

# The SubAla Insider

*Convention 2013 - Details inside!*  
*The Village of Baytowne Wharf • Sandestin, Florida • July 25-28, 2013*



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## **SUBALA NAMES MONIQUE SOLORZANO AS DIRECTOR OF EVENTS AND MEMBERSHIP**

The Association would like to welcome Monique Solorzano as SubAla's Director of Events and Membership. As many of you may know, Monique was previously the Executive Director of the American Subcontractors Association (Alabama Chapter) and will be in charge of SubAla's events and new membership recruitment.

We are thrilled have Monique as part of the SubAla family and are confident that with Monique's help our events and continued growth with new membership will be a success.

If you have an opportunity, please take a moment to contact Monique at [Monique@subala.org](mailto:Monique@subala.org) and welcome her aboard.



## **SUBALA UNDERTAKES NEW EVENTS FOR 2013**

SubAla is excited to be undertaking a number of events previously held by the American Subcontractors Association, (ASA).

We are hopeful that you will join us for the events will be looking for committee members to help us with making these events a success. Below is a list of some of our upcoming events. We will be sending out specific details regarding each event prior to its date.

### **SubAla “Meet the GCs Expo” March 27, 2013**

SubAla's first event of 2013 will be a Meet the GCs Expo on Wednesday, March 27th at Rosewood Hall in Soho Square in Birmingham. This event will be like a trade show where general contractors set up booths allowing you to walk around and network with them and each other.

### **SubAla Golf Tournament – April 22, 2013**

On Monday, April 22nd, we will have a golf tournament at Highland Park Golf in Birmingham. At this event lunch will be provided and registrants will be eligible for event and door prizes. There will also be a drawing for larger big ticket prizes.

### **SubAla Convention**

See pages 4-5 for details.

### **SubAla Industry Awards Banquet – September, 2013**

The Industry Awards Banquet will be held in September and is a business formal event honoring top individuals and companies in their respective fields of construction. We will also honor a legislator that has helped the subcontractor community. The event will have a cocktail hour, a dinner, and an awards presentation.

*If you would like to be on any of the event committees, please contact Monique at [monique@subala.org](mailto:monique@subala.org) or call 205-981-9594.*

## **WHY IS AN EXPERIENCE MODIFICATION RATING (EMR) IMPORTANT TO ME AS A CONTRACTOR?** *BY DAVID FEEMSTER, CONSTRUCTION RISK AND INSURANCE SPECIALIST (CRIS)*

I frequently receive calls from contractors distraught over their experience modification ratings (EMR). Frequently, the call comes after they discover that it has significantly increased their workers' compensation cost. More often than not, the call is coming when the contractor has lost an important contract or the opportunity to bid a project because his EMR has increased beyond a 1.00. I've had contractors tell me that their EMR increase was "organization threatening". I'd say that's a pretty big deal! If your EMR can impact your opportunity for business or profitability in any way, you should continue reading because changes are coming that will, and potentially significantly, impact your EMR.

### **What is the purpose of the EMR and why am I being asked to provide it to others?**

The EMR is calculated utilizing the National Council on Compensation Insurance's (NCCI) Experience Rating Plan and is designed to tailor the cost of workers' compensation coverage based on the characteristics of an employer. In theory, it gives the employer an opportunity to manage some of the costs related to workers' compensation. If employees are properly classified and losses are controlled you should have a credit EMR (less than 1.00) thereby reducing your premium. Conversely, misclassified employees and adverse loss experience will increase the EMR resulting in higher premiums. Even though it is designed as a rating tool for insurance providers, the EMR is being used by business owners, consultants, and general contractors as a measure of your workplace safety. (It is often not an effective measure for that purpose but that is a subject for another day.) If your EMR is above a certain point, typically above 1.00, you may not be eligible to work in certain facilities or on specific projects.

### **OK, so it's important. How does the EMR calculation work?**

Well, explaining the EMR plan is about like explaining the U.S. tax code so I'll try to hit the high points. Your payroll is assigned to class codes based on the risks associated with particular jobs. This is used to determine manual premium. Additionally, those classifications of payroll are used on your EMR to determine your expected losses. For instance, if your payroll is primarily in a low rated classification, such as clerical, sales or executive supervision, you will generate very low expected losses. Your EMR will be higher, even without losses, than someone with the same amount of payroll in higher rated classifications. If you have a loss it will impact your EMR much more than the company generating higher expected losses.

