

Guiding the Way



Workers' Compensation
trust[®]
2014 Annual Report

A Message To Our Members

For 33 years the Trust has served as a dependable beacon guiding members through the difficult waters of workers' compensation. The 2014 year was certainly no exception as our efforts in the areas of accident prevention, claim management, medical expense control and legislative action all bear witness to the important role the Trust plays in reducing losses and controlling premiums. Navigating in an ever changing environment is what we do best.

Trust members represent a broad sector of the healthcare market delivering a diverse range of care and services to those in need. As a result, employees are exposed to a vast array of risk. We embrace the challenge of effectively managing these exposures by working in partnership with our members to provide best practice solutions that make a difference. Our six month pilot project for group homes is an excellent example of the Trust's dedication and commitment to a class of business challenged by high losses and rising premiums.

Our commitment enables us to significantly outperform industry loss results. The Trust's combined loss ratio over the past five years is over 16% lower per year than the combined results of all other carriers in Connecticut. An impressive accomplishment made even more astounding when considering the Trust provides coverage on many types of businesses that other carriers won't cover due to high loss exposures.

The year also proved to be very active on the legislative front as the Trust served on two separate Connecticut Workers' Compensation Commission committees focusing on critical areas of our business; opioid overuse in our industry, and a fee schedule for services rendered at hospitals and ambulatory surgical centers. Both of these committees were active in 2014.

The Trust's commitment to training and education continues to be unmatched in the industry. Over 1,200 member employees attended a multitude of training and educational seminars held at our facility. In addition, our online Trust University educational and training courses saw record growth in new users setting a record high of nearly 12,000 courses taken throughout the year.

Never forgetting that the injured worker is the center of our existence, we initiated an "Injured Worker Touchpoint Program" which provides informational fact sheets addressing certain surgical procedures, addictive narcotics and more, so that workers and their families can better advocate for themselves to achieve better outcomes.

The Trust has a very special and talented group of employees, each dedicated to delivering our members the best service possible. We all truly admire the members' dedication to their mission. We attempt to do our best, each and every day, to support them in that endeavor. My heartfelt "Thanks" for a job well done!

Sincerely,



Diane M. Ritucci
President & Chief Executive Officer



Tribute to a Great Friend and Colleague Commander Richard R. Paton, USCGR

On October 7, the Trust lost longstanding board member, Richard Paton. Dick was the beloved husband of Caroline Paton, and lived in Ellington, CT.

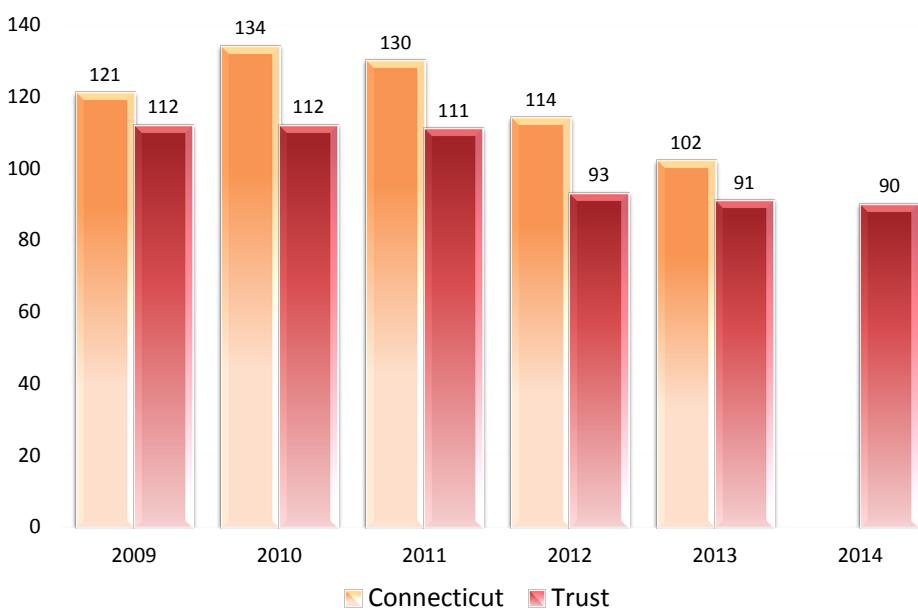
Dick had been a Board member since 1997 providing his extensive experience in the insurance industry and professionalism to the Trust. He will be greatly missed.

