

CHSI

Driving Profits to Your Bottom Line

Self-Insured Groups: Top Six Myths Debunked



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Myth #1:

If I join a self-insured group and somebody else in the group has a catastrophic claim, I will have to pay more money and it could threaten my business.

>> **Fact:** CHSI managed self-insured groups are comprehensively protected against catastrophic injuries by insurance coverage with A-rated excess insurers. The excess carrier covers all costs of all claims that come from a single occurrence, whether it is one claim or 100. Each group pays an initial amount, such as \$350,000, called the Self-Insured Retention (SIR). Catastrophic injuries do not require further funds from group members.

Myth #2:

Self-insured groups are financially risky.

>> **Fact:** CHSI has a team of financial professionals who closely manage the financial health of its self-insured groups. Each group has a Board of Trustees, comprised of business owners and Chief Financial Officers. CHSI produces monthly financial reports to these Boards that are on par with Fortune 100 companies. The rating plans for each group are established in liaison with a certified actuary to ensure adequate funds in the groups. The actuary performs studies on the group's costs every year to ensure financial health of the group. Finally, each group is regulated and audited by state regulators. CHSI managed self-insured groups have met every financial test since the first group was launched in 1996.

Myth #3:

If another self-insured group falters, my group and my business can be forced to pay for their liabilities.

>> **Fact:** CHSI self-insured groups have ironclad financial controls and are secure. In the states in which CHSI operates, self-insured groups are ultimately supported by the tangible net worth of members. If another group faltered, that self-insured group would be responsible for a corrective financial plan first from its own membership, not from other self-insured groups.



Did You Know?

- >> Work comp claims costs are among the highest but most controllable business cost.
- >> Companies don't set a budget for injuries. So every injury a business endures comes right off the bottom line.

Myth #4:

If I join a self-insured group, I could be responsible for claims liabilities after I leave the group.

>> **Fact:** Self-insured group members only share responsibility for their time of membership. If a member decides to leave the group, its claims liabilities stay with the group, just as they would with an insurance company.

Myth #5:

Self-insured groups are unrated and therefore they can be a problem for members who need to be with an insurer that has an A.M. Best "A" rating.

>> **Fact:** CHSI managed self-insured groups have handled all A-rated paper requirements for members. In addition to the A-rated paper of their excess insurance carriers that support the group, the financial controls and strong regulatory relationships ensure financial strength. In fact, contractors have left poorly rated insurance companies and joined CHSI's Preferred Builders Self-Insured Group so that they could get public contracts.

Myth #6:

Self-insured groups have failed in many states.

>> **Fact:** Self-insured groups have had a better track record than insurance companies in terms of continuance of business. In cases of selfinsured group failures, the issue has always been an absence of administrative and underwriting integrity by the program administrator. In several cases, regulators also failed to act on financial reports filed by the group and did not take advantage of an opportunity for recovery of the group. CHSI maintains strict controls in all of its administrative processes, works closely with its actuaries on maintaining rating integrity and has routinely passed its state audits without recommendations for corrections.