

Workers' Compensation[®]
trust

1981 - 2016



YEAR

Anniversary Edition

2016 Annual Report



Diane M. Ritucci
President & Chief Executive Officer

A Message to Members and our 35th Anniversary Highlights

2016 marked our 35th anniversary. It was a terrific year filled with many achievements and great success!

Highlighting 2016 in the “CELEBRATION” category was our anniversary celebration at the Aqua Turf Club. More than 400 attendees enjoyed a wonderful, entertainment filled evening set in a Cuban “Havana Nights” theme. The night presented an array of testimonies and awards showcasing the positive impact the Trust has had on Connecticut’s healthcare & human service industry over the years and the loyal bonds between the Trust, its members, brokers and medical providers. An official statement from Governor Malloy was presented by board chairman, David Tompkins, as well as a Congressional Record entry from Congresswoman Rosa DeLauro, both attesting to the vital role the Trust has filled throughout its history.

Not to be outdone, the “FINANCIAL” category had some truly outstanding results of its own as 2016 continued the favorable trending of recent years by delivering exceptional news for Trust members. Our continued focus on implementing effective loss control programs to reduce or eliminate claim exposures, combined with cutting edge claims management programs designed to reduce lost worktime, improve medical outcomes and ultimately lower claim costs have all culminated in a record **\$5 million premium return** to members for 2016. In total the Trust has returned over \$31 million back to our members.

But the good news didn’t stop there. For the second year in a row, the Trust reduced rates for our members with an **average rate reduction of 10% for the 2017 policy term**. Results like this are more than just welcome news to so many of our financially challenged members, they are sound testament of the Trust’s power to truly make a difference by providing its members with financial advantages and services not available from the traditional insurance market.

Under the category of “MEMBER SERVICES”, member participation in our highly successful, online Trust University continues to increase dramatically with more than 11,400 courses completed in 2016. This year’s enhancements included several new management tools for supervisors to monitor employees’ progress in completing assigned courses along with a user friendly grouping by “member type” to outline recommended safety courses to assist in meeting applicable OSHA compliance standards and reduce specific loss exposures.

Most rewarding, though, is the expansion of our claims advocacy program, a commitment that comes first in everything we do. From ensuring dignity and respect, earning trust and engagement, communicating effectively with transparency, eliminating unnecessary friction and frustration, delivering benefits in a timely manner while supporting fast and full recoveries, we never lose focus of our true purpose and mission to meet the needs of the injured worker.

In our ever changing world of rules and regulations, doing all of these things effectively year after year is a daunting challenge and requires continuous reevaluation and modification of our programs. Thankfully, we have an exceptionally talented and experienced staff that is able to move swiftly and effectively to implement new ideas and programs while simultaneously developing strong working relationships with our members, medical providers and brokers. Our outstanding results are the result of a true team effort and their work is truly appreciated. Happy 35th Birthday Workers’ Compensation Trust!

2016 Outstanding Awards

The Trust recognized excellence in the fields of medicine, law, insurance brokerage and within its own staff. On the occasion of our 35th anniversary, we could think of none more deserving than the following:

Best Doctor



Dr. John Beiner of CT Orthopaedic Specialists was awarded the Best Doctor Award.

Outstanding Law Firm



Neil Ambrose & Kristen Falls accepted the Outstanding Law Firm Award on behalf of Letizia, Ambrose & Falls, P.C. of New Haven.

Outstanding Employee



Kathleen Bepko, 14 year employee and Claim Manager was awarded the Outstanding Employee Award.

Distinguished Broker



Paul Palanzo of Rose & Kiernan in Danbury, was awarded the Distinguished Broker Award.

2016 Awards of Excellence

presented to members who have shown great progress in their effort to reduce losses

Whitney Center, Inc.

12 year member
Skilled Nursing and Assisted Living



Ken Sandberg, Chief Operating Officer, received the award.

Cheshire House

13 year member
Long Term Care Facility



Stanley DeCosta, Administrator, accepted the award.