Trust Outperforms Industry

Workers' compensation premiums are directly affected by loss results; and lower losses lead to lower premiums. Attaining substantially lower loss results than the industry is not an easy task, especially in a more loss intensive industry such as healthcare. Gaining an edge of just two or three percentage points is a significant accomplishment in the insurance industry.

Per data reported by the National Council of Compensation Insurance (NCCI), the Trust produced astoundingly better loss results than all other Connecticut carriers combined.

CT Industry v. Trust Ultimate Combined Ratio



From 2009 to 2013, the Trust outperformed NCCI companies by an average of more than 16% per year. Our projected ultimate combined ratio for 2014 is even lower, at 90%.

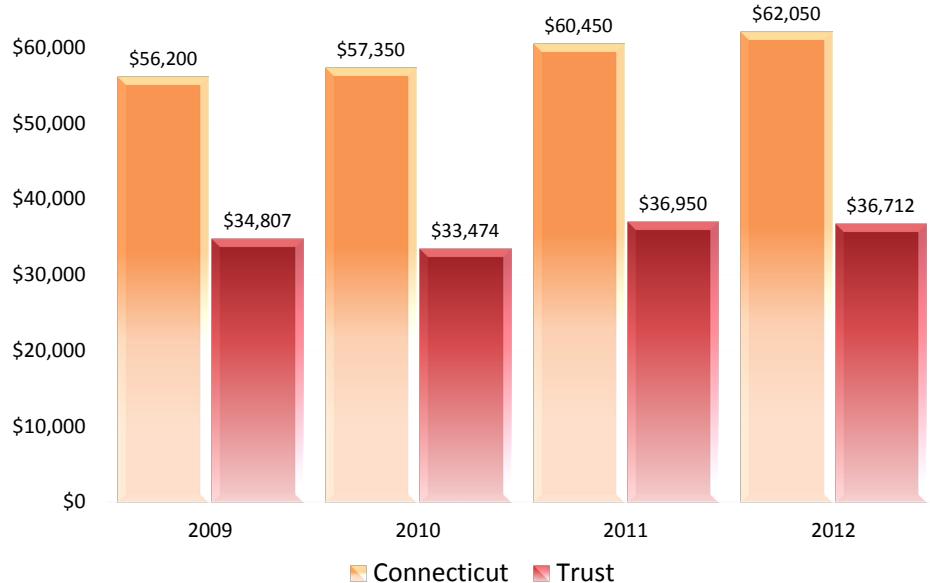
Combined ratio is calculated by taking the sum of incurred losses and expenses and then dividing them by earned premium.

NCCI projections for 2014 are not yet available at the time of printing.

CT Industry v. Trust Average Claim Cost

The Trust's estimated ultimate average claim cost is significantly less than the Connecticut average for all other carriers combined.

We are proud to see the impact of our focus on controlling costs which keeps members premiums to a minimum.