Concerning losses, an important aspect of the plan is based on the philosophy that the cost of any accident is largely a product of chance and is statistically less predictable than the fact that the accident occurred. There are so many variables that impact claim cost associated with an accident such as the luck, or lack thereof, related to a fall. In one instance, a five foot fall results in scratches and in another instance the result is a severe head injury. The number of dependents, other health issues, motivation of the injured employee and a number of other factors influence cost. So, one \$100,000 loss will result in a different (lower) rating than ten \$10,000 losses. Statistically, the situation with more claims frequency will result in more cost in the future. Accident frequency is a key aspect of the plan but not in the way most people, including many insurance professionals, think. It's not based on the number of accidents you have and paying small claims to "keep your mod clean" will not have the desired results. I'll save you the boring details but unless you are willing to pay big dollars and risk legal and coverage issues don't attempt to pay claims outside of an approved loss-sensitive program. Furthermore, medical only claims are heavily discounted and typically don't have a material impact on most EMR's.

The rating plan is designed to recognize both frequency and severity of losses and uses a split rating approach to establish ratable losses. The amount of any loss excess of \$5,000 is known as excess loss which impacts the severity side of the equation. The amount up to \$5,000 is referred to as primary loss. This is what is referred to as the "split point". Large losses are also capped at the excess level and this varies by state. For the sake of discussion, let's say the loss limitation is \$150,000. If you have a \$200,000 loss, the loss is capped at \$150,000 and, in the split rating approach, \$5,000 is primary and 145,000 is excess. Because the rating deems the frequency as a more statistically important measure than severity, the primary loss is weighted heavier in the calculation than the excess. Got it? Good because that is key in understanding in the changes to the rating plan.

### **You said changes are coming. What does that mean for me?**

Great question! Let's focus on the primary portion of the loss, or the split point, that we now recognize as being weighted heavily in the calculation. The split point is where the rating plan is being adjusted and will impact your EMR. As of 2013 that amount is increasing from \$5,000 to \$10,000 and then the next year to \$15,000. The bottom line is losses over \$5,000 will impact your EMR much more than in the past. There are adjustments being made in the calculation of expecting excess

*(continued on page 8)*

# WHAT TO EXPECT FROM THE 2013 LEGISLATIVE SESSION

The 2013 Legislative Session is already very busy for SubAla. We expect that there will be approximately 1400 bills introduced during the legislative session.

By the time that you receive this newsletter, SubAla well along in the process of introducing two bills that will affect our membership. The first bill would require that subcontractors be licensed prior to bid. The second bill would require the placement of a specialty contractor on the State Licensing Board for General Contractors. There is also the potential that SubAla will be involved in sponsoring workers' compensation legislation that would be beneficial to Alabama's employers. We will be looking to you for help with legislation that affects our membership.

We would like to give a special thanks to the following members that have given to the SubAla PAC fund. Without your help SubAla's legislative efforts would not be possible.

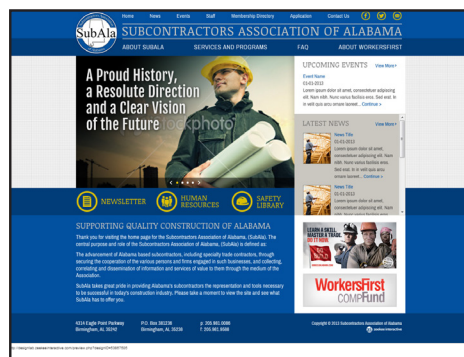


- A & L Metals, Inc.
- Acton Flooring Inc
- Allen's Air Conditioning, Inc.
- Birmingham Roofing & Sheet Metal Inc.
- Black Warrior Mech Contractors, Inc
- Blochler Company Inc
- Bright Future Electric, LLC
- CB Roofing, LLC
- Classic Flooring, Inc.
- Construction Specialty Associates, Inc
- Darden-Green Company, Inc.
- David Allen Company, Inc.
- Dependable Sheet Metal & Roofing Company, Inc.
- Douglas Cooling & Heating
- Guin Service LLC
- Hinkle Roofing Products, Inc.
- Hooper & Chandler Steel Erectors, Inc
- Hubbard & Drake General/Mechanical Contractors Inc.
- J & R Sheet Metal, Inc.
- James B Donaghey, Inc.
- Jones Valley Industrial Construction LLC
- Jordan Industrial Contracting, LLC
- KC Construction
- Kiker Corporation
- M L N Inc
- M. G. Roofing, Inc.
- Madison Electric Inc

