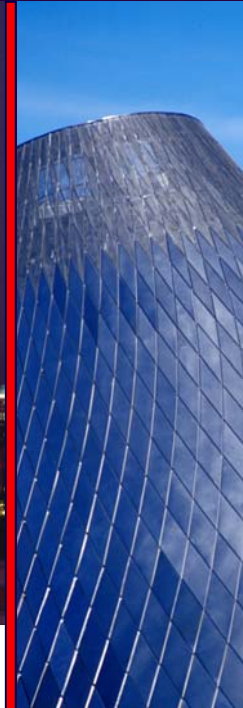


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Associated Builders and Contractors of Western Washington  
**Retrospective Rating Program**





## About ABC

# Supporting Your Business Nationally

Associated Builders and Contractors is a national trade association representing 23,000 merit shop contractors, subcontractors, material suppliers and construction-related firms in 80 chapters across the United States. The association was founded in 1950, based on its principled mission of supporting its members and advancing the philosophy that construction projects should be awarded based on merit, to the most qualified and responsible low bidder, regardless of labor affiliation.

The results from this strategy is clear, ABC became the fastest growing association in the United States. In 1970, only 30% of the nation's construction was performed by merit shop contractors and only six of the top 400 construction firms were ABC members. Today, merit shop contractors, account for more than 75 % of all construction across the country, and ABC's membership has grown to include more than half of the top 400 construction companies in the United States.

The association's membership includes all specialties within the U.S. construction industry and is comprised primarily of firms that perform work in the industrial, commercial and institutional sectors. ABC is recognized as one of the leading organizations representing America's business community and the construction community. In fact, *Fortune* magazine rated ABC as one of the "most influential" organizations in the United States.

## 13 Ways ABC Serves As Your Business Partner

- **Business development tools** - to grow your company
- **Management education** - to enhance your professional expertise
- **Craft and apprenticeship programs** - to train your employees
- **Safety programs** - to improve your company's performance
- **Government affairs resources** - to make your political voice heard
- **Legal services** - to protect your business
- **Publications** - to inform you about industry news and developments
- **Networking opportunities** - to connect you with others in your industry
- **Insurance programs** - to help you attract and retain employees
- **Member discount programs** - to save your company money
- **Web site tools** - to link you with construction resources on the Internet
- **Student outreach efforts** - to build the industry's future workforce
- **80 chapter offices** - to support your company locally



## ABC of Western Washington **ABC Means Business**

ABC of Western Washington is the premier construction association supporting freedom of economic opportunity through political influence, financial growth, and effective personal and professional growth, led by an involved membership.

### **If your business believes your employees are your most important asset . . .**

- ABC offers the **best health care plan** available to contractors in Washington.
- The association offers a **low-cost group 401K** plan for members who want to provide retirement income to their employees.

### **If your business seeks business development and networking opportunities . . .**

- The **Excellence in Construction Awards** program is an annual competition and recognition program for general and subcontractors.
- Each year ABC sponsors six dinner meetings, 16 breakfast meetings, a golf tournament, member resource guide, dinner auction, builders showcase, and a community service project to help you network, develop and enhance relationships within the industry.
- **ABC has specialty councils** for framers and electrical contractors and the addition of new councils is under consideration.

### **If your business needs education, training and workforce development . . .**

- ABC holds seminars on topics ranging from lien laws and employment law to leadership and project management; if you miss these presentations the ABC resource library has handouts from past seminars, as well as general business forms, for your use anytime.
- Each month members attend the **Workers' Compensation Breakfast**, listen to a guest speaker, and share ideas for managing claims.
- **ABC is a founding sponsoring association of the Construction Industry Training Council (CITC)**, a vocational school and state-approved apprenticeship program providing quality training to craft workers

### **If your business cares about representation in government and politics . . .**

- **Locally ABC has a PAC focusing on supporting business friendly candidates.** The association also has a full-time government affairs coordinator and a team of lobbyists who work on state and local issues.
- ABC staff members serve on the Prevailing Wage Advisory Committee, Apprenticeship RCW/WAC committee, Construction Advisory Committee, Retro Advisory Committee, and the Electrical WAC Technical Advisory Group.
- **Nationally, ABC has the largest commercial construction PAC in Washington, D.C.**

### **If your business wants to reach out to your community . . .**

- **ABC has long-time relationships** with Rebuilding Together, Make-A-Wish Foundation, Contractor Development & Competitiveness Center, and Habitat for Humanity





## Workers' Compensation Premium Refunds

# Retrospective Rating

Retrospective Rating (retro) is an optional financial incentive program offered by the Department of Labor and Industries (L&I) to help qualifying employers reduce their industrial insurance costs. The popularity and success of the program is clearly illustrated by the following facts:

- Over 17,000 Washington employers receive retro premium refunds each year.
- Over 95% of the employers in retro participate in an association-sponsored program.
- L&I has refunded more than \$1 BILLION dollars in premiums through retro.

