



# SOUTH CAROLINA STATE ACCIDENT FUND

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## *Your Premium Auditors*

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## *How do we keep premiums down?*

In order to answer this question, we must first look at how premiums are calculated. Premiums are calculated using the following factors:

*Payroll*

*Classification Codes*

*Rates*

*Experience Modification Factor*



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## *Factors that affect premium*

*Some factors are less controllable than others.*

### **PAYROLL**

Payroll is estimated at renewal and finalized at audit. All other factors being stable, increased payroll means increased premium and reduced payroll means reduced premium.



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## *Factors that affect premium*

### **CLASSIFICATION CODES**

These are based on the operations of a business, the location where those operations take place, and job duties of employees.

Each code is recognized by a number designated by NCCI.



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## *Factors that affect premium*

### **CLASSIFICATION RATES**

Each classification code has a rate that is determined by the loss history for that code. For example, class code 8810 used for clerical staff is a lower rate than class code 7720 used for law enforcement.



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*What factors can we affect?*

## EXPERIENCE MODIFICATION FACTOR

The Experience Modification Factor (E-mod) is individual to each policyholder and is based on that policyholder's claims experience. A factor of 1.00 would create no change in premium. A factor greater than 1.00 would result in an additional charge and a factor less than 1.00 would result in a discount.



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## *What affects the E-mod?*

The E-mod is affected by:

- The amount paid on claims (only claims with payments are reported)
- The number of claims in a given rating period
- Proper classification of payroll



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## *How do we keep costs down?*

You can help keep the E-mod down in the following ways:

- Keep the number of claims down by providing a safe work environment and promoting a safety-conscious workforce.
- When a claim does occur, communicate as much information possible to your adjuster.
- Communicate with your auditor to ensure proper classification of payroll and a greater understanding of your business operations.



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## *How can we help?*

You can call us with any questions concerning classification of operations or employees.



We can come to your location for a physical audit of your operations.



We are available by phone, email or personal visit to answer any questions or address any concerns you may have.