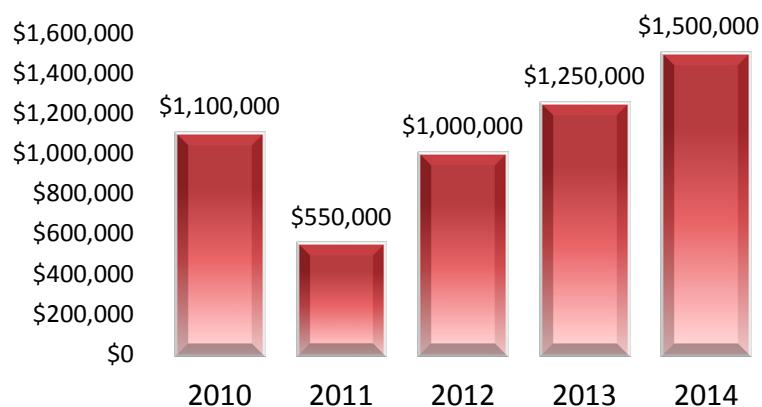


Trust Returns Millions to Members

The Trust declared a \$1.5 million premium return to members for 2014. This latest distribution generates a total of \$5.4 million returned to Trust members in just the last five years alone and \$24.3 million returned to members over our 33 year history!

Over 93% of Trust members qualified to receive returns. Premium returns are based on a member's longevity with the Trust, claim experience and proportionate share of premium. Great job all!

Premium Returned to Members



Trust Invests in Return-To-Work Specialist

Return-to-work continues to be the single most important effort employers can make to control the cost of workers' compensation claims and eliminate the negative financial and emotional impact of long term workplace absence experienced by injured workers. The Trust successfully recruited our very own Return-to-Work Specialist this year.

Robb Wright, an occupational therapist by training, is no stranger to workers' compensation. For over 20 years, Robb has worked with all stakeholders in the Connecticut workers' compensation community offering a host of services to get injured workers back to work.

Robb will be working with members directly to identify light duty jobs customized for the specific injury and organization. The Trust is very excited about this new position and believes Mr. Wright's vast experience and skill set will greatly benefit both our members and their employees should an injury result in lost time from work.



SUCCESS STORY

MEMBER TYPE: Community Service Organization

ISSUE: Losses over \$1,000,000 in 2 year period

ACTIONS: Reduced claim reporting lag time and introduced a "light duty" policy

RESULT: Claim frequency was reduced by 53%, slip & fall frequency by 46% and lost time claims reduced by 64%

Pilot Project Sheds Light on Group Home Risks

Due to the negative injury trend in loss experience seen within the group home environment in recent years, the Trust initiated a 6 month pilot project in 2014 to take a deeper dive into understanding the risks associated with group homes to see if anything else could be offered by the Trust to help these members improve safety and turn the tide in their loss experience.

Through careful internal review and selection, a 20 year member of the Trust was chosen to participate in the pilot project. The member recognized that they were a good candidate for the pilot based on their poor loss history, their difficulty in returning injured workers back to work during the recuperative process, and the understanding that if their loss trend did not turn around, workers' compensation premiums would surely increase.

Although it is still too early to determine the long term impact of the recommended changes in operations that came out of the project with the member, initial results have been very positive.

- The member has experienced a marked reduction in their lost time cases compared to previous two year average.
- Employees sustaining a lost time injury were placed back to work within a short time period, minimizing costs associated with lost time wages.
- Environmental and training shortcomings were identified and addressed.
- The group home administrator is convinced that the project gave his organization the “shot in the arm” it needed to improve safety awareness and enhance the overall safety culture among the employee population.

The valuable lessons learned from this project has allowed the Trust to re-direct our efforts moving forward in better serving our group home members in a mutual effort to minimize their risks and help reduce injury rates.

Trust Works With Workers' Compensation Commission

The Trust continues to be committed to actively participate in important policy issues impacting and shaping our state's workers' compensation system.

Facility Fee Schedule

As a result of Public Act 14-167, passed in May 2014 by the Connecticut Legislature, the Workers' Compensation Commission created a workers' compensation fee schedule for services rendered by a hospital or ambulatory surgery center (ASC). Diane M. Ritucci, President & CEO of the Trust sat on this committee and represented the interests of our members and self-insured clients. The committee eventually came to an agreement on a fee schedule with an implementation date of April 1, 2015.

