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# Workers' Compensation Solutions from CNA



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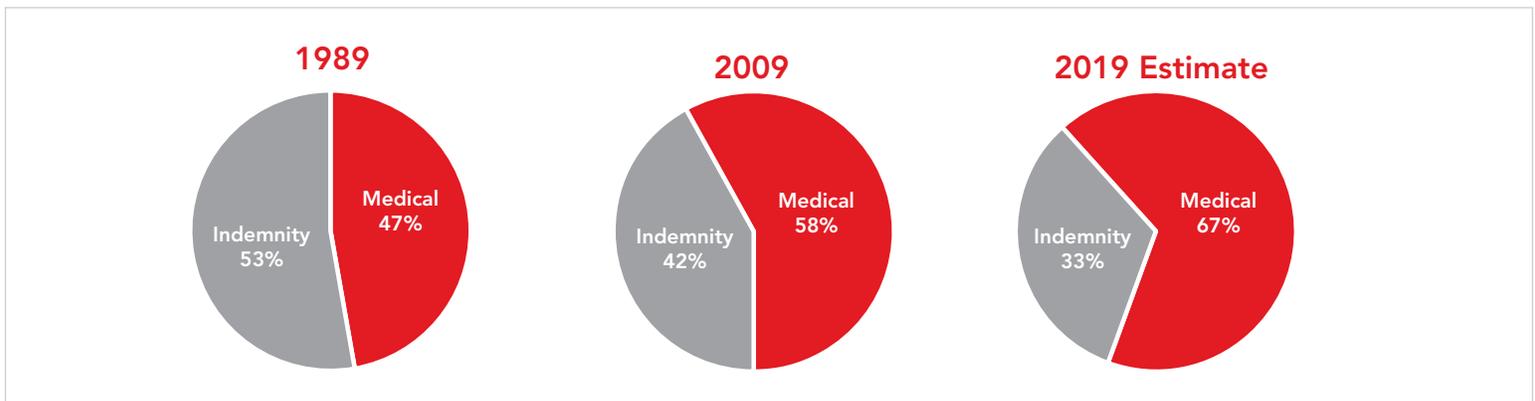
# A commitment to your employees

## A commitment to your company

Take a look around your company. Chances are, your workplace has changed in the past 10 years. Your workforce has changed as well. Regardless of industry, the U.S. workforce is aging. The U.S. Bureau of Labor Statistics has estimated that 25 percent of the workforce will be age 55 or older by 2020.<sup>1</sup> This aging workforce brings with it the potential for escalating workers' compensation costs, particularly since older employees typically experience more severe workplace injuries and illnesses than younger ones.

This aging trend has had an impact on what drives workers' compensation costs. Lost-time (indemnity) claims previously accounted for the majority of workers' compensation costs. Today, medical expenses are the most significant driver of workers' compensation costs.

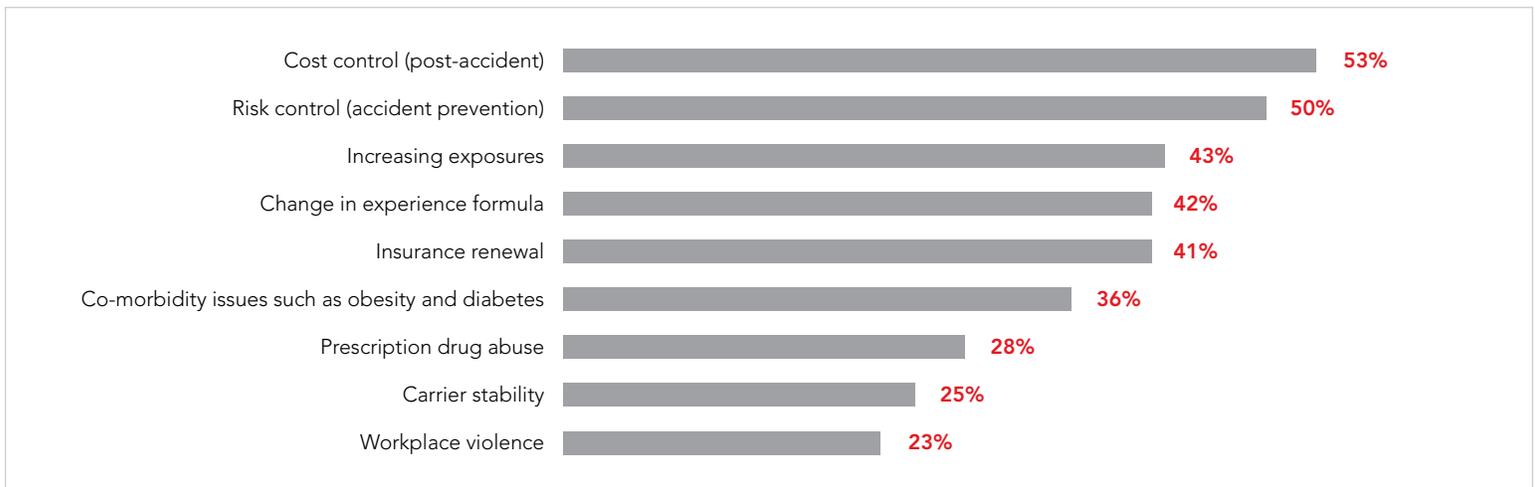
### Industry Workers' Compensation Cost Drivers



