

Workers' Compensation Trust 2021 Annual Report

Special 40th Anniversary Edition



Workers' Compensation[®]
trust



40 And Fabulous

For many of us, 40 year birthdays are a reason to celebrate. The previous decades are filled with major changes and constant growth and expansion. By the 40's, things have fallen into place and most are far more comfortable looking back on the accomplishments and excited about the possibilities of the future.

In the business community achieving 40 years is even more reason to celebrate, especially in today's business climate. A recent McKinsey study found the average life-span for large companies listed in the Standard & Poor's 500 has dropped from 61 years in 1958 to less than 18 years today. Only 25% of small businesses make it to the 15 year mark. In light of those statistics we are very proud to have celebrated our 40th anniversary in 2021 and look forward to continuing our mission for many more years to come.

You can't celebrate today, if you don't look back at yesterday. Our yesterday began in 1981, when 8 hospitals worked with the Connecticut Hospital Association to form an employer mutual association to self-insure their workers' compensation exposure. The Connecticut workers' compensation market had hardened due to the reform of the 70's which greatly expanded benefits. This produced significant increases in utilization that were not adequately anticipated in

the rates for several years to come. The solution for many companies was to self-insure their risk. For the hospitals, it was to create a self-insured pool for a homogenous group serving the healthcare needs of CT.

Fast forward to the early 90's. The marketplace was still in crisis, but now you have a new wave of social service agencies, group homes, ARC's and community services being formed in order to support the trend toward community based services for people living with challenges. The insurance marketplace was not ready to serve these organizations so many ended up in the Assigned Risk Pool.

Assigned risk pools are state-sponsored organizations that allow people and businesses to obtain insurance who would otherwise find it difficult or impossible to do. The Trust, recognizing that these organizations could benefit from our claims experience, loss control and educational programs, began depopulating the assigned risk pool. Soon we had over 220 members who had all the benefits of a supportive insurance program to help drive down their costs and bolster their safety practices and programs to secure their futures.

In the wake of all these new members, the Trust quickly moved to expand claims and loss control



The ruby symbolizes an eternal flame that represents the strength of the celebrant.

staff to serve this growing population of members. Member education programs were provided on a consistent basis to train members and their staff on not only safe workplace practices but also all the issues surrounding strong employment practices. No other insurance company was inviting their policyholders into their buildings to provide this type of education. It was a turning point for us and a benefit to members, regardless of their premium size.

While we had fully anticipated a 40 year celebration gathering in 2021, the restrictions of the COVID pandemic caused us to delay that celebration for a bit. It is currently scheduled for September 28, 2022 and we look forward to seeing you there.

The past 40 years have brought substantial changes to the insurance industry. Through it all the Trust has been able to successfully navigate those changes and gain the reputation of being one of Connecticut's top providers of quality claims and loss control services in the workers' compensation field. From our meager beginning, we are currently the 3rd largest writer of workers' compensation in this state. Ultimately, we exist to serve the needs of our members and their injured workers, helping those workers by ensuring they have the resources necessary to have a safe workplace, to achieve full recovery, and be able to return to their jobs as quickly as possible.

We are particularly proud to have returned over \$58,000,000 of premium back to our members.

On behalf of the entire workforce and our Board of Directors of the Trust, I would like to extend our sincerest "Thank You" to both our members and our brokers for your partnership in this effort. The last 40 years have been "fabulous" and we look ahead to many more years to come. Stay safe all!

Diane M. Ritucci

Diane M. Ritucci
President & Chief Executive Officer

Philosophy of the Trust

The Workers' Compensation Trust is a comprehensive workers' compensation insurance program designed to meet the unique needs of the Connecticut healthcare and human service industries. The mission of the Trust is to minimize the cost of workers' compensation claims for all that we serve.

Operating Philosophy

The Trust achieves its mission of minimizing workers' compensation costs by providing:

- An effective loss control program that focuses on preventing the occurrence of injuries.
- A proficient claim management program that concentrates on controlling the costs of injuries when they do occur by ensuring quality medical care to support injured workers.
- A retained level of risk as well as quality reinsurance which is purchased to protect against catastrophic exposure.
- An investment policy that seeks to maximize investment returns on the funds held by the Trust without creating undue investment risk.
- An efficient administrative structure.

Financial Philosophy

- Conservative rate structure.
- Equitable allocation of costs to participants.
- Premium return plan in which surplus funds are distributed back to participants based on their relative contribution to surplus.
- Long-term commitment: continuity is crucial to the collective success of the program.

