



# Workers' Compensation Program



## Got Questions? Program FAQ

### **Q) What are the underwriting guidelines; i.e. who is eligible?**

- A)** Each account is individually underwritten and will be evaluated on its own merit, taking into account past loss history, commitment to safety, non-payments or cancellations of policy, etc. The following criteria, however, are some generally accepted guidelines:
- a. Prospective client must be a member of a participating builders association. A quote will be released to a non-member, but coverage will only be bound contingent upon membership.
  - b. Prospective client must have been in business for a minimum of three years.
  - c. Must have a commitment to safety and implementation of a physician panel. The insured should be willing to offer modified duty for injured employees.
  - d. Must have at least one full-time employee earning \$20,000 annually.
  - e. Roofers are excluded. The program will evaluate those who have an incidental roofing exposure.

### **Q) Is this only available to home builders?**

- A)** No, provided your account is a good risk and you meet the criteria outlined on the underwriting guidelines, the account will be considered. This is especially true for associate members, suppliers, professional services, etc.

### **Q) Why are roofers excluded; as they are an integral part of the homebuilding industry?**

- A)** While they are a very important part of homebuilding, their insurance exposure greatly exceeds that of other occupations in the homebuilding industry. In order to maintain competitive rates for everyone else involved in the program, it is important to look at the overall program losses. When including roofers, the losses may potentially increase and make the pricing less competitive for the rest of those involved.

### **Q) What is the 5% Membership Contribution?**

- A)** The collateral required for the stability of the Program is primarily supported by the PBA; five percent (5%) of the premium is set aside as a non-refundable contribution towards the collateral. Premium pricing with this membership contribution is competitive.

### **Q) Who handles the Risk Management or Loss Control?**

- A)** The PBA Workers' Compensation program has dedicated risk managers at Eastern Alliance who specialize in the residential homebuilding industry and know the concerns and exposures of cost-conscious homebuilders.

**Q) Who does the claims handling?**

**A)** The PBA Workers' Compensation program also has dedicated claim adjustors at Eastern Alliance who specialize in the industry. The Eastern Alliance claim management staff has an average claim cost 47% less than the industry average; the employee is also back to work 23% faster than the average. This is due, in part, to the fact that the claim adjustor handles about 50% less claims than the industry average and are trained to stay on top of each.

**Q) What does the "No Charge for Subcontractors" mean?**

**A)** With many insurance programs, if your subcontractor does not carry Workers' Compensation insurance, you will be forced to pay an additional premium to cover them as an employee. This is not the case with the PBA Workers' Compensation Program for accounts in PA only. As long as you have a certificate of insurance evidencing the subcontractor has at least a \$300,000 limit for general liability insurance, you will not be charged for their payroll.

**Q) How does my Association benefit from this program?**

**A)** One percent (1%) of the premium goes to your local association and an additional one percent (1%) goes to the state association (PBA). The Workers' Compensation program is another great benefit of membership and has been found to be a great recruitment and retention tool. It is also a good source of non-dues revenue.

**Q) What about dividends?**

**A)** The program is designed to give the best possible upfront pricing to its participants. On top of that, if the program as a whole has underwriting surplus – a portion is kept as retained earnings for stability, and a portion is distributed to those members who contributed to the surplus on a pro-rata basis. Those eligible for the distribution of the dividend are those who maintained a loss ratio better than 50% in the underwriting year, and who are currently still participants.