

insurance **TODAY**

Official quarterly newsletter of the Association of County Commissions of Alabama
Second Quarter 2009

Insurance Funds Working for YOU!

If you're wondering what's going on, well, you're probably not the only one.

This is the premiere edition of a newsletter designed to keep county officials and employees up-to-date on issues related to the two self-funded insurance programs administered by the Association of County Commissions of Alabama. We hope you'll find the information useful.

The publication is entitled, *InsuranceToday*, because we hope to encourage your attention to liability and workers' compensation insurance matters today and every day in the future.

ACCA's two self-funded programs are directed by separate boards of trustees composed of county officials and employees, who give of their time and talents to help you back at

the local level. These board members meet to set the annual contribution your county makes to the self-funded programs; they set policy for the operation of the programs; and address the major issues and difficulties that arise during the year.

You'll find their names inside the front page of this newsletter. In the coming issues, we'll tell you a little more about the board meetings and the people who lead the insurance funds.

Today and every day, you can help yourself by being more in-tune with the factors contributing to problems, the issues leading to unexpected events and – in the process – you can reduce your premium contributions over time. We hope this newsletter will provide you with information to reach those goals.

The two funds offer service and programs that are unmatched, again, because the decisions are made by

county officials. Most of you have established relationships with the people who play an important part in these funds and, most certainly, you know you can call the ACCA office to have any issue resolved and addressed immediately.

Meadowbrook Insurance is a partner with the ACCA, providing the administrative expertise necessary to ensure that all your claims are serviced with professionalism and in a manner that benefits both the county and other persons involved.

Over the years, our partnership with Meadowbrook has grown into a "family" relationship and most of

you know the employees there on a first-name basis. Again, that is a substantial benefit to being a participant in these programs.

The legal representation you receive is without equal. Simply put, the attorneys at Webb & Eley, P.C., are experts in county government. They have chosen to focus their entire careers on county issues and, as a result, your interests are defended by the most experienced attorneys in the field of county law. They also share in the "family" atmosphere of these programs and constantly assist county officials and employees from across the state.

Webster's defines a newsletter as a "small paper containing news or information of interest chiefly to a special group." That's what we hope to accomplish with this new publication – providing you news and information of interest as you work "today" to address the problems in your county.

The two funds offer service and programs that are unmatched because the decisions are made by county officials.

*Sonny Brasfield
ACCA Executive Director*

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Anthony Crear, CEA, Engineer
Sumter County

Annual meeting set for both programs.

Both the ACCA Self-Funded Liability Insurance Program and the ACCA Workers' Compensation Self-Insurers Program will hold their annual meetings in August.

The meetings are scheduled for **Tuesday, Aug. 18, from 2 to 3 p.m.** in **Sand Castle II** at **Perdido Beach Resort** in **Orange Beach** during **ACCA's 81st Annual Convention**. *Members should check the ACCA Web site frequently for updated agendas to make sure that the meeting date, time and/or locations does not change due to the course of the annual convention activities.* ACCA staff will make every effort to notify members of any change in the scheduled meeting times.

Topics to be discussed include the premium contributions for the coming year, current issues related to claims and safety, refunds to fund participants, and an opportunity for questions and comments from fund participants.

All participants are encouraged to have a representative in attendance. If you would like information on how to register for ACCA's 81st Annual Convention, please log on to www.acca-online.org and click the link for Conferences and Events. Conference registration is an online process. If you have difficulty with the process, please contact **Jennifer Datcher** in the ACCA office at jdatcher@acca-online.org or (334) 263-7594. We look forward to seeing everyone in August!

New board members attend first meeting.

Three new members of the ACCA Self-Funded Liability Program Board of Trustees attended their first meeting on June 25. The meeting focused on a revision of the fund's methodology for establishing annual contribution levels and discussion of several other issues related to operation of the fund.

The three new members are **Sumter County Engineer Anthony Crear, CEA, Randolph County Commissioner Lathonia Wright** and **Etowah County Commissioner Jeff Overstreet**. Both Crear and Wright have previous experience as members of the board of trustees of the ACCA Workers' Compensation Self-Insurers Fund.



What are the 10 Easy Steps for Claiming and Reporting Workers' Compensation Benefits?

1 Normally, all reasonable medical treatment at the direction of an approved physician (hospital, doctor, prescription, etc.), which accrues due to a compensable injury or occupational disease, are paid by the Fund. Workers' Compensation benefits begin after a three-day waiting period. Employees are paid 2/3 of their gross average weekly wage. The average weekly wage is based on the 52 weeks of wages immediately prior to the date of the accident.