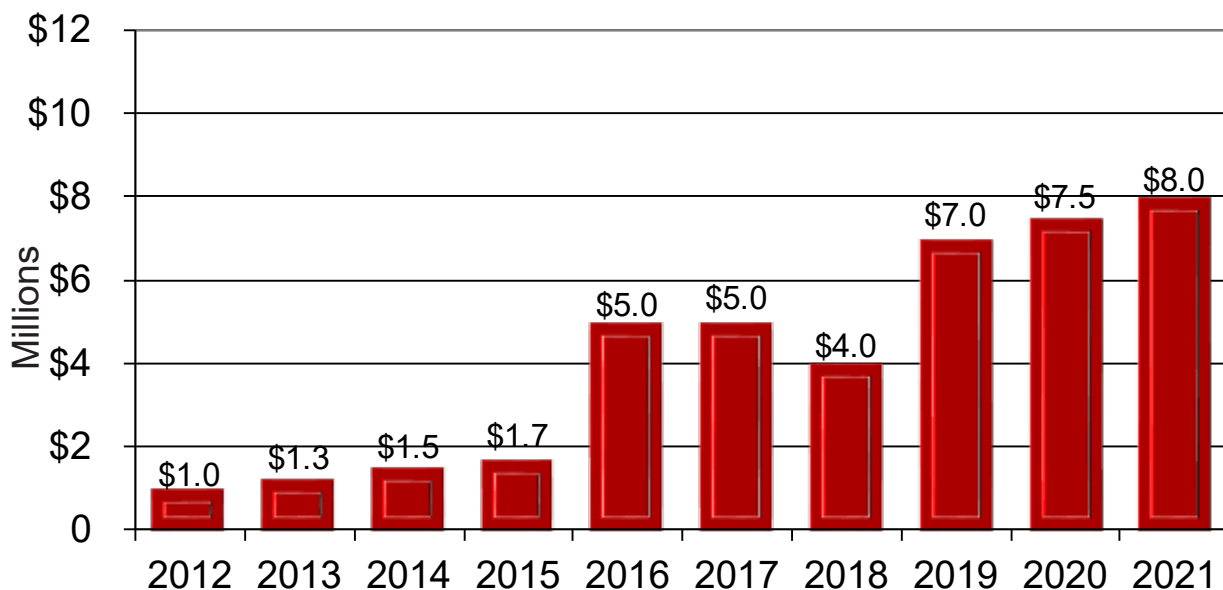
Premium Returns

The Trust's Premium Return Program Is PRICELESS...

An important factor contributing to our high retention rate is our premium return program. Not only does the Trust offer competitive upfront pricing, we also distribute millions of dollars of premium back to our members. Nothing underscores the value of the Trust membership more than receiving a premium return check. For 2021 over 400 members were eligible to qualify for their share of an \$8 million premium return and 100% of those eligible members did qualify! The average premium return check was over \$19,300 with some checks reaching into the \$200,000 range. This program has returned over **\$58,000,000** to Trust members to date and has been a key marketing feature of the Trust throughout its history.

The Trust has now returned over \$58 million to its members. It pays to be a Trust member!

Premium Returns Distributions



Evolution of Marketing and the Broker Community

In the Start Up Years...

The Trust was founded in 1981 as an employer mutual organization dedicated to creating a stable, competitive and cost-effective workers' compensation solution for Connecticut's hospitals who were subject to the fickle underwriting appetites and large pricing swings of the traditional insurance carriers. The program was initially marketed directly by Trust personnel to potential members and it saw immediate success. Trust members quickly benefited from the Trust's unique approach of combining specialized claim services along with customized loss control programs to meet each member's needs.

Expanding Our Marketing Force...

During the first decade of operation, the Trust recognized the important role the insurance agent/broker played for Trust members in their other lines of coverage and, in 1992, decided it would be beneficial for all parties if the Trust expanded its marketing force to include the brokers, allowing them to make submissions directly to the Trust. This move made a profound impact on the Trust's growth and the brokers soon became many of our strongest supporters as they witnessed the impact the Trust had on helping its members reduce losses, improve claim results and ultimately lower premiums. The brokers were quick to identify other accounts that could benefit from the Trust's services, bringing those accounts to the Trust over the years. We currently work with over 400 licensed insurance brokers, customer service reps and account managers in hundreds of agencies.

Expanding Our Appetite...

In its start up years the Trust focused mainly on healthcare providers such as hospitals, visiting nurse associations, clinics, etc. As time progressed through the 1990's and early 2000's, the market changed and many hospitals merged or were acquired and most began to self-insure. However, the demand for the Trust's services continued to grow substantially in other areas such as nursing homes, home care, social service agencies and community organizations providing various types of healthcare services. These programs continue to make up the nucleus of the Trust today.

In 2020 the Trust decided to entertain additional types of businesses that serve the "body, mind and spirit" definition of healthcare. We introduced these new eligible classes to the brokers and they have responded by bringing us many new members such as private schools, wellness operations, YMCA's/YWCA's, public housing and more.

Helping Our Insureds and Brokers with Pay-As-You-Go Premium Payment Option...

As times changed, so did the options for paying workers' compensation premiums. In 2012 the Trust added Pay-As-You-Go payroll reporting as an option for members to pay their workers' compensation premium payments. This option frees up cash flow for members and also helps to avoid large audit adjustments at the end of the policy term.

Creating Trust Academy to Provide Broker Education...

The brokers play a crucial role in the Trust's success and we greatly value our strong working relationship with so many of them. To assist them, the Trust formed Trust Academy in 2014. Trust Academy provides continuing education courses which supports hundreds of brokers each year. In addition, Trust Academy provides pre-licensing courses to support new brokers as well.

High Performance Broker Award Program Added...

In 2012 the Trust developed the High Performance Broker Award program to recognize and financially reward those high performing brokers who write a substantial amount of profitable business with the Trust.

The Trust's High Policy Retention Percentage Helps Brokers...

Brokers will tell you that it costs them a lot of time and money to remarket an account at renewal time. The key for successful brokers is find the right market that provides their insured with a "good fit" for the insured's needs while also providing a competitive price. The Trust fits that bill. Our average renewal rate for policy holders hovers in the 96% to 98% range each year. Compare that to rest of the industry which considers a retention level of 85% to be exceptional and you'll see why brokers truly value the Trust and its services.

