

# The Alliance Advisor

The Alliance Advisor, January 2006

## Inside this issue:

Comp Alliance Shaking Up the Competition	1
2005 Marketing Results	1
Practice Safety Management	2
Milestones 2005	3
Comp Alliance Rolls Out Aggressive Fraud Campaign	3
Comp Alliance Team	4
How Important is Excess Insurance?	5

## Comp Alliance Shaking Up the Competition

It sometimes happens when you're the new kid on the block that you have to "have it out" with the local bully. And this is exactly what appears to be happening now between the Comp Alliance and its competition.

The Comp Alliance has become a target because of our rapid growth over the last few years. Local governments that grew weary of our competition's high pricing have found a sound alternative—and generally a less costly one—with the Comp Alliance. This is what has fueled the 150% growth in overall membership in the Comp Alliance over the past four years.

Unfortunately, our competition's response to the steady loss of their business to the Comp Alliance has been to consistently take the low road, in some cases making false or misleading assertions concerning the Comp Alliance's pricing, services and coverage. We are proud of our accomplishments to date, delivering pricing stability and quality services to our members, and plan on building upon

this success for many years to come.

As part of our continuous improvement process, the Comp Alliance will be launching a new and aggressive fraud program in January 2006, including the distribution of fraud posters created in coordination with the NYS Inspector General's office. We are also developing new ways for our clients to report losses, including a dedicated email address, and are rolling out a comprehensive Quality Control Program in the first quarter of 2006 to ensure that we not only continue to meet member expectations, but exceed them as well.

Although we recognize the truth in the old saying, *you can't satisfy all the people all the time*, we do strive to achieve just that. As the Comp Alliance has grown, we have added processes that ensure we continue to deliver the high quality services our members have historically enjoyed. As our competition resorts to desperate mudslinging in order to promote their programs over that of the Comp Alliance, they are acknowledging the fact that the

*(Continued on page 2)*

## 2005 Marketing Results

**W**hat a year! The Comp Alliance set records for growth in a single year in both premium and membership. *The Comp Alliance premium growth for 2005 was \$2,737,235 and the membership increased by 22!*

*Last year, the Comp Alliance grew in premium volume by 35%, and in membership by 23%. We surely are doing something right!*

We would like to take this opportunity to thank all of our dedicated and professional

*(Continued on page 3)*



New York State  
Municipal Workers'  
Compensation  
Alliance

[www.compalliance.org](http://www.compalliance.org)

## Comp Alliance Shaking Up The Competition

(Continued from page 1)

Comp Alliance has arrived as the premier workers' compensation program for local governments in the State of New York. We're now successful enough to warrant the attention (and apparent resentment) of the old guard, and we're very happy to have arrived in this position as it benefits all local governments and their taxpaying constituents.

We kindly request that you are presented with or become aware of marketing material from our competitors that attempt to cast the Comp Alliance in a poor light, you contact us with this information. We would be happy to go over any item in detail that you feel needs to be discussed. We're certain that once local governments understand all the facts, it will become clear why you don't become the

fastest growing municipal workers' compensation program in New York State without doing something right.

For questions or to obtain more information on the quality services offered by the Comp Alliance, please contact Loren Pratt, Comp Alliance Marketing Manager at (315) 699-8292 email: [lpratt@wrightrisk.com](mailto:lpratt@wrightrisk.com) or visit our website: [www.compalliance.org](http://www.compalliance.org).

*We are pleased to announce that the new Comp Alliance Application for Quote is now available on the website for immediate use.*

[www.compalliance.org](http://www.compalliance.org)



## Practice Safety Management Smartly

*As part of our 2006 Risk Management Campaign, we launched the first issue of "Safety Grams" in early January.*

*Safety Grams are a new Risk Management service delivered via email to our members as well as their brokers. Safety Grams are short notices giving advice on various safety issues of interest to municipalities. The subject of the January issue was the safe use of Hand Tools.*

*If you did not receive a copy by email or if you prefer to receive a faxed copy, please contact Marie Alicki on extension 1458, direct dial at 516.750.9458, or by email [malicki@wrightrisk.com](mailto:malicki@wrightrisk.com)*

The best way to stabilize or reduce the cost of workers' compensation within your municipality is to actively work on lowering the frequency and severity of claims. Easier said than done? Perhaps. However, based on our experience with public sector clients, we have identified the characteristics of those smart (perhaps *safety-smart* is a better term) municipal officials who do the best job actively managing their workers' compensation exposures.

These officials *know* and have *identified* the types of accidents that cause, or have the potential to cause, injuries to their staff.

*Compliance with PESH*A and other safety regulations or recommendations are seen as something to achieve and not something that should be ignored or avoided.

*Valuable resources* – both human and financial – are dedicated to safety programs and materials that have a direct favorable impact on loss experience.

*Safety is incorporated* into plans, actions and activities so that staff know how to best complete a task or assignment without incurring an injury.

*Safety conscious* individuals are selected to manage, supervise and lead.

The *non-financial effects* of work-related losses, such as reputation risk are recognized.

Employees are *rewarded* when work-related accidents are reduced or eliminated.