2 The injured employee should immediately report the accident to his/her employer. The employee has **five days** from the date of accident to report an on-the-job injury. If the injury is not reported within five days, the employee will not be eligible for compensation or medical benefits until the injury is reported. *No benefits will be paid if the injury is not reported within 90 days.*

3 The employer is responsible for completing the *Employer's First Report of Injury Form*. The *Employer's First Report of Injury Form* should be completed by the supervisor or other appropriately designated personnel, and the form should include specific details concerning the parts of the body that were injured. *The employee is NOT to complete the Employer's First Report of Injury Form.*



4 The *Employer's First Report of Injury Form* should be mailed or faxed as soon as possible to Meadowbrook Insurance Group. *Do not hold the Employer's First Report of Injury Form until medical bills are received.*

5 Forward all medical bills related to the injury to Meadowbrook Insurance Group as soon as they are received. Medical bills must be paid within **25 working days** from the date they are received by the county or Meadowbrook Insurance Group. Late payment of medical bills could result in penalties.

6 The employee should be evaluated as soon as possible by the county-approved physician or facility. If the employee's injuries are life-threatening, he/she should be immediately taken to the nearest medical facility for treatment. *Otherwise, medical services provided by anyone other than the county-approved physician or facility must be pre-approved by Meadowbrook Insurance Group.*



7 Any request for a medical referral must be directed to and approved by Meadowbrook Insurance Group.

8 Any accident resulting in a fatality should be immediately reported to Meadowbrook Insurance Group.

9 All on-the-job accidents, injuries and occupational diseases, no matter how big or small, must be reported. *Failure to do so could preclude treatment under the Workers' Compensation rules.*

10 No compensation shall be allowed for an injury or death caused by willful misconduct, refusal to use prescribed safety equipment or appliances, willful violation of the law, breach of a rule or regulation of which the employee has knowledge, or intoxication by use of alcohol or drugs.



If you have questions about your Workers Compensation or Liability Insurance Plans, please contact the professionals at **Meadowbrook Insurance Group** at **P.O. Box 11047, Montgomery, Ala. 36111**, by phone at **(334) 954-7200** or fax at **(866) 804-9412**.

INSURANCE | |

Have you tried reading an insurance document? Then you've surely come across words and phrases that probably didn't make much sense. That's okay. Our *In the Classroom* segments are designed to help so you'll feel more comfortable working with all aspects of your insurance.

Understanding the terms and phrases used with your insurance documents is Step One. Your insurance rep only SOUNDS like he's speaking a foreign language! *Remember: Many of the terms listed here are wholly defined in your coverage agreements. This newsletter is only to be used as a handy guide, so if you have questions about your coverage agreements, please contact the ACCA staff.* Let's decipher...

Accident – An unforeseen, unintentional act identifiable in time and place.

Act of God – An occurrence resulting from natural causes without any human intervention and could not have been prevented by reasonable care or foresight, such as flood, lightning, earthquake and hurricane.

Actuary – A person trained in math whose uses the theory of probability in insurance to develop insurance rates. This is done largely from past experience, though future probable trends are also taken into account.

Adjuster – Someone representing the fund who works on agreements regarding the amount of a loss and liability issues.

Advertisement – A notice that is broadcast or published to the general public or specific market segments about your goods, products

or services for the purpose of attracting customers or supporters.

Advertising injury – Injury arising from the use of another's advertising idea in your advertisement, or infringing upon another's copyright, trade dress or slogan in your advertisement.

Application – A form to show if the entity seeking insurance meets the underwriting requirements and to establish proper price or rating. Coverage may be accepted, modified or declined.

Audit – A survey of the insured's payroll or other records to determine the contribution due for coverage provided.

Board of Trustees – Each ACCA fund has a board of trustees consisting of county commissioners, county administrators, judges of probate, county engineers and even county sheriffs that govern the affairs of the funds.

Bodily injury – Refers to physical injury, sickness, disease or death, subject to any definitions or limitations in the coverage document.

Bodily injury liability – The legal obligation stemming from the injury or death of another person.

Certificate of insurance – Written evidence that an entity is a participant in an insurance program. A form stating the types and limits of coverage issued. The certificate states the coverage afforded in general terms.