Evolution of Medical Treatment for Injured Workers

Guiding injured workers to the best and most appropriate medical treatment to ensure speedy recovery from work related injuries and illnesses has always been at the forefront of the Trust's claims and managed care mission.

Early on, in the 80's and 90's, the Trust understood the value of the little -known specialty of "occupational medicine" and supported many newly formed hospital-based occupational medicine clinics at the time by sending injured workers' to these types of facilities. At the same time, the early 90's brought the age of greater awareness of the hazards of blood borne pathogen risks in the workforce and the Trust responded by hiring its first clinical occupational medicine specialist in 1992 to review all such claims

Medical Care Plan Legislation – As Part of 1993 Reform

In 1993, the state created legislation for employers to select their own panel of physicians to treat their injured workers. This allowed employers to ensure that their injured workers were receiving quality medical care in a timely manner.

In 1994, the Trust was the first carrier in the state to sponsor a Medical Care Plan. Unlike other carriers, the Trust chose to directly contract with 600 physicians statewide in order to have far greater control than leasing an already existing network. The Trust quickly rolled out this important benefit to all their members which allowed far greater control of the treatment their injured workers were receiving. This ensured that injured workers had direct access to specialists who understood how to effectively treat occupational injuries and illnesses with a focus on quality, timely care, and an emphasis on early return to work. The 6 core specialties have remained the same over the years, with the addition of pain management in 2015 to meet the unique and emerging needs of chronic pain patients.

Innovation in Cost Effectiveness

Quality, timely, and effective treatment for injured workers has always been at the forefront of the Trust's claims administration program. So too has our commitment to our members in ensuring that treatment is provided in a cost-effective manner to minimize claims cost without reducing quality. In the early years, the Trust outsourced medical bill review to specialty companies. It became clear that it was far more cost effective to do it ourselves. So, the Trust transitioned from outsourcing medical bill review to creating an in-house medical payment unit consisting of qualified and credentialed staff to perform these functions. We saw an immediate increase in bill savings and a significant reduction in vendor fees.

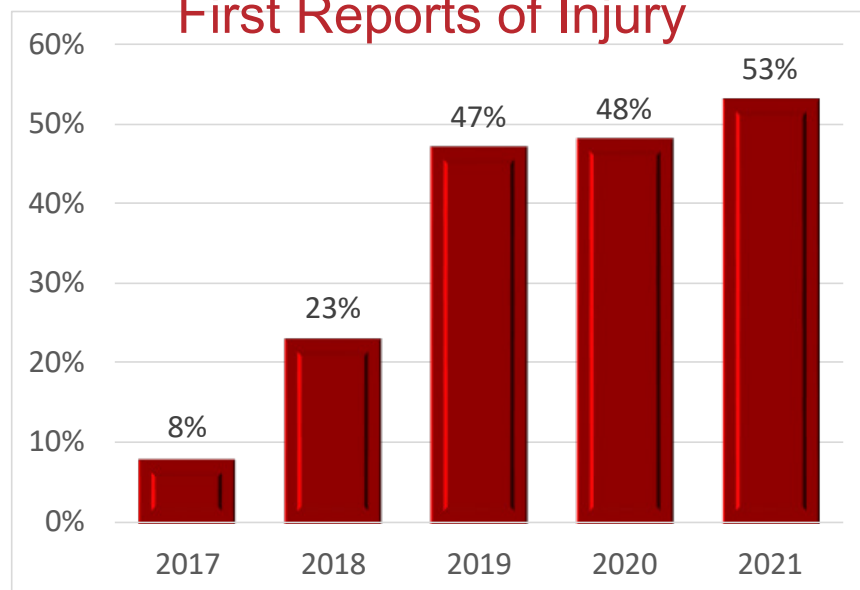
In 2004, the Trust hired our first Certified Professional Coder to assist with building business rules and edits within our dynamic bill review system to identify incorrect or inappropriate billing practices.

These efforts, coupled with our internal Utilization Review Program which has expanded and become more sophisticated over the years to ensure that injured workers are getting the most appropriate care, at the right time, with the opportunity for the best outcome for recovery. This benefits both injured workers and our members.

Claims Reporting

The advancements in technology over the past forty years have improved our responsiveness to all stakeholders in the claims handling process. The Trust has been an early adopter of technology that expedites the claims handling process. From the beginning when the Trust established a 24-hour claims reporting hotline in 1997 to the advent of Trust TeleCare in 2017 where employees can now call into a tele-triage center which evaluates their injury and reports are sent to the Trust seconds following that call. From a time in the past when injured workers were sent pharmacy cards in the mail following an injury to today, where claims representatives can approve a pharmacy script in real time while the employee is at the pharmacy. All of these advances allow for quicker and more advocacy driven claim handling and a better experience for both the employee and employer.

Percentage of Trust TeleCare Utilization for First Reports of Injury



The Evolution of Loss Control Services

From the very beginning, the Trust was determined to build premier loss control services. We believed strongly that members needed to have a strong foundation of safety practices in order to prevent injuries from occurring and minimize claims activity. Early programs were focused on general safety topics relevant to exposures in hospitals. The AIDS crisis was looming in the 90's and so a new focus began once the bloodborne pathogen standard was finalized. Repetitive trauma as it related to carpal-tunnel claims, latex allergies, back injury prevention also required attention and emphasis.

