



# ccmsi matters

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3 in a series of four

## Membership Cultivation & Retention

### A SIG's Lifeblood

In today's highly competitive insurance market, self-insured groups (SIGs) work relentlessly to retain and grow membership, according to three SIG executives – Foster Welburn, director of the Mississippi Manufacturers Association Work Comp Group (MMAWCG), Todd Johnson, executive director of the Massachusetts Education and Government Association Property & Casualty Group, Inc. (MEGA), and Tom Wujek, chairman of the Workers Compensation Trust of Illinois (WCTI). Key to retention and growth, they agree, is a SIG's ability to educate current and potential members about how the group differs from commercial insurance: by delivering loss control services tailored to each member's particular business; hands-on claims management where employers are directly involved in claims resolution; and the potential return of profits based on each member's loss ratio.

In general, self-insured groups form to help create a stable market within a specific industry for workers' compensation. Through good communication of a SIG's potential cost savings and value-added loss

control and claims management services, they can effectively retain quality members and attract new ones of similar caliber.

#### COMMUNICATION OF VALUE-ADDED SERVICES

But, communication requires relentless-ness, according to Welburn. "We don't wait until we're approaching renewal to massage our members," he says. "It is a full-time job." The MMAWCG, composed of 290 manufacturing companies in Mississippi, is

The 17-year-old MEGA operates similarly, according to Johnson, offering workers' compensation, property and liability coverage to 230 public employers and their collective 60,000 employees. CCMSI handles MEGA's marketing and member retention, underwriting, claims, medical utilization review, loss prevention and accounting. Together, CCMSI and MEGA created a service team of experts who directly interface with MEGA members

*"It's a very competitive marketplace, so retention is built around relationships, rapport and excellent service."*

*-Todd Johnson, executive director of MEGA*

a 17-year-old group with a solid success rate. MMAWCG members, Welburn maintains, are personally in touch with the group's claims adjusters, sales people, occupational therapists and loss control consultants," he says. "Our program is service oriented. We don't want to be lumped into commodity-type pricing where there is little or no service. We feel like our free services help with member retention." And, through personal, regular contact with its members, MMAWCG enjoys solid retention from year to year.

when providing these services. "Constant communication with members and service is key to retention," says Johnson. "It is a very competitive marketplace, so retention is built around relationships, rapport and excellent service."

Like MEGA, WCTI relies on CCMSI to handle member retention, claims and loss control. "We meet individually with businesses to work as a team on loss control and safety," says Angie Blakeney, marketing director

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# MEMBERSHIP CULTIVATION

clients get involved with their claims and gain control over their dollars. They don't get that with traditional insurance.”

When members feel they receive more services for the dollar, they are more likely to remain loyal to the SIG, according to Johnson. To secure this loyalty, MEGA absorbs the expense for an employee assistance program – “a value-added service that prevents future claims,” he says. Free to employers, MEGA’s employee assistance program offers drug, alcohol, credit, teen and crisis counseling, among others. “We’ve had a lot of feedback over the years that members see this as a critical service when evaluating competitive plans,” says Johnson.

While face-to-face communication, unique services and member relationships are critical to maintaining retention, other indirect and direct marketing methods also glean results.

“Most insurance companies are reluctant to write insurance for a start-up operation, but we will... If loss control is pleased with the company’s attitude with safety, we will write that business. Very few traditional insurance companies will do that.”

- Foster Welburn, director of MMAWCG

## TARGETING & GAINING NEW MEMBERS

As chairman of WCTI, Wujek reports that a typical year brings a loss of up to five percent of the SIG’s membership. WCTI is a 27-year-old SIG comprised of 90 manufacturing companies throughout Illinois. The group loses some members each year due to company consolidations, changes in management, or changes in attitude toward safety and loss prevention. “If we get a member company who isn’t on board with WCTI’s philosophy, it puts all the members at risk,” he says. That’s why new member growth is essential.

“Our arrangement is so much different than commercial insurance, that our marketing is truly an education process that works to expose

for WCTI. “Not all manufacturing companies are alike. We also help

potential new members to the benefits of WCTI,” he adds. “Our goal is that every company we bring in meets a high criteria.”

Sometimes, the hardest part of bringing in new members is finding them in the first place. That’s why SIGs use multiple techniques for zeroing in on potentially high-quality members.

## BROKERS

By developing relationships with brokers, WCTI earns the majority of its new business. “I am really pro broker because I am only one person,” says Blakeney. “When you get broker buy-in, you get access to their book of business.”