Sources: Insurance Information Institute (2009 data) and National Council on Compensation Insurance (1989 data and 2019 estimate).

One of the most effective ways to reduce these costs is through a commitment to workplace safety. Participants in a recent survey agreed that a safe work environment is a top priority. They cited accident prevention, along with post-accident cost control, as their top workers' compensation concerns.

### 2013 Workers' Compensation and Safety Survey



Source: Zywave

<sup>1</sup> "Economic Projections," (press release) Bureau of Labor Statistics, Feb. 1, 2012.

## The CNA approach

CNA believes that by focusing on four areas, a company can optimize its workers' compensation strategy and reap the greatest benefit in terms of reduced costs and improved productivity.

### Build a safety culture

A safety-focused work culture attracts safety-minded employees. With a strong safety culture, both management and employees are engaged in the process and share responsibility for accident prevention and effective injury management. Employees feel comfortable voicing their suggestions and concerns and may be involved in developing and revising safety procedures. If an accident happens everyone knows what to do and how to report the incident.

CNA can help your company gauge its safety culture. Our Workplace Perception Survey can provide critical insight into how employees view your company's commitment to safety. This survey provides a channel to anonymously provide feedback on corporate culture, the effectiveness of the communication process and safety efforts, as well as employee and management accountability. Survey results can identify opportunities to improve in each of these areas.



## Four Elements of Workers' Compensation Success

**1** Instill a safety culture and drive it throughout your company.

Understand your workplace and workforce risks.

**2**

**Workers'  
Compensation  
Success**

**3** Improve productivity by applying lean principles to safety.

Employ an injury management strategy that focuses on getting employees back to work as soon as possible.

**4**

A commitment to safety is the key to a successful workers' compensation process and cost containment. A successful process creates a better work environment and improves productivity. And a commitment to workplace safety makes your company an attractive place to work, helping you retain employees and reduce employee turnover.

#### **+** Safety screen

Companies with safety in their DNA want to make sure they hire employees with the same mindset. A job interview provides an opportunity to gauge a potential employee's safety commitment. Including a section on your company's safety policies and procedures in employee orientation reinforces your safety culture from day one.

#### **Understand your risks**

CNA Risk Control consultants provide onsite expertise. They may conduct a risk assessment to determine the best ways to minimize workplace hazards.

Your CNA Risk Control consultant will discuss critical workers' compensation elements with you, such as an injury management process and evaluating your claim trends. A detailed report will offer practical, proactive solutions that address your exposures. The report includes a scorecard that shows how your organization rates against comparable companies in critical areas, such as manual material handling. Your consultant is an ongoing resource who can help your company stay abreast of ever-changing government regulations and industry standards, as well as help address workforce and workplace changes within a safety culture.