As our membership base expanded, loss control developed programs specific enough to have a positive effect on member's loss experience. For example, we now had members that were providing services in the home, so there was a driving exposure that needed to be addressed.

In order to minimize exposures caused by patient/client lifting, the Trust developed partnerships with Patient Handling Equipment providers to provide discounts to Trust members. We developed a safety campaign "SAVE A BACK-SAVE A CAREER" which provided our members with tools needed to assess exposures, control the hazards, provide education and meet OSHA compliance.

Loss Trend reports were developed to help loss control and our members identify the types of patient handling related claims including a breakdown of cause of loss of repositioning vs patient move/transfer and then to identify controls that decreased the risk. Educational sessions in partnership with vendors have provided members with hands-on use of equipment and new equipment designed to assist with a physically changing clientele, an aging workforce, aging clients and different environments including group homes, day programs, transportation and client home based services.

As our membership grew, so did our loss control resources. Member Kits were developed specific to the type of operation including skilled nursing, group homes, social services, VNAs, Home Companions, Emergency Services and more. Each kit contains information and sample programs focusing on OSHA compliance, CT regulations and Best Practices specific to that type of member. Each kit contains a Plan of Action Review Checklist that allows our loss control consultant and member to develop a plan to meet compliance and reduce injuries. These kits, as well as loss control programs and training modules are able to be accessed online through our "Members Only" portal which we launched in 2015. Although our loss control staff is available to assist our members whenever needed, "Members Only" allows for immediate access to safety information at all times.

OSHA Compliance

In 1970, the Occupational Safety and Health Administration was formed to ensure safe and healthful working conditions for workers by setting and enforcing standards and by providing training, outreach, education and assistance. The Trust adopted the same mission right from the very beginning. We conducted Loss Control Surveys for every member that outlined their proficiency in safety, OSHA compliance and employment practices. As early as the 90's we had partnership agreements with OSHA which focused on skilled nursing. In 2017 we formed an alliance with Federal and CONN OSHA to raise awareness of safety through outreach and communication.

Educational Forums

One of the unique features of the Trust has always been our desire and ability to bring our members together for educational programs. This not only provides an opportunity to learn, but these forums are also a great place to exchange ideas, meet peers, and develop relationships amongst the membership. With the pandemic, we have moved to virtual learning for the most part, not quite the same in terms of relationship building, but it does get the training to a wider audience in a more efficient manner. Our plan is to continue to offer a hybrid of in-person and virtual training going forward.

Defensive Driving

As the Trust began including members who had more driving exposure, we recognized that fleet safety was an important component to assist members with reducing injuries. We became a member of the National Safety Council which then evolved to certifying our staff as National Safety Council Defensive Driver trainers and becoming the first and only public DDC4 training center in CT. This program is taught on-site in our Wallingford office or can be taught on-site for a member.

Resource Kits

As new risks develop for our membership, Loss Control Services ensures they have the resources to deal with the situation whether it be Hazard Communication, OSHA Recordkeeping and severe Injury Reporting, Respiratory Protection or the Emergency Temporary Standards for Healthcare and Vaccinations. These resources are kept current and are available. Our database of over 2,000 member contacts allows us to ensure our members get the necessary information in a timely manner to meet compliance.

Safety Grant Program

The Trust continues to look for ways to support our members and their ongoing efforts to keep employees safe. In 2017 we launched the Trust Safety Grant program and what a success it has been. After the initial offering in 2017 an average of 115 members apply annually to take part in a pool of funds. The Trust prides itself on how many members we have been able to assist with these grants. We continue to measure the success of the program, which includes reductions in slips/trips/falls, interaction related injuries, motor vehicle incidents, patient handling injuries and workplace violence. We are very pleased with the results of this program in reducing injuries and claim costs, ultimately benefiting all Trust members by reducing costs, which provides for higher premium returns.

