



From the desk of

*John Karlen*, CPCU, APA, ARe

## **PREPARING MTM MEMBER DIVIDENDS**

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January and February are an important time for MTM staff. It's when we put together all the documentation that leads up to the printing of member dividend checks in March. Let me give you a rundown of what happens. On New Year's weekend, Chris Doebler our 28-year veteran CFO puts together all of the claims detail and payroll information for 2023. This immense amount of detail is sent to an outside actuary to do loss valuations required by the Michigan Insurance Department. This review takes close to three weeks by the outside actuarial firm.

On January 29th Chris Doebler, Megan Brown, our VP of Sales/Marketing, and myself head to Nashville to meet with our actuarial advisors to discuss the results. We review the 110-page document to evaluate the proper reserves that are necessary to make sure that all the money necessary to pay those claims is put away. It is a challenging balancing act with the legislative and judicial changes, inflationary impact, and the loss trends of our members.

Once we have these numbers finalized, we rush to prepare for a Board Finance Committee meeting, which consists of not only Board members but members as well on February 8th. Management and the Committee review the company finances and this year determined that the company made a profit of \$3.6 Million. With their review and questions, a recommendation is made to the full Board which would meet a week later. That same afternoon February 8th the Board Marketing and Underwriting Committee meet to take the profit that is recommended by the Board Finance Committee and determine the most equitable allocation to the MTM members.

On February 15, the full Board which is made up of 11 manufacturing presidents, CFOs and other managers

review the recommendations from both the Board Finance Committee and the Board Marketing and Underwriting Committee to see if any necessary changes are needed. This year no changes were made from the Committee recommendations and the Board instructed the MTM management team to put together all the necessary paperwork for the state, do the necessary accounting records and tax consequences to implement the dividend for payment on March 21st .

This year 100% of members that had a policy in force in 2023 and are active members will receive a dividend check. If a policy was not active in 2023 or the company is new to MTM in 2024, there is no dividend for this year. Due to the success of passing out dividend checks at the March MTM Annual Members meeting we will again be handing out the dividend checks on March 21st. We hope that if you have not registered you will. We have \$3.25 million to hand out.

Congratulations to our members on having a good loss year, our Board Committees for doing the necessary analysis and the full Board for its final approval. As I said for 10 years in a row, nothing is more fun than delivering checks to our members. For those members who are unable to attend the annual meeting, the day after the meeting we will start delivery to the individual members. And like in the past I will try to take a picture of those visits for use in the next newsletter.

The fun part of handing out the checks is about to begin. See you all soon.

*-John*



**Chris Demeter**

*Senior Loss Control Consultant*

## Lockout/Tagout Inconsistencies

Lockout/tagout is not a topic to take lightly when it comes to the safety of your employees. Improperly following procedures or having no procedure at all is a serious MIOSHA offense, and fines are applied accordingly. Lockout/tagout is a critical safety component in safeguarding workers around the equipment they operate, service and maintain. For yet another year, MIOSHA's Lockout/Tagout Standard made the list of the top 10 most frequently cited Standards. The most-cited sections within this standard focus on procedure development and use, inspections, employee training, and notification of the application and removal of lockout or tagout devices.

An important first step for lockout/tagout is developing and documenting an energy control program. Creating a written document helps establish and explain the elements of the program to all employees.

One of the most common program gaps is the lack of detailed, machine-specific procedures. Procedures are used to explain the steps for shutting down, isolating, blocking and securing equipment to control hazardous energy, as well as applying and removing lockout/tagout devices. Some best practices include machine-specific photos that identify energy isolation points, tailored messaging to your workforce with the necessary languages and procedure installation at the point of use. By maintaining and



formally documenting procedures that tie in with other program elements, such as devices, you have a line of sight into areas requiring additional attention.

With a program and procedures in place, the next step is to instruct employees, communicate processes and conduct periodic inspections. Instruction should include MIOSHA requirements, as well as customized program elements, such as machine-specific procedures. When MIOSHA evaluates company performance on lockout/tagout compliance, it looks to training for employees based on three categories: authorized, affected and other employees.

When it comes to locking out equipment, many products are on the market. Selecting the most appropriate solution for your application is key to lockout effectiveness. These products should be easy to positively lock out and simple to use. It also is important to use devices that best fit each lockout point and follow these seven steps for compliance and safety:

1. Notify affected employees of your intent to lock out the equipment.
2. Review the machine-specific written lockout procedures.
3. Perform the normal machine stop.
4. Shut off all energy isolation controls.

5. Lock out the energy isolation controls.
6. Dissipate any stored or residual energies.
7. Verify the zero-energy state to begin servicing safely.

At least annually, a periodic inspection of the energy control procedures for equipment/machines involved in the Lockout-Tagout program must be performed by departments to ensure that proper procedures are being followed. The inspection should be performed by an employee other than the authorized employees utilizing the Lockout-Tagout procedure. The inspection should include a review between the inspector, authorized employees, and any other affected employees.

Once you have an effective lockout program in place, consistently reviewing it beyond the required annual inspection and performing audits are essential to identifying gaps or inconsistencies. This allows your company to focus on maintaining a successful program, instead of reacting only when something goes wrong. A sustainable Lockout-Tagout program not only helps to improve workplace safety, it also reduces costs and increases productivity.

A sample Lockout-Tagout program and templates can be found on the MTMIC client portal through our website:



<http://www.mtmic.com> Please contact Sales at [sales@mtmic.com](mailto:sales@mtmic.com) or 248.715.0013 for access to the MTMIC client portal. If you need guidance on developing a Lockout-Tagout program, do not hesitate to contact your Loss Control Consultant.

I hope you are enjoying the milder weather and we will get ready for the warmer days of spring.





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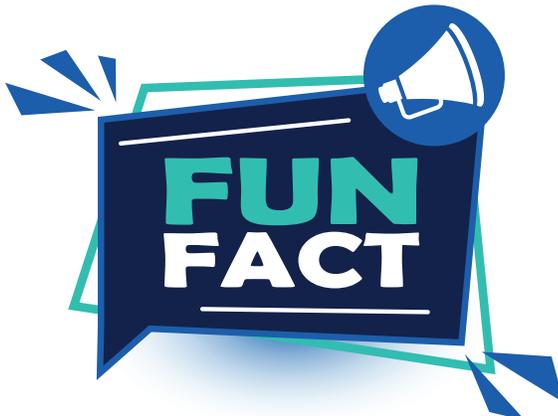
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## POSTER UPDATE

All of the State and Federal Labor Law posters have been sent out. We hope the new mailing format made it successfully to your mailbox. This new mailing method saved MTM staff time and the company money.



## IN 2023:

**42.6%** of bound policies were  
Pay in Full, saving members over  
\$206,000 in discounts

**57.3%** of bound policies used  
AutoPay at least once, saving members  
both time and postage

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