

Safe Guard

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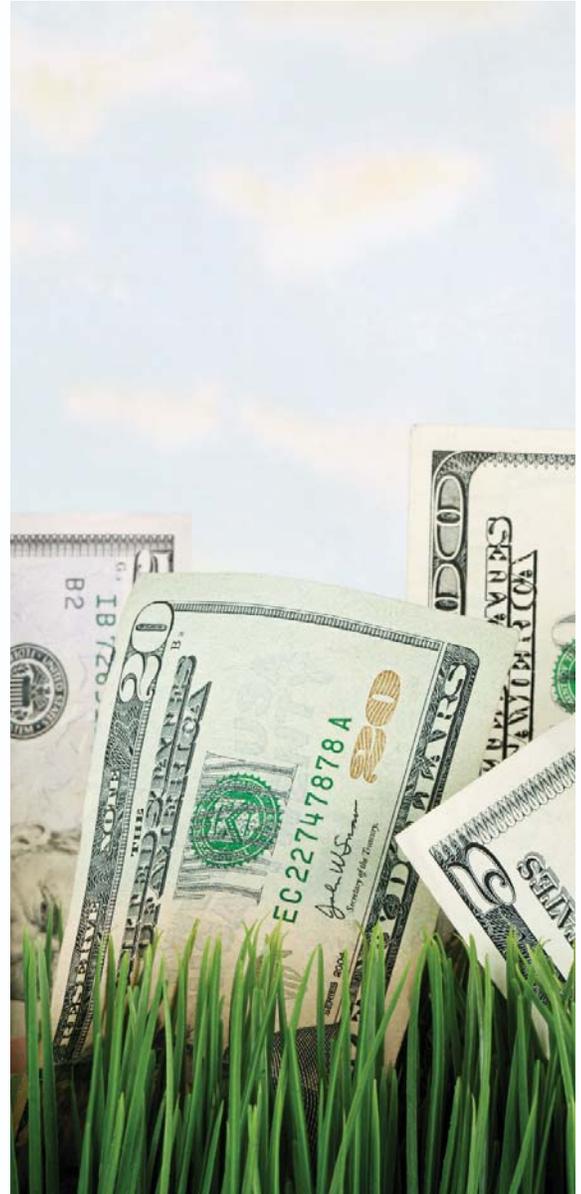
NFIB Members Earn Almost \$600,000 in Safety Dividends!

Qualifying NFIB members who participated in our Association Safety Program, a partnership with SCF Arizona, for 2010 earned over \$272,000 in individual safety dividends and over \$313,000 in NFIB bonus safety dividends. For every \$1 in individual dividends earned, participants in NFIB's Association Safety Program earned an additional \$1.14 in bonus dividends. This is proof that Safety is Smart Business and that it pays to be a member of NFIB!

As members know, NFIB is the nation's premier advocate for small and independent business. In 1995, NFIB partnered with SCF Arizona™, the state's largest workers' compensation insurer, to help businesses become safer and save money on their workers' compensation insurance costs.

"NFIB's safety program goals are focused and simple: We help members manage costs and maintain safer workplaces," said Farrell Quinlan, NFIB/Arizona State Director. "The program's success is due to an excellent team that includes our SCF Arizona partner, our NFIB member-led Safety Committee, and our safety-conscious members."

While not guaranteed each calendar year by SCF Arizona, these dividends mark 40 straight years that the SCF Arizona Board of Directors has declared dividends. NFIB's Association Safety Program members have historically received safety dividends based on the group's overall loss ratio and NFIB members' commitment to safety.



To enroll in NFIB's Association Safety Program, please call 602-631-2600 or visit NFIB.com/azwcnews.

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SAFETY
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Workers' Compensation Rate Increase

For the first time in three years, the National Council on Compensation Insurance (NCCI) recommended a rate increase for Arizona businesses, and the Arizona Department of Insurance approved it.

Beginning Jan. 1, an overall average increase of 5.2 percent became effective. The actual rate hike per business depends on the classification code set for the occupation by NCCI.

