

About NonProfits' United Workers' Compensation Group (WCG)

NonProfits' United is California's oldest self-insurance alternative for nonprofit organizations. NPU was groundbreaking and original in its conception, and continues to pioneer insurance and risk management alternatives for nonprofits.

NPU today operates two self-insurance Groups, a Vehicle Insurance Pool and Workers' Comp Group. Each is a member-owned and governed cooperative venture of nonprofit organizations committed to effective risk management and controlling their own insurance costs. NPU-WCG offers nonprofits a chance to pool their Workers' Compensation premiums and control insurance costs.

About NonProfits' United - how NPU started

In the 1980's, insurance rates skyrocketed and nonprofits were going out of business. NonProfits' United was begun in 1988 as Paratransit Insurance Corporation, a self-insurance pool offering vehicle coverage for nonprofits. As the first self-insurance group for nonprofits in California, PIC offered nonprofits a self-insurance alternative, as well as risk management services to help keep costs down.

In 1998, the Group's name changed to NonProfits' United to reflect its diversity of membership. The member-owned and governed NPU vehicle insurance pool has grown to be a healthy stable organization through the commitment of its members and the pool's continued focus on risk management and the special challenges facing nonprofits.

Why did NonProfits' United start a workers' compensation self-insured group?

The mission of NonProfits' United is to provide stable affordable rates and risk management assistance to nonprofits. Like the NonProfits' United Vehicle Insurance Pool, the Workers' Compensation Group was begun as an insurance and risk management alternative for nonprofits needing rate relief.

About self-insurance

Self-insurance is a tactic used traditionally by large entities (such as Coca-Cola, for instance) who can afford to set aside a large sum of money against possible losses. This "bank account" takes the place of purchasing insurance, and saves money.

A **self-insured group (SIG)** is a cooperative formed by like entities for the same purpose. By pooling their resources, they can create a shared "loss fund" and self-insure some or all of their risk. The members of the NonProfits' United Workers' Compensation Group are self-insuring their Workers' Comp coverage rather than purchasing it from an insurance carrier.

The advantages and disadvantages of self-insurance groups are often two sides of the same coin. The Group (and its members) enjoys more control over rates, risk management and claims management, and must also accept more responsibility for actively participating in risk management and loss control. The Group gets to retain earnings and profits if there are any, and must accept responsibility for paying losses which could be excessive.

The success of any self-insured group depends on the commitment of its members to accept responsibility for managing risk and controlling losses to preserve the group's assets.

Who can join the NPU-WCG?

NPU-WCG was created for tax-exempt nonprofit human services organizations. Organizations wishing to join NPU-WCG must:

- Meet underwriting standards established to ensure the strength of the pool,
- Commit to an initial three (3) year membership term, and
- Agree to abide by the Bylaws and Risk management standards established by the NPU-WCG Board of Trustees.

How much does membership cost?

There is no application or membership fee to join NPU-WCG; members pay only their premium. Premium is billed monthly, with an initial deposit to be applied against January's premium each year upon audit.

NPU-WCG is in many cases able to offer nonprofits rates lower than their current Workers' Comp premium.

Reduced rates are possible because:

- The Group is only accepting members whose losses and risk management practices indicate a responsible successful approach to loss control
- Unlike commercial carriers, the Group does not have to price current insurance to pay for past underwriting errors: too-low rates in the past have caused many insurers today to have insufficient funds to pay on claims incurred during those under-funded policy years.

NPU-WCG subsidizes members' security deposits with the State DIR

There has never been a self-insured workers' compensation group in California for nonprofits, in part because of deposit requirements established by the State of California Department of Industrial Regulations (DIR):

- Prior to forming, the SIGs must post a security deposit equal to three years' combined previous losses of all founding members, and
- Each member joining the Group must post a security deposit equal to one year's average losses.

These requirements placed self-insuring Workers' Comp coverage beyond most nonprofits, who do not carry large amounts of cash on the books.