### Connect safety and lean

The same lean management principles that create a more efficient work environment can also create a safer one. CNA offers a lean educational program that can help your company create a sustainable process that improves productivity and quality while minimizing risk. With this hands-on educational training, you are in the driver's seat as you learn about safety and lean.

This program starts by defining potential risks and / or areas for lean improvement. This is followed by classroom and workplace training sessions, which are designed to develop a self-sustaining employee team that understands lean concepts and principles and can successfully apply them. Metrics are then developed to ensure that your solutions are effective and meet your company's stated goals.

#### + What's your MOD?

A company's experience modification rating (MOD) is one of the most important factors in determining its workers' compensation premium. The frequency and size of workers' compensation claims determine a company's rating and ultimately, its premium. As a general rule, the lower the MOD, the lower the premium.



#### + Case Study

## Improving productivity while reducing injuries

As a result of the poor quality parts resulting from a particular plasma cutter, a metal fabricator was spending nearly \$900,000 extra in labor and production costs due to extensive grinding needed to bring parts into specifications. The process also increased employee exposure to musculoskeletal disorders due to the additional manual handling of parts and exposure to vibration from the grinders.

With cost and efficiency benefits in mind, the CNA Risk Control consultant recommended the purchase of a high-definition plasma cutter and additional work station improvements. The manufacturer purchased the machine and, as a result, experienced substantial productivity and efficiency gains.

The company also achieved annual labor savings of more than \$500,000 and was able to reduce overall fabrication costs per pound of steel by 20 percent. Equally important, the manufacturer's OSHA Recordable Incident Rate dropped by 39 percent.

## + Stay out of the stats

According to the U.S. Bureau of Labor Statistics' latest data, nearly 3 million workplace injuries occur a year. Nearly half of this group either missed work or had a job restriction resulting from a reported incident.<sup>2</sup> A strong safety culture helps keep your company from being part of this statistic.

### Injury management

The earlier an injury is treated and managed, the sooner your employee may be able to recover and return to work. In some cases, it is possible for the injured employee to remain on the job during the healing process. This can mean fewer lost days, minimized wage loss for your employee and a focus on work ability—not the disability—all translating into greater employee morale.

Successful injury management involves collaboration between your company, your injured employee, CNA and the medical provider. It is imperative that you start the process by filing a claim, preferably the same day as the incident. CNA can help you identify quality, cost-effective medical resources for your employee. A robust return-to-work process that offers your injured employee transitional, light-duty work options is also a key component of injury management. This process will help your injured worker return to the job as soon as it is medically possible.

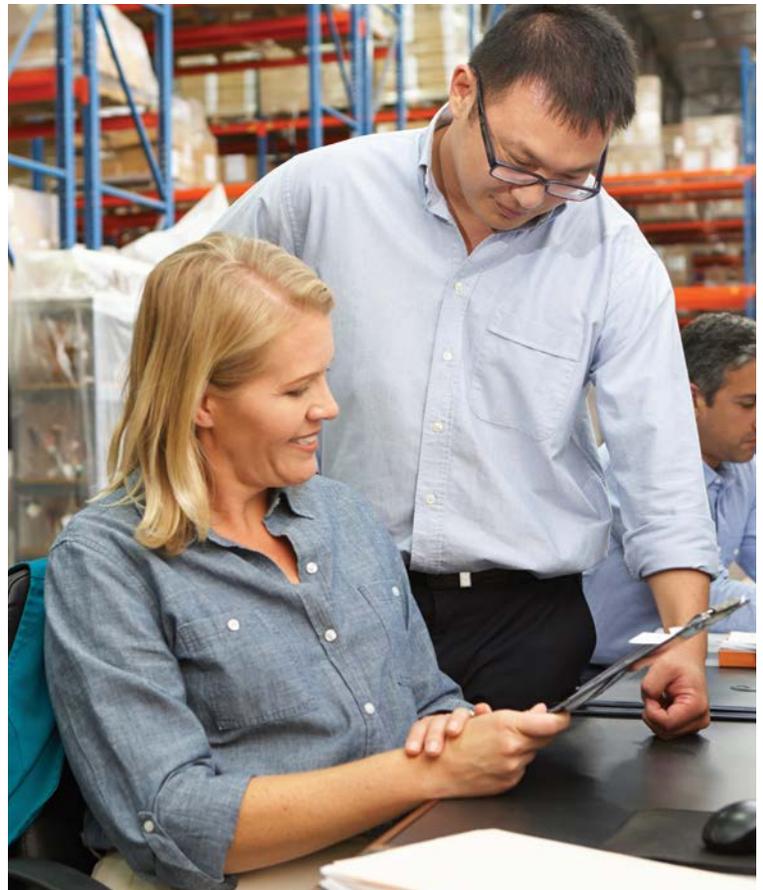
### Effective and supportive claim handling