MEGA is another broker-driven program, according to Johnson. “We rely on a broker network to generate potential prospects and work with the agent to present our program and sell our services to the prospect,” he says. Being a public-sector group bound by state lines, there are only a limited number of school districts, cities and towns, from which to draw new members. Gaining the help of a broker helps bring MEGA’s benefits in full view of new, potential members, at the right time.

## STATE AGENCIES

In Mississippi, MMAWCG aligns itself with the state agency that recruits new business. “Most insurance companies are reluctant to write insurance for a start-up operation,” says Welburn, “but we will. We send loss control engineers to inspect the new business to make recommendations for a safe work environment. If loss control is pleased with the company’s attitude with safety, we will write that business,” he says. “Very few traditional insurance companies will do that.”

When new companies come to Mississippi, they ask questions of the state about workers’ compensation. “Because of our relationship with the state, we often will get a heads-up on a new piece of business,” says Welburn.

## INDEPENDENT INSURANCE AGENTS

Considered by Welburn to be MMAWCG’s “de facto sales force,” Mississippi’s 500 independent insurance agents are also critical to new member growth. “From our perspective, workers’ compensation is controlled by the state’s independent insurance agents,” says Welburn. “So, we wanted to give them the tools to promote our program.”



# RETENTION



That's why MMAWCG provides the agents with sales materials, printed brochures and DVDs that make selling the program simpler. "Agents have a vested interest in placing an account that's well serviced," says Welburn. "MMAWCG has a high satisfaction level, so it is in the agent's best interest to go with us."

The group goes the extra step and rewards high-performing agents and their support staff. "It is the support staff who decide where to shop for insurance quotes," says Welburn. "So, we started giving them Walmart gift cards for writing business with us. That has worked extremely well."

## MEMBER REFERRALS

Similarly, by requesting and rewarding member referrals, SIGS can gain new members, according to Blakeney. During WCTI's annual meeting, members are asked for referrals and awarded prizes when those referrals culminate in new business. "We also have a database of manufacturing businesses in Illinois," says Blakeney. WCTI runs reports of businesses near the locations of its board members to find out if the board members know of the companies. Sometimes, according to Blakeney, the process results in new SIG members.

So, while there are many avenues for pinpointing possible new members, it helps the salesperson – agents, brokers, TPA representatives or SIG employees – to have back-up: Web sites, name recognition and other marketing materials that help them close the deal.

## MARKETING

Since a SIG isn't structured the same as traditional insurance, the benefits often take time to sink in, according to Blankeney. And,

she says, it isn't uncommon for the sales process to

encompass more than a year. That's why WCTI offers a comprehensive Web site and quarterly newsletter. The newsletter is mailed to members, prospects, brokers, agents and other manufacturing associations; the Web site is available to anyone, anytime. The idea? To educate prospects about WCTI's structure and benefits throughout a given year.

The same holds true for MEGA, according to Johnson. A Web site, monthly risk reminders, member seminars and quarterly mailings help keep the SIG front-and-center.

Just how important is marketing? Welburn maintains it's critical. In 1996, when Welburn took over the helm at MMAWCG, "there was zero marketing and our competitors were eating us alive," he recalls. Today, MMAWCG advertises regularly in niche publications that represent specific sectors of the manufacturing industry, including timber, food processing and automotive. "While we are not an insurance company, we still have to project a professional image," he says. "Our print and radio media, and sales material must have a high quality."

In the end, retaining and attracting members comes as a result of constant effort, according to Welburn, Wujek, Blakeney and Johnson. Year to year, it takes continuous communication, outstanding service, ongoing marketing and professional alliances to do the job well. ■

## PANEL OF EXPERTS



**FOSTER WELBURN**  
*Director of the Mississippi Manufacturers Association WorkComp Group (MMAWCG)*



**TODD JOHNSON**  
*Executive Director of the Massachusetts Education and Government Association Property & Casualty Group, Inc. (MEGA)*



**TOM WUJEK**  
*Chairman of the Workers' Compensation Trust of Illinois (WCTI)*



**ANGIE BLAKENEY**  
*Marketing Director for Workers' Compensation Trust of Illinois (WCTI)*

# Harrah's Entertainment

## OWNER-CONTROLLED INSURANCE PROGRAMS

As the world's largest provider of branded casino entertainment, Harrah's Entertainment manages or owns casino resorts on four continents, most often operating under the brand names of Harrah's, Horseshoe and Caesars Palace. Recently, the company formed Owner Controlled Insurance Programs (OCIP) for contractors and sub-contractors working on construction projects at two locations – Caesars Palace in Las Vegas, NV, and Margaritaville Casino Resort in Biloxi, Miss. The OCIPs offer better liability protection for Harrah's when compared with traditional insurance, and simultaneously, deliver aggressive safety and loss prevention strategies to reduce accidents and resulting workers' compensation claims.

