

NECA WEST
Workers' Compensation
Alternative Dispute Resolution Program

April 10, 2015

To: California NECA Members

Re: Important Changes - Workers' Compensation Insurance ADR Program

Dear California NECA Member:

We are delighted to bring you some good news regarding your options for workers' compensation insurance.

On March 23, 2015, the Board of Trustees of the NECA/IBEW Workers' Compensation Trust ("Trust") approved a resolution allowing any insurance carrier to access the NECA ADR program. **Therefore, beginning immediately, any California NECA Member in good standing may use the NECA IBEW ADR program** through their affiliation with the NECA West (Safety Group).

The NECA IBEW ADR (*alternative dispute resolution*) Program has been in existence for over 20 years, and provides significant benefits to participating NECA Members, because it lowers the cost of resolving claims. As you know, lower claim resolutions costs reduces the total costs of claims, which reduces the contractor's experience modification (x-mod), which in turn means that carriers will give the contractor a lower premium quote.

For years, nearly all of the large California NECA Members have used the NECA IBEW ADR Program as well as NECA West (Safety Group) participants who were insured through the Safety Group's single, exclusive carrier. This benefit is now open to all California NECA Members, **regardless of broker or insurer or premium size**, without any restriction. Some insurance carriers are already prepared to issue ADR policies. This allows any carrier potentially to offer ADR policies to NECA Members.

NECA Members, please forward this information to your broker, and let your broker know that you want to get a quote from a carrier using the NECA IBEW ADR Program. Over time, this will lower your x-mod

and reduce your premium, compared to what it would have been. It is really quite simple: *lower costs translate to lower premiums over time.*

By way of background, years ago the Trust created a \$250,000 minimum premium threshold to allow additional insurer's to insure members of NECA to participate and to relieve larger employers of the requirement to be insured by the "single" endorsed insurer for the NECA group of employers. However, the \$250,000 number was initially chosen for convenience only when separating out the individual insurers from the "single" endorsed insurer for the group. After further review, the premium distinction has now been dropped as a way to benefit all NECA Members. Any insurance carrier who wishes to participate must agree to abide by the requirements of the ADR Agreement and Rules and contribute whatever fees are agreed upon between the Trust and the NECA Member.

These are some other points to keep in mind: First, many carriers will give NECA Members using the ADR Program a discount (e.g., 5% discount) just for using an alternative dispute resolution program. However, the more significant financial benefits to Members will occur over time as the Member's x-mod will be lower than it would have been, because claim resolution costs are likely to be lower with the NECA IBEW ADR Program.

Second, in addition to anticipated lower premiums, the alternative dispute resolution process will facilitate a smoother, more expedient processing of the entire workers' compensation claim process for the contractor, employee, insurer and medical provider. This is accomplished through a separate claim resolution system, using Dick Robyn (former California workers' compensation judge) and his team at American Ombudsman Enterprises ("AOE"). To cover such costs, for participating Members there will be a fee not to exceed 4% of the annual premium, which will be billed to you in quarterly installments.

Combined with a strong safety program, using the NECA IBEW ADR Program for workers' compensation insurance can greatly benefit California NECA Members.

If you have any questions about your participation, or insurers that currently offer ADR, we invite you to contact Malecia Golf at:

Phone: (480) 553-6257
Email: maleciagolf@gmail.com