



# Capitol Marketing Associates, Inc.

## Worker's Compensation

**Capitol Marketing Associates, Inc.** would like to offer an alternate solution to monthly premiums, payroll audits and end of year penalties...

**Business owners that are concern with overpaying on workers compensation issues will monitor their exposure in order to reduce costs on premiums. They either:**

- Keep track of their policy's experience modification factor

**and**

- Reduce the number of claims

**What is "Experience Modification Factor (X-MOD)"?** This factor is applied to the workers comp premium. The mod number is based upon loss experience. For example – a company with a good loss experience is rewarded with credit and conversely a poor loss experience factor is penalized with a debit mod.

### **Example of a Better Loss Experience Modifier:**

<b>Class code</b>	<b>Payroll</b>	<b>Rate/\$100</b>	<b>Premium</b>
5538	\$1,000,000	\$10.00	\$100,000
With Exp Mod of .75			-\$25,000
<b>Modified Premium</b>			<b>\$75,000</b>

### **Example of a Less Desirable Loss Experience Modifier:**

<b>Class code</b>	<b>Payroll</b>	<b>Rate/\$100</b>	<b>Premium</b>
5538	\$1,000,000	\$10.00	\$100,000
With Exp Mod of 1.25			+\$25,000
<b>Modified Premium</b>			<b>\$125,000</b>

As you can see from the examples above how a good loss experience modifier can save company money, whereas a higher loss experience rating can negatively impact your profits.

Premiums can increase based on the number of comp claims and what their experience modification factor number is rated.