*New and modified activities* or operations get special attention.

When possible, *risk is transferred* to other, such as contractors and vendors.

We'll address these, and many other safety-related topics, in [each] edition of the Alliance Advisor.

(Continued on page 4)

## 2005 Marketing Results

(Continued from page 1)

insurance agents who have been supportive in communicating all of the positive elements of our unique program to the municipalities in New York State. We truly have separated ourselves from the other programs in the marketplace in terms of stability, growth, professionalism, services, support, and price.

We also want to thank each municipality for having the confidence and support in this unique program sponsored by the Association of Towns of the State of NY. The Comp Alliance is the only workers' compensation program that has the support and endorsement of a municipal association in NY State.

We want to thank the Association of Towns for their efforts and support of this program now growing faster than any other municipal workers' compensation program in New York State.

We are very excited about 2006 and with this New Year come many initiatives and enhancements to improve our quality of services on all fronts. We look forward to sharing them with each of our existing and new members in the first quarter of 2006.

**Loren Pratt**, *Marketing Manager*

## Milestones 2005

- ◆ Greatest year of growth in WCA history!
- ◆ Less than 10% average percentage increase for renewals since inception in 1994. We know of no other program during this same period averaging single digit increases!
- ◆ Hiring of a full-time marketing coordinator for the Comp Alliance.
- ◆ The Comp Alliance came to the rescue of municipalities displaced by the abandonment of the Herkimer County Self-Insured Workers' Compensation Plan (in existence for 52 years) with educational meetings, honest answers to difficult questions, and a stable fully funded WC program, effective 1/1/06. The Comp Alliance wrote more new Herkimer County municipalities than all other alternative programs combined!
- ◆ NYS municipalities begin to recognize the number of *under-funded* self-insured workers' compensation county programs currently in existence and the burden on taxpayers when a program continues to operate without accounting for the payment of future claims.
- ◆ PERMA's excess carrier, NLC being downgraded twice in 2005, currently listed in AM Best rating as a C++, with outlook "negative".

## Comp Alliance Rolls Out Aggressive Fraud Campaign

**W**orkers' Compensation fraud costs municipalities in New York State millions of dollars a year. It is defined by the Office of the Inspector General, as occurring "*when someone knowingly, with intent to defraud, makes a false, material statement to obtain or deny a benefit.*"

Some common indicators of possible fraud include:

- **The medical provider's reports appear to be identical (*boiler-plate format*) for different patients with different conditions**

(Continued on page 5)

## Practice Safety Management Smartly

(Continued from page 2)

1<sup>st</sup> Step - Exposure Identification: What are the Critical Types of Accidents?

Critical accidents are those identified by description or category that have caused or are likely to cause injuries to employees. Alliance loss runs contain a list of all workers' compensation claims made against the municipality. A review will identify what type or types of losses have occurred. Please never hesitate to seek the assistance of Comp Alliance staff when reviewing losses and loss trends. Unless the cause can be traced to a specific defect or dangerous activity that has been eliminated, these exposures may still exist within your workplace. For example, each winter a suburban village experiences two or three slip and fall claims in village hall. Unless a defect or unsafe activity has been addressed or eliminated, you should expect additional accidents this year.

Certain activities or operations often produce specific types of losses. For example, sanitation workers, who lift and move waste and garbage, are more likely to experience back or neck injuries; whereas, administrative staff may experience repetitive motion disorders.

The Comp Alliance loss trends are good indicators of the types of losses a municipality is exposed to as a result of its operations. Historically, the leading losses experienced by our members are:

When Measured by Frequency	When Measured by Severity
Slips, Trips and Falls	Slips, Trips and Falls
Struck By/Against	Lifting and Moving
Lifting and Moving	Struck By/Against

What types of employees are most likely to be injured? Laborers, heavy equipment operators, volunteer firefighters and police officers lead the list.

Practicing *smart* safety management means just that – focusing your attention (and resources) on the conditions, exposures and hazards that are most likely to cause accidents and employee injuries. While the entire workplace needs to be managed safely, we believe significant loss drivers need more attention.

Remember to stay in tune with who is getting injured and how. Then use this knowledge to apply your municipality's resources where it counts.

**Bob Bambino**, *Director of Risk Management*

## The Comp Alliance Team

**A**s part of our commitment to delivering greater resources and services to a larger and more diverse membership, the Comp Alliance has added staff to our underwriting and client services departments to address this increased growth.

Effective January 3, 2006, the following key staff members have been assigned to administer the Comp Alliance Program:

John Congdon – Program Manager  
 Adam Strong – Claims Manager  
 Wayne Keebler – Director of Underwriting  
 Loren Pratt – Marketing Manager  
 Bob Bambino – Director of Risk Management  
 Howard Bitner – Account Manager  
 Maureen Gale – Underwriter  
 Diane Kramer – Client Services Representative

We are pleased to announce these changes and are committed to providing the best possible service to ensure the continued growth and stability of the Comp Alliance.



