



SITUATION

A large trade association needed a workers' compensation program that was flexible enough to serve small, medium and large companies, and could accommodate a wide variety of business needs. The association has more than 800 members in construction industries including commercial, highway, heavy, municipal, utility, as well as specialty services.

ACTION

In 1982, Avizent developed a self-insured group (SIG) program, customized specifically for the association. This new workers' compensation program would be added to their membership benefits. The services, offered in a cafeteria-like structure, included marketing, underwriting, accounting and loss control consulting. With this type of structure, members would have the freedom to choose only the services they need and design a program that suits their business.

Later, the association decided to implement a captive program and expand their member benefits to include property/casualty, and auto and general liability insurance. After becoming discouraged with the lack of solutions available in the market, they turned to Avizent. In addition to providing superior SIG claims services, the association learned that Avizent has expertise in developing well-structured alternative risk programs, such as captives. Working with the association, Avizent organized an agency advisory group to develop a program that would meet their coverage needs.

To build the captive program, Avizent provided the association with access to a segregated cell in Avizent's Bermuda-based captive division. In addition to workers' compensation claim services, members can now obtain property/casualty, and auto and general liability insurance through the association. All of these coverage options are offered separately and members can add services as needed. To help increase the return on investment for its members, the association also decided to participate in the underwriting process—a beneficial option that includes risk sharing as well as profit sharing.

The association's self insurance program initially provided coverage for injured workers in one state only. As part of the captive program's reinsurance services, the association can now offer nationwide coverage for members with employees in other states. Avizent has extensive experience building partnerships with outside vendors who provide specialty services, such as reinsurance.

RESULTS

Avizent's efforts have produced substantial savings for the association in many areas, including medical bill review and other managed care services. By working with Avizent's alternative risk division, the association also saved the time and expense of forming a new captive program to expand benefits for its members.

Through Avizent's workers' compensation program, the association's members saved an average of 46% on medical bills during a one-year period. Their total medical savings compared to medical fees reflected a 20-to-1 return on investment for the same period.

Avizent's claims adjusters, SIG management team, managed care and alternative risk professionals provide high quality services to help the association and its members control costs. Over the years, the association's SIG fund has grown and now boasts nearly \$30 million in member equity. The association relies on Avizent's knowledgeable team to provide ongoing guidance to keep their programs strong.