Franciscan Family Center

24 year member
Home Care & Hospice



Sister Suzanne Gross, Executive Director, accepted the award.

30-Year Members Recognized



The Trust is pleased and proud to recognize two members who have been with the Trust, continually, for over 30 years! Andrea Wilson (left), Executive Director from New Milford VNA accepted a plaque of appreciation at the 35th anniversary celebration, while Carol Fronczek later met with Crystal Holtzclaw (right) from Stamford Hospital to present her with an acknowledgement.

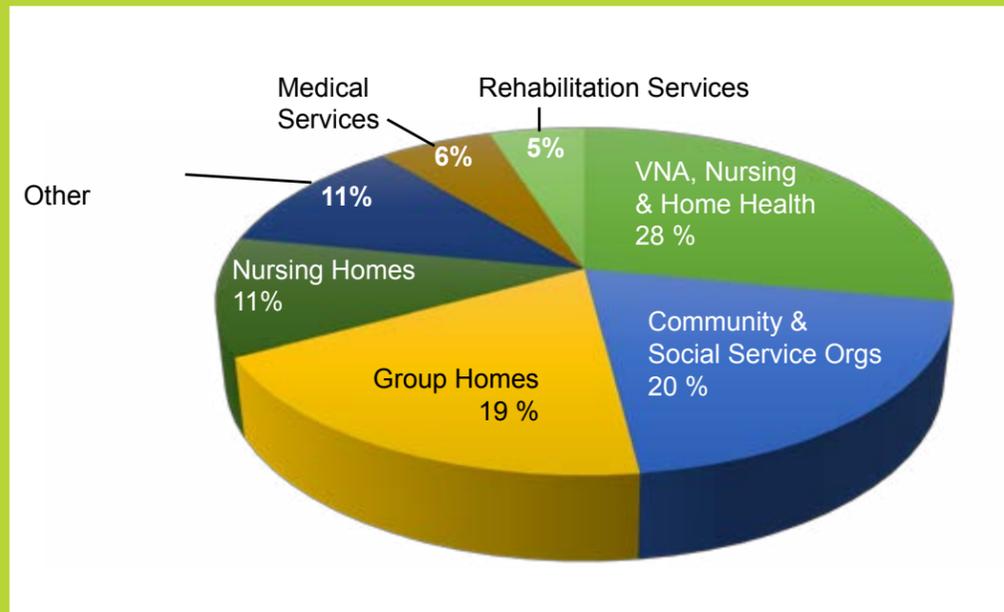


TrUst: Working Together We Can Accomplish Great Things

Record \$5 Million Premium Returned

The 2016 year not only marked our 35th anniversary, it also had the distinction of marking the Trust's largest ever single year premium return of \$5 million. This large premium return distribution was the direct result of the cumulative effect of the Trust's strong performance during the last several years. At the Trust profits are returned to our members rather than stockholders.

Member Composition



Trust Maintains Ranking as 5th Largest Workers' Compensation Provider in Connecticut