Opiod Task Force

A second committee was formed during the year to address the emerging concerns of opioid use by injured workers. Chairman John Mastropietro expressed concern over the rise in narcotic misuse resulting in addiction and death in the United States. Brian Downs, VP of Quality and Provider Relations sits on the committee and is one of two members representing insurers while the majority of the members are physicians, attorneys and commissioners. The efforts of the committee are ongoing with a number of recommendations and initiatives being considered.

Educating Injured Workers with “Touchpoints”

Too often today, injured workers lack the necessary knowledge and information required to advocate for themselves, medically, when dealing with a work related injury. We repeatedly see injured workers agree to move quickly with complex surgical interventions that may negatively impact their overall health, livelihood and financial independence.

In an effort to prevent injured workers from becoming permanently affected by a workplace injury, the Trust created the **Touchpoint Program**, a series of informational fact sheets to provide injured workers with verifiable resources on a myriad of topics relating to the more concerning issues affecting injured workers today. These fact sheets address issues such as: 1) the risks and benefits of certain surgical procedures that have historically demonstrated poor outcomes, 2) the risks associated with extended use of potentially addictive pain medications, and 3) the unintended consequences from long-term absences and the risk of becoming permanently unemployed in today's job market.

Each Touchpoint is accompanied with a personalized cover letter from the nurse case manager highlighting the resources available to help them. The letter expresses the willingness of the Trust to work with them on these issues with a spirit of care, compassion and partnership. To date, over 300 personalized Touchpoints have been sent to injured workers and the feedback has been very positive.

SUCCESS STORY

MEMBER TYPE: Assisted Living Facility

ISSUE: Over \$100,000 in losses due to client handling related injuries

ACTIONS: Implemented safe patient handling program

RESULT:
1st year: **86% reduction** in frequency and 95% reduction in severity
2nd year: **0 injuries**

SUCCESS STORY

MEMBER TYPE: Group Home & Day Program

ISSUE: Loss frequency increased by 100% over previous years reaching over \$600,000

ACTIONS: Created new action plan to reduce losses, created accident investigation program to identify loss sources and improved attendance at Trust educational seminars

RESULT: Reduction in claim frequency by 50% and claim severity by over 90%.

Strengthening Broker Relationships

Insurance brokers are critical to the Trust's success and we greatly value our relationship with those who place business with us. In the hectic world in which we operate, it is important to keep brokers informed of the multiple services and programs the Trust makes available to them and their clients. In addition, we believe it is imperative that brokers understand our claims, loss control and marketing processes so they fully understand how we can best work together to serve their clients' needs.