These increases approved by the Department of Insurance apply to all insurance companies offering workers' compensation insurance in the state.

For SCF's customers, deviated rates will continue to apply for SCF Premier, SCF American, SCF Western, SCF Arizona, SCF National and SCF Casualty policyholders. SCF Indemnity and SCF General continue as scheduled rated carriers.



Workers' compensation rate increases will be effective in all occupational sectors.

The breakdown looks like this:

Contracting	6.7 percent
Goods & Services	5.6 percent
Manufacturing	3.3 percent
Office & Clerical	5.4 percent
Miscellaneous	2.7 percent

NCCI Provides Insight



When the National Council on Compensation Insurance visited Arizona in October 2011 to give its annual report on the workers' compensation market, the news was mixed. Not only did it recommend the premium rate increase, but it plainly states the market is "deteriorating."

Here are the points NCCI shared:

- Calendar year and accident year combined ratios continue to deteriorate.
- Decline in lost-time claim frequency stopped in 2010.
- Impact of the Affordable Healthcare Act of 2010 and federal involvement in insurance remains uncertain.
- Large decrease in written premium measured since 2007 continues.
- The total market combined ratio increased.
- Claim frequency increased in the most recent year of data, but the increase is being offset by a declining average cost per claim due in part to the slow economy.
- The large loss of Arizona jobs in the construction sector has had a major impact on the state's workers' compensation market.
- The residual market share has more than doubled in the last year.

Bigger isn't Better

Evidence is increasing that shows obesity is a major driver of higher medical care costs for workers' compensation claims, the National Council on Compensation Insurance reported.

Citing a 2007 Duke University study of workers' compensation claims, the NCCI reports medical costs per 100 full-time equivalent employees are nearly seven times higher for the morbidly obese than they are for employees of recommended weight.

The Duke study found workers' compensation insurance claims covering obese workers exceed \$73 billion annually, and that morbidly obese workers file 45 percent more claims than regular workers. The study also shows obesity affects absenteeism and work productivity.

What's more, severely obese individuals with a body mass index (BMI) greater than 35 accounted for 61 percent of all obese employee costs, even though they represent only 37 percent of the overall obese population.

The study shows that workers' compensation claims filed by obese workers take longer to resolve because the types and nature of injuries sustained are more likely to result in permanent disabilities or the injury takes longer to heal.

Meanwhile, the Centers for Disease Control and Prevention (CDC), reports the percentage of the population considered obese increased from 12 percent in 1990 to more than 26 percent in 2007. By the year 2020, 40 percent of men and 43 percent of women are predicted to be obese.

This trend, according to NCCI, likely means that workers' compensation rates will have to continue to increase.

Because of the data, SCF plans to be more proactive in emphasizing workplace wellness programs to its customers as a way to keep workers' compensation rates in check.



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Association Safety Program Changes



SCF Arizona is making some supportive changes in the Association Safety Program (ASP), which will benefit some NFIB members. Beginning Jan. 1, 2012, all eligible new participating association members, who become new SCF policyholders, will receive a 10 percent deviation off the Arizona manual rates. This discount generally is not available to many small businesses unless they have been active participants in the ASP.

Policyholders who meet the underwriting criteria for higher deviations are still eligible to enroll in the program, such as those who are policyholders in SCF Premier, SCF American and SCF Western. Qualified policyholders may be eligible for savings up to 40 percent.

Continuing in 2012, SCF Arizona policyholders that participate in NFIB's ASP will be eligible for an individual dividend and a group bonus dividend, should the SCF Board of Directors declare one.

NFIB's Association Safety Program Eligibility:

- Be a member of NFIB in good standing.
- Members are eligible for at least 10 percent savings off Arizona approved rates.
- No minimum premium program requirements – NCCI minimum premium applies.
- No “previous years” in business experience required.

Call 602-631-2600 or visit NFIB.com/azwcnews to enroll today.