



Blueprint[®]

Commonwealth Contractors Group Self-Insurance Association • Vol. 3 • No. 3 • November 2001



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**Commonwealth Contractors
Group Self-Insurance Association**
9620 Iron Bridge Road, Suite 202
Chesterfield, Virginia 23832
888-321-1995
<http://www.ccgisia.com>

SERVICE COMPANIES:

Administrator: Billing, Underwriting,
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Self-Insured Concepts, Inc.
9620 Iron Bridge Road, Suite 202
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888-321-1995 • Fax 804-748-4929
email: ccgsia@mindspring.com

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• NEWS RELEASE •

COMMONWEALTH CONTRACTORS RECEIVES EXCELLENT RATING

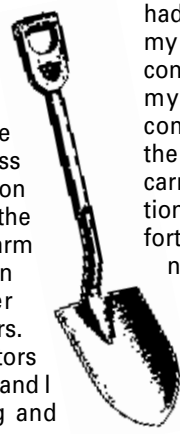
Commonwealth Contractors Group Self-Insurance Association (CCGSIA) is pleased to announce that it has received a rating of A- (Excellent) from A. M. Best Co. A. M. Best Co. is the world's oldest and most authoritative insurance rating and information source. Commonwealth Contractors is believed to be the only group self-insurance association in Virginia to receive such a rating and one of only a few such groups nationwide.

Commonwealth Contractors Group Self-Insurance Association was established in 1981 with the specific objective of providing a stable, profitable workers' compensation market for contractors and other construction-related accounts throughout the Commonwealth of Virginia. According to A. M. Best, this excellent rating reflects CCGSIA's conservative balance sheet, positive operating performance, sound capitalization and strong policyholder retention.

From The Trenches

Wayne C. Boggs, Board Member
Commonwealth Contractors
Group Self-Insurance Association
President & Co-Owner - Richmond Alarm Company

I am President and Co-Owner of Richmond Alarm Company. We offer a full line of electronic security solutions for homes and businesses. Our products include burglar and fire alarms, card access systems and closed circuit television systems. Founded in 1947, we are the largest and oldest locally owned alarm installing and monitoring firm in Virginia. Our monitoring center serves over 13,000 alarm customers. We joined Commonwealth Contractors in 1994. I joined the Board in 1998, and I have served on the Underwriting and Marketing Committees.



Being a Board member has been a learning experience. Like most of you, I never gave much thought to the details of my workers' compensation insurance. It was just one more insurance product I had to buy to protect my business and my employees. Other than my natural concern for my employees' well being, my only thought about workers' compensation insurance was keeping the premiums down. No one from the carriers ever called me except to question an injury claim, and we have been fortunate in having few claims. I knew nothing about how the insurance industry worked or any of the details of insurance company operations. I certainly never received any of my money back from the insurance company's profits.

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CCGSIA Membership Has Perks!

Cheryl S. Brooks

Vice President of Marketing - Landin, Inc.

As members of the Commonwealth Contractors Group Self-Insurance Association, most of you are aware that there are many advantages of membership. A few that are probably obvious are the low premium rates and high premium refunds. Specifically, that CCGSIA's rates decreased an average of 1.5% since the 2000-01 plan year and that we return an average 25% of premium to our members each year. You may wonder how the CCGSIA can consistently maintain very competitive premium rates and still provide substantial refunds to our members, especially during a time when other carriers are experiencing rate increases. The answer is simple if you understand some of the not-so-obvious aspects of CCGSIA membership that are not only beneficial to you, but help us ensure the long-term stability and profitability of the CCGSIA. For instance, did you know that . . .



- Only contractors and their suppliers are eligible for membership in the CCGSIA. This homogeneity ensures that a similar level of risk is shared for the protection of the group and for all members individually.
- Before being admitted into the CCGSIA, each applicant is care-

fully screened to ensure financial stability, good safety practices and favorable prior workers' compensation claims experience. You should find comfort in the knowledge that all members of the Group share the same commitment to safety that you do.

- CCGSIA has an experienced loss control staff whose primary function is to work with the members to ensure the safety of their employees. Our representatives are available for additional consultations, if necessary, at no additional charge. Effective risk management is a primary goal for the CCGSIA!

- Unlike similar Groups, CCGSIA's Members' Supervisory Board is actively involved in the Group's daily activities and closely monitors all areas of performance including new membership, claims experience, rate filings and refunds of premium. You may have noticed that Board Members contribute articles to each edition of this newsletter. Remember, as members of the Group themselves, the Members' Supervisory Board represents you!

- As a member of the CCGSIA, you have the added benefit of an Agents' Advisory Council which consists of respected agencies representing various geographical areas within the State. The Council was formed so that our agencies



remain well informed about the CCGSIA and keeps us well informed regarding your needs as a CCGSIA member.

As you can see, CCGSIA's primary focus is its members - we think that's why we've been so successful. The CCGSIA has been in operation longer and is currently the largest most stable GSIA in operation in the State of Virginia. With nearly \$15 million in annual premium and over 775 Virginia member contractors, we are three times larger than our closest competitor. In our 20 years in operation, we have returned over \$24 million in surplus premium to our members.

