



THE INSIDER

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CROSS BORDER COVERAGE IS HERE

Several years ago Carciofini Company, a long time member of TBG, was forced to look elsewhere for work comp coverage to support their growing footprint in other states. They ended up in the arms of a large national carrier.

In the meantime, TBG was working hard to overcome this shortcoming in coverage and bring an other states package to their members that they could stand behind. When TBG did begin offering their Cross Border Coverage, clients like Carciofini and many more have been quick to come back. For these members, Cross Border Coverage is the bridge that makes it possible to experience the tight knit fraternity that is TBG. It makes it possible for a 50-person organization like Carciofini to have an on-call safety expert and a dedicated claims manager as

part of their membership in TBG. It's not that big carriers don't have some of these tools, but according to Carciofini, at TBG those tools have names like Chris Fegel and Sandy Martin and they have phones they answer. That's the big difference. You never really know what you're missing till it's gone.

Cross Border Coverage from TBG is an extremely affordable addition your work comp coverage. Today agents and members can maintain the benefits, the service and the industry partnerships TBG brings to the table and have the coverage of a nationwide organization. If you have Cross Border Coverage concerns... give Craig Marcotte a call today at 651-389-1165 and see how simple and affordable it is to cross the border with all the benefits of your TBG membership.

UNDERSTANDING LPT

LPT (Loss Portfolio Transfer) is a contract between TBG and a reinsurer in which TBG transfers all current and future liability from a specific policy year to the reinsurer. The reinsurer then assumes and accepts the liabilities for all existing and open claims for that policy year in exchange for a one time payment from the Reserve Fund. TBG uses Loss Portfolio Transfer as a tool to remove liabilities from our balance sheets and locks in profits for that year.

For example, every year TBG establishes a Reserve Fund based on our accumulated "lifetime cost of claims" estimates for that year. Let's say the present value of the Reserve is \$4 million. Currently \$4 million is "likely" to cover all of the losses (claims) we may experience in that fund year. However we could ultimately have claims in excess of those reserves. So to protect the fund and remove potential liabilities from our balance sheet, the Board of Directors may choose to enter into an LPT with a reinsurer for that fund year. In doing so, we transfer our Reserve (or a negotiated portion there of)



to the reinsurer, and in exchange, they assume the risk and responsibility of those policies and satisfying the claims for that fund year.

The upside to the reinsurer is that they now have money in hand and will seek to generate a greater return on those dollars than the claims they may have to pay. For TBG, this means we are free of the liability of the years we've transferred and we've mitigated the joint and several liability risk to the self-insured group, which allows us to balance our books for those years and confidently pay dividends.



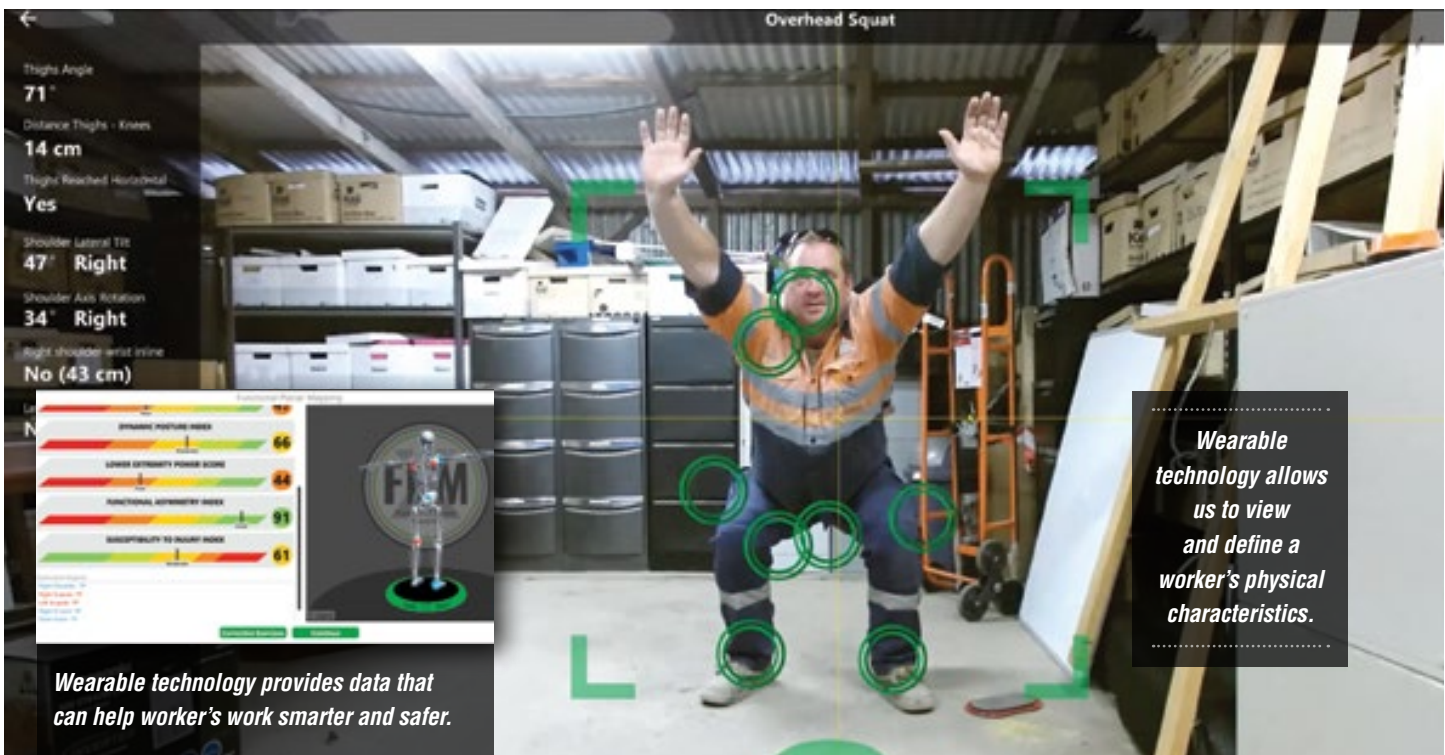
E-AUDITS IN REVIEW

It's been a full year since we transitioned to primarily e-audits and according to Anne Blessing, TBG Audit Manager, the results have been very encouraging. "Prior to e-audits, the Audit Team typically had a backlog of up to 3 weeks of member audits. Today the team is staying up to date on audits and completing them as they come in", Anne reported.

