

Control Costs

Group Self-Insurance for your Workers' Compensation is a long term, cost effective alternative as it provides savings and price stability. Insurance companies are in business for a profit. Self-Insurance allows the profit to be retained by the members. Your commitment to employee safety keeps the cost of insurance down.

Control Price Stability

With traditional insurance your Workers' Compensation Premiums generally rise and fall based on the standard market. Self-Insurance provides Price Insulation as the members pay based on the actual claims costs of your group.

Control Who You're Insured "With"

Group Self-Insurance in Minnesota* means you are insured with businesses like yours here, in Minnesota. Members have similar business operations and use a common voice in the direction of the Fund.

The Builders & Contractors Fund is managed by a Board of Directors that is made up of members of the Fund - a Board of your peers in the Minnesota building trade.

**Partnering with Star Insurance Company, coverage is available for other states in which you may operate.*

If you are interested in Group Self-Insurance or have any questions, call or have your agent contact:

**7900 Xerxes Avenue South, Suite 300
Bloomington, MN 55431
(952) 884 - 9833
(800) 211 - 6389**

<http://www.buildersandcontractorsworkcompfund.com>
email: info@buildersandcontractorsworkcompfund.com



Corporate Profile

Founded in 1955, Meadowbrook Insurance Group focuses on three segments of the specialty insurance marketplace: insurance carrier operations, insurance services, and retail / wholesale insurance services. Our insurance carrier operations include two specialty areas; programs and specialty excess & surplus lines. Meadowbrook manages six insurance carriers, and is licensed on both an admitted and non-admitted basis in all 50 states. Our three non-risk bearing operations are risk management services, administrative and back office services, and retail /wholesale insurance services.

Are You A Minnesota Insurance Agent?

If you have a prospective Builders & Contractors client...

Visit us at:
www.meadowbrook.com/mn



Take Control of your Workers' Compensation



**Group Self-Insured
Workers' Compensation**
An Alternative Choice
for Minnesota Employers

Claims Management

We ask for and value your input during the claims process. We work with you to get an employee back to work. Claims are handled with full knowledge that it is the member's contribution funding the payments. All Builders & Contractors members agree to have a plan in place to return workers as soon as possible.

Loss Control

The Fund's loss control services are a resource available to each member. The Fund contracts with Meadowbrook Loss Control Services. In addition to developing general loss reduction strategies, these consultants have developed specialized loss control efforts tailored to specific needs. We are able to assist our members in reducing the potential for employee injuries. The Board believes that employees at all levels of the member's organization must actively participate in the management of risk. Our Loss Control consultants become involved in your company's safety program and make recommendations which are supplemented with model policies. The suggested policies are supplemented with on-site loss control staff, training materials, self-assessments and critical issue checklists.

There is an increased emphasis on focused general loss reduction strategies and developing loss control efforts tailored to the member's specific needs. The Builders & Contractors Fund provides on-site training, OSHA related training, and regional loss control and safety seminars.



The Builders & Contractors Workers' Compensation Fund is a Self-Insured program established on May 1, 1996 for building trades and related companies located in Minnesota.

- Members represent over 73 companies, with combined net worth of over \$98,400,000.
- Builders & Contractors provides coverage for 7,900 employees. Reported payrolls nearing \$129,000,000.
- Current written premiums exceed \$4,400,000.

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Why Self-Insure?

Self Insurance originated for very large companies as an alternative to the standard insurance market. As these programs exhibited benefits such as cost containment and a safer work environment, smaller companies applied to the state of Minnesota to create the opportunity for groups of smaller companies to obtain the benefits of Self Insurance. As with the large companies, Group Self-Insurance provides members more control of their claims, loss control and pricing. Insurance companies are in business for a profit - Group Self-Insurance allows the profits to be retained by the members.

- Overall lower rates - Rates are based on the group's actual claims history. Rates are developed annually by an independent actuary. These rates are then formally set by the Fund's Board of Directors, which is elected by the members.
- Cost of Losses / Claims Costs - The group contracts with a qualified and state certified Third Party Claims Administrator to effectively manage the claims process and help reduce the overall cost of loss.
- Self-Insurance limits the group of members to the Minnesota operations of homogeneous businesses.

How Does Self-Insurance Work?

In a group Self-Insurance program, a group of employers pool the money they would otherwise pay as premiums. The fixed or administrative costs and the variable costs or paid claims are funded from this pool of money. Fixed costs include: Program Administration, Claims Administration, Safety/Loss Prevention Services, Marketing and Sales, Actuarial and Accounting Services, and Specific and Aggregate Excess Insurance. Variable costs include: actual dollars paid on claims, Self-Insurers Security Fund and Special Compensation fund assessments.

Whatever is not paid in fixed costs or variable costs is surplus and is returned to the membership - this is the fundamental difference between traditional insurance programs and Self-Insurance programs.

There is a Board of Directors, generally made up of seven to nine members of the Fund. Only Fund Members may be on the Board; no insurance agents or employees of the Fund administrator are allowed. These Board members are elected by the Fund members at an annual membership meeting held each year.

The Application Process

Not every applicant can join the fund. All potential members are underwritten by the Fund Administrator. If the applicant meets the basic underwriting guidelines, the information is submitted to the full Board of Directors for their formal approval. If the Board approves the member, a quotation is released to the applicant. If the applicant accepts the pricing, the final approval for entry into the Fund is provided by the Minnesota Department of Commerce.

Although this process is more involved than purchasing Workers' Comp through the standard market, it determines if an applicant is an underwriting fit for the Fund and provides existing members the assurance that not everyone is allowed to join the Fund.

Additional Information

Below are answers to some frequently asked questions posed by businesses that are new to the Group Self-Insured concept:

Each new prospective Fund member agrees to be committed to safety and return-to-work. The Fund's Board of Directors has the authority to remove any member from the Fund for non-compliance.

In the Builders & Contractors Program, each participating member retains its own individual experience modification. Group Self-Insurance programs do have joint and several liability.

Builders & Contractors addresses this by:

- obtaining specific excess insurance to cap losses
- obtaining aggregate excess insurance to cap the total losses for any single year
- not allowing every applicant access into the Fund.
- Only financially sound companies are accepted as Builders & Contractors members.

Group Self-Insurance requires your involvement. Members accustomed to simply paying premiums once a year have the opportunity to participate in overseeing program administration and risk management. Once members become accustomed to Group Self-Insurance, they understand the positive impact this alternative has in many areas of their business.

The best testimonial to the success of the Builders & Contractors Fund is our high retention rate. If you contact us for a proposal, you and your agent are given a list of members. We are confident that you will recognize many familiar names in the building trades in Minnesota.

If you choose to request a proposal for the Builders & Contractors Program, you will not be asked to change agents unless you so choose. Your current agent may make a request for a proposal using the contact information provided on the back of this brochure.