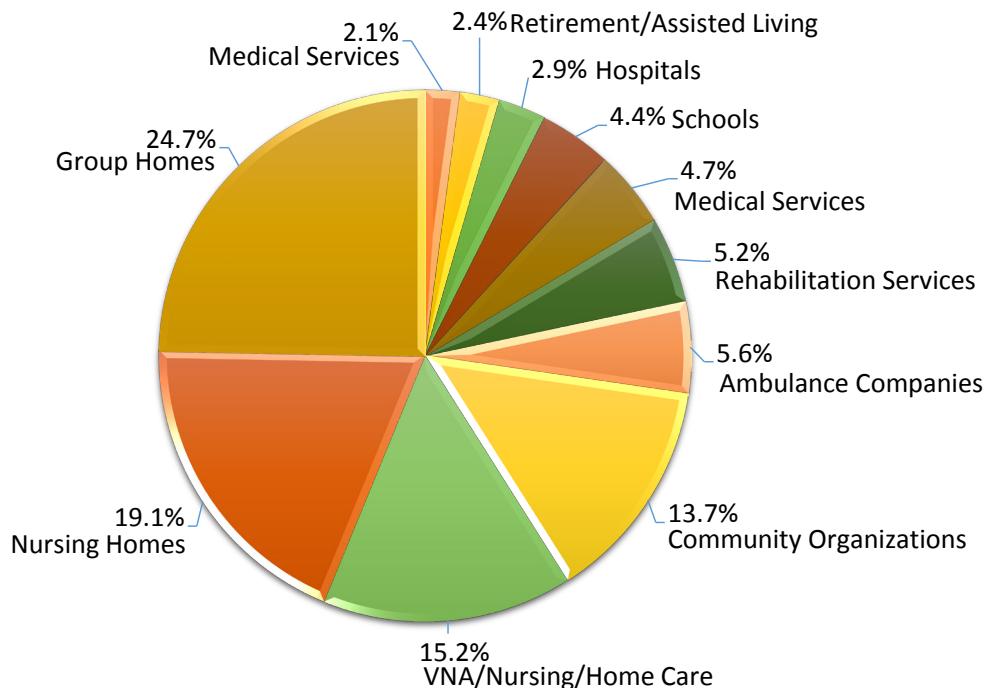


The Trust welcomed brokers to attend an orientation meeting to review the many programs and services of our operation and to share information on how best to utilize these services to benefit their clients.



Trust Academy continued to offer education courses to brokers and agents who operate in the State of Connecticut. We offered classes in Law & Ethics (LRE), Property & Casualty (PC), and Life & Health (LH) as well as Licensing Exam Preparatory Courses for the future insurance agents of Connecticut. In 2014, we hosted 235 agents in our Continuing Education Courses and graduated 18 individuals who went on to obtain their insurance license.

Member Composition by Premium Size



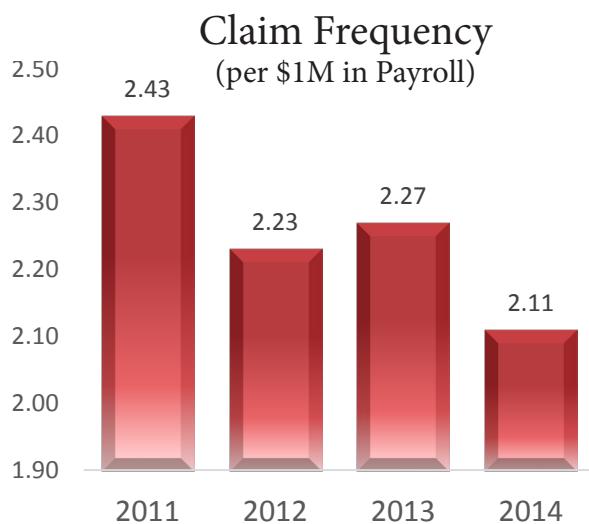
As a new human resource professional with limited experience, I attribute much of my success to the trainings provided by the Trust. The trainings are straightforward, engaging, and informative. The Trainers are friendly and knowledgeable and the information is presented in a way that is in-depth, but comprehensive, making it easy to apply back at the office. These trainings are a crucial resource for a beginner and equally useful for a seasoned professional looking to refresh their knowledge. The Trust has helped me to overcome a steep learning curve and improve the organization that I work for.

Alix Hamilton
HR Associate, Abilis

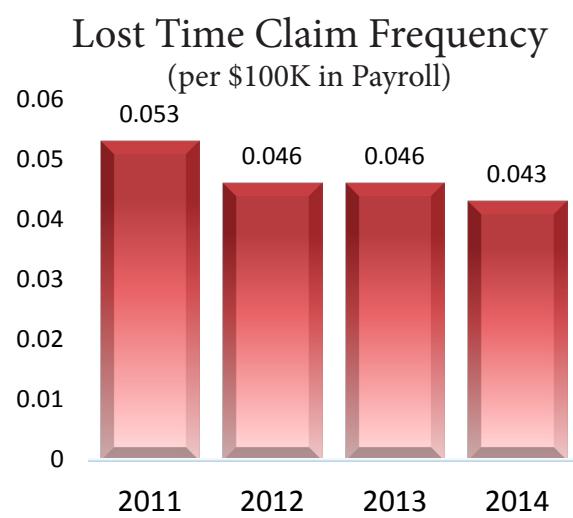
Loss Control Services . . Guiding the Way to Success

Trust members face many challenges with reducing workplace injuries from the variety of clients and work environments, budget constraints and regulatory requirements. Workplace hazards are inherent in the jobs their employees perform.