### WHAT IS AN OCIP?

OCIPs offer coverages for many insureds by bundling the insureds into one consolidated program. While OCIPs have been around for more than 35 years, they're becoming increasingly popular for construction projects that involve numerous contractors and sub-contractors. The OCIPs recently formed by Harrah's provide workers' compensation, employer's liability, general liability and excess liability for enrolled contractors. The OCIP concept also places a strong emphasis on safety programs and controlling injuries, which when reduced, can lead to dividends at the end of a project. It is a situation where Harrah's pays all premiums associated with the OCIP, including deductibles or self-insured retentions, unless otherwise stated in the contract documents.

### OWNER ADVANTAGES

OCIPs provide several owner benefits, including:

- Lower construction costs from volume discounts on insurance purchases
- Reduced losses resulting from more aggressive safety and loss prevention
- Ability to obtain more extensive insurance coverage with higher deductible limits
- Better liability protection for the owner
- More aggressive and timely claims management

### AVOIDING THE HASSLES; GOING WITH AN EXPERT

Yet, critical to the OCIP recipe is a partnership with a third-party risk management provider, according to Randy Conner, loss control manager at CCMSI. Forming and managing an OCIP is a detailed and constant process that demands specific expertise

in development, safety and loss prevention, accounting and claims management. Because CCMSI has provided third-party risk management services to Harrah's for more than a decade, CCMSI was selected to lead the development and management of Harrah's new OCIP programs. Currently, two OCIPs are in progress for Harrah's to provide coverage for two separate construction projects – Caesars Palace and Margaritaville.



### KEYS TO OCIP FORMATION

Nonetheless, forming the OCIPs wasn't easy. "Proper program administration is a must for OCIPs to be successful," according to Conner. "This administration is often handled by a broker or outsourced to a risk management consulting firm specializing in these situations." CCMSI worked closely with Harrah's Risk Management and Harrah's broker to lead the development of the OCIPs. The project involved detailed planning and constant communication between Harrah's, CCMSI, the Occupational Safety and Health Administration (OSHA), the insurance and excess insurance providers, and the general contractors and sub-contractors, according to Conner. OCIP formation included:

- Development of OCIP safety manual and approval by OSHA
- Hiring of administrative assistants, a safety consultant and emergency medical technicians (EMT) for each OCIP location
- Involvement and monitoring of the OCIP enrollment and accounting procedures
- Multiple meetings with the general contractors, the excess insurance company, broker, CCMSI and Harrah's executives



### **ON-SITE COMMUNICATION, ORGANIZATION AND SAFETY**

Once on-site, many more tasks were accomplished, including daily meetings with Harrah's to handle distribution of the OCIP safety manual, installing construction trailers, and much more.

"OSHA for the state of Nevada not only approved the OCIP, it reviewed the safety résumés for personnel on-site," says Conner. "OSHA also required that a certified safety manager be on-site anytime OCIP work was underway."

In the end, OCIPs not only offer better liability coverage for owners, they are designed to save them money.

### **SAFETY AND LOSS PREVENTION EMPHASIS**

The OCIP concept places a strong emphasis on safety programs and controlling injuries, which is why the OCIP safety manual is so critical. It is the cornerstone of accident prevention and details processes regarding safety committees, project safety, safety requirements, responsibilities, substance abuse, project and workplace controls, safe practice standards, equipment operation and safety, as well as property and accident investigation, reporting and record-keeping.

As part of Harrah's OCIP safety culture development, all OSHA required and job-performance training is completed before workers come on-site. Evidence of completed training – such as fall protection, HAZCOM, confined space and equipment operation – is required. As part of the orientation, workers learn about site-specific issues, safety rules and the procedures for reporting injuries. It's during orientation that workers learn where to park, the location of designated break areas, how to gain access to the site, personal protective equipment rules, crane safe-zone identification and restrictions, and much more.