Claim – A report of injury or damage involving potential liability arising out of an occurrence, offense, error or omission, or accident that takes place during the coverage period and is reported in writing to the service company during the coverage period.

Claimant – The person making a demand for payout of benefits.

Claims-made – Coverage on a "claims-made" basis cover claims reported during coverage period shown in the declaration.

Class rating – A method by which similar insureds are placed in the same underwriting class and each is charged the same rate.

Contract – An agreement entered into by two or more persons in which one or more of them agree to do or refrain from doing acts in accordance with the wishes of the other party(s).

Contribution – A periodic payment by the fund participant to the fund in exchange for workers compensation or liability insurance coverage. Insurance companies refer to this type of contribution as a "premium."

Contributory negligence – Lack of care by the injured person when that lack of care helps to cause the



Classroom 101 (continued)

accident. Under common law, contributory negligence may bar the right to recover damages.

Coverage – Specific protection provided by the liability participation agreement.

Coverage document – The written contract effecting coverage and including any endorsements attached thereto and made a part thereof. Insurance companies refer to this as a “policy.”

Covered person – Any public entity or person qualifying as such as outlined in the coverage document, such as the county stated as the participant, the county commission and any member of the county commission, your elected or appointed officials and officers with respect to their duties as officials or officers, your employees and the employees of your elected officials, etc. Constables are not included.

Covered pollution cost or expense – Any cost or expense arising out of any request, demand, order or statutory or regulatory requirement; or any claim or suit by or on behalf of a governmental authority demanding that the covered person or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants. Does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape or pollutants. *See liability coverage document for details.*

Damages – Monetary damages, but does not include fines, penalties or sanctions or any claim seeking only injunctive, declaratory or equitable relief.

Declarations – In the liability fund, the declarations are part of the statement information relating to the entity covered, coverage period, limits of coverage, contributions and a listing of any endorsements.

Deductible – A dollar amount beyond which liability protection coverage begins. The participant assumes the loss up to the deductible limit, and the fund pays the remainder up to the limit of coverage.

Errors and omissions – Any actual or alleged error, misstatement, act or omission or neglect or breach of duty including misfeasance and nonfeasance by the covered person in the discharge of their duties with the public entity.

Effective date – The date the coverage goes into effect.

Employment-related practice – Any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed or attempted by the covered person in their capacity as such and related to: the refusal to employ; adverse employment decisions including failure to promote, demotion, suspension, termination of employment, reassignment or transfer, and employment-related practices, policies, acts or omissions involving inappropriate or improper, but not intentional, malicious or willful, coercion, evaluation, discipline, defamation, harassment, humiliation and discrimination.

Endorsement – A written provision that adds to, deletes or modifies the provisions in the coverage document.

Equitable – Claims that do not seek monetary damages, seeking declaratory judgment and/or injunctive relief.

Event insurance – Coverage that can be purchased for a particular event such as a concert, a sports event or a county fair.

Exclusion – Something not covered by the coverage document.

Expense ratio – A measure the fund’s expenses are determined by dividing the fund’s expenses by its contributions.

Experience – The loss ratio status of a particular risk, or a particular coverage, or a particular fund, etc. over a specified period of time.

Experience modification – A percentage increase or reduction in rates produced by application of the experience rating plan.

Expiration date – The date coverage ceases, and times vary as stated in the declarations.

Fund – The entity guaranteeing to provide indemnity in case of loss or liability: ACCA’s Workers Compensation Self-Insurers Fund or the Liability Self-Insurance Fund.

General conditions – A section in an insurance contract listing the duties and responsibilities of the participant and the fund.

Incurred But Not Reported (IBNR) – An incident or occurrence that has taken place but on which no claim has been report in writing.

IBNR reserve – The liability for future payments on losses already occurred but not yet reported in the fund’s records.

Incurred loss ratio – Calculated by applying incurred losses to the contribution to determine the percentage of losses.

Indemnify – To restore an individual to the approximate



Classroom 101 (continued)

financial position occupied before the loss.

Investment return – The ACCA funds, in certain years, may declare an investment dividend for a fund year. Each active member of the fund participates in this dividend.

Impaired property – Tangible property, other than your product or your work, that cannot be used or is less useful because it incorporates your product or your work that is known or thought to be defective, deficient, inadequate or dangerous; or you have failed to fulfill the terms of a contract or agreement. If such property can be restored to use by the repair, replacement, adjustment or removal of your product or your work or your fulfilling the terms of the contract or agreement.