However daunting as this task may seem, our members continue to work with Loss Control staff to reduce workplace injuries. This shared commitment has led to the continuing decline of injuries. Loss control provided over 957 consultations; including 730 onsite visits and 125 on-site trainings. As a result, claim frequency continues to decline.



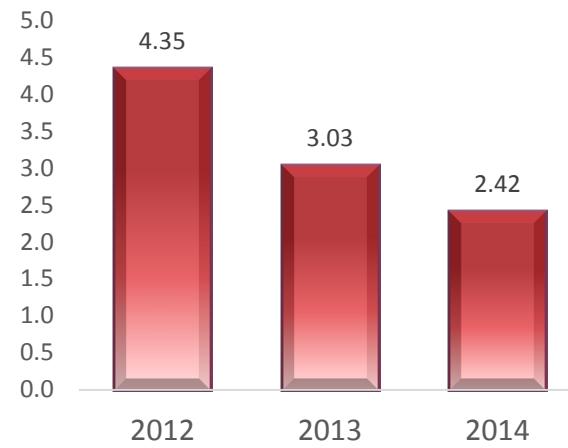
A driver of lost time cases is the inability for members to accommodate injured workers with physical restrictions. Working diligently with brokers and members to create effective Return-to-Work programs has reduced this frequency rate by over



Teamwork Produces Positive Patient Handling Results

Exposures are on the rise, but losses continue to decrease. With an aging workforce, the unpredictability of those who need care, and an ever changing work environment, our members in partnership with loss control staff, have implemented programs and training to reduce worker injuries associated with patient handling. Many of our members have attended educational sessions, taken on-line training through Trust University, implemented the Trust's Save A Back program, and have purchased repositioning and patient handling equipment with patient handling equipment companies who provide discounts to members of the Trust.

Patient Handling Claim Frequency (per \$1M in Payroll)



Guiding Members Through Education

Trust member education programs continue to be the cornerstone of our loss control efforts. Our programs are developed based on feedback from members. In 2014, we hosted thirty two programs in the areas of safety, wellness, employee relations & human resources. Over 1200 people attended.

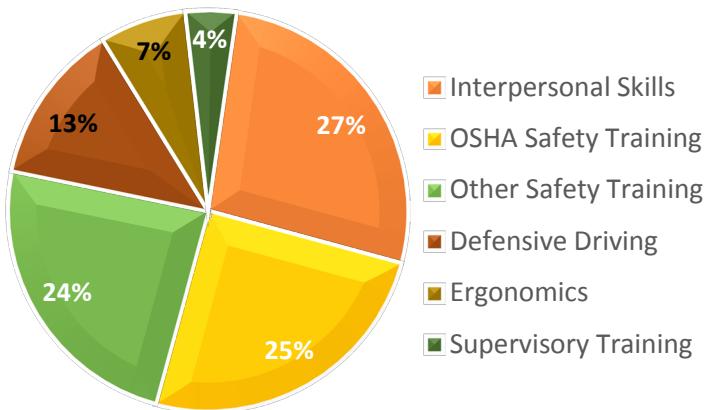
"Advanced Radiology has been partners with the Trust for years. With their guidance and with the use of Trust University we have been able to implement a comprehensive safety training program for all of our employees. We are able to tailor the training to work groups. Since we began using the system a total of 304 employees have taken 6913 courses. Trust University has an easy reporting system for management to track compliance. Using this system has made it very easy for Advanced Radiology to educate our employees on safe working practices."