### **ACCOUNTABILITY OF WORKERS**

To provide order and accountability, all Harrah's OCIP workers must complete a drug screening, orientation and other required safety training. When they do, they are "badged." Only badged workers can enter a site and a daily headcount is turned in to the general contractors for all on-site sub-contractors. When an injury occurs, workers must report that injury immediately to the on-site EMT, which would allow for prompt accident investigation.

Ultimately, the responsibility of jobsite safety falls onto the shoulders of the general contractor. "The bottom line is that the OCIP safety manual is the Bible for site safety," says Conner. "If it differs from the general contractor's manual, the general contractor is required to modify their program to meet these requirements." But, the general contractor isn't without a helping hand. CCMSI meets with the general contractor's safety teams on both sites each week to discuss specific safety issues and to draft plans to deal with them. Moreover, CCMSI also participates in weekly owner's meetings, where CCMSI provides safety and loss updates to owners, architects, contractor's representatives and property management. CCMSI, the general contractor and sub-contractors also perform daily independent safety inspections and joint weekly inspections. The result? On-site safety becomes front-and-center – helping to prevent accidents and claims.

*Forming and managing an OCIP is a detailed and constant process that demands specific expertise in development, safety and loss prevention, accounting and claims management.*

### **CLAIMS MANAGEMENT**

Because CCMSI handles claims management for Harrah's OCIP programs, the company receives aggressive, timely and personal claims management services. In the end, according to Conner, this results in claims that are closed sooner – saving Harrah's money. "We provide a team of adjusters, administrative and safety personnel who are dedicated strictly to the OCIPs," says Conner. "They have no other responsibilities. Accordingly, we serve as the owner's representatives and treat their assets as if they were our own. On the site, we are recognized as an extension of Harrah's risk management."

### **RESULTS**

So far, the Caesars Palace and Margaritaville projects are performing better than anticipated in terms of injuries incurred and workers' compensation claims. With 750 badged workers, the Caesars Palace project has incurred only six claims totaling \$3,500 since its inception in September 2007. The Margaritaville project, with double the number of badged workers, has incurred 25 claims totaling \$12,000.

# Taking Fraud SERIOUSLY



Anywhere from 25 to 33 percent of workers' compensation claims are exaggerated or fraudulent, according to the National Council of Compensation Insurance (NCCI). That's why CCMSI's Fraud Identification Recovery Edge (FIRE) works to expose fraudulent claims for CCMSI clients. FIRE employs a systematic and rigorous process to identify and investigate questionable claims, while simultaneously allowing clients and adjusters to review fraud investigation reports and surveillance video online.

## THE PROCESS

Identifying fraudulent claims begins at claim onset, according to CCMSI Corporate Compliance Officer Carl Ayestas. In most cases, fraud investigations follow a stepped process that always mandates prior client authorization.

- Step 1: The claims adjuster suspects fraud.
- Step 2: The adjuster discusses the case with a supervisor and Ayestas.
- Step 3: CCMSI obtains authorization from the client to pursue the fraud investigation.
- Step 4: An independent surveillance investigation is conducted (comprehensive background checks, surveillance videos, etc.).
- Step 5: Often, surveillance video is presented to claimants' doctors to confirm activity level and capabilities, as well as to CCMSI's clients.
- Step 6: A binder is prepared for the district attorney or attorney general with documentation and evidence against the claimant.
- Step 7: If the evidence is substantial and well documented, the district attorney/attorney general files charges against the claimant, which can result in jail time and/or reimbursement of claim dollars to CCMSI's client.

## COMMUNICATION: KEEPING THE CLIENT IN THE LOOP

Throughout the fraud investigation, CCMSI clients are constantly informed. Information provided by CCMSI is documented through Internet Claims Edge (iCE), CCMSI's online claims reporting and

tracking system. Through the system, clients can check the status of a case that is being reviewed for potential fraud, view the history of a case, and view and print a "Client Management Report" of all cases assigned. When an investigative company completes a surveillance video of the claimant, it is made available to the adjuster and client via an email link for a small period of time. That secure video is sometimes shown to doctors and attorneys as part of building the case of fraud against the claimant.

## INVESTIGATOR PANEL SELECTION

In order to ensure the FIRE program operates cost effectively, only premier third-party investigators are part of CCMSI's fraud investigatory panel. "We picked only the best," says Ayestas, "and continually evaluate their services. These companies have contracts with CCMSI and must meet our criteria for turnaround time, reporting, mandatory insurance requirements, indemnity agreements and rate of pay."

