

# Workers' Comp Alternative Program Guide



## Alternative Risk Marketing

This resource was designed for retail insurance brokers. The guide provides pertinent information regarding Alternative Risk's non-standard workers' compensation programs.

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## **EXPERTISE YOU CAN DEPEND ON**

*Breathing life back into your tough to place risks*

- We help retail brokers place their difficult risks with "alternative" markets

Alternative Risk Marketing assists retail brokers by turning declines and difficult to place risks into brand "new" and or "renewed" business.

Our goal is to assist you in attracting and retaining workers' compensation risks with coverage solutions from A.M. Best "A" rated markets at an affordable price. Qualified risks with a majority of the risk attributes our underwriters' desire may benefit from 5 to 20 percent cost savings and out of pocket savings by as much as 90 percent or better at policy renewal.

## **REVIVE YOUR DECLINES BACK TO LIFE**

Alternative Risk Marketing works with agents/brokers and PEO's to educate business owners on the value that outsourced solutions can provide for their companies. Our solutions provide them with cost savings, improved efficiency and compliance. We enable our partners to have a local presence in the market place, allowing them to cost effectively reach their desired client base. As a full service Brokerage we offer our partners a complete system for marketing, submissions, underwriting, risk assessment, client transition, loss control and claims assistance, enabling them to cost effectively build and sustain their market presence.

## **WHY DO BUSINESS WITH ALTRISK**

*Access, service, support, expertise without sacrificing compensation*

Alternative Risk Marketing (ALTRISK) has pre-existing relationships with key underwriting personnel and VP/C Level executives within the markets we leverage. These valued relationships are used to secure more competitive pricing and aggressive commissions that enable our agents to win more business and earn comparable or more than they would have by going direct. Rather than dealing with lower level sales reps that pay out small portions of their commissions, and that have limited underwriting authority (or pull), ALTRISK works only with Top Executives to get the job done.

ALTRISK works with 8 top tier markets that are financially stable and that use highly rated insurance carriers. ALTRISK believes that by limiting our relationships to a handful of "key" markets that we can create a solution for most any risk; thus enabling ALTRISK to meet our annual production targets with each market ultimately gaining us a "key partner" advantage versus directly accessing as an "unknown" factor.

ALTRISK is able to leverage our relationships and volume in order to net "higher" revenue margins/revenue from our alternative markets. ALTRISK typically retains 25-30% of the gross revenue leaving our retail brokers with commission revenue equal to 8 to 10% or more of workers' compensation premiums.

## **MORE THAN JUST INSURANCE COVERAGE**

ALTRISK promotes only bundled HR products for companies that often have a non-office bound workforce, such as restaurants, hotels, property management and skilled trades. Our solution includes workers' compensation, risk mitigation and affordable benefits for companies that use different work arrangements, including full-time, part-time, hourly, temporary, and seasonal or contract workers. All providers offer online time and attendance reporting tools empower small businesses to manage their workforce more efficiently.

- Workers' Compensation Pay-as-you-go workers' compensation: no deposit, no advance premiums, no deductibles, no year-end audits
- Risk & Compliance Compliance guidance expertise with federal and state employment-related laws in most states, with particular expertise in reducing and managing workers' compensation claims
- Payroll Punctual, stress-free payroll preparation, tax reporting and payments
- Benefits Affordable benefits to help contain HR costs, ACA compliant health plans
- HR Team Deep HR expertise, special focus on handling flexible workforces
- Workers' Compensation

Workers' compensation administration is complex and time-consuming. The partners we work with manages it for companies with a convenient pay-as-you-go program—no deposits, no advance premiums, no deductibles, no year-end audits or other hassles. This helps eliminate large upfront premium payments, improving cash flow.

## **RISK & COMPLIANCE**

Our world class partners assists businesses with claims reporting and administration, OSHA compliance, work-site hazard assessments, medical case management, drug-free workplace programs and more. Employment Practice Liability Insurance coverage is part of our comprehensive loss-control strategy, protecting clients from claims of wrongful employment acts, such as discrimination, harassment and wrongful termination.

