

SCF Arizona

A Safety Newsgram for Association and Chamber Executives

Safety Pays



AZ business
climate changes

Sounding as ominous as a CNN business report, SCF President & CEO Don Smith cautioned attendees at the annual Association Safety Program meeting that “it isn’t business as usual.”

The downturn in the economy worldwide has hit Arizona especially hard, as businesses in the state struggle to stay afloat. “We can’t even rely on history to tell us what to do,” Smith said. “We really are in uncharted waters.”

Smith assured attendees, however, that SCF has taken steps to help it weather the financial storm. He explained that while SCF lost some money during the stock market’s downward spiral, the company invests carefully in long-term, low-yield bonds so the loss was not as great as it might have been.

Smith said that investing on Wall Street is a good strategy when the economy is stable, but added, “The one thing we didn’t predict 15 years ago is the really high rise in medical costs.”

The cost of healthcare is one of the fastest growing segments of the economy. Each year since 1992, medical costs have increased by 10 percent or more.

..... business climate



“One piece of good news is that in the last 10 years, the incidence of claims has been cut in half,” Smith said. “When we look at your performance and the commitment you make toward safety, it has just been tremendous, and we thank you.”

Smith encouraged ASP partners to continue working with SCF to help control workplace injuries and to encourage safety.

SCF Named “Economic Engine” of Arizona

AZBusiness magazine named SCF Arizona one of the state’s “Economic Engines” during its annual ceremony in October.

The monthly publication honored SCF for its proactive efforts to keep workers’ compensation insurance premiums low despite spiraling healthcare costs, making Arizona an attractive place for businesses.

Specifically, *AZBusiness* cited SCF initiatives that help cut costs, including: the Preferred Connection Network; Right to Work/Stay at Work program; Association Safety Program; returning \$1.5 billion since 1970 to businesses in the form of safety dividends; advocacy of workplace safety through sponsorship of the statewide Safety Works Expos and offering other safety seminars; and community involvement through charitable giving, volunteerism and public outreach.

SCF President & CEO Don Smith says the recognition is important for the company. “We have been working hard to shift the image and role of SCF from that of a reactive bureaucracy to that of an institution that promotes innovative and forward-

thinking economic development opportunities in Arizona.”



for you

Releasing the risky

At one time SCF Arizona volunteered to act as the state’s “provider of last resort.”

While the decision built good will during prosperous times, the generosity doesn’t help during a slow economy. SCF plans to clamp down on policyholders that are “an unacceptable risk,” says Rick Jones, SCF vice president of customer relations and president of SCF Arizona Premier Insurance Company.

Jones said a group of policyholders that pay a total of \$6 million in premiums cost SCF \$30 million in medical and indemnity claims.

“We don’t think that’s fair. We need to protect our association relationships and their members by lowering that combined loss ratio and stabilizing our pricing model,” Jones said. “One way to do that is not to reward those companies that have little regard to safety.”

Keep it covered

Arizona-based companies can get workers’ compensation coverage for their out-of-state operations through SCF Arizona. Multi-state coverage has been expanded to include policies with \$25,000 or more in premium.

With competitive pricing, outstanding claims management and professional loss control services, adding out-of-state coverage makes workers’ compensation coverage easier to administer.

For information on how SCF can support your out-of-state operations, call Justin Bro at 602.460.6029 or e-mail him jbro@scfaz.com.

Rumor control

Questions regarding whether SCF Arizona would eliminate bonus safety dividends to associations were answered in October during the annual Association Safety Program meeting.

“We want to preserve our dividend capacity,” Rick Jones, vice president of customer relations and president of SCF Arizona Premier Insurance Company, emphasized, adding that only the boards of directors for SCF Arizona and for SCF Arizona Premier can approve dividend payments.

Jones explained that for the boards to feel comfortable approving dividends, SCF has to “price our business better.”

To do that, SCF plans to launch three companies in 2009. SCF Western Insurance Company will give policyholders that range in premium from \$20,000 to \$50,000 per year an option to choose up-front savings rather than to rely on potential year-end dividends.