Consistent and seamless from claim reporting to resolution — that is the CNA approach to claim handling. Available 24/7, our highly experienced professionals specialize in handling specific types of claims. CNA claim professionals become certified in their claim line of business by meeting predefined requirements and standards through internal certification programs and a comprehensive claim continuing education curriculum. At CNA, our claim professionals provide the time and attention necessary to process your claim, resulting in a fair outcome with a timely resolution. To learn more about CNA claim services please visit [www.cna.com/claim](http://www.cna.com/claim).

## + How to create a return-to-work success story

Without the right components, a return-to-work program will not deliver the desired results. Companies with successful programs typically:

- Develop written policies and procedures.
- Communicate the program to employees at all levels of the organization.
- Maintain current job descriptions that outline the physical demands of various jobs and the work environment.
- Develop an inventory of transitional work activities and options for key positions.
- Contact the insurance company as soon as possible after an occurrence.
- Conduct a thorough investigation to determine what caused the accident and make workplace adjustments to prevent similar accidents.
- Maintain regular contact with the injured employee throughout the course of recovery.
- Encourage employee participation in transitional work assignments throughout the healing process.



<sup>2</sup> "Workplace Injury and Illness Summary," (press release) Bureau of Labor Statistics, Oct. 25, 2012.



## + Case Study

### Return-to-work creates a business opportunity

A contractor that specialized in large telecommunications and utility relocations for road and infrastructure improvements was averaging 1-2 lost time workers' compensation claims a year with an experience modification rating (MOD) of .89. The company had been experiencing a slow increase in this rating. New changes in how MOD is calculated threatened to push this contractor's rating over the 1.0 threshold, which would affect the company's ability to successfully bid on new business.

The owner decided it was in the company's best interest to set up a process to get injured employees back to work on transitional duty. To start the process, the contractor brought the injured employee back to handle duties, such as utility locate coordination, which the owner had been handling himself. This meant that these important duties were now monitored on a daily basis. This also freed the owner to visit job sites and bid on new work.

This move was so successful that when the employee returned to work on a full-time basis, it was in a newly created position that incorporated the transitional duties. The new emphasis on utility locate coordination reduced downtime from line strikes and saved claims / utility repair dollars, which easily paid for any return-to-work costs and made his employees and public safer.

### Additional resources

CNA provides a broad array of resources to help your company develop and maintain a workers' compensation process. You will find these and other resources at [www.cna.com/riskcontrol](http://www.cna.com/riskcontrol).

#### Online calculators

These electronic tools can show you the difference that a timely notice of loss and transitional work option can make in containing your workers' compensation expenses.

#### Return-to-work materials

CNA offers an array of materials that can help your company start a return-to-work program or improve an existing one. These include educational brochures, job descriptions, a preferred medical provider locator tool and other materials to help guide the process when an employee is injured. Industry-specific materials are available for contractors and manufacturers.

#### Self-audit return-to-work worksheets

An excellent starting point for assessing your company's return-to-work readiness, the worksheets map out the effectiveness of your return-to-work program.

#### Your risk control SORCE®

From a small business to a large commercial enterprise, exposure to risk can result in business loss and interruption. CNA's School of Risk Control Excellence (SORCE®) can educate you in industry-leading loss prevention, risk management and risk transfer techniques. SORCE® *On Demand* provides instant access to our library of risk control courses.



To learn more about how CNA can help your company improve productivity while preventing employee injuries, please call us at 866-262-0540 or visit [www.cna.com](http://www.cna.com).



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