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Self-Insured Groups: Growing & Retaining Membership

by Haley Jorgensen

This is Part III in a three-part series.

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[Part I: The Keys to Self-Insured Group Format](#)

[Part II: Cultivating Self-Insured Group Best Practices](#)

In today's highly competitive insurance market, self-insured groups (SIGs) work relentlessly to retain and grow membership. The key to retention and growth is a SIG's ability to educate current and potential members about how the group differs from commercial insurance—namely, by delivering loss-control services tailored to each member's particular business; providing hands-on claims management where employers are directly involved in claims resolution; and establishing a 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

Communication requires relentlessness, according to Foster Welburn, director of the Mississippi Manufacturers Association Workers Compensation Group (MMAWCG). "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 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. "Our program is service oriented," he says. "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."

The 17-year-old Massachusetts Education and Government Association Property & Casualty Group, Inc. (MEGA) operates similarly, according to executive director Todd Johnson. The group offers workers compensation, property and liability coverage to 230 public employers and their collective 60,000 employees. Third party administrator 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 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, the Workers Compensation Trust of Illinois (WCTI) relies on CCMSI to



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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 for WCTI. "Not all manufacturing companies are alike. We also help clients get involved with their claims and gain control over their dollars. They don't get that with traditional insurance."

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

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

Targeting & Gaining New Members

According to Tom Wujek, chairman of WCTI, a typical year brings a loss of up to 5% of the SIG's membership. WCTI is a 15-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 that isn't on board with WCTI's philosophy, it puts all the members at risk," says Wujek. "Our arrangement is so much different than commercial insurance, that our marketing is truly an education process that works to expose potential new members to the benefits of WCTI. 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 is why SIGs use multiple techniques for zeroing in on potentially high-quality members.

Brokers, State Agencies and Independent Agents

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 also a broker-driven program. "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," says Johnson. As a public-sector group bound by state lines, there are a limited number of school districts, cities and towns from which to draw new members. Using a broker helps bring MEGA's benefits in full view of new, potential members, at the right time.

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, but we will," says Welburn. We send loss-control engineers to inspect the new business and make recommendations for a safe work environment. 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."

When new companies relocate to Mississippi, they often inquire about workers compensation. "Because of our relationship with the state, we often will get a heads-up on a new piece of business," he says.

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," he says. "So, we wanted to give them the tools to promote our program."

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

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

Member Referrals

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," she says. WCTI runs reports of businesses near the locations of its board members to find out if the members are familiar with the companies. Sometimes the process results in new SIG members.

While there are many avenues for pinpointing possible new members, it helps the salespeople-agents, brokers, TPA representatives or SIG employees-to have marketing materials such as websites and name recognition to help close the deal.

Marketing

Since a SIG is not structured in the same way as traditional insurance, the benefits often take time to sink in. And, says Blakeney, it is not uncommon for the sales process to take more than a year. That is why WCTI offers a comprehensive website and quarterly newsletter. The newsletter is mailed to members, prospects, brokers, agents and other manufacturing associations while the website is available to anyone, anytime. The idea is to educate prospects about WCTI's structure and benefits throughout a given year.

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

Just how important is marketing? Welburn maintains that it is critical. In 1996, when he took over the helm at MMAWCG, there was no marketing. "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 and processing. "While we are not an insurance company, we still have to project a professional image," he says. "Our print and radio media, and our sales material, must have a high quality."

In the end, retaining and attracting members comes as a result of constant effort. Success requires continuous communication, outstanding service, ongoing marketing and the development of key professional alliances.

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