Shawn Dapp, Sr. Workflow Manager, Advanced Radiology Consultants, LLC

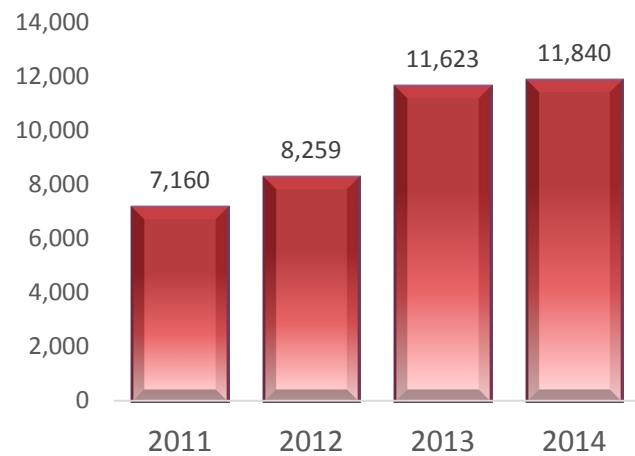
Trust University

The use of Trust University continues to soar with 125 members utilizing online training courses in 2014. Members use this valuable resource for many purposes including compliance, retraining after an injury, developing supervisory and personal skills, and accommodating restricted duty. It is an effective method to train employees anywhere and anytime.

Types of Courses Taken



Courses Taken



SUCCESS STORY

MEMBER TYPE: Skilled Nursing Facility

ISSUE: Member was faced with over \$200,000 in losses in just one year due to resident handling

ACTIONS: Staff identified loss sources and implemented Accident Investigation and Safe Patient Handling policies with the involvement of all levels of management

RESULT: Member reduced their incurred costs by **98%**

Financial Results

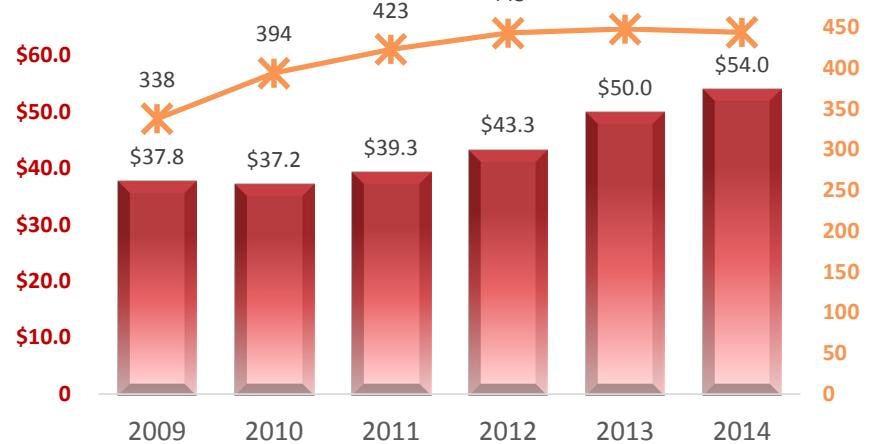
	2014	2013
ASSETS		
Cash and Investments	\$140,117,104	\$127,102,314
Premiums Due From Members	20,124,152	21,331,577
Other Assets	11,381,921	8,470,497
Property, Building, and Equipment	4,111,413	4,170,044
TOTAL ASSETS	\$175,734,590	\$161,074,432
LIABILITIES		
Unpaid Loss and Loss Adjustment Expenses	\$112,109,258	\$100,105,967
Reserve for Future Premium Returns	14,576,924	13,576,924
Current Liabilities	25,600,243	26,850,651
Total Fund Balance	23,448,165	20,540,890
TOTAL LIABILITIES AND FUND BALANCE	\$175,734,590	\$161,074,432
REVENUE		
Premiums and Commissions, net	\$53,964,440	\$49,997,082
Investment Income	4,471,419	3,846,618
Other Income	1,139,379	907,774
TOTAL REVENUES	\$59,575,238	\$54,751,474
EXPENSES		
Loss and Loss Adjustment Expense	\$41,818,476	\$38,815,472
State Assessments	2,499,530	2,435,962
Commissions	3,089,093	2,874,964
Professional, General, & Administrative Expenses	7,675,191	7,503,352
Federal Income Taxes	1,341,565	1,046,418
TOTAL EXPENSES	\$56,423,855	\$52,676,168
Net After Tax Income	\$3,151,383	\$2,075,306
FUND BALANCE		
Beginning of Year	\$20,540,890	\$17,229,942
End of Year	\$23,448,165	\$20,540,890

Financial Highlights

Trust membership has grown tremendously since 2009.