The initial "3 years" security deposit for NPU-WCG was \$3.9 million. In order to help NPU-WCG get started, the Board of Directors of NonProfits' United Vehicle Insurance Pool (NPU-VIP) felt it was important to continue with the NPU mission of assisting nonprofits, and acted to fund the initial security deposit with Vehicle Pool assets. This also represents an important statement of the Board's confidence in the ultimate success of the Workers' Comp Group.

Additionally, NPU-WCG has built into its rate structure the capacity to place the individual deposit with the State DIR on its members' behalf. Thus, members need only pay their first month's premium deposit to become self-insured.

How will NPU-WCG protect members assets and keep rates down?

NPU-WCG believes that the same principles that drove the formation of the Group will inform the activities of the Group and members to ensure long-term success. The Group is committed to:

- Limiting membership (through underwriting) to deserving organizations who recognize the importance of risk management and have a demonstrated, successful, risk management philosophy and plan,
- Assisting nonprofit members to recognize, address and correct hazards in the workplace, and create a "culture of safety" which will prevent loss, and
- Proactively managing and settling claims to keep costs down, and help employees return to work as soon as possible.

In turn, NPU-WCG requires all members to commit to their responsibility as member-owners to manage risk and control loss by working closely with the Group's Risk Management and Claims Management staff and abide by member requirements outlined in the Group Bylaws and Risk Management Standards.

How do organizations apply?

Contact NPU staff to discuss whether NonProfits' United would be a good "fit" for your organizational needs. Contact program Administrator Anna Marie Will at (916) 764-0056 or at annamarie@nonprofitsunited.com. In general, we need only your organization name, estimated annual payroll by workers' compensation classifications and a 3-5 year loss history.

Workers' Comp Group...*at-a-glance*

The Group

- Date incepted **12/27/2004**
- Members in NPU-WCG as of 7/1/11: **136**
- Aggregate payroll as of 1/1/11: **\$254,000,000 +**

Requirements for membership:

- California organization with federal 501 (c) 3 tax-exempt status
- Social Service designation under NAICS: primary function to provide social services (code 624^{***}) or paratransit (code 458^{***})
 - Social service organizations can operate ancillary services such as school, respite care, or health care – but primary identity of organization must be social services
 - Paratransits are eligible by virtue of the federal transportation funds dedicated to providing paratransit as a social service
- Minimum age of organization: 3 years
- Positive average net worth for most recent 3 years
- Maximum 1.75 experience modification factor (ex mod)

Coverage

- First \$500,000: Pooled self-insurance
- \$500,001 - \$35 million insured through ACE American Insurance Co.

Member Benefits and Risk Management Services:

- ***Our knowledgeable and responsive staff and claims adjusters***
- ***Free*** Injury and Illness Prevention Plan (IIPP) assistance
- ***Free*** On-site trainings and consultation on members' specific risks and hazards
- ***Free*** Regional classes on selected workplace safety topics
- ***Free*** Safety bulletins and advisories, available via email and hard copy

To apply for membership in NPU-WCG:

- Completed Acord app, with:
 - Five years' complete loss runs
 - Most current years' audited financials
- Meet minimum underwriting criteria, or undergo a pre-quote safety inspection



Description of Coverage

Workers Compensation Coverage

The NPU Workers' Compensation Group (WCG) provides first dollar coverage for members' employees who are injured while on the job. The WCG includes pro-active claims adjustment, risk management, and loss prevention training services.