The selected service provider that we work with are responsible for many compliance-related tasks, including providing notices/communications about the various benefit plans, processing open enrollment, and providing employee handbooks.

Most solutions our partners provide offers on-site telephone support to assist in these areas.

## **PAYROLL**

All solution providers offer a choice of payroll submission and management options, including paper checks or direct deposit, tax deposits and payments, W-2 preparation, job costing, payroll reporting and much more.

## **HR TEAM**

Most solution providers we work with assign a Client Service Representative as the single point of contact for clients for all HR matters.

- Handles client onboarding and ensures that first payroll is run accurately
- Advises on benefits funding strategies
- Assists with enrolling employees in health care plans

## **BENEFITS (optional) expect**

Most solution providers we work with offers affordable benefit packages that are fully compliant with the Affordable Care Act.

## KEEP IT SIMPLE STUPID

### *Our process is simple*

1. START - Broker/Agent submits a "qualified" insured with the proper risk attributes
2. ALTRISK - Scrub's the submission to make sure it's complete (makes added requests for information if necessary)
3. ALTRISK - Works to clear the submission with markets that accept the type of risk submitted
4. ALTRISK - Maintains communication with the various markets until a binding or non-binding rate quote is released
5. ALTRISK - Negotiates the final quote and compensation to make sure that both the client and broker win
6. ALTRISK - Releases the "best" option to the broker/agent and notifies the other markets, with less favorable terms, to close out their files
7. ALTRISK - Connects the broker/agent with a direct business development representative for the market so that both broker and market representative may review the proposal, program and next steps.
8. Broker - Sets up meeting with the client (face to face when applicable or conference call) to include the market representative to review the proposal and next steps
9. Broker - Submits bind request with signed proposal and paperwork
10. Market - Starts the on-boarding process, issues certificates of insurance (when applicable)
11. Broker - Completes ALTRISK Broker Agreement (W-9, E&O, License Copy)
12. ALTRISK - Calculates commissions, issues sales reports, and ACH's of commissions before the end of month (payments follow (1) month in arrears)

\* Gross FYC ranges between 8 to 10% or greater (Varies by risk, and market).

ALTRISK delivers "real" business solutions that solve many of today's problems related to managing human capital while keeping rising operational costs down.

## WIFM - WHAT'S IN IT FOR ME?

*A quick glance at what the winners get*  
More than just a Worker's Comp Policy

### **Standard Solution**

Standalone Policy  
\$185,000 with Taxes/Fees

### **Inclusive Service**

Policy + Services  
\$160,950 with Taxes/Fees

Standard Solution - The client procures a stand-alone workers comp policy and retains their existing 3rd party relationships with payroll service bureaus, risk and loss control firms, HR consultants, and attorneys. Based on a PriceWaterHouseCooper study the hard dollars associated with these costs is approximately \$1,200 per year per employee (does not include soft dollar costs which run another \$1,200 a year per employee).

Inclusive Service\* - The client single sources all the 3rd party relationships with a leading market that also provides the workers' comp coverage. This is accomplished at a cost lower than what the insured would pay for workers' comp premiums alone.

### *Meaningful Hard Dollar Savings*

Bottom Line - At first glance it would appear that the price variance between the two options above is only \$24,050; however that is only a "Apples to Oranges" comparison and it only reveals half the story.

When we take a closer "Apples to Apples" view we notice that the insured also has the 3rd party administrative and service costs. Based on the PWC study that cost is @ \$1,200 per year per employee. Typical companies we serve with similar premium liabilities have approximately 50 employees. Therefore we can estimate that the 3rd party costs run this insured another \$60,000 a year. That means the standard solution operational costs is really \$185,000 + \$60,000 for a grand total of \$245,000.