Premium has increased by 43% and membership has grown by over 30%.

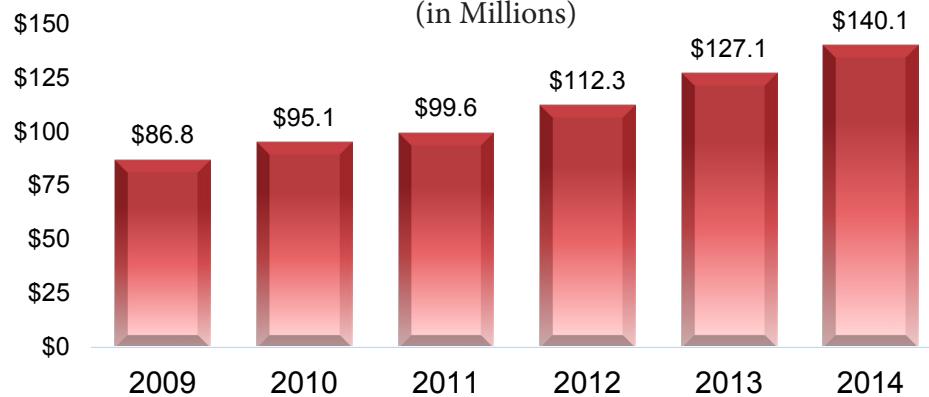
Earned Premium & Membership Growth



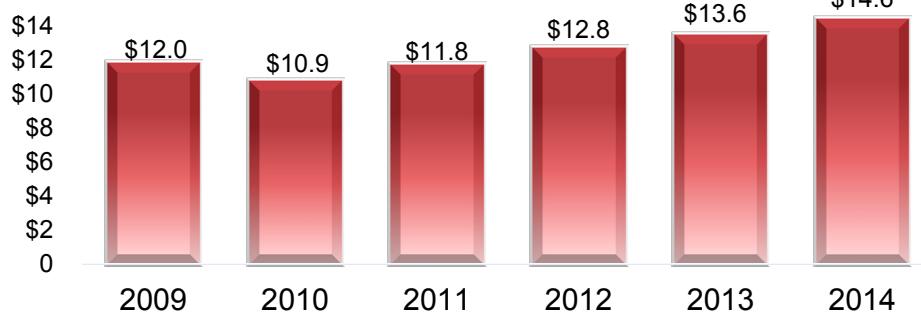
Invested assets and cash exceeded **\$140 million** at December 31, 2014.

The Trust conservatively invests 80% fixed income and 20% equities.

Invested Assets and Cash (in Millions)



Reserve for Future Premium Returns (in Millions)



The Trust is committed to returning excess premiums to members. Over **\$24 million** has been returned to date and nearly \$15 million is currently set aside for future returns.

Connecticut's leading provider of workers' compensation insurance to the healthcare and human services industry for over 34 years

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Executive Director

Kuhn Employment Opportunities



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Vice President

Klingberg Family Centers



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Western CT Home Care



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Diane M. Ritucci

President & CEO

Workers' Compensation Trust



Robert C. Boardman

Retired President

Capital Area Health Consortium



Keith E. Lavalette

Executive Director

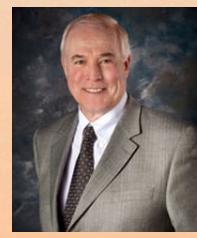
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W. Rennard Wieland

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