

Self-Insurance vs. Traditional Insurance

By Michael Fredette

Business owners throughout New York State have long been provided with workers' compensation insurance through the State Insurance Fund and traditional insurance carriers, but an alternative to traditional workers' compensation insurance coverage came into the market a decade ago as a result of legislative changes to the workers' compensation laws. Self-insured groups have rapidly grown throughout New York State to represent more than 35 percent of the marketplace – presenting business owners with a viable option to their workers' compensation insurance needs.

Self-Insured Trusts Facts

The strategy of self-funded groups – commonly referred to as “trusts” – is simple: Leverage the collective clout of many employers to lessen insurance costs for all participants. In a trust, members pool their normal premiums to pay claims, loss control services, general administrative duties, premiums for required insurance and bonds, and any other related expenses. Additionally, the trust's administrator should buy excess insurance to reduce participants' exposure to catastrophic claims, and every premium dollar paid has the potential to earn inter-

est for the trust. Instead of being re-invested as is the case with traditional insurance carriers, these dollars are returned to the customers in the form of dividends, and the safer a business is run, the more the members can benefit in dividend distribution.

Business owners do not have to “risk everything” to save money on a workers' compensation policy. A quality self-insured program minimizes your risk through proper underwriting and comprehensive excess insurance. Members of each self-insured trust have to qualify by passing the underwriting department's strict guidelines.

Entering a self-insured group should not lose a company's good experience rating with the State. The top administrators of self-insured groups will continue to promulgate your rating using the same formula as The Workers' Compensation Rating Board (WCRB). Should you leave a self-insured group, make certain that stat cards are supplied to the WCRB for continuation of your experience Modification. Your broker can help you with this process.

Participants in a self-insured trust generally do not have to enter into a long-term agreement. As with any insurance product, the business owner should be able to re-evaluate their options at renewal time, and it is a smart move to confirm that you do not have to enter into a long-term agreement.

Huge New Member Benefit!!!

*Do you “own” your customer?
Are you insulated from competition?*

The New York State Car Wash Association in partnership with Innovative Control Systems(ICS) has negotiated National Account Pricing(NAP) for credit card processing on behalf of our members. Additionally, this new program will provide ideas on how to increase revenue, retain existing customers and build and maintain a revenue stream regardless of the weather.

Three ways to lock in customers today:

- ✓ Enhance your pre-paid revenue – How would you like to be sitting on thousands of pre paid dollars? Ask us about interest free loans from YOUR customers.
- ✓ Launch a customer loyalty program – Your customers will drive by the competition to receive their “loyalty points” from you.
- ✓ Club Program – recurring revenue stream. It has rained 21 days this month but your bank deposits are as healthy as ever.

This new NAP is the most aggressive pricing model available for the independent carwash owner. We will show you how to save money and increase revenue!!!

****Program NOT limited to ICS customers**

**To learn more call:
800.537.0338 ext.308**

Savings

With a sharp eye on claims and the ability to create a healthy dividend, every account that enters a self-insured trust must be underwritten and determined worthy of joining, leading to lower operations costs, lower loss ratios, and greater surplus. A trust's pricing is good, while at the same time it should also be actuarially sound.

Protection

Well run self-insured programs offer their customers:

- ✓ New York State approval
- ✓ Unlimited Excess Insurance protection on several groups
- ✓ A Rated Insurance Companies like Safety National, AIG, Score Re, Employers Re.
- ✓ Audited financials and Actuarial review performed by recognized 3rd party firms
- ✓ Monthly financials produced by in-house CPA's
- ✓ Risk surveys compiled by qualified, experienced in-house Risk Managers
- ✓ Continuing service on select accounts

Go to an insurance broker or contact the New York State Workers' Compensation Review Board and ask them their opinion of any of the self-insured trusts that are available to your business. Make sure that any workers' compensation program you choose offers high quality services along with low premiums before choosing coverage. You will see that self-insured trusts are a legitimate and often better option for protecting your business and employees. ■

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