**Based on the revised Apples to Apples comparison... the TRUE SAVINGS is \$84,050.**

### Freed Cash Flow

Moreover, the typical out of pocket costs to renew a standard market policy of this size runs around 22% of gross premiums (before taxes); hence the insured is looking at stroking a check for \$38,665 in this instance. In contrast the Total renewal cost for the inclusive service is typically under 5% of workers comp premiums or less; there this same client would be looking at an out of pocket cost between \$300 and \$6,300 for a renewal cash flow savings between \$32,365 and \$38,365.

### *Which would you prefer?*

If you could buy the same "exact" house fully furnished with all the same furniture you would have bought yourself for a price 5 to 20% LESS than buying only the house would you consider buying the fully furnished house?

### Of course you would!

That's exactly how our program(s) work. 99 percent of insurance brokers present the unfurnished house ASSUMING their clients would rather pay extra of the furniture. The 1 percent of forward thinking brokers are not afraid to disrupt the status quo. Not only do they believe a complete solution is best for their client, they understand that their solution enables them to be problem solvers, and unique to the masses of brokers calling on the same prospect.

Inclusive Services includes the following:

1. Workers' Comp Coverage (AM Best "A" Rated)
2. HR Support
3. Legal Support
4. Loss Control & Risk Management Support
5. Aggressive Claims Management
6. Payroll & Tax Filings
7. Year End W-2 and Filings
8. Benefits Administration (when applicable)
9. EPLI (varies by program)

## LET US REVIEW YOUR OPPORTUNITY

### *Turning declines into satisfied clients*

We have 8 PEO markets with a variety of solid Carriers to work with including some of the highest rated AM Best Carriers in the country, including AIG, Zurich, Hartford, Amtrust, The Hartford, National Interstate, Lumberman's and many more. Submitting directly to these markets for a standard rate quote does not block these non-standard programs.

### *We handle most states*

AK, AZ, AR, CA, CO, CT, DE, FL, GA, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, WV, WI

### *Submission requirements*

- Acord 130 (FEIN, Past Premium and Carrier History)
- 3 Years loss history (5 years if premium is over \$100,000)
- Loss History Affidavit for accounts with Lapse in coverage or No Prior
- Explanation of claims over \$20,000
- Experience Mod-Sheet (WCIRB or NCCI)
- The Supplemental for the Class of Work pertaining to the risk being submitted
- If applicable New Venture form and Resume of Owner
- [newbusiness@revivebrokerage.com](mailto:newbusiness@revivebrokerage.com)

### *Misc. Underwriting Advice*

- No more than 30 to 35% of wages in low rate class codes such as clerical and sales
- No more than 30% use of part-time labor
- Nominal seasonal labor / No day labor
- Median wage of governing class code \$14 per hour or greater
- Roofing, Asbestos, and Mold remediation accounts with more than \$500,000 in premiums in California will be considered. All other states the minimum is \$100,000
- Medical transport companies non-emergency considered
- Accounts with x-mods Under 130 discouraged
- Accounts with under \$70,000 in expected renewal premiums discouraged
- Trucking accounts must have in excess of \$120,000 in estimated renewal premiums
- Staffing accounts must have in excess of \$200,000 in renewal premiums
- Risks non-renewed, cancelled or gaps in coverage will be considered
- Un-armed security guards considered

## RISK APPETITE

### targeted exposures - requiring carrier approval

The following exposures are specifically targeted. However, they require additional work comp underwriting to ensure a full understanding of the risks associated with each unique prospect. Prior carrier approval from the carrier may be required.

