



Myth Busting the Experience Mod: Interpreting Your Mod as a Grade

Your workers' compensation premiums are determined by a number called your **experience modification rate**, also called EMR, experience mod, ex-mod or simply mod.

The mod is calculated using employer data such as payroll and the nature of their workforce, along with the frequency and severity of employee injuries over a period of multiple years.

The mod is expressed as a number between 0 and 2.0, with 1.0 representing the average for injuries and claims in a particular industry. The lower the mod, the lower an employer's work comp premiums are.

Experience Mod Below 1.0

Indicates the company has **fewer or less severe claims** than the industry average

RESULT:

Lower Work
Comp Premiums

Experience Mod Above 1.0

Indicates a company has **more frequent or more severe claims** than the industry average

RESULT:

Higher Work
Comp Premiums

MYTH

Any mod below **1.0** is considered "**good**" because it is better than average

FACT

Think of **1.0** as a "**C**" grade in school—average but not the best possible outcome

The Experience Mod as a Grade



If you think about your experience mod as a grade in school, it is easier to understand. A mod of 1.0 is average, which would be a C grade.

Though you want to strive for above average (better than a C), that's still not the best you could do. An A grade is the best you could do.

The Minimum Mod (A Grade)

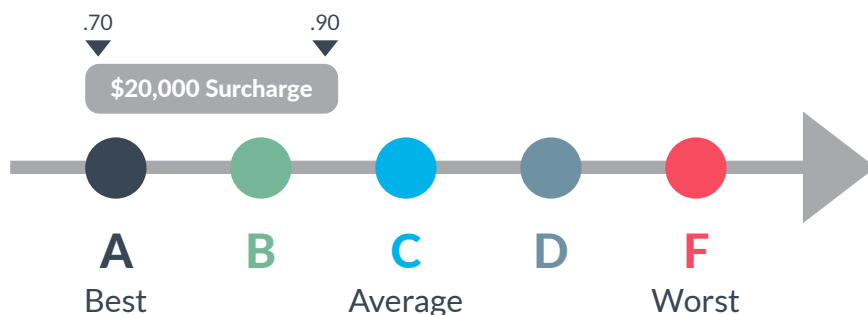
An A grade mod is different for every organization, as every company has a unique minimum mod, which represents what the experience mod would be if there were no injuries or claims during the rating period.

EXAMPLE

Actual Mod = .90 (\$90,000 work comp premium)
Industry Average = 1.0 (\$100,000 work comp premium)
Minimum Mod = .70. (\$70,000 work comp premium)

The example organization's mod is .90, which seems good, is below average, and represents a savings of \$10,000 in premium versus the average.

The minimum mod is .70 (\$70,000 in premium). That means there is **another \$20,000 in potential savings on the table.**



This is why it's so harmful to think anything below 1.0 is a good mod. In this case, the company could save up to **\$20,000** more by understanding and striving for their minimum mod.

**Do you know your actual and minimum experience mods?
Are you paying more than you should for work comp?**