



From the desk of
John Karlen, CPCU, APA, AR

President

Where Does the Money Go?

Occasionally I am asked “where does the premium go that is paid by MTM members?” I could break that down into more than two dozen categories but let me just give you a high-level view. If I took 2023 as an example year, I could put the percentages into three basic categories. No surprise, the number one category is claims including legal expenses with the second being administrative expenses which include company salaries, rent and of course, taxes. Not only are there income taxes to pay but we’re also required to pay assessments to the state and a percentage of the premium as a state premium tax. And the third category are the leftover funds which are paid to members as dividends. Again, going back to 2023, in rounded numbers, 55% of the premium is paid out in claims and claims handling costs with 25% paid for MTM administrative expenses and 20% was returned as member dividends.

Because claims make up the biggest piece of the premium dollar and is therefore the largest impactor of our member dividend, every month we dissect loss numbers and look for trends. There are a couple of interesting numbers to mention. For the first six months of 2024, the claims count compared to the first six months of 2023 is down by 14%. That is great news. I then looked at the total claims costs and found that our claims costs for the first six months compared to 2023, was up by 7%. I would have



guessed that given a decrease in frequency by 14% that the claims cost would also be down. But that is not the case. What I found instead is that the cost per claim from one year to the next is up by 24%. Our average claims cost in 2023 for the first six months was \$4,380. For 2024, the

average claims cost is \$5,400 which is a concerning increase. I try not to overreact to any big swings because one or two large claims could impact the total result. In July we complete a midyear actuarial claims review to help our predictive analysis. We’ll present that midyear review at the August board meeting, and I’ll share the results with you.

In the meantime, thank you for your help with the Loss Control efforts. Having a decrease in frequency sure helps offset the increase in severity. The increase in severity is caused by accident type but also magistrates that are more “generous” with settlements than they were in the past. MTM management will continue to monitor these results and update you when we have more information. After declaring dividends for 10 years in a row, the management team is focused to make sure that this member benefit continues.

I hope you are enjoying the summer.

-John

IN THIS ISSUE:

- 2023 Top 20 MIOSHA Violations
- Summer Fun in the Sun



Ruth Kiefer, MSc, ARM

Vice President of Loss Control

2023 Top 20 MIOSHA Violations

As many of you have already experienced, MIOSHA had a full complete year of compliance audits and are on a roll. To help our policyholders stay on track, we always try to provide CET's annual release of the top 20 that they provide at their annual Michigan Safety Conference. On the General Industry Safety violation side, approximately 500 citations were issued in 2023. They collected \$1.33 Million in fines, which averages out to \$2,606 for the average safety citation. Now for the Health side of things, as there are always two parts. The Health side issued 565 citations and collected \$823,200 in fines. The average citation per location was \$1,456. If you are unsure if you have a Health or Safety violation, please contact your Loss Control Consultant for more guidance of these most cited violations below. We are happy to help you stay in compliance.

GENERAL INDUSTRY: MOST COMMON SAFETY CITATIONS:

Part 26. Metalworking Machinery: Rule 2635(1): Vertical band saw shall be guarded as follows: (a) "other than point-of-operation and (b) At the point of operation. **Average citation: \$1,577**

Part 1: General Provisions. Rule 34(3) Point of operation guard. Guard the machine operator against all hazards/hazardous area during operating cycle. **Average citation: \$2,600**

Part 1: General Provisions. Rule 408.10034(9) Pinch Points. When an employee is exposed to a hazard created by a pinch point other than point of operation, the hazard shall be guarded or the employee otherwise protected. **Average citation: \$3,793** This includes your overhead doors. All powered overhead and sliding doors must be equipped with either a sensing strip, photoelectric eye, constant pressure down control switch or a slip clutch device.

Part 92. Hazard Communication. Rule 1910.1200(e) Written Hazard Communication Program. (1) Employers shall develop, implement, and maintain at each workplace, a written hazard communication program which at least describes how the criteria specified in paragraphs (f), (g), and (h) of this section for labels and other forms of warning, safety data sheets, and employee information and training will be met. **Average citation: \$5,218**



Part 2. Walking Working Surfaces. Rule 1910.28(b)(1)(I). Unprotected sides and edges. The employer must ensure that each employee on a walking-working surface with an unprotected side or edge that is 4 feet or more above a lower level is protected from falling by one or more of the following: (A) guard rail system, (B) Safety net system or (C) Personal fall protection systems, such as personal fall arrest, travel restraint, or positioning systems. **Average citation: \$5,218.**

Part 7. Guards for Power Transmission. Rule 408.10727(1) Belts. (1) A belt and pulley that is 7 feet or less above the floor or platform and that is exposed to contact must be guarded. **Average citation: \$2,359.**

Part 33. Personal Protective Equipment (PPE). Rule 408.13308 Personal Protective Equipment hazard assessment and equipment selection. (1) An employer shall assess the workplace to determine if hazards are present, or likely to be present, that necessitate the use of personal protective equipment. **Average citation: \$1,791**

Part 85. The Control of Hazardous Energy Sources. Rule 1910.147(c)(6) Periodic Inspection. Conduct a periodic inspection of the energy control procedure at least annually. **Average citation \$1,308.**

