

# Spotlight on Success

## Pre- and Post-Loss Initiatives Drive Strong Results for Virginia Automobile Dealers Association

Since 1943, the Virginia Automobile Dealers Association (VADA) has been vigorously representing the interests of its members – 99 percent of the state’s new car and truck dealers. This not-for-profit trade association uses its collective buying power to reduce the cost of products and services for members, and advocates for them before the state legislative and government agencies. The VADA expects the companies with whom it does business to be just as aggressive in representing its members’ interests. So in 1996, when the VADA was looking for an aggressive third-party administrator (TPA) for its self-insured workers’ compensation program, the association chose PMA Management Corp. (PMAMC).

PMAMC’s strategy for minimizing VADA’s losses focuses on both pre- and post-loss initiatives. “Pre-loss initiatives are spearheaded by two risk control consultants dedicated exclusively to the VADA who are working to reduce accident frequency through training programs, risk assessment and on-site visits to the dealerships,” says Frank Altieri, President, PMAMC. “Post-loss, we have a results-driven claims team, including an RN and many people behind the scenes working to lower VADA’s loss ratio by aggressively managing their claims.”

### Controlling Risk: Dealer by Dealer

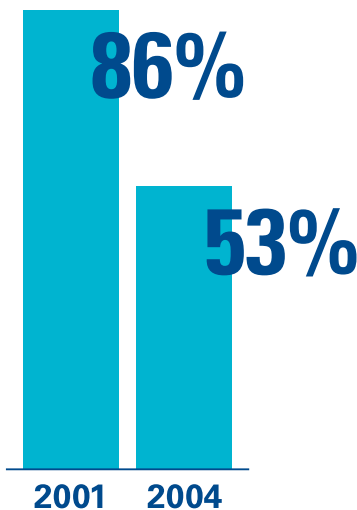
In recent years, VADA and PMAMC have worked closely on improving the safety culture in each of the 350 dealerships participating in VADA’s self-insured group. Because of the size and scope of the account, PMAMC has dedicated a risk control professional to work full-time from the VADA site. “I’m treated as if I am part of the VADA family. The arrangement allows VADA and PMAMC to really bond together and truly be a team,” says Tonya Hawker, Sr. Risk Control Consultant, PMAMC. “To assess dealership safety practices and enhance accountability, PMAMC’s risk control team created a scorecard that evaluates individual dealerships on loss prevention and provides them with recommendations for improvement.”

The results are carefully reviewed by VADA’s risk management steering committee, which consists of staff from VADA, PMAMC, as well as VADA board members. Dealerships that do not score well go on a “Watch List” and are at risk for nonrenewal if they fail to establish safety objectives. “The scorecard gets a lot of attention from the dealerships,” says Don Hall, President and CEO of VADA. “It explains the things they need to do and the value of doing them. I don’t know of any other trade association that has this type of system.” Additional risk management initiatives include...

- establishing stringent underwriting standards to allow dealers with good safety programs to join the group
- offering dealership incentives such as credits on premium to encourage a drug-free work environment
- communication programs to address workplace hazards.

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Loss Ratio



The partnership between VADA and PMAMC resulted in a more than 30 point reduction in the loss ratio.

A popular component of the communications program is a safety booklet that identifies basic loss prevention measures, which is sent to the 25,000 employees covered under the self-insured workers' compensation program statewide. "The book is very well done," says Hall. "It was designed specifically for our industry with our people in mind. I give the PMA risk control associates a lot of credit for bringing our dealers into compliance and making their work environments safer."

### **Aggressively Managing Claims and Medical Care**

A recent initiative to encourage prompt claims reporting has resulted in more than 50 percent of claims being reported over the Internet, which streamlines the reporting process. "Lost-time claims reported after 20 days cost 25% to 30% more than claims reported in the first three days," says John Waggoner, Regional Claims Manager, PMAMC. "Through the work of VADA Insurance Director Ruth Gordon and our experienced claims and risk control teams, the dealerships have a better understanding of the importance of prompt reporting and have made great progress in getting claims to us more rapidly."

As soon as a lost-time claim is reported, a PMAMC claims adjuster contacts the injured worker, the dealer and the treating medical provider. On most lost-time claims, an adjuster and a disability management nurse work together to make sure employees get the appropriate medical care and return to work as soon as it is medically acceptable. When modified duty is indicated for an employee, a claims adjuster works with the dealership to transition the employee back to work. "We've had good success in educating dealers on the importance of bringing employees back to work in a modified duty capacity," says Waggoner. "This shortens the length of a claim, and returns an employee to meaningful employment and ultimately saves VADA money."

PMAMC and VADA aggressively pursue claims settlements to keep claims moving in the right direction. "PMA Management Corp. has been very aggressive in working with us to settle claims quickly and early," says Hall. "The company has a long history in this business and their experience and guidance have enabled us to exceed industry averages in claim closure, claim frequency and claim severity rates."

One significant measure of a successful workers' compensation program is the loss ratio. Through the partnership between VADA and PMAMC, the VADA's workers' compensation loss ratio has been reduced by over 30 points since 2001.

### **Strong Communication**

The strong results VADA and PMAMC have accomplished in recent years could not have been possible without a high level of communication at every level. VADA Executive Committee members Frank Altieri, John Waggoner, Don Hall and VADA insurance broker, Scot Creech, meet quarterly to discuss the progress and future direction of the risk management program. Additionally, the claims and risk control teams meet monthly with Ruth Gordon and her staff to review individual claims and the program's overall progress.

"PMAMC is an integral part of all our meetings," says Hall. "When we have our board meetings, PMAMC associates are here, they are involved, they make presentations, and they are on a first name basis with all of our trustees, which is critical. PMAMC is working for us day in and day out. We don't have any doubt that we have the most aggressive, assertive TPA out there representing us."

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