Liability coverage – Coverage protecting the participant and employees against financial loss from legal liability imposed as a result of a covered claim.

Loss – Direct and accidental loss or damage.

Loss control – Risk management activities that are taken to reduce the frequency and severity of losses.

Loss ratio – The rate of incurred losses to earned contributions.

Named covered person – The participant to whom the coverage document is issued.

Negligence – An unreasonable or imprudent act resulting from carelessness, ignorance, thoughtlessness or inaction, but never the intention of an individual. Before a court awards to an injured party for the negligent act of another, four elements of negligence must be present at the same time:

- 1) There must have been a duty by one party to protect the other

party or the other party's property;

- 2) There must have been a failure to live up to that duty;
- 3) An actual injury to a person or property must have taken place;
- 4) The failure to exercise the proper degree of care must be the proximate cause of the injury or damage.

Occurrence – An incident or event, including continuous or repeated exposure to substantially the same general harmful conditions.

Participant – One of the 67 counties in Alabama, any entity created by the county commission, or a separately incorporated county-related entity when the county or entity is the participant named on the front of the agreement. A separately incorporated county-related entity or a public official and his or her department of a county that is not a participant may become a participant, but only upon approval of the county and the board upon such terms and conditions as established by the board.

Participation agreement – The document that is the contract between the participant and the fund; it defines rights and duties of the contracting parties.

Payroll audit – An examination of the participant's accounts by the

fund's representatives to determine the amount of contribution due when the policy has been written on a payroll basis and the advance contribution has been estimated.

Personal injury – Injury other than bodily injury and property damage, arising out of any actual or alleged act or omission or neglect or breach of duty including misfeasance and nonfeasance of the covered person while acting within the line and scope of the covered person's public employment.

Pollutants – Any solid, liquid, gaseous, thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Premium refund – ACCA's funds may declare a refund of contribution that is paid based on participation in one fund year or multiple fund years that have a low loss ratio. Only participants with low loss ratios within the selected year are eligible.

Property damage – Physical injury to tangible property, including all resulting loss of use of that property; or loss of use of tangible property that is not physically injured.

Property damage coverage – Coverage for liability due to damage to the property of others.

Public employment – Employment of a law enforcement officer or jail officer by the sheriff of the county shown in the declarations or other authorized employment of a law enforcement nature.

Release – A document signed by a claimant relieving the covered person of any further liability (or any liability at all) with respect to a specific claim.



Classroom 101 (continued)

Reserve – An amount set aside by the fund to meet future obligations. The amount of reserve varies with different types of claims, as well as with differences in severity of claims.

Retroactive date – A date stated on the declarations and then that establishes that no claims for injury or damage that occurred before the stated date will be covered by that policy.

Safety credit – ACCA's Workers' Compensation Fund may authorize a safety credit each year based on each member's audited contribution for the most recent audited year and the loss ratio for the three-year period ending with the most recent audited year. The credit is calculated using criteria authorized by the board of trustees and is applied against the contribution at renewal.

Safety incentive dividend – ACCA's Workers' Compensation Fund may authorize a safety incentive dividend each year based on each member's contribution level and loss ratio.

Service company – Any firm, entity or individual retained by the board to manage the fund's day-to-day activities,

which may include claims management loss control, education, marketing, etc., as may be directed by the board.

Statute of limitations – The time limit set by law in which a person must bring legal action on a claim.

Suit – A civil proceeding in which damages because of bodily injury, property damage, personal injury, advertising injury, error or omission, employment-related practice or a covered pollution cost or expense to which a coverage part applies are alleged. A civil proceeding also means that equitable relief only is sought.

Total disability – Frequently defined as the inability to perform any of the duties of one's occupation.

Underwriter – An underwriter decides whether to accept or reject applications based on the fund's written standards, and their own experienced judgment.

Underwriting – A systematic process for evaluating risks. It involves evaluating, selecting, classifying and rating each risk, and establishing the standards of coverage and amount of protection to be offered to each acceptable risk.

Workers' compensation – The benefits (weekly payments for medical and hospital bills) that an employer is bound by law to provide for employees who are injured on the job, regardless of fault. All states now have a workers' compensation law. These laws vary in detail, but the general intent is the same,

namely to make sure that an employee, who is disabled through his/her work, shall not become a public charge.

For any questions concerning your county's liability or workers compensation fund, please contact the ACCA staff at (334) 263-7594.