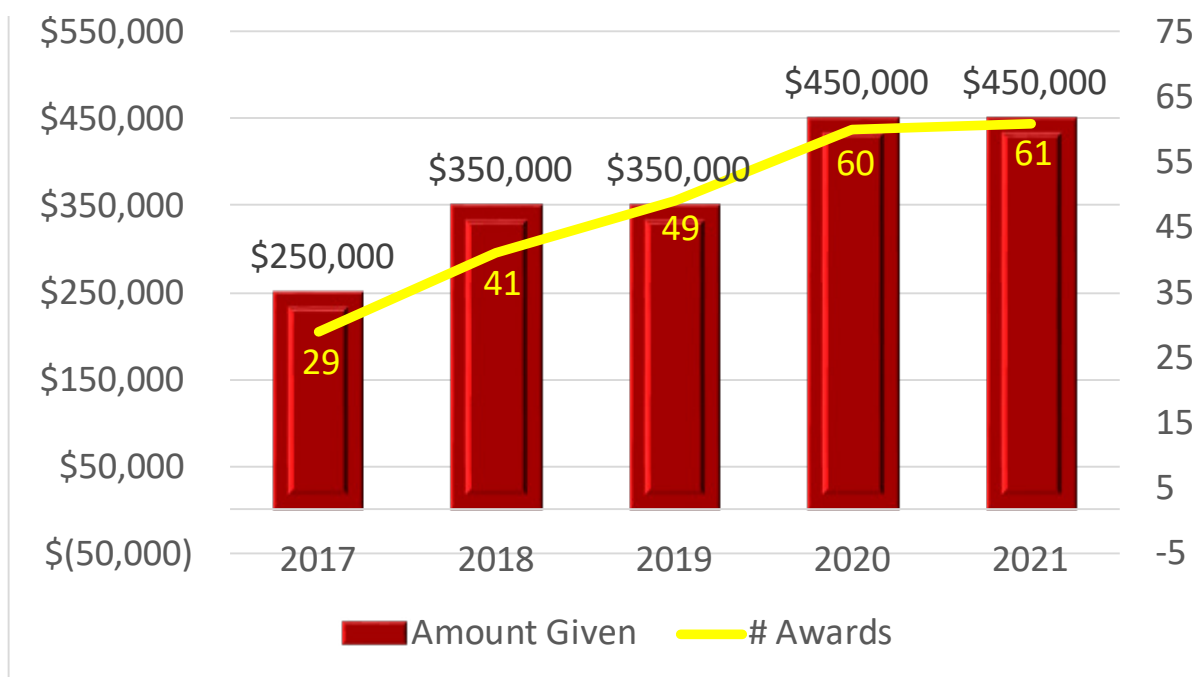
2021 Safety Grant Statistics

126 Applications Received

60 Grants Awarded

\$450,000 Distributed

Amounts Awarded per Year and # of Recipients





MARC: Community Resources

The Safety Grant was awarded to purchase a Driving Simulator.

Staff continues to be trained utilizing the equipment. In 18 months there have been no injuries associated with motor vehicle incidents.

Trust money well spent!

“I would like to thank the Workers’ Compensation Trust for the extremely generous grant which will be used to purchase Lift Equipment to keep our staff and residents safe. We are grateful the Trust is supportive of our mission to provide housing with support services for people with physical disabilities who want to live in a community that maximizes opportunities for independent, self-directing living.”

*Carol A. Fitzgerald, Chief Executive Officer
New Horizons, Inc.*

The Mary Wade Home

The Safety Grant was awarded to purchase a Patient Handling Lift.

“We are grateful to the Workers’ Compensation Trust Safety Program for helping Mary Wade to provide the appropriate tools and equipment for employee safety and to the individuals they care for.” There have been no injuries since the lift was introduced on the floor.

Lisa Hottin, Director of Development



The Safety Grant was awarded to purchase Icy Grippers, Slide Sheets and Gait Belts.

“Many thanks again to the Workers’ Compensation Trust for supporting the safety of our staff in the field as they tend to our patients.”

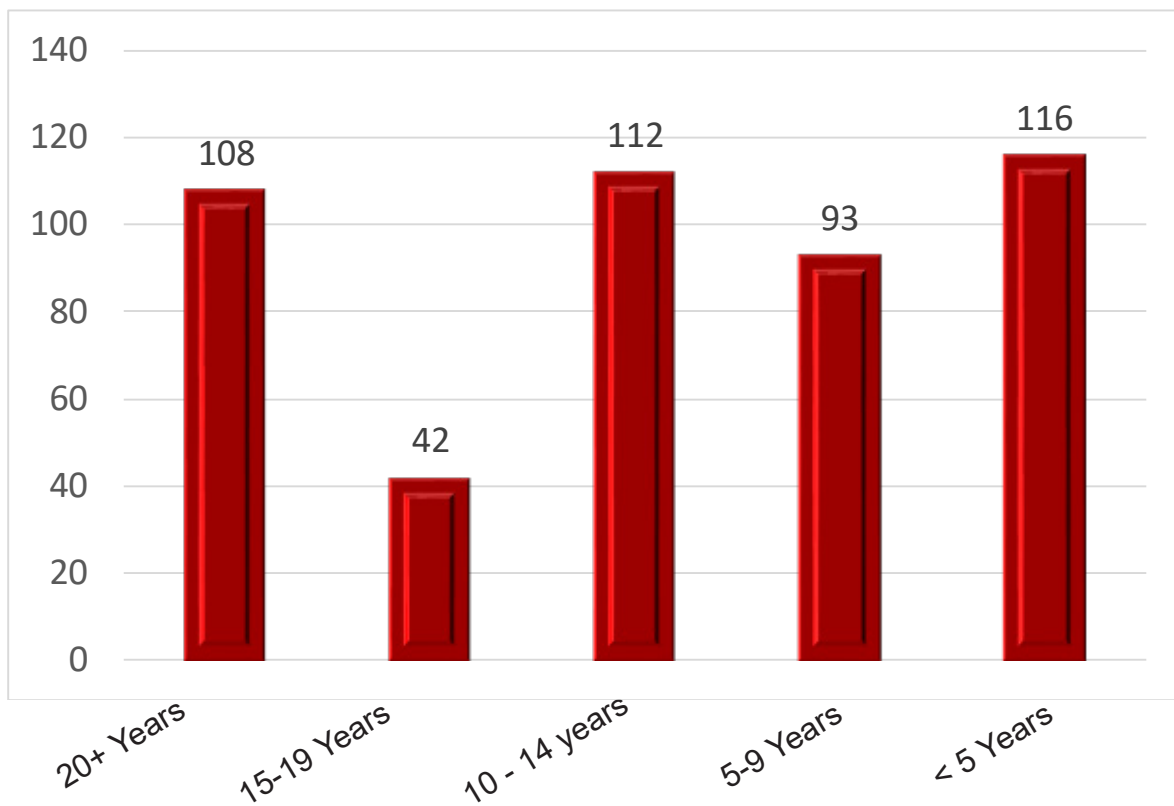
*Mary Jean Heller, Director of Philanthropy
Visiting Nurse Association of Ridgefield, Inc.*

Members

Member Loyalty...

