

Understanding Pre-Qualification

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Overview

- NOT Going To:
 - Build Your Pre Qualification System
 - Fix Your Pre Qualification Issues
 - Teach You How to Beat the System
- Will Help You
 - Understand the Reason
 - Know What is Important
 - Give You the Resources to Build It

What Is Pre Qualification?

Process of evaluating the competency of companies to perform construction services that meet the owners expectations

Distinct change from the process of accepting bids from all firms

Why Have Pre Qualification?

Attracts The Best Contractors

Protect People: Safe Contractors Get Work

Someone Made Me Do It

\$\$\$ MONEY \$\$\$

Knowing Your Partners Makes Good
BUSINESS SENSE

Who Made Us Do It?

The Moral Obligation Group



Clients *pushed* General Contractors
General Contractors *Pushed* Subs



Maryland House Bill 951

What **Money??**

Owner/Contractor Controlled Insurance Programs

- Better Overall Coverage
- Best Performers Saw Significant Savings
- Pre Qualification Helped Find the Best Players to Work With
- Leading to Bond Programs (SureGuard)

Accidents = Disruption & Cost

What Are They Looking For?

General Info

- Company Size
- Age
- Type of Trade

Financial

- Rating
- Credit Line
- Backlog

Legal

- Litigious History
- Past Conflict

History

- Volume
- Project Size
- Similar Projects

Risk Management

- Coverage Type
- Amount
- Bonding

Quality Control

- Program
- Personnel

Measures of Safety Qualifiers for Bidding

- Experience Modification Rate (EMR)
- OSHA – Incident Rates
- OSHA – Inspection History
- Safety Program
- Inspection & Training



What is an EMR?

The Worker's Comp Report Card

				STATE OF MARYLAND									
CODE	ELR	RAT	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIM DATA	ACT. INC. LOSSES	ACT. PRIM. LOSSES					
						DATE	I	F	LOSSES				
CARRIER	31127	POLICY NO.	Q875700			EFF-DATE	03/07/00	EXP-DATE	03/07/01				
5183	205	22	734697	15081	2512	ND	6	*	1746	1746			
8742	019	23	213273	320	74								
8810	008	25	152360	137	24								
POLICY-TOTAL			1100320	(SUBJECT PREMIUM =	23969)			1746				
CARRIER	31127	POLICY NO.	Q875700			EFF-DATE	03/07/01	EXP-DATE	03/07/02				
5183	205	22	816015	1581	10373974	4	F		3825	3825			
8742	019	23	283775	425	96	10384627	4	D	13952	5000			
8810	008	25	305259	275	66	ND	4	*	1170	1170			
POLICY-TOTAL			1507049	(SUBJECT PREMIUM =	30500)			18047				
CARRIER	31127	POLICY NO.	Q875700			EFF-DATE	03/07/02	EXP-DATE	03/07/03				
5183	205	22	1175315	24034	5301	10422256	4	D	87296	5000			
8742	019	23	139716	210	48	10427060	3	F	431	431			
8810	008	25	260276	234	59	ND	2	*	708	708			
POLICY-TOTAL			1575306	(SUBJECT PREMIUM =	40594)			88435				

RATNO REFLECTS A DECREASE OF 70% MEDICAL ONLY PRIMARY AND EXCESS LOSS DOLLARS WHERE ERA IS APPLIED

*NOTICE - THIS IS A PRELIMINARY MODIFICATION. COMPLETE PAYROLL AND LOSS DATA HAVE BEEN APPLIED TO CURRENT RATING VALUES BUT A FINAL MODIFICATION CANNOT BE PROMULGATED UNTIL RATING DATE FILING HAS BEEN APPROVED

(ARAP) IF APPL : 1 14

012	14640	59576	13136	90348	18725	105691	15343
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PAGE NUMBER 1

ACTUAL	15343	59592	10842	85777
EXPECTED	13136	59592	5573	78301

DATE 10/24/03

- 3rd party calculation comparing actual losses to expected losses
- Your history vs. similar contractors
- Insurance underwriting tool
- A Prequalification Favorite

EMR – The Long Tail

- Haunts you for three years
- Three Years of Payroll and Claims Costs not including expiring year

Over 1.0 = Problems



OSHA Incident Rates

OSHA's Form 300A (Rev. 01/2004)

Year 20

U.S. Department of Labor
Occupational Safety and Health Administration
Form approved OMB No. 1218-017

Summary of Work-Related Injuries and Illnesses

All establishments covered by Part 1904 must complete this Summary page, even if no work-related injuries or illnesses occurred during the year. Remember to review the Log to verify that the entries are complete and accurate before completing this summary.

Using the Log, count the individual entries you made for each category. Then write the totals below, making sure you've added the entries from every page of the Log. If you had no cases, write "0".

Employees, union employees, and their representatives have the right to review the OSHA Form 300 in its entirety. They also have limited access to the OSHA Form 301 or its equivalent. See 29 CFR Part 1904.35, in OSHA's recordkeeping rule, for further details on the access provisions for these forms.