Part 85. The Control of Hazardous Energy Sources. Rule 1910.147(c)(7)(I)(A) Authorized Employee. Each authorized employee shall receive training in the recognition of applicable hazardous energy sources, the eyes and magnitude of energy available in the workplace, and the methods and means necessary for energy isolation and control. **Average citation: \$1,195**



Donna Motley

Vice President of Claims

Summer Fun in the Sun

Part 85. The Control of Hazardous Energy Sources. Rule 1910.147(c)(4)(I). Energy Control Procedure. Procedures shall be developed, documented and utilized for the control of potentially hazardous energy when employees are engaged in the activities covered by this section. **Average citation: \$4,968**

GENERAL INDUSTRY: MOST CITED HEALTH VIOLATIONS:

Part 301. Air Contaminants. 325.51103(a)(iii). Exposure Limits. Not conducting air sampling when there is a TWA or STEL of the chemical you are working with. **Average citation: \$6,191.**

Part 92. Hazard Communication. Workplace Labeling. The employer shall ensure that each container of hazardous chemicals in the workplace be labeled, tagged or marked with either: the product identifier and words, pictures, symbols, or a combination thereof which provided at least the general information regarding the hazards of the chemical.

Part 92. Hazard Communication. Information and Training Requirement. Employers must train on the new Global Harmonization System of Classification and labeling of chemicals. They must be able to read the new SDS's. **Average citation: \$760.**

Part 92. Hazard Communication. 1910.1200(e)(1). Employers shall develop, implement, and maintain at each workplace, a written hazard communication program which at least describes how the criteria specified in paragraphs (f), (g), and (h) of this section for labels and other forms of warning, safety data sheets, and employee information and training will be met. **Average citation: \$1,159**

Continued on page 4...

Determining what to write about this month was a no brainer – the subject: The weather! We just experienced a week of high temperatures with high humidity. While I have written about this topic in the past, after this past week, I feel it bears repeating.

It came upon us suddenly. We were not prepared. There was no chance to become acclimated. Becoming dehydrated or suffering from the heat is not covered by Workers' Compensation. Keep an eye on your co-workers for signs – muscle cramping, a "heat" rash, headaches, nausea, vomiting, dizziness, confusion, irritability, fatigue, weakness, numbness or tingling in limbs, fingers and toes, excessive thirst, dry mouth, infrequent urination. All signs there could be a problem.

During high heat and humidity, you should be drinking fluids every hour to prevent dehydration. Wear looser, light color clothing, preferably made of cotton or of moisture wicking material. Avoid alcohol, caffeine, soda or sugar sweetened beverages. Misting fans are very beneficial. Keep cold packs on hand. Be sure to eat, but eat lighter meals.

Dehydration can occur quickly. Symptoms are a sign your body is being depleted of electrolytes. Electrolytes are minerals your body carries that affect "how" your body functions; particularly nerve and muscle function. Electrolytes balance blood acidity and pressure, help rebuild damaged tissue, help hydrate your body. Electrolytes include potassium, sodium, chloride, calcium, magnesium.

Good sources for replenishing electrolytes include coconut water, milk, watermelon water, pure fruit juice, smoothies, sports drinks, Pedialyte. Pedialyte even comes in popsicle form and also in tablet form. Water alone is not enough during extreme heat.

Living in Michigan we become weekend warriors. Sometimes we are kind of dragging on Monday morning. Be aware of what you do and how you feel over the weekend, because you don't want to arrive "depleted" on Monday morning – you should start replenishing on Sunday evening. Summer goes by in a flash! Make it a safe one!



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...continued from page 3

Part 430. Hazard Communication. 1910.1200(h)(3). Employee training shall include at least: methods and observations that may be used to detect the presence or release of hazardous chemicals in the work area, physical, health simple asphyxiation, combustible dust and pyrophoric gas hazards, as well as hazards not otherwise classified and measures the employee can take to protect themselves from the hazard. **Average citation: \$1,476**

Part 472. Medical Services and First Aid. 325.47201(3). Eyewash and Quick Drenching Requirement. An employer shall ensure that suitable facilities for quick drenching or flushing of eyes and body are provided within the work area for immediate emergency use when the eyes or body of any person may be exposed to injurious corrosive materials.

Part 451. Respiratory Protection. 1910.134(c)(1). A written Program is required as part of this standard. **Average citation. \$1,816**

Part 451. Respiratory Protection. 1910.134(f)(2). Fit Testing. You must fit test respirators prior to their use for all tight fitting or required respirators, whenever a different respirator face-piece is used, or at least annually. **Average citation: \$2,557**

Part 451. Respiratory Protection. 1910.134(c)(2). An employer may provide respirators at the request of the employees or permit employees to use their own respirators, if the employer determines that the respirator will not in itself create a hazard. Provide information in Appendix D to all comfort respirator users. Must have a written program. **Average citation: \$1,692**

Part 451. Respiratory Protection. 1910.134(e)(1). A medical evaluation must be completed for employees that are required to wear a respirator. **Average citation: \$428**