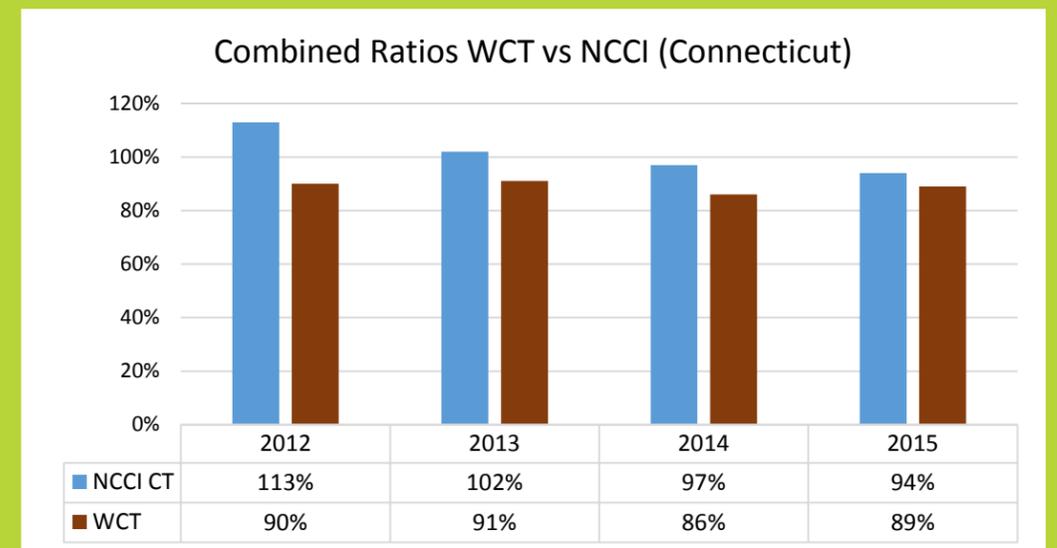
The Trust continues to rank as Connecticut's 5th largest provider of workers' compensation and is the state's largest provider of workers' compensation to the healthcare and human services industry.

The Trust currently provides coverage to more than 67,000 employees statewide.

Better Than Industry

"Combined Ratio" is an important measure for insurance companies. It compares ultimate claim costs and expenses to the amount of collected premium. A factor of less than 100% represents an underwriting profit, while a factor above 100% represents an underwriting loss. The Trust continues to significantly outperform the industry.

Certainly the membership has embraced our effective loss control programs, claims strategies, medical cost containment and return to work programs. These major components have served us well as we consistently have been lower than the Connecticut industry averages for Workers' Compensation costs in this state.



Loss Control: Eliminating Injuries; Protecting the Workforce

An organization's employees are its most valuable asset. Keeping them safe is a number one priority. Trust loss control staff efforts are designed to assist all levels of the organization with maintaining a safe work environment to prevent employee injuries and incidents.

Oftentimes it is difficult to measure the impact of safety to the bottom line. But the Trust loss control staff has provided members with services and resources which have shown an impact in the reduction of lost time claims associated with Slips, Trips and Falls, Client Interaction and Patient Handling.

Since 2013 Lost Time Frequency Rates have decreased

Slips, Trips, Falls **31%**

Patient Handling **29%**

Client Interaction **15%**

"I cannot stress enough that the Trust has been a pleasure to work with. They keep us up to date on changes with regulations, handle claims efficiently and their training offerings are second to none. Special thanks to your staff who have made my life so much easier"

*Janice Natale
Benefit Coordinator
Whitney Center*

Over 1,660

supervisors and managers received training by Trust staff

Over 1,000

visits and consultations with members to establish safety committees, meet regulatory compliance, complete accreditation audits, create policies and conduct training.

Over 100

on-site safety trainings were provided

"Certainly a cornerstone of the Trust's success has been its loss control programs. We have more than one client who has benefited from a safer workplace and lower costs."

*David W. Peters
Vice President
Brown & Brown of CT, Inc.*

"We are grateful that the Trust has such a comprehensive educational and hands-on approach to helping us succeed in serving our population."

I would like to express my gratitude for your recent consultation at our organization. I learned more about the Trust than I ever knew existed and much of it has application for the Hannah Gray Home renewal blueprint. We are looking forward to working with you and taking advantage of all that the Trust has to offer."

*Robert Page, LCSW
Executive Director
Hannah Gray Home*

"Thank you for coming out to New Horizons to check on our Recordkeeping for OSHA. I feel more confident now moving forward with all of the assistance that you have provided."

