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## **Chairman's message: ABC's Self-Insurance Group**

March 20, 2008 - Construction Design & Engineering

We all know construction is a dangerous business. Nationwide, the industry experiences more than 200,000 injuries or illnesses each year that force employees to miss work.

To address this issue and give members more say in their loss control, ABC Mass. started the workers compensation Self-Insurance Group in 1992. The SIG acts like an insurance company, but with a couple of important differences.

The first is that each of the 23 ABCMA members that are part of the SIG is responsible for each other's losses. As a result, no one wants to be the one to drop the ball on safety and let other members down.

Fortunately, the peer pressure to focus on safety yields benefits. Pauline Lally, a SIG board member, says it allows her company, Piping Systems, Inc., to benefit from all the safety efforts undertaken by fellow members. The SIG's excellent safety record keeps rates low for all its members. In fact, the SIG completed its most successful year in 2007 in terms of safety and financial performance.

The second important difference is that, unlike a traditional insurance company, annual premiums in excess of SIG costs get returned to members to the tune of more than \$1 million in 2007.

The motivation to keep rates low and earn dividends creates a virtuous circle that resulted in an average 58 percent reduction in premiums for SIG member firms between 1993 and 2005. Dividends and low rates prove that the SIG's investment in loss control and safety six times that of the average carrier provides handsome returns.

Given these results, it's no surprise that the SIG has a 99% retention rate for member companies. Some members have also reaped unexpected benefits. Intensive safety training has produced a more professional workforce, increased productivity, and an enhanced sense of teamwork among employees and managers.

High safety standards have been the key to the ABC SIG's success. For more information contact Jennifer Monkiewicz at [jennifer.monkiewicz@tdbanknorthinsurance.com](mailto:jennifer.monkiewicz@tdbanknorthinsurance.com)

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