Number of Cases			
Total number of deaths	Total number of cases with days away from work	Total number of cases with job transfer or restriction	Total number of other recordable cases
(G)	(H)	(I)	(J)

Number of Days	
Total number of days away from work	Total number of days of job transfer or restriction
(K)	(L)

Injury and Illness Types	
Total number of ... (M)	
(1) Injuries	(4) Poisonings
(2) Skin disorders	(5) Hearing loss
(3) Respiratory conditions	(6) All other illnesses

Post this Summary page from February 1 to April 30 of the year following the year covered by the form.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time to review the instructions, search existing data sources, gather the data needed, and complete and review the collection of information. Persons are not required to respond to the collection of information unless it displays a currently valid OMB control number. If you have any comments about this estimate or any other aspect of this data collection, contact: US Department of Labor, OSHA Office of Statistical Analysis, Room N-3644, 200 Constitution Avenue, NW.

Establishment information

Your establishment name _____

Times: _____

City: _____ State: _____ ZIP: _____

Industry description (e.g., *Manufacture of motor truck trailers*) _____

Standard Industrial Classification (SIC), (if known) (e.g., *3712*) _____

OR

North American Industrial Classification (NAICS), (if known) (e.g., *336212*) _____

Employment information

(If you don't have these figures, see the Worksheet on the back of this page to estimate.)

Annual average number of employees _____

Total hours worked by all employees last year _____

Sign here

Knowingly falsifying this document may result in a fine.

I certify that I have examined this document and that to the best of my knowledge the entries are true, accurate, and complete.

Title _____ Date _____

OSHA Incident Rates

- Based upon your OSHA 300 Log listed injuries and manhours
- Identify your industry classification and corresponding national rates
- OSHA provides Nationwide and State comparisons

Rates for Pre-Qualification

- **WAS**

- Recordable
- Lost Time

$$\frac{\text{\#of Injuries}}{\text{Man-Hours}} \times 200,000$$

- **TODAY**

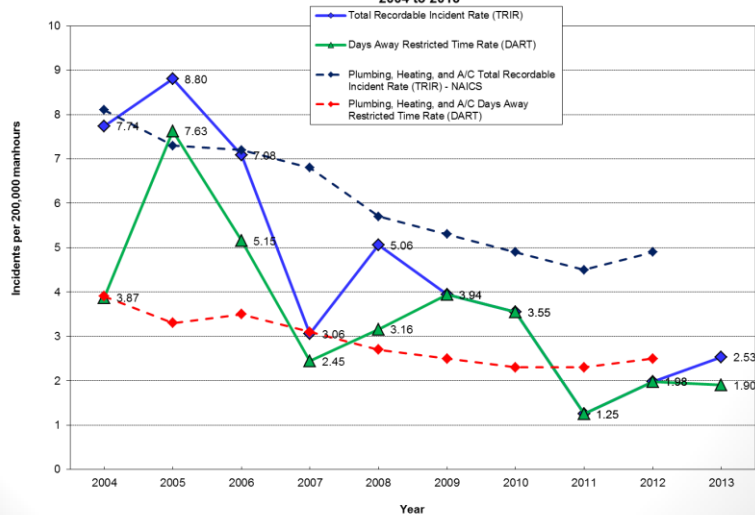
- Days Away or Restricted Time (DART)
- Company Wide vs Region or Division
- With and Without Subcontractors
- Per Project
- Per Supervisor

Can You Provide This?

Can You Provide This?



ABC Company
OSHA RECORDABLE INCIDENT RATES
2004 to 2013



OSHA Citation

- 5 Year History
- Verified through Establishment Search on OSHA Website
- Even ONE Serious Can Disqualify
- Be Prepared to Provide Written Explanation
 - Circumstance
 - Response
 - Improvement Implementation

Safety Programs

The Hot Buttons

- Hazard Analysis
- 100% Fall Protection, “Ladders”
- Hard Hat/Glasses
- Safety Training
- Orientation
- Hazard Communication Program
- Return to Work/Light Duty
- Drug Testing

Inspection & Training

- Number of Full Time Safety Professionals
- Inspection Frequency
- Training Type and Frequency
- Number of 30 Hour Certified

What Does It Mean?

- General Contractor
 - No Program = No Clue
 - Need to Know Who You are working With
- If You Don't Qualify, You Don't Bid!
 - Will Your Record Allow You to Get Work?
- Subcontractors
 - Limitations on Project Size/Volume
 - Additional Restrictions (dedicated safety)

Solutions & Actions

Manage Your Claims

- Assign responsibility for coordinating and monitoring claims
- Communicate, communicate, communicate
- Modified or Restricted duty – RTW
- Pay attention to Wraps (OCIP's and CCIP's)
- Poor Management damages LT and DART rates

Know Thyself

- **Assemble Statistics**
 - 5-10 Year History
 - EMR and OSHA Rates
 - Company Wide to Project Level
- **Narrative of Major Events**
 - Fatalities
 - Major Accidents/Media Events
 - High impact insurance claims
 - OSHA Citations (More Difficult to Avoid Today)

What Is Your History?

Questions?