**New York State  
 Municipal Workers'  
 Compensation  
 Alliance**

[www.compalliance.org](http://www.compalliance.org)

### How Important is Excess Insurance?

**E**xcess insurance is extremely important to the stability of an insurance company or program. By stability we mean stable rates over a period of time that comes from a strong, well underwritten program, fully funded and guided by accepted actuarial standards. In the case of a group self-insured workers' compensation program, excess insurance is even more important to the stability of the program it is designed to protect.

The Comp Alliance has protected every member's interests by aligning itself with one of the strongest excess insurance carriers available in the industry, Safety National, with capacity of \$250 - \$500 million dollars. Safety National has an AM Best rating of A (Excellent).

To ensure stability, the program administrator must investigate the marketplace for those excess carriers that have historically weathered the many ups and downs in the insurance industry, the impact of catastrophic

*(Continued on page 6)*

### **Fraud Campaign** *(Continued from page 3)*

- **The injured worker cannot be reached at home or is frequently reported sleeping and cannot be disturbed**
- **The injured worker only provides a post office box address or avoids using the postal service for any correspondence**
- **The injured worker has a history of short-term employment**
- **The medical documentation does not support the services bills**
- **The injured worker moves out of state shortly after filing the claim**
- **Tips from co-workers who allege fraud**

The Comp Alliance has developed Fraud posters to be posted conspicuously in your workplace, which will educate your employees about the penalties for fraud, and how to report it to the Office of the Inspector General. By providing a means for employees to report such misconduct in a confidential manner, we will effectively enhance our chances of launching a successful investigation. Upon receipt of any information, the Office of the Inspector General will create a file and send us an official request for additional information. We will share all appropriate information and discuss tactics with their investigators, working diligently to achieve two primary goals:

- 1) **Uncover and document elements of insurance fraud for potential prosecution by local authorities**
- 2) **Use the investigation as a means to mitigate your overall financial exposure on the claim**

These posters will be sent to you in the very near future as part of an enhanced service kit and will also be available for printing from the Comp Alliance website.

This is only the first step of the program, and will be followed by:

- **Educating our clients about fraud and how they can assist in combating it**
- **Developing additional resource materials**
- **Utilizing a benefits statement where the injured employees are asked to verify their work status, inability to return to work, etc.**
- **Establishing a Special Investigation Unit Coordinator, who will oversee all surveillance and fraud activities in our office to maximize results**

For more information on the New York State Workers' Compensation Board Office of the Inspector General, please go to:

**[www.wcb.state.ny.us/content/main/fraud/Fraudpg.jsp](http://www.wcb.state.ny.us/content/main/fraud/Fraudpg.jsp)**

**Adam Strong, Claims Manager**

## **Excess Insurance** (Continued from page 5)

events and all other industry-related issues. The Comp Alliance believes that choosing "A" rated excess insurance partners for a long term relationship is critical for program stability and protection of its members.

If an excess carrier becomes downgraded and has a "negative" outlook, it means it may have difficulty in paying future claims. Programs that have not been funded properly or have engaged in inadequate reserving practices can impact the ability of the excess carrier to forecast and pay for claims once they exceed the retention level set by the program. This upsets the ratio of the excess carrier's expected losses to premium. When this delicate balance is disrupted, AM Best downgrades the carrier's rating, funds that were supposed to be sufficient to pay for future losses are depleted, and the excess carrier is now in trouble. Like any group program, an excess carrier may need to assess the members who were present during the years it had deficiencies.

Changing excess carriers will not correct this problem since the excess carrier who had the coverage when the deficit occurred is responsible for payment of all claims until they are closed, not the new excess carrier. Since NY State workers' compensation claims can last for 50 years or more, it is important to make sure your excess carrier has the ability to remain solvent for the long run.

The Comp Alliance believes that choosing the best excess carrier to protect the interests of the members is critical to program stability over the life of a program. You can count on these professional decisions by the Comp Alliance in conjunction with the Association of Towns who supports this long-term commitment to excellence.

**Loren Pratt**, *Marketing Manager*

**W**e hope you found the inaugural issue of *The Alliance Advisor* informative and useful. We plan to produce the newsletter quarterly and mail directly to each of our members. If you wish to obtain additional copies, please contact:

**Liz Walker at 516 750.9374 or  
ewalker@wrihtrisk.com**

We also welcome input from our members on issues that they would like to see addressed in the newsletter. To make comments or suggestions, please also contact Liz Walker.

Please feel free to contact our management team at any time:

**Plan Management:**  
John Congdon 516.750.9404  
jcongdon@wrihtrisk.com

**Marketing and Sales:**  
Loren Pratt 315.699.8292  
lpratt@wrihtrisk.com

**Risk Management:**  
Bob Bambino 516.750.9403  
rbambino@wrihtrisk.com

**Underwriting**  
Maureen Gale 516.750.9485  
mgale@wrihtrisk.com

**Claims:**  
Howard Bitner 516.750.9376  
hbitner@wrihtrisk.com



**New York State  
Municipal Workers'  
Compensation  
Alliance**

[www.compalliance.org](http://www.compalliance.org)

333 Earle Ovington Blvd.  
Suite 505  
Uniondale, NY 11553-3624  
866.697.6922

*Sponsored by:*



*Association of Towns*

*Managed by:*