- Magic City Roofing, Inc.
- Marathon Electrical Contractors Inc
- Marty Robbins Roofing Company, Inc.
- Masonry Arts, Inc.
- McCormack Heating-Cooling-Electric MGL, Inc.
- Montgomery Roofing Co., Inc.
- Paradiso Painting Company Inc
- Presley Roofing & Const. Co., Inc.
- Quality Architectural Metal & Roofing, Inc.
- R.B. Atkins & Associates, Inc.
- Restoration Coating & Sealant, Inc.
- Richard Electric Co., Inc.
- Roofers Mart Southeast Inc
- Sanders Security Inc
- Shoals Tubular, Inc.
- Standard Heating & A/C Co Inc
- Star Electrical Contractors
- Summit Electrical Construction, Inc.
- Temperature Control Services, Inc.
- Thomas Industries Inc
- Tim Rhodes Electric Company, Inc.
- Vision Landscapes, Inc.
- Walker Electric, Inc.
- Williams Plumbing, Htg & A/C
- Williford Orman Construction, LLC
- Yarbrough Mechanical Contractors Inc

## SUBALA & WORKERSFIRST CREATING NEW WEBSITE

SubAla and WorkersFirst are in the final stages of the creation of new websites for the Association and Workers Compensation Fund. The new sites will be completely updated with a new look and will allow for easy access to upcoming events, recent news, and available services. We hope that you will like the new websites and will take advantages of everything that they have to offer.



# SAVE THE DATE!

*Subcontractors Association of Alabama & WorkersFirst CompFund  
Convention 2013*



*The Village of Baytowne Wharf • Sandestin, Florida • July 25-28, 2013*





## TENTATIVE SCHEDULE OF EVENTS

### THURSDAY, JULY 25TH

- 3:00 p.m. - 6:30 p.m. Registration
- 3:00 p.m. - 6:00 p.m. Directors and Trustees Meeting
- 6:30 p.m. - 8:00 p.m. Welcome Reception/Door Prizes

### FRIDAY, JULY 26TH

- 8:00 a.m. - 11:30 a.m. Registration
- 8:00 a.m. - 8:45 a.m. Breakfast
- 8:45 a.m. - 9:15 a.m. Annual Meeting - SubAla
- 9:15 a.m. - 11:30 a.m. Business Session
- 1:30 p.m. - 4:30 p.m. Pool Party at The Grand Pool

#### Evening Free

### SATURDAY, JULY 27TH

- 8:30 a.m. Golf Tournament - *The Links Course*
- 11:00 a.m. - 2:00 p.m. Day at the Beach
- 7:00 p.m. - 10:00 p.m. Dinner/Entertainment/Prizes

### SUNDAY, JULY 30TH

#### Depart

## FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

### SUBCONTRACTORS ASSOCIATION OF ALABAMA

P.O. Box 381236  
 Birmingham, Alabama 35238-1236  
 205-981-0086 • Fax: 205-981-9588

## REGISTRATION

Please use the enclosed registration to register for the 2013 Convention. Registration fees include participation in all convention events except the golf tournament, for which separate fees are charged. Registration fees will be returned if cancellation is received no later than June 28, 2013.



All convention registrants should pick up their name badges, gift, and other material at the registration desk in the hotel beginning at 3:00 p.m. on Thursday, July 25th. Name badges should be worn for admittance to convention functions.