Membership Criteria

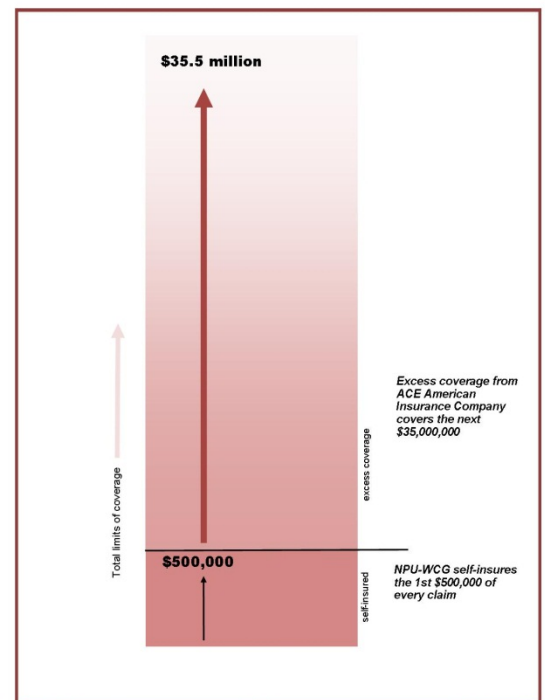
The WCG is regulated by the California Department of Industrial Relations, Office of Self-Insurance Plans (DIR-OSIP). Member organizations must meet the following criteria:

- IRS 501(c) 3 nonprofit status
- Primary social services function as defined by the North American Industry Classification System (NAICS) code of 624
- Completion of annual financial audit process

All members are required to complete the process to obtain an affiliate certificate of consent to self-insure from the DIR-OSIP.

WCG Structure and Limits

- **Workers' Compensation Coverage**
 - ❖ \$35.5 million limit / first dollar coverage
 - ❖ Self-Insured (pooled) coverage to \$500,000
 - ❖ Excess coverage to \$35 million above pool
- **Employer's Liability Coverage**
 - ❖ \$1 million limit / first dollar coverage
 - ❖ Self-insured (pooled) coverage to \$100,000
 - ❖ Excess coverage to \$1 million above pool
- **Coverage Includes:**
 - ❖ Claims adjusting expenses
 - ❖ Coverage for:
 - ❖ Employees
 - ❖ Board Members
 - ❖ Volunteers when pre-approved by resolution



Risk Management for Self-Insured Groups

The success of any self-insured entity depends on member-owners understanding and accepting their responsibility in controlling loss (e.g., it's not "someone else's money").

Therefore, we prioritize educating members as to:

- What their loss control responsibilities are,
- What services exist to help them, and
- How best to access these services.

Our methods have been developed and fine-tuned since the Vehicle Pool has been in existence prior to the formation of the Workers' Comp Group. We find these principles apply equally well to both pools.

New Member Orientation

Upon joining either Group, new members and NPU sign a Member Agreement outlining the mutual responsibilities of the member and the Group. The Agreements specifically reference adherence to Risk Management Standards, timely payment of premium, and full cooperation with claims adjusters to control costs.

Additionally, every new member to each pool receives:

1. A "welcome" contact and materials, explaining the self-insured nature of the program and their responsibility as members to avoid loss and mitigate losses that occur. Included is a complete contact sheet for any questions they may have.
2. Personal hands-on orientation to the claims adjusting process, to emphasize the importance of timely reporting and cooperating with adjusters in the investigation of claims to minimize the chance of fraudulent or inflated claims.
3. A complete description of Risk Management services each pool offers along with a brief questionnaire about their operations, safety interests and needs.

Ongoing Education and Information – The Risk Management “Presence”

Each month, every member of NPU electronically receives Safety Focus Bulletins regarding both Vehicle and Workers' Comp safety issues. We use this media as a pledge to our membership to assist and complement the loss control programs of our members.

Personalized Risk Management Programs & Services

Every member of both NPU pools has a commonality, their identity as nonprofit organizations, but NPU's membership is extremely diverse with regard to specific activities undertaken and performed, and consequent risks faced. We make every effort to work closely with each member from the time they join to understand their operations and assist them to identify areas in which they may be at risk.