Over the years, members have come and gone. But they also come back. Our return rate is exceedingly high. Many members have celebrated over 20 years with us. We are finding more and more members who are celebrating milestone anniversaries with the Trust. In 2021 alone, we recognized 17 members reaching a 20 year membership.

Longevity of Members Years with the Trust



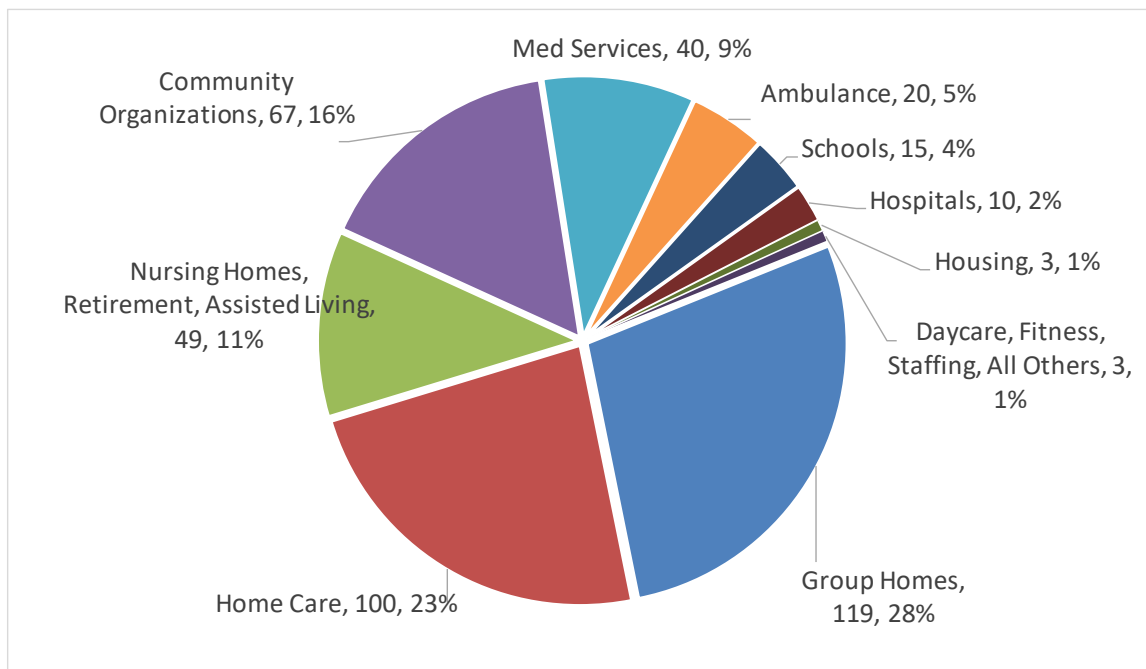
“Thank you for all the information you provided us with. The education webinars have always been a great benefit for us. We are grateful for your continued guidance and support.”

Carol Kean, Director/Owner
Visiting Angels

Diversification of Membership Key to Trust's Foundation...

From ambulance services to social services to visiting nurses, if it meets the healthcare definition of body, mind and spirit, the Trust is there to assist. **Our members cover all facets of the healthcare industry, giving us a broad spread of risk and a firm foundation.**

Who Makes Up The Trust?



What Members Are Saying About Us

"I can't tell you how much I value your wisdom, experience, knowledge and support. I am happy to work with you."
Sheila Cordock, Executive Director
Whole Life, Inc.

"We take seriously our responsibilities to provide a safe and secure workplace. We also very much appreciate the resources provided to us through the WC Trust"
Mary-Jane Foster
President and CEO
Hartford Interval House, Inc.

"We are grateful, especially as we try to turn the corners on the pandemic, for your timely and wonderful support. So much has changed while we've tried to maintain a safe and supportive environment for our residents and staff. The Trust has been one of our main ingredients."
Robert Page, LCSW, BCD
Executive Director
Hannah Gray Home