## ACCOMMODATIONS

**PLEASE RESERVE YOUR ROOM DIRECTLY WITH THE HOTEL NO LATER THAN JUNE 24TH BY CALLING RESERVATIONS (800) 320-8115 OR BY REGISTERING ONLINE AT WWW.SANDESTIN.COM AND GO TO "RESERVATIONS". PLEASE USE THE GROUP CODE: 22W4HU.**

A block of rooms has been reserved at The Grand Sandestin at the Village of Baytowne Wharf inside the Sandestin Golf and Beach Resort. Room rates are \$192 per night for a studio room, \$231 per night for a one bedroom and \$332 for two bedrooms. Rooms are also available at the Luau on the beachside. Rooms are condo style with kitchen, dining, den and separate bedroom. Rooms also include washer and dryer. Beachside accommodations are also available. Rooms will be reserved on a first-come, first-serve basis. The hotel will charge one night's room and tax for cancellation within 14 days of scheduled arrival.

## A DAY AT THE BEACH

This year we thought it would be fun to have a casual day on the beach for everyone to unwind, enjoy the sound of the waves and soak up the great Florida sunshine. On Saturday we will have a tent set up at the beach, refreshments and some things for the kids to do. We want you to bring your chairs, coolers, games, floats, etc and relax with us. Information on chair/umbrella reservations to follow.



## GOLF TOURNAMENT

The golf tournament will be held Saturday, July 27th at The Links Course. The Links Course at Sandestin has been named one of the "Top Five Golf Courses in Northwest Florida" and one of the "Top 100 Courses in Florida" by Florida Golf News. The Links Course offers four sets of tees, making this course a must play for golfers of all skill levels. The fee to enter the tournament is \$110 each, including green fees, cart fees and expense tickets for drinks and/or snacks. As always, tournament prizes will be awarded at the Saturday night banquet. All golfers should pre-register. There will be no registration for the golf tournament available on-site.

## A MID-SUMMER NIGHT'S BASH

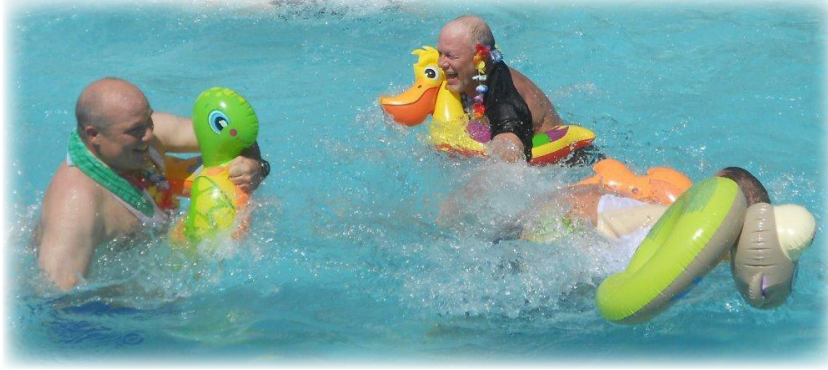
Our casual Saturday night dinners have been so much fun that we are continuing that theme with a "Mid-Summer Night's Bash" dinner. We will have a veranda where we can enjoy being outside, as well as having indoor seating for dinner. There will be delicious food, games, prizes and entertainment. It's a great family event!

## DRESS

**Dress for all events is resort casual.** However, you may want to bring a light jacket or sweater to wear during the meetings and dinner as it is sometimes difficult to regulate the temperature in the conference rooms.



# 2012 CONVENTION





# HIGHLIGHTS



## **KEEP A LOOKOUT FOR NEW THE NEW SUBALA MEMBERSHIP DIRECTORY**

We are in the process of completing SubAla's 2013 Membership Directory. This will be the first updated directory since 2009. The Directory is a great tool for quick access to fellow members' contact information.

## **WHY IS AN EXPERIENCE MODIFICATION RATING (EMR) IMPORTANT TO ME AS A CONTRACTOR? BY DAVID FEEMSTER, CONSTRUCTION RISK AND INSURANCE SPECIALIST (CRIS) (CONTINUED FROM PAGE 2)**

and expected primary losses as well. So the bottom line is that if you have little or no losses your EMR could decrease more under the new rating but if you have losses in the range we discussed your EMR could see significant increases.

