

Workers' Compensation: New Legislation Gives Dealerships a Proven Alternative

Provided by Brentwood Services Administrators, Inc.



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To give Texas trade and professional associations the same advantages as those provided in many other states, the Texas Department of

Insurance adopted rules in 2004 that allow association members to join together as a group to self-insure for workers' compensation coverage. TADA is excited about the member benefits that can be achieved by forming an association sponsored self-insured workers' compensation group and, like several other Texas associations, is moving forward to take advantage of this opportunity.

Rather than purchasing insurance through a traditional insurance carrier, qualified members of an association join together and form a self-insurance group. The basic purpose of insurance is to transfer risk, however, through a self-insurance group members collectively retain risk up to a certain level. To protect the group against large individual occurrences and annual aggregated losses, excess insurance is purchased. Each member of a self-insurance group shares in the losses and profits, which creates a strong incentive to prevent injuries and control operational expenses.

As established in the new rule, self-insurance groups will be regulated by the Texas Department of Insurance and must meet initial statutory requirements before being granted a certificate of approval from the commissioner of insurance. The TDOI will monitor each self-insurance group to ensure operational provisions are satisfied and obligations under the rule continue to be met.

The formation of the Texas

Automobile Dealers Self-Insurers Group (AutoCOMP) enables qualified TADA members to participate in a member-owned and controlled workers' compensation program. AutoCOMP will allow like-minded dealers who are committed to workplace safety and want to take an active role in mitigating claim costs to control their workers' compensation destiny and reap long term cost savings.

Based on the proven experience and successful history of association sponsored self-insurance groups from across the country, AutoCOMP is designed to be a stable and cost effective workers' compensation alternative. Unlike traditional insurance companies that emphasize return on equity, cash flow and other objectives that drive retained earnings and share price, AutoCOMP focuses on member risk mitigation needs through value-added services coupled with dividends and return of capital when deemed prudent. Simply put, AutoCOMP operates exclusively for benefit of its members.

Other advantages of membership in AutoCOMP:

- Member owned and controlled
- Governed by Board of Trustees elected by membership
- Competitive premiums with pricing approved by Board of Trustees
- Long term pricing stabilization
- Retains benefit of investment returns
- Favorable group experience increases potential dividends and return of capital to members
- Significant industry specific loss control and engineering services
- Aggressive claim mitigation strategies
- Focused underwriting with stringent membership criteria

The development and management of a self-insurance group requires professional expertise. After completing a national search and

comprehensive evaluation of companies that specialize in administering self-insurance groups, TADA chose Brentwood Services Administrators, Inc. (BSA). BSA has extensive experience and a successful history in working with associations throughout the country including other state automobile dealer programs. BSA's success in assisting associations build strong self-insurance groups provides AutoCOMP with a proven partner.

To protect the mutual interest of each member and ensure the long-term success of AutoCOMP, TADA members must satisfy certain eligibility standards. At a minimum, requirements include:

- A TADA member in good standing
- Provide completed TADA Self Insurers Group Membership documents
- Meet underwriting criteria
 - ✓ Examination of a current dealership financial statement
 - ✓ Have favorable loss experience as established in the Group Operations Manual by providing 5 years of currently valued loss runs
 - ✓ Subject to acceptable pre-membership loss control evaluation
 - ✓ Most current NCCI experience modifier worksheet
- Demonstrate a commitment to workplace safety through formal programs

To learn more about self-insurance groups and the advantages that AutoCOMP has to offer your dealership, please contact Roger Thormahlen with Brentwood Services Administrators, Inc. 📞

