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Letter to the Editor: Times Union, www.timesunion.com

Story on self-insured group trusts incomplete

The spokesperson for Compensation Risk Management LLC made an inaccurate statement in your recent article "Firms scramble for workers' comp" that must be corrected for readers to have a complete understanding of the self-insured group trusts' issues.

Chris St. Hilaire, a spokesperson for CRM, a company that had to surrender its administrator's license and was fined \$96,110 and \$55,000 by the state Insurance Department and state Workers' Compensation Board, respectively, stated that "across-the-board rate cuts at commercial insurers were a factor in the trusts' financial troubles."

These rate cuts and companies shifting to coverage with commercial insurers have nothing to do with a trust's financial condition. Rather, it is apparent that a major factor behind the financial troubles of the trusts administered by CRM is due to the trusts not properly saving sufficient reserves for future losses.

In this case, the employers who make up the trusts will be required to cover a shortfall that has been estimated to total at least \$59 million.

In contrast to a self-insured group trust, a commercial workers' compensation insurance carrier is regulated by both the state Insurance Department and the state Workers' Compensation Board.

Employers and their employees have double protection with a commercial carrier. First, carriers are regulated for solvency to ensure the companies will be around to pay claims. Second, in the unlikely event an insurance company fails, commercial insurers contribute to a security fund to be certain claims will be paid.

Employees who work for employers using self-insured group trusts for their workers' compensation coverage do not enjoy these robust protections. Employers and their employees have peace of mind that even under the worst circumstances legitimate claims for workplace injuries will be settled fully and quickly when using a commercial carrier.

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