ABC Retro Refund History					
Plan Year	Standard Premium	Refund	# of Members	Refund %	Member Refund Range
2004 - 2005	\$12,793,262	\$3,987,977	298	31.2%	8% - 42%
2003 - 2004	\$9,675,054	\$3,588,171	194	37.1%	8% - 46%
2002 - 2003	\$8,428,994	\$3,874,290	188	46.0%	10% - 59%
2001 - 2002	\$7,291,873	\$2,137,860	191	29.3%	7% - 39%
2000 - 2001	\$9,420,311	\$2,548,371	192	27.1%	6% - 36%
1999 - 2000	\$9,906,581	\$4,395,909	187	44.4%	10% - 58%
1998 - 1999	\$8,943,176	\$3,883,163	156	43.4%	10% - 59%
1997 - 1998	\$7,678,775	\$3,510,089	148	45.7%	17% - 59%
1996 - 1997	\$5,392,316	\$2,437,688	121	45.2%	16% - 54%
1995 - 1996	\$3,531,153	\$766,710	91	21.7%	8% - 29%
1994 - 1995	\$1,489,775	\$718,159	35	48.2%	17% - 58%

Please note retrospective rating is not without risk, nor does past performance guarantee future results.

Many competing programs use retro refunds as a means to fund the general operations of the sponsoring association -- ABC does not.

- ABC's risk level is the lowest or equal to the lowest of any active construction industry retro program (10% risk with a fully funded reserve in case of a penalty assessment).
- The group refund is distributed to participants based on a formula that heavily rewards performance, but also provides a refund to every member every year.
- The program fees that are collected from the refund are used only for retro, not other association activities.
- Participating members receive interest earned on refunds generated by the group.



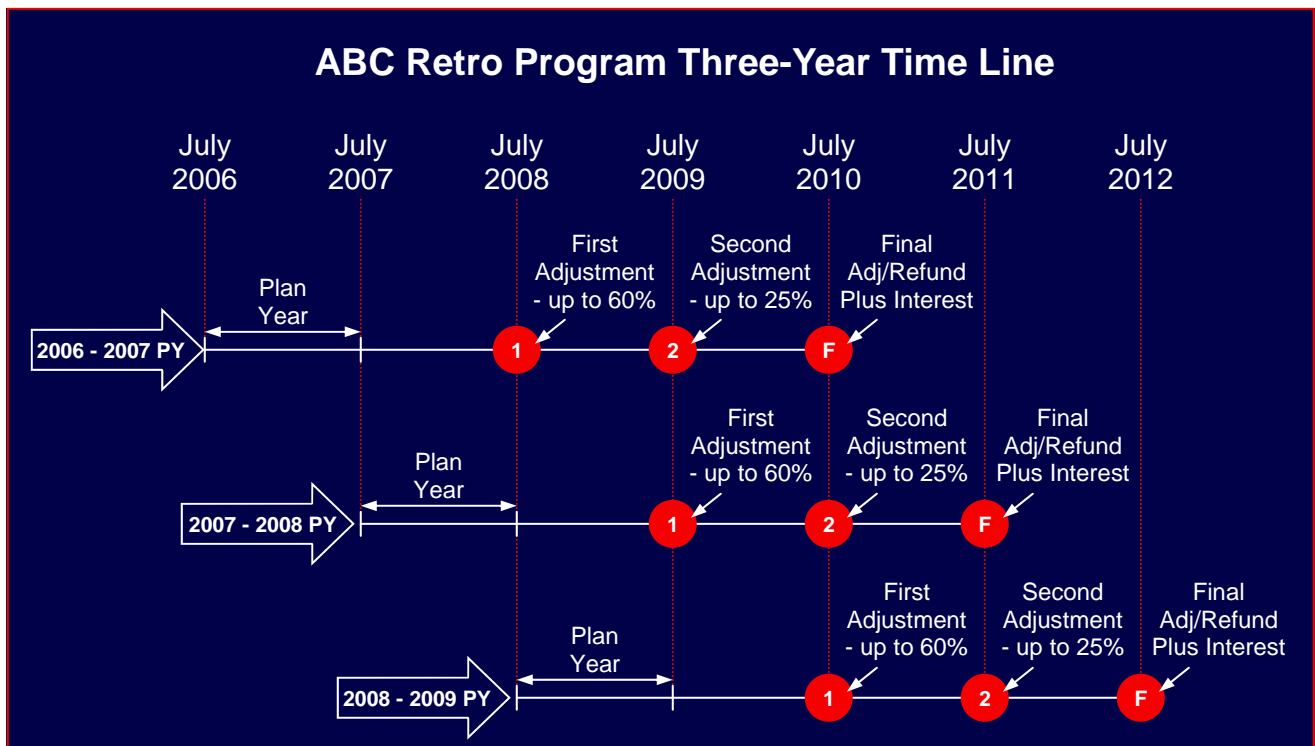
## Workers' Compensation Premium Refunds

### How ABC Retro Works

For a one year period of time, called a “plan year”, L&I tracks the combined premium and claim costs of the program members. At intervals of 11, 23, and 35 months after the end of the plan year L&I will look back and calculate the retrospective premium. This is also known as a “retro adjustment”.

