	Hartford	Melvorn	Russell	Wellsville
Cheney	Eudora				

KMIT cities are considered Safe Cities if no lost time claims have been reported during the calendar year, beginning January 1, 2011.

## KMIT Annual Renewal Time for 2012

Once again, it's time for our member cities to fill out **renewal applications** for KMIT work comp coverage...this renewal is for calendar year 2012.

Each KMIT city was mailed a renewal letter on September 1. The process allows for the renewal application to be submitted three different ways: (1) Hard Copy (mail or fax back to us); (2) Digital Form (email back to us); (3) **Online**. **And, we REALLY prefer the this method.**

As always, **the key to a good quote is good payroll information** from the city. We would like to have 2012 Renewal Applications back to the KMIT office by **September 21, 2011**.

If you have any questions at all about this process (including how to estimate or code payroll), PLEASE do not hesitate to contact Deanna Furman, at [dfurman@lkm.org](mailto:dfurman@lkm.org) or 785-354-9565.



# KMIT Injury Stats 2011 as of August 31, 2011

<u>Department</u>	<u># Injuries</u>	<u>Cost</u>	<u>Department</u>	<u># Injuries</u>	<u>Cost</u>
Administration	10	\$142,779	Miscellaneous	8	\$9,439
Airport	1	\$1,648	Park	32	\$49,130
Animal Control	2	\$1,461	Police	87	\$241,868
Electric	28	\$96,369	Recycling	1	\$320
Emergency	7	\$49,909	Sanitation	16	\$71,714
Fire	32	\$166,501	Street	49	\$326,119
Health	2	\$25,097	Water	44	\$60,797
Maintenance	35	\$62,517	<b>TOTAL</b>	<b>354</b>	<b>\$1,305,668</b>

## Calendar of Events

### September 2011

- 1-30 Fruit and Veggies - More Matters Month
- 15 Fall Edition - CompControl/City Safe
- 24 Family Health and Fitness Day USA

### October 2011

- 1-31 Eye Injury Prevention Month
- 3-7 Drive Safely Work Week
- 4-5 37th Annual DWC Workers Compensation Seminar, **Overland Park**
- 9 KMIT Annual Meeting & Board of Trustees Meeting, **Wichita**
- 9-15 Fire Prevention Week
- 10 World Mental Health Day

### November 2011

- 6-12 Drowsy Driving Prevention Week
- 17 Great American Smokeout

### December 2011

- 5 KMIT Renewal Premium Notices Go Out
- 15 Winter Edition - CompControl/City Safe
- 16 KMIT Board of Trustees Meeting, **Wichita**

For more information about these national observances, go to <http://healthfinder.gov/nho/.asp#m9>

## KMIT Balance Sheet as of June 30, 2011

### Assets

Checking and Savings	\$658,472
Investments	\$10,650,000
A/R net of reserve	-
Premium Receivable (net)	\$10,891
Specific Receivable	\$52,603
Aggregate Recoverable	\$45,091
Accrued Interest Income	\$122,339
Prepaid Expenses	\$285,378
<b>Total Assets</b>	<b>\$11,824,773</b>

### Liabilities & Equity

Accounts Payable	\$9,983
Excess Insurance Payable	-
Reserve for Losses	\$3,603,876
Specific Recoverable	\$(457,893)
IBNR Reserved	\$2,230,188
Accrued Taxes, Licenses & Fees	\$332,125
Deposits on Premium	\$2,327,119
Deposits on Premium Return	\$6,022
<b>Total Liabilities</b>	<b>\$8,051,419</b>

**Total Equity (NET WORTH) \$3,773,354**



# Call to KMIT Annual Meeting

The **2011 KMIT Annual Meeting** will be conducted at **5 p.m. on Sunday, October 9**, at the Hyatt Hotel in Wichita, Kansas (during the LKM Annual Conference).

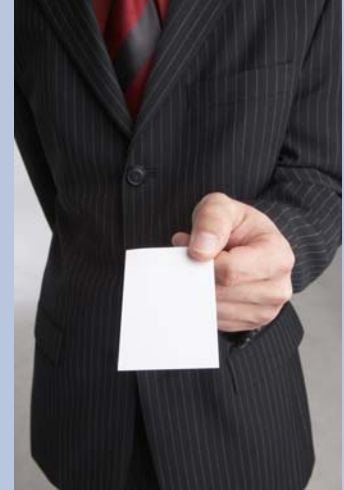
***NOTE: This is a different day and time from past KMIT Annual Meetings.***

A sign-in roll call will be taken, and each KMIT member-city is entitled to ONE VOTE on all voting issues. A quorum is defined as all those members in attendance.

Liquid refreshments and appetizers will be served ***beginning at 4:45 p.m.***, with the official Business Meeting starting at approximately 5:15. The primary item on the business agenda is the election of eight Trustees (of eleven on the Board).

There will a drawing for attendance gifts immediately following the business portion of the meeting, and the Annual Meeting will conclude at or before 6 p.m. (just in time for the evening entertainment at the LKM Conference).

All elected and appointed officials (and spouses) from all KMIT member cities are welcome and encouraged to attend.



## NCCI Letter to KMIT Cities

KMIT member cities have recently received their annual letters from NCCI (the National Council for Compensation Insurance), which is the new normal process, following KMIT's change of contract terms with NCCI last year.

NCCI is the rating agency used by all Kansas insurance companies (and KMIT), and most every other state in the U.S.

While this letter is official, and is correct in stating that each city's Experience Modifier ('Mod') rating, as provided at this time by NCCI, will be effective on the January 1, 2012 renewals, it is also true that sometimes errors happen, as they do with any large (in this case, national) operation.

KMIT's process is to follow up on each and every rating given to KMIT cities by NCCI, to be sure that each was correctly calculated (that all information used is complete, current and correct, etc.). ***KMIT will send out the FINAL mod to all its member cities in December, simultaneous with quotes and invoices.*** While the NCCI-provided mod, as stated in the letter being now received by KMIT cities, will be the one used in *most cases*, there very well could be a few city mods that are corrected between now and the time that renewal quotes are sent out for 2012 (which happens late in 2011).

Please contact KMIT should you have any questions.

[This message was originally distributed as a Email Alert, to all the KMIT Cities, on August 15.]

# Expanded Supervisor Training Schedule

As a result of the recent passage of the work comp 'reform' act, which establishes new law in Kansas, KMIT is doubling its normal number of supervisor training sites, from four to eight. This training series is always held during the 'slow' winter months, so as to facilitate attendance by as many supervisors as possible (from all departments and all levels of each city's organization). The scheduled stops on the **2012 KMIT Regional Supervisor Seminar Tour** include:

**Roeland Park**—Wednesday, February 8, 1—4 p.m.

**Coffeyville**—Thursday, February 9, 9 a.m.—noon

**Atchison**—Wednesday, February 15, 1—4 p.m.

**Abilene**—Thursday, February 16, 9 a.m.—noon

**Kinsley**—Wednesday, February 22, 1—4 p.m.

**Maize**—Thursday, February 23, 9 a.m.—noon

**Goodland**—Wednesday, March 7, 1—4 p.m.

**Stockton**—Thursday, March 8, 9 a.m.—noon

Please plan to have as many of your city's supervisors as possible attend one of these important training sessions.



## Kansas Municipal Insurance Trust

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Topeka, KS 66603