*- Lisa Gradzewicz
Founder & President, Golden Horizons Elder Care Services*

A Multitude of Education Opportunities

Education Programs

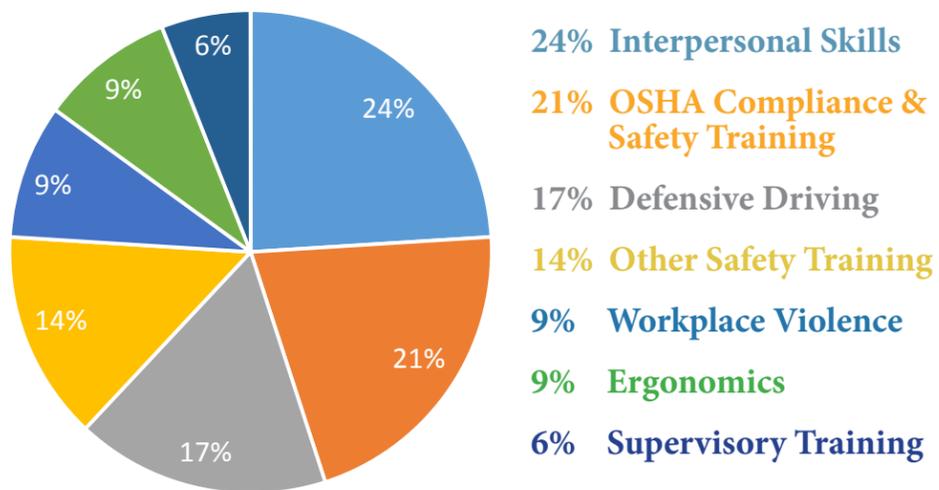
Education continues to be the greatest resource utilized by members to prevent work related injuries and illness. Whether or not it is provided on-site by the Loss Control staff, online through Trust University, borrowing from our Video Lending Library, or attending our educational programs on site.

Trust University- online training for employees and managers

Trust University received a makeover in 2016. There are now 11 “schools” focused on what our members do. Specific courses are suggested based on exposures for the type of organization with the ability for members to develop and choose their own curriculum. The newly revamped University provides several new tools enriching both the user and administrator.

Trust educational programs continue to receive rave reviews from attendees. Members have come to rely on these educational opportunities as an adjunct to their in-house training. One member’s employees attended 75% of the courses offered. Eleven new courses were presented including a new supervisory series, a course in Therapeutic Sensitivity, and new regulatory courses concerning Confidentiality and New Legal Requirements. Seventy drivers were trained and received certification from attending DDC4 classes. The Trust remains the only certified National Safety Council driver training facility in CT.

Types of Courses Taken



“Although we believe that live in-service training is valuable, this resource has afforded us the opportunity to ensure that our caregivers are provided training without the cost of hiring trainers, taking up the time of current staff for training, as well as the administrative work that goes into coordinating live training..... Our caregivers have provided positive feedback about their experience as well.”

*Judith Ursini
HR Director & Staff Dev. Coord.
Caregiver’s Home Solutions, LLC*

Over 1,450

attended 33 programs

“Over the past year, Opportunity Works has utilized Trust trainings and have found it very useful and informative. Not only do the trainings assist us to meet our state training requirements, but they also have helped us with the governance of our agency. The low or no cost of these trainings provides our agency, as a non-profit, the ability to greater educate our staff.”

*Rene Lambert, Executive Director & Co-Founder
Opportunity Works CT*

Video Lending Library

Utilization of the lending library, a free resource for our members, continue to grow in 2016. Members took advantage of newly added DVDs which provided learning opportunities specific to our members who service the community, OSHA compliance and Workplace Violence. The lending library provides members with up to date resources to train employees at no cost.

Over 85

videos are now available at no cost to our members

11,489

courses were taken. Trust members recorded a pass rate of over 90%

Claims Advocacy: Prioritizing the Injured Worker

Studies have shown that expressions of injured worker advocacy results in more successful claim outcomes. The Trust expanded our Claims Advocacy program in 2016 by establishing key pillars of how we handle claims.