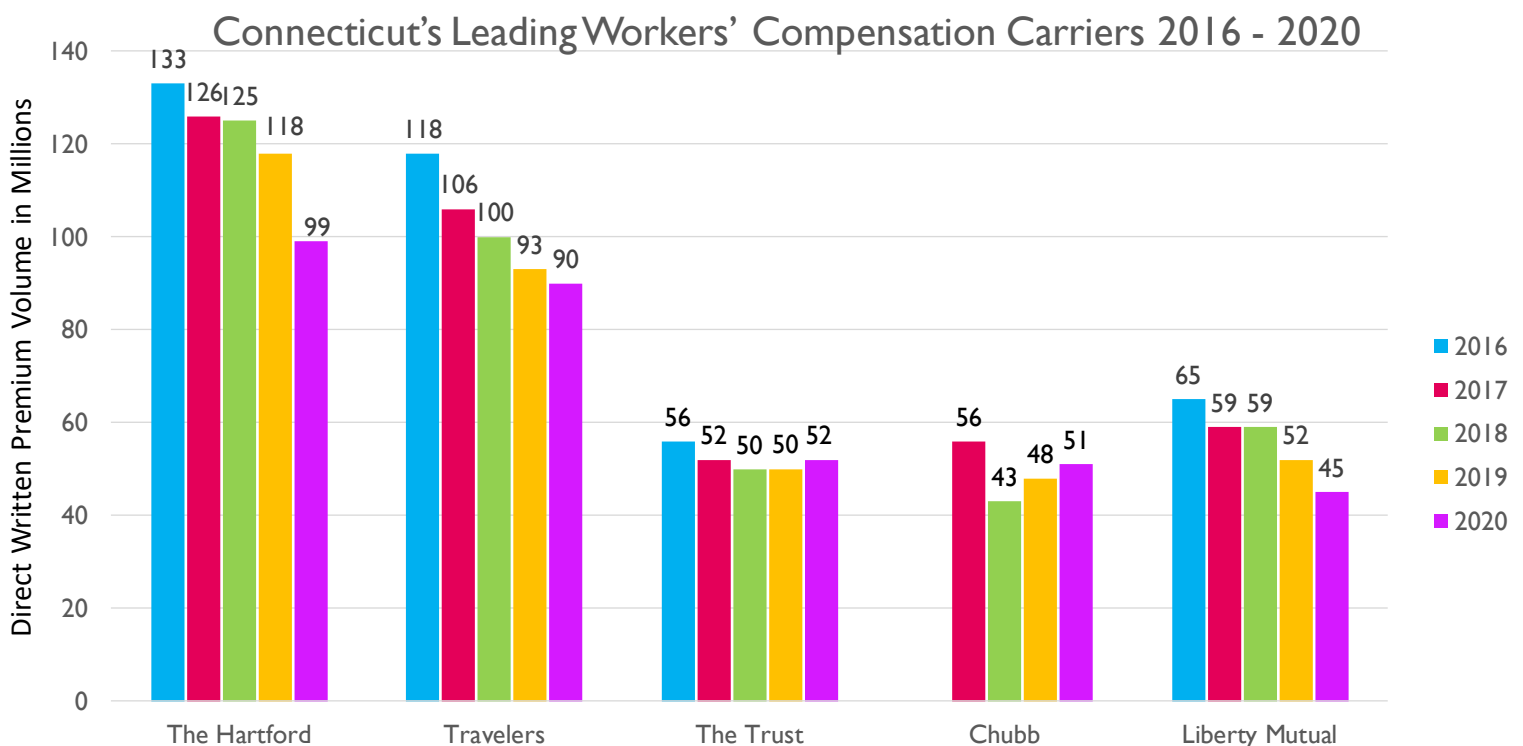
CT's Third Largest Carrier

Now CT's Third Largest Workers' Compensation Carrier

The Trust has ranked in the top 5 of Connecticut's largest workers' compensation carriers for the past 11 years, moving up one notch to fourth place in 2019. It's a pleasure to report that our upward climb continued and the 2020 data (most recent available) shows the Trust has now moved into third place. This is an absolutely astounding achievement for an employer mutual organization competing against the large national carriers. The success of the Trust is rooted in the exceptional claims, loss control and educational services provided to our members combined with a strong working relationship to reduce losses, lower premiums and create a safer working environment.

The Trust currently provides coverage to approximately 70,000 employees in Connecticut. In 2019 the Trust broadened its list of eligible businesses and we have seen substantial growth in some of these new business classes, including the following:

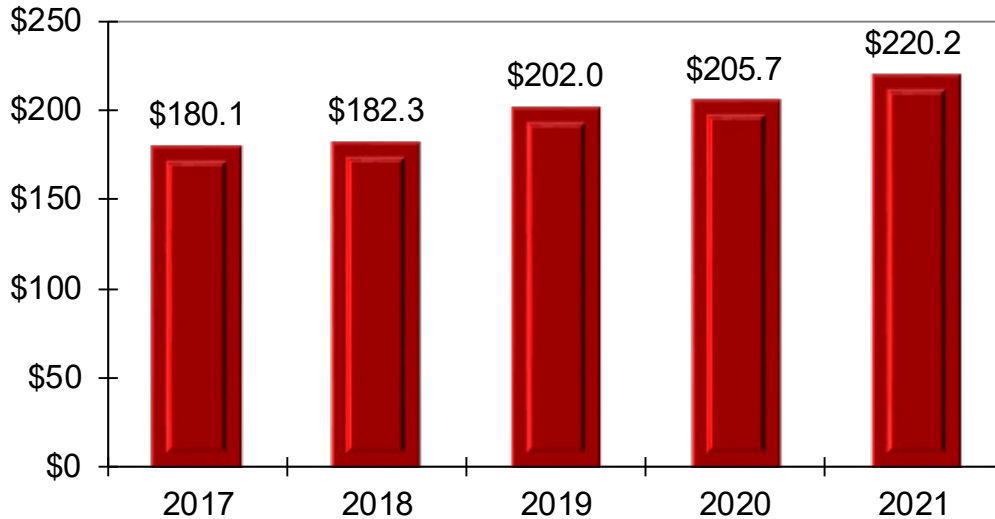
- Public Housing Authorities
- Private Schools
- YMCA/YWCA's
- Golf Clubs
- Religious Organizations
- Boys & Girls Clubs
- Transportation Companies... and many more.