Qualified association members can switch to SCF Western once that company begins operations. Jones said switching will be seamless as SCF’s employees also will handle SCF Western accounts and association safety partners will continue to receive the same benefits they receive now.

The other two companies are SCF General for companies that pay less than \$20,000 in premium and SCF Casualty, which Jones described as a company for policyholders that need significant improvement in loss ratios.



COPY THAT

Safety Pays articles are available at www.scfaz.com in pdf format. If you need a Word document for reprinting, simply contact your SCF Arizona association coordinator.



Rewarding ASP membership

A change in SCF Arizona's pricing strategy rewards policyholders that belong to the Association Safety Program.

During the annual ASP meeting in October, SCF Vice President of Customer Relations and President of SCF Arizona Premier Insurance Company Rick Jones announced that SCF can provide a deviation from the Department of Insurance's set rates for workers' compensation insurance. The discount will be passed along only to its policyholders that are also members of associations participating in the Association Safety Program.

For example, in September the DOI approved SCF's request for a 10 percent discount rate. In the past, all policyholders received it. Now, only the 12,000-plus policyholders that belong to trade associations or business organizations that partner with SCF in the Association Safety Program will receive the lower rate.

"Currently we write just about everybody," Jones explained. That means even companies with high loss ratios and poor safety records have benefited. "There is no penalty if they don't belong to an association; they still get the discount. That's going to end."

SCF's association program is recognized as one of the best safety

partnerships between a workers' compensation carrier and industry associations in the nation, said Phyllis Senseman, SCF Arizona's marketing director.

"You all are to be commended for all for the hard work you have done promoting safe workplaces," Senseman said, pointing out that hundreds of employers and their workers are participating in safety training workshops annually.

This may be why association members have loss ratios 4 to 10 percent better than companies that do not belong to an association, she said.

"As your partner in workers' compensation insurance and workplace safety, one of our goals is to provide you with additional tools and resources to promote your associations' ASP program," Senseman added.

"We have also created team alignments with our sales executives and regional teams for better new business, retention and safety efforts," she said. "We know you want us to be visible and accessible at your safety committee meetings, safety trainings and some of your events to help promote the program and to help you keep other brokers from telling tales about SCF and taking business out of your ASP program."

Calendar

Watch for these seminars coming to your area. For additional classes and other information, visit www.scfaz.com and click on *Policyholders/Safety & Prevention* or contact SCF Arizona's Risk Management Team at 602.631.2008.

JAN. 15

Safety Management • Flagstaff

JAN. 27

OSHA Recordkeeping • Prescott

JAN. 28

OSHA Recordkeeping • Phoenix

FEB. 4

Fall Protection • Prescott

FEB. 5

Safety Management • Phoenix

FEB. 11

Electrical Safety • Kingman

FEB. 11

Scaffold Safety • Kingman

MAR. 5

Fall Protection • Flagstaff

MAR. 5

Construction Safety Mgmt • Flagstaff

MAR. 10

Lockout/Tagout • Bullhead City

MAR. 10

Forklift: Train the Trainer
• Bullhead City

MAR. 11

Heat Stress Prevention • Phoenix

MAR. 12

Back Injury Prevention • Prescott

For association-related questions, e-mail or call an SCF specialist:

Sandra Covington
scovington@scfaz.com • 602.631.2032

Tod Dennis
tdennis@scfaz.com • 602.631.2212

Brad Deuser
bdeuser@scfaz.com • 602.631.2038

Mike Felix
mfelix@scfaz.com • 602.631.2009

Wendell Macnab
wmacnab@scfaz.com • 602.631.2033

Ed Redmond
eredmond@scfaz.com • 602.631.2983

Phyllis Senseman
psenseman@scfaz.com • 602.631.2010

Shane Urry
surry@scfaz.com • 602.631.2000

www.scfaz.com

2008 © SCF Arizona