If claim costs for the plan year are lower than anticipated, a portion of the premiums paid are refunded. If, however, claim costs are above a certain point (depending on the plan and level of risk chosen by the group), an assessment for additional premium would be made. There is a pre-selected limit to this additional assessment, but it is critical that this risk is recognized.

The chart below shows the “timeline” of ABC retro for the 2006 - 2007, 2007 - 2008, and 2008 - 2009 plan years. It shows when the distributions for each plan year will be made and what may be distributed at each adjustment.



**There is no up-front cost to participate in the ABC retro program.** Through sound financial management the committee of contractors that is responsible for overseeing the program has built a large enough contingency fund to protect the group against any one year maximum penalty and to allow all program participation fees to be taken from the refund. Fees for participating in the program will not exceed 5.5% of your company's annual paid premium.





## Workers' Compensation Premium Refunds

### Why Choose ABC Retro?

ABC sponsors a retro program that provides four consistent benefits:

- 1) **Value** - ABC's program generates company refunds that double the state average with no up-front cost.
- 2) **Service** - ABC helps remove the time-consuming frustration of dealing with L&I on claims and other workers' compensation matters.
- 3) **Training** - ABC provides over 50 free safety training seminars to retro members so you can utilize ABC to train your staff at no cost.
- 4) **Safety** - ABC employs a full-time Safety Director to provide advice and consultation.

**While many associations offer retro programs, none have been more successful than ABC's because no other program in the state offers a program with the following components:**

- No up front cost.
- An average refund of nearly 40% over 11 years.
- Individual company refunds of over 50%.
- Every participant has received a refund every year.
- A fully-funded contingency reserve that is not reliant on refund dollars; members participate virtually risk free.
- Detailed monthly claims reports outlining your active and closed claims by plan year.
- A continuous customer service survey process to make sure members are getting the services they want and need.

As part of ABC and its retro program you can also take advantage of the following safety benefits:

- Every month you will receive the *ABC Safety Newsline* and a four weeks of Tool Box Talk outlines.
- The Safety Training & Evaluation Process (STEP) program is a yearly self-evaluation tool that helps you rate and improve your safety efforts.
- Take your safety program to the next level and become members of the L&I recognized ABC Safety Alliance.
- ABC's extensive video lending library is free to ABC chapter members.
- The ABC Safety Committee provides your safety director with a monthly opportunity to meet with and learn from his or her peers.

	ABC	BIAW/ MBA "ROI"	SMART "A" Team
Up Front Fees	\$0	\$750	\$500
Annual Dues*	\$2,880	\$750	\$450
Back End Fees	15%	20%	10%
Distribution Schedule	60/25/15	70/20/10	40/40/20
2002 - 2003 Refund	45%	24%	22%
Your Company's Annual RISK	\$0	\$20,000	\$20,000
KOS Requirement	No	Depends	Yes
Every Claim Managed?	Yes	No	No
Monthly Reporting on Every Claim	Yes	No	No
Full Protection Against Penalty	Yes	No	No
Program Controlled by Participants	Yes	Unclear	No

\*Based on \$3 - \$5 million annual revenue/\$50,000 annual L&I premium

## ABC's Retro Program Administrator **Employer Resources Northwest**

Employer Resources Northwest (ERNWest) is proud to provide group retrospective rating services to ABC of Western Washington. There is no doubt that when you enroll in the ABC retro program you will immediately notice a difference in the level and quality of service from the group you are currently enrolled in or from the general State Fund.

ERNWest is a complete workers' compensation risk management provider to employers in Washington State. Many companies providing similar services seek to "add value" to their clients programs, ERNWest also seeks to do this but our main focus is providing client associations and their members with **the highest level of customer service** and **competitive retro refunds**.

ERNWest provides the following services for the ABC program:

- Workers' compensation claims management
- Site and company specific loss control and safety
- Free legal representation on claims through mediation
- Program enrollment and marketing
- Program underwriting
- Training classes



ERNWest claims managers average nine years of experience managing workers' compensation claims in Washington State and have manageable case loads (between 150 and 200 cases). In addition to claims management, ERNWest assigns its staff attorney, a group manager, and uses its three full-time safety/loss control managers to assist participating members. All ERNWest staff are encouraged to regularly attend and present at ABC sponsored training classes and meet with their clients face-to-face as often as possible.

The commitment of ABC and ERNWest to the success of this program is evidenced by two main points:

- **For the 2002 - 2003 plan year ABC achieved the highest contractor group refund for groups that do not require KOS.**
- **In the most recent survey the ABC program has received its highest customer service ratings ever.**

If you have any questions about ERNWest or the services that we provide to the ABC retro program please contact **Michael Engstrom at 800-433-7601, ext. 21** or **Wendy Novak at ABC 800-640-7789**.



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