***Your claims experience for the past three years plays a significant role in calculating your experience modification factor (E-mod.). It is your E-mod.multiplied by your estimated employee payroll that equals the Modified Payroll figure. The Modified Payroll figure is then multiplied by the premium rate (i.e., cents per $100 of modified Payroll) and that equals your Total Premium for the next fiscal year.***

**E-MOD x TOTAL PAYROLL = MODIFIED PAYROLL**

MODIFIED PAYROLL x PREMIUM RATE / 100 = TOTAL PREMIUM

# Example #1: E-mod. Below 1.0

If you have an E-mod below 1.0, your payroll is a fraction of its true total: .75 (E-mod.) x 12,000,000 = 9,000,000

9,000,000 x .76 /100 = $68,400 Total Premium, + 20% discount for an E-mod below 1.0,

Your total premium now equals **$54,720.**

## Example #2: E-mod. above 1.0

If you have an E-mod. above 1.0, your payroll is more than its actual total: 1.25 (E-mod.) x 12,000,000 = 15,000,000

15,000,000 x .76/100 = $114,000 Total Premium, no discounts for E-mods. Over 1.0,

Your total premium now equals **$114,000**

**---------------------------------------------------------------------------------**

**The difference between a low E-mod and a high E-mod = $59,280 (114,000 v. $54,7200)**

**The impact of high claims experience on your E-mod = $6 Million ($9Mil v. $15 Mil)**

**The benefits of an E-mod below 1.0 = PRICELESS !!!**