

# Understanding Pre-Qualification

Michael McCaffrey  
Jeff Hixon

## 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: MARYLAND										
CODE	ELR	RAT	ID	PAYROLL	EXPECTED LOSSES	EXP. PRIM. LOSSES	CLAIM DATA	ACT. INC. LOSSES	ACT. PRIM. LOSSES	
CARRIER	31127		POLICY NO	Q875700			EFF-DATE	03/07/00	EXP-DATE	03/07/01
5183	205	23	794809	15061	2712	74	ND	6	*	1746
8742	019	23	213273	320						
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	23	816015	1581	10573974	4	F			3825
8742	019	23	283775	425	96	10384627	4	D		13952
8810	008	25	305258	275	65	ND	4	*		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	1175915	24054	5301	10422256	4	D		87296
8742	019	22	139718	210	48	10427080	3	F		421
8810	008	25	260276	234	59	ND	2	*		708
POLICY-TOTAL				1575308	(SUBJECT PREMIUM =	40694	)			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 REMOVAL RATE FILING HAS BEEN APPROVED

(ARAP) IF APPL : 1 14

012	14840	59576	13136	90348	18725	105691	15343
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PAGE NUMBER 1

ACTUAL	15343	59592	10842	85777
EXPECTED	13136	59592	5573	78001

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, former 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	_____

**Establishment information**

Your establishment name \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

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

Standard Industrial Classification (SIC), if known (e.g., *J717*) \_\_\_\_\_

OR

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

**Employment information** (If you don't have these figures, see the Handbook 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.

Company executive \_\_\_\_\_ Title \_\_\_\_\_

Date \_\_\_\_\_ Day / / Year \_\_\_\_\_

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time to review the instructions, search and 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.

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

## 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?**