Personal Responsibility and Accountability – Core Concept of Pooling

In addition to addressing specific, immediate, safety needs that members may identify, we also want to help bring overall safety awareness ("culture of safety") to each organization.

Just as members are accountable to the Group for their loss control, so are employees accountable to employers for their safe performance. We strive to assist members to proactively promote safety to generate a behavior that puts 'safety first'. Members work with us to fine-tune and develop hiring, training and supervising practices that support and reinforce safety as a measurable performance standard.

The end result is individual and organizational accountability for loss prevention, pride in accomplishment, and ownership of safety success.

Risk Management for Self-Insured Groups, cont'd

Loss Control Through Cost Control: Claims Management

At NPU, loss control does not hinge only on preventing accidents, but also on effective claims management, to minimize the effect and cost of the inevitable accidents. We are partners in the claims management process with our members and with our TPA's. Our TPA is considered part of our team and their services are tailored to further carry out our mission of providing relevant, responsive service. Our claims adjusters:

1. Focus on personalized and prompt contact and follow-up with each member and claimant to settle claims quickly, amicably and with the least disruption to member services.
2. Works with pool staff to safeguard pool resources through such tools as aggressive subrogation and collection, ongoing tracking of injury, disability, and other drawn-out claims, and;
3. Actively formulate and monitor litigation strategies to ultimately keep settlement costs as low as possible.

NPU partners

York Risk Services Group

Claims Adjusting, Risk Management

Third Party Adjuster (TPA) to the NPU-WCG. York combines state-of-the-art technology with focused responsive claims management techniques to provide the WCG with a no-nonsense, highly successful model of investigating and settling claims.

York has fully utilized every advantage of recent reform legislation (including creating a Medical Provider Network for the WCG) to minimize the costs associated with drawn-out or questionable claims.

York's claims adjusting staff work closely with members to:

- help them understand and meet their Workers' Comp obligations as employers,
- ensure timely and complete incident reporting, and
- track and close claims with the least possible cost and time lost for employees and employers alike.

York's risk management staff work closely with NPU to:

- analyze claims data and identify injury and claims trends among the membership,
- Develop prevention-oriented education and training for Group members, and
- Provide on-site assistance and solutions to members.

WCG Risk Management Services

General information and education services

- Subscription to our monthly safety bulletin, the Workplace Safety Focus
- Peer Group Forums for members sharing similar exposures, to exchange information and network with colleagues.

Direct Safety Consultation, Training and Support

Member-Specific Risk Control Service Plans: Special attention is given to individual members to improve the financial stability of the Group. We work with members step by step when they enter the Group to help identify safety needs and to understand the regulatory requirements placed on employers:

1. **Safety Program Assessment:** An evaluation of members' safety program through a self-assessment questionnaire and review of member's Injury & Illness Prevention Program (IIPP).
2. **Member-Specific Onsite Consulting:** Based on the members' application, survey and IIPP assessment, and other information such as claims history, we will work with members on specific safety issues, including:
 - a. Additional technical assistance with the IIPP, or
 - b. Technical/training/program design for assistance with identified risk exposures or compliance
3. **On-site hands-on training** – upon request, we will visit to offer assistance with specific problems or questions. Subjects can include:
 - a. IIPP training for Nonprofits' Safety Coordinators,
 - b. Safety Committee Training, and
 - c. Ergonomics/Office Safety

All members of the Worker's Compensation Group receive the benefit of our established and successful Vehicle Pool Risk Management services

Claims Adjusting and Cost Control

We follow your claims closely! We know that the best way (aside from prevention) to keep costs down is to manage claims fairly and aggressively. We want employees to return to work in the shortest possible time for the benefit of them, as well as your organization.

Medical Provider Network: Recent reform legislation has led to the formation of Medical Provider Networks (MPNs), a method for employers to ensure that employees are being treated by reputable and vetted physicians and treatment centers. NPU has an established MPN that covers most of California and can quickly and easily review and add requested caregivers to the network when new members join.