Key pillars of claim advocacy at the Trust include:

- Earning the trust of the injured worker through respectful engagement
- Offering timely and effective communication with transparency in how we are handling their claim
- Using advanced technology to streamline the claims handling process to deliver benefits in a smooth and uninterrupted manner
- Constantly monitor, audit and revise programs and policies to minimize, or eliminate friction and frustration experienced by the injured worker during recovery



3,699 New Claims

45% Reduction in Lag Time since the new online reporting system was activated

There's no denying that work related accident resulting in injury can impact an employee in more ways than just their affected body part. Sometimes the extent of the injury, treatment, associated pain and recovery does not always go as planned. The struggles of coping can further create undue stress and pressure, all of which can delay in an employee's recovery.

New Touchpoint Focused on Return To Work

Consistently adding information and resources for the injured workers, the Trust developed a new Touchpoint aimed at educating workers about the value of returning to work.

"I hold a very high and favorable opinion of you and your group. BEST IN CLASS!"

*Dean Mandis, Regional Underwriter
Midwest Employers Casualty Company*

Managing the Medical Side of Claims

Membership in the Trust ensures participation in a State Approved Medical Care Plan. The Trust was an early adopter of this very important tool that allows employers to establish a provider network and use utilization review of medical procedures to ensure quality of care is being offered.

Provider Network

700 Providers

contracted with the Trust and credentialed using CAQH standards

9 Specialties

represent 99% of claim handling needs

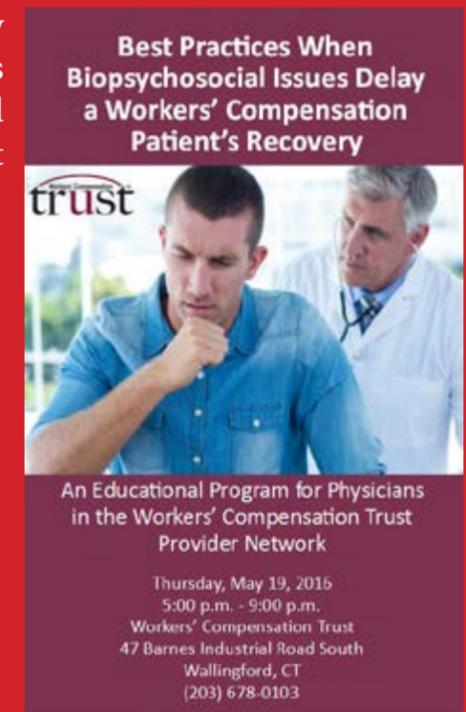
Psychological Assessment & Management

The Workers' Compensation Commission released new protocols to assist with providing treatment for chronic pain. The Trust disseminated the protocols to medical providers and continues to be a resource for the provider network.

Physician Education

The Trust hosted an onsite educational seminar focusing on how biopsychosocial issues can delay a workers' compensation patient's recovery. Over 85 providers attended. Several nationally recognized speakers presented, including our own Chairman of the Connecticut Workers' Compensation Commission, John A. Mastropietro.

This event is an example of our commitment to work collaboratively with network providers for the common goal of providing the best and most effective quality care available to injured workers.



Opioid Utilization

The Trust utilizes a national pharmacy benefit manager with clinical expertise, innovative technology and actionable business analytics that focus on workers' compensation patient advocacy. This partnership has achieved excellent results in pharmaceutical management.

41% Drop

in Morphine Equivalent Dose (MED) due to proactive prevention programs to reduce opioid use in injured workers.

Strengthening Broker Relationships

“You are a great partner”

*Mark Fries, CPCU
Senior Vice President
Peoples United Insurance Agency*

Trust - Broker Partnership

In April the Trust conducted a “Partnering with the Trust” seminar solely dedicated to our brokers and agents. The seminar provided valuable information on how brokers can work more effectively and efficiently in the claims and loss control process with their Trust clients, providing them with a deeper understanding of the multitude of services available. The meeting was well attended and received favorable feedback.

Over 200 Agents

represent Trust members.

