

Q & A on Self-Insured Group Workers' Compensation



— with *Pat McLaughlin*, executive director of Illinois Movers' and Warehousemen's Association

Patricia McLaughlin, executive director of the Illinois Movers' and Warehousemen's Association (IMAWA) since 1989, holds more

than 35 years of experience in the industry. She was instrumental in helping form the Illinois Movers' and Warehousemen's Risk Management Group, a self-funded workers' compensation pool, where she also serves as executive director. A registered Illinois lobbyist and member of several Illinois business coalitions and the American Society of Association Executives, she is also the recipient of the Orin C. Hutchcraft Quality Service Award – the highest honor bestowed by the IMAWA.

Q. Where does workers' compensation rank on an employers' list of industry concerns?

A. Since state law and ethical management require employers to carry workers' compensation insurance, it is a hefty cost of doing business. Such a significant and unavoidable cost has a direct impact on a company's profitability.

Q. What was the purpose of forming the self-insured work comp group and how is that program a benefit to members? Are there negatives? What are they?

A. IMWRMG was formed in 1989 because the commercial market appeared to be taking unfair advantage of the moving industry in pricing workers' compensation coverage. Most moving companies were forced into the assigned risk pool by the commercial market, which didn't want to write mover coverage at that time. The benefit of IMWRMG became apparent when studies showed that the loss history for most movers did not warrant such high costs. Our program was able to offer the required coverage, superior loss control services, and provide employers with more control over how claims were settled – and all this at a reduced annual cost. I think you'll find that the companies who understand and embrace the basic principles behind self-funding and who have strong loss control measures in place don't find "negatives" with our program. Those who give only lip service to loss control and employee training end up with high claims ratios, and the resulting higher costs.

Q. Why does this self-insured group work, where many others fail?

A. Our Board of Trustees takes seriously their fiduciary responsibilities for this program. CCMSI, which has managed our program since 1989, has high standards with regards to their staffing, and they are open to new ideas and suggestions from

the Board and the members. Many changes in our program have occurred since 1989. Some were the result of growing pains, some were the result of changes in regulation, but most were the result of innovation and thinking outside the traditional box.

Q. Success is a broad term. Why do you consider the IMWRMG a success?

A. Our program has maintained an excellent overall loss ratio since the inception of our program. Our participating members are loyal, and our renewal history is outstanding. Satisfied customers who support the basic principles – and understand why the basics are important – have made ours a strong and growing program. We're all delighted with its success.

Q. How critical is the Association's backing of IMWRMG?

A. The Association staff knows the industry and the individual players. Because our Association benefits from long-time loyal members, our backing of IMWRMG gives instant credibility to the program. We know our audience, and therefore provide good advice about marketing, history and probable trustworthiness about prospective participants, etc. Working together on a regular basis saves time and angst in the long run.

Q. Please describe how communication/collaboration flows between IMWRMG members, the association and other partners and excess carriers?

A. One of the benefits our members enjoy in working with IMWRMG is that they have a real person to call if they have questions they feel uncomfortable about asking the administrator's staff, or if they have a beef about something. Nearly 50 percent of our members have been with the Association for 25 years or more. They know if they call the Association for help, they'll get it, because our first priority is customer service. Many times in a commercial marketplace, customer service and loyalty aren't forthcoming.

Q. If an association is interested in exploring self-insured group formation, what is their first step?

A. Do the research on the third-party administrator. Check references and check them thoroughly.