Training and Resources

The WCG has partnered with York Insurance Services to provide our members with comprehensive, individualized safety and loss control assistance. Together, the WCG risk management team and York staff are pro-actively responsive to members' needs, providing training, services and resources as needs are identified or upon request. Some of the services provided to members at no additional cost include:

- **Facility Inspection & Hazard Identification**
- **Loss Trend Analysis**
- **Crime Prevention & Security**
- **Driver Safety Training**
- **Ergonomic Evaluation / Training**
- **Safety Program Development – IIPP**
- **Pre-Loss / Post-Loss Guidance**
- **Safety Video Library Management**
- **Sexual Harassment Prevention - AB 1825 Compliance**
- **Incident Investigation Training**
- **General Workplace Safety Training**

On-site Defensive Driving classes upon request

1. Our basic Defensive Driving class focuses on universal safety principles and specific hazards faced on the road today (e.g., road rage, stress, over-crowding). This class includes handouts and an expanded workbook version of the class for supervisors who wish to incorporate the training elements into their safety curriculum.
2. Our "Near Miss" class is a follow-up to the basic Defensive Driving class and teaches students to analyze close calls they had on the road to see if they violated safe driving principles and put themselves in harm's way. This class helps dispel the myth that the "not-at-fault" party in an accident couldn't prevent the collision.
3. Our third class in the series addresses how drivers can control losses by staying in control of their vehicle, their passengers and themselves at accident scenes. The class addresses the emotional and physical stresses on people who have just been involved in a vehicle collision, the need for the driver to remain calm, assume a leadership role and act quickly and decisively to ensure their passengers' safety, and to know what to say and what not to say to others at the scene.
4. **Instructor Training Course** – We offer a four day course for supervisors and trainers dealing with the issues they face in keeping the operation going day in and day out. The course addresses adult learning styles and techniques for reaching and motivating trainees, hands-on teaching demonstrations, and has a disability transportation and passenger handling component. Also, the course features a guided assessment of each individual organization's risks and hazards so supervisors can actively work to address their special problems through the design and implementation of their driver training programs.

NPU-WCG Advantages

Following are some of the benefits and special features of NPU's Workers' Comp program:

Lower Operating Costs

Overhead for NPU-WCG is lower than in the insurance industry, leading to more savings for members.

Investment income retained by the Group

When an insurance company invests funds, the profits go to stockholders. When NPU invests, the profits stay with the Group to be passed on the members as lower rates and safety rewards.

Rates based on actual claims experience of members

Membership in the WCG is limited to better performers who are committed to loss control. This creates less overall risk and loss and leads ultimately to lower rates.

No up-front membership fee- deposit only 1/12 of annual premium

There is no fee to join the WCG. Additionally, instead of the ¼ annual premium deposit charged by many insurers, the WCG deposit is only 1/12 of the annual premium. Also, the deposit is applied to the member's final month installment in the premium period.

Class Code Allocation Program

Class Codes, the designation of work functions that determines rates, are traditionally assigned by employee, not by hours worked. NPU-WCG has pioneered a program whereby class codes can be assigned on a prorated basis to employees. This means that an employee who spends only a small portion of time performing a high-risk activity will have their class codes and their commensurate workers' comp premium prorated accordingly, creating savings for members.

Note about Workers' Comp self-insurance: Workers' Compensation is a mandatory benefit employers must extend to employees; for this reason, self-insuring Workers' Comp coverage is subject to more regulations than self-insuring other lines (such as Vehicle). This creates some challenges which we address specifically to help members:

Security Deposit paid by the WCG

The State mandates that self-insurers place a security deposit equal to an average year's losses calculated from the most recent three years' losses. The NPU-WCG places this deposit with the State on behalf of all new members.

Application Assistance

Our staff monitors the somewhat complex application process closely to ensure that all necessary steps are complete by the new members' desired join date.