Agents come from

Over 150 Agencies

throughout New England

“Pay As You Go” Program

The Trust continues to offer Pay As You Go programs to eliminate large premium deposits, reduce audit risk, and improve business cashflow.

Trust Academy for Insurance Professionals

Trust Academy for Insurance Professionals is licensed by the State of Connecticut to provide licensing, continuing education, CE, law & ethics and professional insurance designation courses (i.e., ARM, ACSR, AAI, AINS), as well as other programs to provide education to brokers.

1,250

Credits earned and reported to the State Insurance Licensing Unit

416

Agents recieved Continuing Education Credits at Trust Academy

55

Continuing Education Courses

31

Newly Licensed Brokers

“I feel so lucky to have the Trust as a market because truthfully, there are very few markets that would even entertain some of the risks that we insure together, never mind that you truly partner with the insured to reduce losses and to provide other valuable services”

*Carolyn Hart, Account Manager
The Gowrie Group*

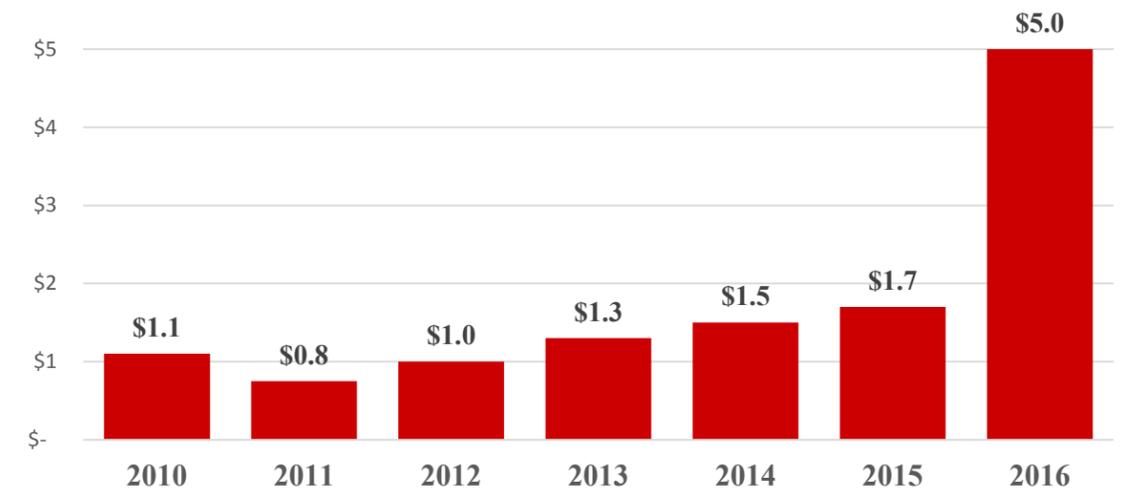
Financial Results

	2016	2015
ASSETS		
Cash and Investments	\$166,246,862	\$149,834,742
Premiums Due From Members	20,203,048	19,540,221
Other Assets	12,673,795	11,327,991
Property, Building, and Equipment	3,701,823	3,868,648
TOTAL ASSETS	\$202,825,528	\$184,571,602
LIABILITIES		
Unpaid Loss and Loss Adjustment Expenses	\$125,968,408	\$115,929,697
Unearned Premiums	17,728,241	18,494,076
Reserve for Future Premium Returns	17,876,924	15,876,924
Current Liabilities	10,321,712	8,436,972
Total Fund Balance	30,930,243	25,833,933
TOTAL LIABILITIES AND FUND BALANCE	\$202,825,528	\$184,571,602
REVENUE		
Premiums and Commissions, net	47,925,681	53,520,229
Investment Income	4,263,775	4,080,971
Realized Loss on Investments	(12)	(1,330,661)
Other Income	1,196,161	1,174,471
TOTAL REVENUES	\$53,385,605	\$57,445,010
EXPENSES		
Loss and Loss Adjustment Expense	\$34,589,704	\$37,034,627
State Assessments	2,292,828	2,444,679
Commissions	3,111,948	3,111,948
Professional, General, and Administrative Ex	8,345,988	7,921,134
Federal Income Taxes	1,628,441	2,293,592
TOTAL EXPENSES	\$49,968,909	\$52,805,980
Net After Tax Income	\$3,416,696	\$4,639,030
Fund Balance		
Beginning of Year	\$25,833,933	\$23,448,165
End of Year	\$30,930,243	\$25,833,933