Key Operational Components

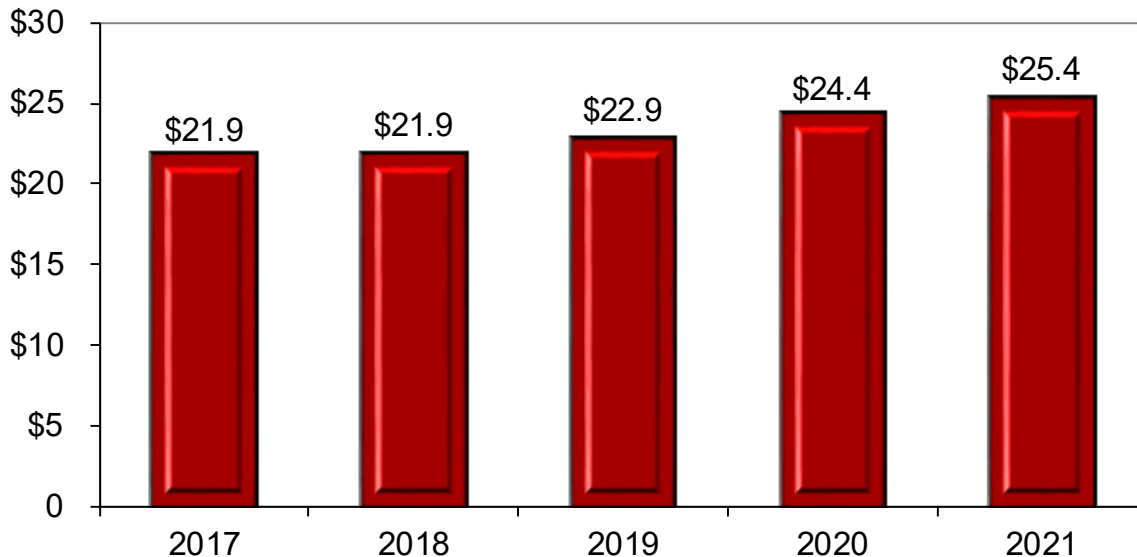
Invested Assets and Cash *(in Millions)*

The Trust's invested assets have grown by \$40 Million since 2017 and exceeded \$220 Million for the first time at the end of 2021.



Reserve for Future Premium Returns *(in Millions)*

The premium return reserve continues to grow and reached a record high of \$25.4 Million at the end of 2021. This reserve will allow the Trust to continue to share significant distributions with members in the future.



Financial Report

	2021	2020
ASSETS		
Cash and Investments	\$220,195,898	\$205,704,493
Premiums Due From Members	20,187,190	21,816,231
Other Assets	11,398,892	10,445,693
Property, Building, and Equipment	3,179,690	3,200,914
TOTAL ASSETS	\$254,961,670	\$241,167,331
LIABILITIES AND FUND BALANCE		
Unpaid Loss and Loss Adjustment Expenses	\$131,424,118	\$127,557,903
Unearned Premiums	16,636,911	16,477,322
Reserve for Future Premium Returns	25,376,923	24,376,923
Current Liabilities	13,970,747	12,861,843
TOTAL LIABILITIES	187,408,699	181,273,991
TOTAL FUND BALANCE	67,552,971	59,893,340
TOTAL LIABILITIES AND FUND BALANCE	\$254,961,670	\$241,167,331
REVENUE		
Premiums and Commissions, net	49,304,174	50,688,752
Premium returns (Increase)	(9,000,000)	(9,000,000)
Net Investment Income (Loss)	9,379,474	4,901,512
Other Income	1,001,377	925,784
TOTAL REVENUES	\$50,685,025	\$47,516,048
EXPENSES		
Loss and Loss Adjustment Expense	\$26,847,948	\$24,816,038
State Assessments	1,814,521	1,566,851
Commissions	3,104,595	3,088,190
Professional, General, and Administrative Expenses	9,224,572	9,397,742
Federal Income Taxes	2,033,758	1,689,030
TOTAL EXPENSES	\$43,025,394	\$40,557,851
Net Income	\$7,659,631	\$6,958,197
Fund Balance		
Beginning of Year	\$59,893,340	\$52,935,143
End of Year	\$67,552,971	\$59,893,340

Board of Directors



Russell Schwartz, Chair
Vice President, Director of Operations
West Hartford Health & Rehab &
Avon Health Center



Christine Murray, Vice Chair
Chief Financial Officer
New Horizons, Inc.



Joseph Milke, Treasurer
Vice President, Finance & Administration
Klingberg Family Centers



Diane Ritucci, Secretary
President & Chief Executive Officer
Workers' Compensation Trust



Derrick Gibbs
Chief Executive Officer/Owner
Change, Inc./Nurses at Home



William Horrigan
Retired Ambulance Professional



Heather LaTorra
President & Chief Executive Officer
Marrakech, Inc.



Keith Lavalette
Vice President of Programs
Goodwill Industries of So. New England



Nancy Scheetz
Executive Director
Farmington Valley Visiting Nurse Assoc.



Charles F. Shelton, Jr.
President
Branford Hills Health Care Center



David Tompkins
Retired Family Services Professional

**Connecticut's leading provider of workers'
compensation insurance to the healthcare
and human service industries**



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