#### Exposures in this category must meet the following guidelines:

- \$500,000 in gross annual payroll minimum
- Prior WC coverage in place
- Pre-loss survey or loss control may be required
- X-Mod Worksheet / Premium History
- Minimum of \$60,000 in Expected Renewal Premiums (\$100,000 in NY)

#### in general

- Any operation with a 1.25 of greater mod
- Auto and Tire Service
- Boat Builders
- Cabinet Manufacturing and Installation
- Food Processing
- Landscaping Contractors
- Machine Shops
- Marinas
- Ornamental & Architectural Metal Work
- Restaurants
- Skilled Trade Contractors: Electricians, HVAC, Plumbing
- Wholesaler/Warehousing Operations with or without Delivery

#### building management

- 8740 - Apt/Condo – property mgmt. sup.
- 9007 - Apt/Condo Operation – seniors
- 9008 - Janitorial Services
- 9009 - Building Operation – commercial
- 9010 - Mobile Home Park Operation
- 9011 - Apt/Condo Operation
- 9015 - Building Operation N.O.C.
- 9066 - Homeowners Associations
- 9096 - Residential Cleaning Services
- 9097 - Swimming Pool Cleaning / Svc

### non-targeted operations - extremely limited

The following exposures are not targeted. These will only be considered under the strictest underwriting guidelines.

#### Exposures in this category must meet the following guidelines:

- X-Mod greater than 1.25
- \$1,000,000 in gross annual payroll minimum
- 5 years of loss and payroll history
- X-Mod Worksheet / Premium History
- Minimum of \$100,000 in Expected Renewal Premiums

#### in general

- Any operation with exposure to heights over 16 feet
- Any operations with below ground exposure
- Any operation with a 1.75 mod or greater
- Carpet and Upholstery Cleaners
- Commercial Contractors including: Paving/Grading, Masonry, Wallboard installation, Painters
- Countertop fabrication
- Drug Treatment not providing detox services
- Exterminators
- General Contractors
- Home Health Care
- Hospitals
- Non Profits
- Nursing Homes and Senior Living Centers
- Patio and Pool Enclosures and Installation
- Textile, Dyeing & Finishing Operations
- Thrift and Pawn Shops
- Unarmed Guards

#### transportation

- 7198 - Parcel Delivery Companies
- 7219 - Trucking Firms
- 7232 - Mail Delivery Service
- 7272 - Water Truck Service Companies
- 7360 - Freight Handlers
- 7382 - Bus/Limousine Operations
- 7392 - Beer/Ale Dealers
- 8290 - Warehouses – self-storage
- 8291 - Warehouses – cold-storage
- 8292 - Warehouses – general-merchandise
- 8293 - Warehouses – furniture
- 8350 - Gasoline/Oil Dealers

## **contracting/construction**

- 3724 - Millwright Work
- 5102 - Iron/Steel – non-structural
- 5107 - Door/Pre-Glazed Window Install
- 5146 - Cabinet/Fixtures Installation
- 5191 - Office Machine Install/Repair
- 5192 - Vending/Coin-Op Machines
- 5195 - Communications Cabling
- 5213 - Concrete Construction
- 5348 - Tile/Stone/Mosaic/Terrazzo
- 5436 - Hardwood Floor Laying
- 5443 - Lathing
- 5479 - Insulation Work
- 5606 - Contractors – exec. Supervisors
- 6400 - Fence Construction
- 7605 - Burglar Alarm Installation
- 8227 - Construction/Erection Perm. Yds
- 5027/5028 - Masonry
- 5140/5190 - Electrical
- 5183/5187 - Plumbing
- 5185/5186 - Automatic Sprinkler
- 5201/5205 - Concrete/Cement Work
- 5403/5432 - Carpentry
- 5446/5447 - Wallboarding
- 5467/5470 - Glaziers
- 5474/5482 - Painting
- 5484/5485 - Plaster/Stucco Work
- 5538/5542 - Sheet Metal Work
- 6218/6220 - Excavation

## **Waste Management**

- 7580 - Sanitary/Sanitation Districts
- 8264 - Paper Stock / Bottle / Rubber Stock Dealers
- 8265 - Iron & Steel Scrap / Junk Dealers
- 8500 - Metal Scrap Dealers
- 8847 - Beverage Container Collection
- 9402 - Sewer/Tank Cleaning
- 9403 - Garbage Collection / Street Sweeping
- 9424 - Garbage Dump Operations
- 9426 - Sanitary Companies