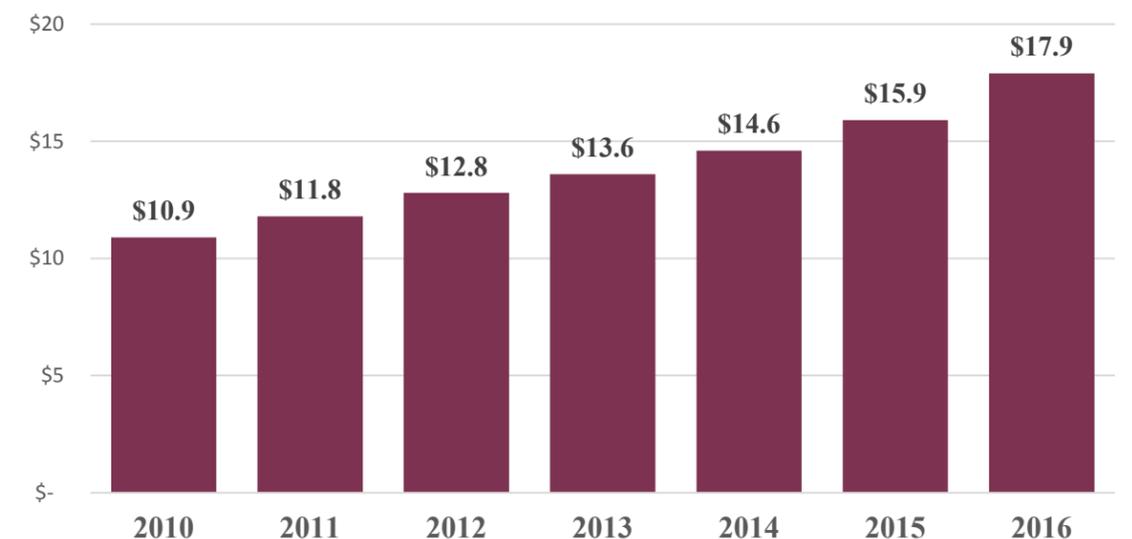
Premium Returns

The Trust is committed to returning excess premiums to our members. Over \$31 million has been returned to date and nearly another \$18 million is currently set aside for future returns

Premium Return Distribution Since 2010
(in \$Millions)



Reserve for Future Premiums Returns
(in \$Millions)





**Connecticut's leading provider of
workers' compensation insurance to healthcare and
human service industries for over 35 years**

Board of Directors



From left to right

John R. Quinn, President & CEO of VNA of So. Central CT (since retired); **Russell C. Schwartz**, Vice President & Director of Operations at Avon Health Care Center and West Hartford Health & Rehabilitation Center; **W. Rennard Wieland**, President of CT In-Home Assistance; **William Horrigan**, Honorary Director; **Diane M. Ritucci**, Board Secretary and President & CEO of Workers' Compensation Trust; **David H. Tompkins**, Board President and Vice President of Klingberg Family Centers; **Charles F. Shelton, Jr.**, President of Branford Hills Health Care Center; **Brian A. Carney**, Board Vice President and Chief Financial Officer at Western Connecticut Home Care; **Joseph M. Milke**, Board Treasurer and Vice President at Klingberg Family Centers; **Keith E. Lavalette**, Executive Director of New Seasons, Inc.

Missing from photo, Robert A. Boardman, Retired President of Capitol Area Health Consortium; and Linda Worden, President of Worden Elder Care Consulting.

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