If worker's compensation cost and your EMR is important to your business it just became even more important to focus on workplace safety. An old claims manager used to tell me that everything after an accident happens is like putting ketchup back in a bottle; it's messy at best. As we stated earlier, it's often a product of chance between an accident being minor or major. For every workplace accident, regardless of the extent of injury or cost, we should be demanding accountability and looking those involved in the eye and asking them why it happened and how it could have been avoided. This will frequently provide valuable information. If it is a product of behavior then it should be addressed, documented, and have appropriate consequences. The changes in the EMR rating are just one of a number of reasons that it is more important than ever to make a commitment to reduce workplace accidents.

## **WELCOME ASA MEMBERS AND NEW MEMBERS**

SubAla is proud to welcome the newest members to the Association, and would like to give a special welcome to those members of the ASA that have recently joined. As our commitment to you, we promise to always strive to provide you the services, support, and unified voice you need to be successful in your business. SubAla has a number of great programs and offers numerous ways to be involved in the association. Please contact ..... if you need.....or would like to be more involved in the Association.

MASONRY ARTS, INC. - BESSEMER  
PETTIT SAFETY SOLUTIONS, INC. - ATHENS  
SUMMIT ELECTRICAL CONSTRUCTION, INC. - BIRMINGHAM  
HARDY CORPORATION - BIRMINGHAM  
BAKER DONELSON BEARMAN CALDWELL  
& BERKOWITZ PC - BIRMINGHAM  
CORNERSTONE DETENTION PRODUCTS, INC. - TANNER  
LIMESTONE BUILDING GROUP, LLC - TANNER  
ARTISAN MASONRY CORP. - HUNTSVILLE  
STEWART ELECTRIC CO., INC. - HUNTSVILLE  
FINER FINISHES, INC. - BIRMINGHAM  
HEMPHILL SERVICES, INC. - TRUSSVILLE  
HAND ARENDALL, LLC - BIRMINGHAM  
WARREN AVERETT, LLC - CULLMAN  
STAR ELECTRICAL CONTRACTORS - BIRMINGHAM  
BRIGHT FUTURE ELECTRIC, LLC - BIRMINGHAM  
BRYANT BANK - BIRMINGHAM  
CRANE WORKS - BIRMINGHAM  
JACKSON THORNTON & CO., P.C. - MONTGOMERY  
SYSTEMS TECHNOLOGY CO. OF AL. INC. - HUNTSVILLE  
GARRISON STEEL - PELL CITY  
THE GUARANTEE COMPANY  
OF NORTH AMERICA USA - HOMEWOOD  
NATIONVIEW, LLC - BIRMINGHAM  
REEVE ELECTRIC - BIRMINGHAM  
DAVID ALLEN COMPANY, INC. - BIRMINGHAM  
BRAWCO., INC. - BESSEMER

BROCK G. MURPHY LAW FIRM, LLC - HOOVER  
L & J BROTHERS, LLC - HOOVER  
BARFIELD MURPHY SHANK & SMITH, LLC - BIRMINGHAM  
AMERICAN CONCRETE PLUMPING, LLC - CALERA  
BUTLER BUILDERS, INC - WETUMPKA  
CARCEL & G CONSTRUCTION, LLC - HANCEVILLE  
FINISHING SOLUTIONS, LLC - PELHAM  
FLOYD SERVICE COMPANY, INC. - AUBURN  
GENERAL SHEET METAL  
OF THOMASVILLE, INC. - THOMASVILLE  
MANNING CONSTRUCTION, LLC - HANCEVILLE  
SMITH SERVICE CORP. - DECATUR  
M & A ELECTRIC - BIRMINGHAM  
BILL PATTERSON CONSTRUCTION, INC. - SUMMERDALE  
INTERNATIONALL FIRE PROTECTION - MADISON  
CALL CHAD, LLC - CROPWELL  
TRUCKWORX KENWORTH - BIRMINGHAM  
AECCI - AUBURN  
OGLETREE DEAKINS NASH SMOAK  
& STEWART, PC - BIRMINGHAM  
THOMAS ELECTRIC - HUNTSVILLE  
TURNER INSURANCE & BONDING CO. - MONTGOMERY  
THOMPSON TRACTOR CO., INC. - BIRMINGHAM  
SERVISFIRST BANK - BIRMINGHAM  
CARY INSULATION CO., INC. - BIRMINGHAM  
MOUNTAIN HEATING & COOLING, INC. - PELHAM  
PHYSICAL SECURITY, LLC - BESSEMER