As a member owned fund this is a critical piece in the work comp puzzle for both the member and the fund as we all work together to control work comp expenses. These audits get everyone on the same page while giving the members the assurance that their payroll is accurately filed and class codes are correct, while everyone in the fund benefits from the accuracy in which the fund is compensated for the risk assumed.

Our ability to perform payroll audits remotely became even more fortuitous when the effects of COVID became complete in March. With the ability to meet in person curtailed, the Audit Team was still able to clear their backlogs and assure member payroll reporting was accurate. In the end, it is these accurate and timely audits that provide TBG the opportunity to offer members the cash flow saving advantage of Pay As You Go premiums as well as eliminating the need for devastating catch up payments.

With accurate and timely payroll reporting we are helping members manage their cash flow and reign in work comp costs. We're helping members avoid the common, costly mistakes in reporting while at that same time we are building relationships and trust with members while helping them understand work comp and how they can control costs.



A PROACTIVE APPROACH TO SAFETY

We live in a world where technology is exploding all around us and it continues to promise that we will be more efficient, comfortable, connected and even safer. Recently, our Safety Services team had the opportunity to look into some wearable technology that has the potential to be a game changer in bringing proactive safety and insights to trades workers.

Wearable technology has been around for a long time. From movies and video games to athletics, wherever movement is recorded, tracked and analyzed wearable tech has been there to feed the data to a computer that combines predictive analytics to fill in the gaps and provide a complete picture. This type of technology has been tested and proven in thousands of applications and in the process has become increasingly affordable. Today, with powerful handheld devices like tablets and phones combined with bluetooth technology, it's become simple to record, analyze and display captured data.

For several years our Safety Services team has been keeping an eye on emerging products that could put wearable technology on the front line in proactively creating safer work habits and conditions. Working with an Australian based partner, Safety Services has identified two technologies that have practical applications for many of our members.

One of these technology pairs software with sensors that are placed on the workers' head, collar, arms and hips to record how work tasks

affect their neck, back and arms. This technology allows us to view the physical demands that individual movements place on the body. With this data, we can see the "risk factors" of the tasks and predict the potential long-term consequences. However, we can also see how slight modifications in how tasks are performed can lower the risk factors and consequences. With this powerful, timely information tasks and behaviors can be modified and addressed in training to promote working smarter and safer.

A second technology allows our partners to record a quick 8-10 minute scan of a workers' mobility and quickly measures balance, flexibility, posture, asymmetry and susceptibility to injury. This simple functional testing could prove valuable in pre-employment and return-to-work scenarios as well as identifying areas where workers could benefit from strength or flexibility training. This type of functional test scanning can also predict areas where workers could be prone to injury in repetitive or heavy lifting jobs.

Although this technology is not yet available to members, the Safety Services teams is currently identifying members to participate in field testing. According to Adam Tripp, Safety Services Manager, "we are hoping to have this technology available to interested members by late spring".



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Members are jointly and severally liable for their proportionate share of obligations for the group and will be assessed on an individual and proportionate share basis for any deficit created by the group. Dividends are not guaranteed.

TBG THE INSIDER

MAKING WORKERS' COMP WORK FOR YOU

BUSINESS FROM THE BOARD

In early December the Board of Directors met for their final meeting of the year with a full-slate of year end business to attend to.

As a member owned fund, **members** are represented by the Board of Directors to whom all TBG employees answer to as well. As you can see, the responsibility of a TBG Board member is a real, in the trenches position that comes with a great many responsibilities. For instance, in order to be fully engaged in the business of operating the fund, board members have to be active members. They have to be at an ownership level in their business so the choices they make affect them just like every other member. And board members have to be willing to serve for 10-12 years because understanding the dynamics of a self-insured fund takes years.

So even though last months' board business was handled at the beginning of the Holiday Season, the board set aside the seasonal festivities for the time being and tackled three hugely significant pieces of business:

- 1 After a painstaking line by line review of the proposed 2021 budget, the Board recommended its revisions, which will be reviewed and approved at the next Board meeting.
- 2 The Board voted to declare all of the profits from 2020 as Dividend Payables and secure those dollars in the Member Distribution Payable Fund. According TBG guidelines disbursement of those funds will begin in 2025 to qualified members.



- 3 The Board approved a Loss Portfolio Transfer (LPT. See article included) for the 2017 year. That means we have transferred all current and future claims liabilities of that fund year to a reinsurer, in return for one time payment. However, due to our unique relationship with this reinsurer we maintain our position in managing the claims and servicing the member and workers.

In 1997, 52 people created TBG to make workers comp work. Today, 2 of those people remain on the Board and a majority of those founders are active in the fund. It's that kind of continuity, combined with the growing competencies of our Board and Staff, that makes TBG great. This year we are proud to welcome Blake Palmer of Pro Drywall & Painting to the board as a Board Advisor. We are excited that Blake has accepted the challenge and is committed to experiencing what it takes to serve on the TBG Board.