FIRE, according to Ayestas, has saved clients considerable dollars since inception four years ago. "We recognize the fact that it is a tool to identify fraud and to save our clients' dollars by eliminating those claims," he says.

Moreover, all CCMSI claims adjusters meet annual fraud training requirements set forth by the states in which the company does business. "This training teaches adjusters to identify potentially fraudulent files and document and prepare evidence. It also trains them on the specific regulatory requirements for filing quarterly and annual fraud reports," says Ayestas.

## IT WORKS!

The FIRE program works! In Florida, CCMSI investigated a vehicle accident case in which the claimant made demands of \$150,000, claiming lost wages and medical bills. Formal review of the case discredited documentation of the claimant's wage-earning history. The result? The Florida Division of Insurance Fraud issued an arrest warrant for the claimant, who is now in jail awaiting trial on insurance fraud.

Similarly, in Massachusetts, a claimant alleged she was injured when she slipped while walking down the steps of a business. She received more than \$24,000 in medical and indemnity expenses. CCMSI investigated the case and ordered a surveillance video of the

# new partners

## CCMSI CONTRACTS WITH THE ARCHDIOCESE OF SEATTLE AND HIGHLINE SCHOOL DISTRICT

**CCMSI** recently partnered with two new clients in the state of Washington. CCMSI will deliver workers' compensation claims management services to the Archdiocese of Seattle and Highline School District.

- The Archdiocese of Seattle is among 170 dioceses of the Catholic Church in the United States. It encompasses all of Western Washington. The Archdiocese includes 173 parishes and faith communities, serving approximately 575,000 Catholics. The Archdiocese has more than 5,000 employees.

"When we conducted our search process for a third-party administrator, we were looking for a company that demonstrated the ability to integrate sound business practices, quality control and compassionate treatment of our employees," says Mary Santi, human resources director for the Archdiocese. "CCMSI emerged as the clear leader in this process, and we have been very pleased with our partnership with them."

- Highline Public Schools serves families in the communities of Burien, Des Moines, Normandy Park, SeaTac and White Center in Washington. The district is focused on the ultimate goal of ensuring that each and every student graduate is ready for college, career and citizenship. The district serves nearly 18,000 students in 31 schools and employs 2,181 professionals.

"We received five proposals and chose three companies to interview in our quest to find a third-party administrator for our workers' compensation program," says Janet Hodson, Highline's assistant director of total compensation. "CCMSI was chosen because they have school district experience, they are a full-service company, and their claim reviews are responsive, timely and user-friendly."

To discover more about Archdiocese of Seattle and Highline School District, visit their homepages at [www.seattlearch.org](http://www.seattlearch.org) and [www.hsd401.org](http://www.hsd401.org). ■

### *Taking Fraud **SERIOUSLY** (continued)*

claimant, who was caught performing physical tasks beyond her stated medical limitations on several occasions. The Insurance Fraud Bureau of Massachusetts has since opened a criminal investigation into the case, which will likely end in arrest.

And, these examples are just the tip of the iceberg, according to Ayestas, who maintains many other cases are currently under investigation.

"FIRE is an advanced program that allows executives to gauge overall program success," says Ayestas. "Managers can oversee compliance and monitor costs, supervisors can measure performance and adjusters can electronically order, store and retrieve all services, including

reports and surveillance evidence." FIRE also ensures that CCMSI follows compliance with all states and insurance carriers. ■



**CARL AYESTAS**  
Corporate Compliance Officer

To find out more about FIRE, you can contact Ayestas, at [cayestas@ccmsi.com](mailto:cayestas@ccmsi.com) or 888-578-5555 Ext. 8405.



# upcoming

# CONFERENCES

The **RISK AND INSURANCE MANAGEMENT SOCIETY (RIMS) ANNUAL CONFERENCE** will be held in San Diego, Calif., April 27-May 1. The RIMS conference includes keynote presentations, risk management sessions and special events. Visit [www.rims.org](http://www.rims.org) to register and stop by the CCMSI Booth, #1247!



The **PUBLIC RISK MANAGEMENT ASSOCIATION (PRIMA) ANNUAL CONFERENCE** will bring 1,200 or more risk management professionals together, June 1-4, in Anaheim, Calif. Attendees will participate in a program with sessions focusing on the ever-expanding and changing position of public sector risk managers. To register, visit [www.primacentral.org](http://www.primacentral.org) and stop by the CCMSI Booth, # 101!



CCMSI Case Studies are available at: [www.ccmsi.com](http://www.ccmsi.com)

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