We remain committed to providing a stable long-term workers' compensation market that outperforms others in all areas, including rates, service and returns of premium for our members. We are confident that you are proud to be an admitted member of the CCGSIA and continue to be pleased with the many benefits of membership. Tell your friends about us so they too can enjoy membership in the CCGSIA!

safety program and covers the basics such as first aid, fire extinguishers, personal protective equipment recommendations and even something as basic as seat belt use and enforcement. The comprehensive version offers detailed modules on such diverse topics as Confined Space Entry, Respiratory Protection, Lockout/Tagout Energy Control Program and Fall Protection. Having this available on computer disk allows you to pick and choose those areas that apply to your unique business and thus create a valuable written safety program that fits your requirements. If you don't have one yet, please give your Loss Control Representative a call. They will be happy to assist you in developing this important program for your company. Gene Fornash can be reached at (804) 359-9600 Ext. 19, and Tommy Edwards can be reached at Ext. 28.

Written Safety Program—A Must

Bill Deekens

Executive Vice President - Landin, Inc.

Commonwealth Contractors Group Self-Insurance Association is a large and diverse group of contractors with some members having as few as five employees while others may have over one hundred. Operating safely is just as important to the small player as it is to the big boys. To assist our mem-

bers, Landin, Inc. has created a generic, written safety program and is happy to make it available to all of our members through your Loss Control representative. This safety program, available on computer disk, as well as on paper, comes in two versions. The first is a concise, "Let's Get Started" approach to developing your



Safety In The Trenches

Tommy Edwards

Senior Loss Control Representative – Landin, Inc.

“CONSTRUCTION WORKER KILLED IN TRENCH CAVE-IN.”

Much too often we see a headline in a newspaper similar to the caption above. We read the article and move on to the sports page, thinking that it will never happen on my jobsite. The truth is, that it does happen, and it could happen to you. Just in the past nine months it has occurred two times within the ranks of the Commonwealth Contractors Group Self-Insurance Association. On November 27, 2000, a 27-year-old worker was killed by an excavation/trench cave-in at a jobsite located in Chesterfield County, and on July 24, 2001, a 34-year-old worker was killed by a trench cave-in at a jobsite located in Fairfax County.

Group Members Wake Up, This Is Right In Our Backyard!

Initial planning could have prevented the two fatalities. Correcting mistakes in shoring and/or sloping after the work has begun tends to slow down the operation, can add to the cost, and increases the possibility of an excavation failure. Excavating and shoring trenches is a job that must be carefully planned and carried out - IN ADVANCE. Each situation is different, depending on the type of soil, the size of the trench, how close the trench is to existing buildings and utility poles, and the weather. A trench that is inadequately shored for the soil type or moisture level can be a death sentence for those who work below the surface.

Due to the extreme hazard potential and strict regulations, prior to commencing excavation operations, you should become thoroughly familiar with OSHA's Excavation Standards and have a competent person available. When you work on a trench, follow procedures exactly. They have been carefully determined according to federal, state and local regulations for the soil type on your site. Before you dig, consult the local authorities for soil type information or have test borings performed for soil type or conditions.

The cause of most cave-ins can be traced to not using trench boxes, either not shoring or by providing inadequate shoring, excavating too close to a building or utility pole, or misjudging the stability of the soil. Keep these points in mind when working with trenches:

1. Keep trenching machines level to prevent undercutting the soil. Keep the shoring as close as possible to the trenching machine, without being damaged by the machine's operation. Pile excavated soil at least two feet from the edge of a trench.
2. Don't rely on trench shoring to support platforms for equipment such as cement mixers and wheelbarrows. If equipment must be used over a trench, provide extra vertical supporting members between the stringers of the shoring.

3. The sheeting that forms the wall of the shored trench must extend at least 18 inches above the top of the trench.
4. Use extra caution when walking or moving equipment around trenches. Equipment or soil dropped into the trench could injure workers below. Tripping on equipment or excavated material and falling into a trench is a common worksite accident.
5. Heavy vibration weakens trench walls. Avoid using vibrating equipment such as jackhammers for rock splitting. Also avoid tamping and backfill operations nearby, unless a trench box is used or the trench has shoring adequate enough to withstand the stresses such operations may cause.
6. Before getting into any trench, make sure that the cross bracing is in place and tight. Cross bracing may be screw jacks, hydraulic jacks or timbers, cleated and rigidly jacked or wedged.
7. When there has been a change in the weather, such as a heavy rain or thawing after a freeze, check with your supervisor before going into a trench. Trench walls that were safe when dry or frozen can collapse when saturated with water or thawed out.
8. Any time you move earth you create an unstable situation. To keep tons of rock and earth stable in the unstable arrangement of a trench, you must pay extra careful attention to the details of digging and maintaining that trench.

The untimely deaths of our associates could have been prevented. They left behind their wives and families, whose lives have been changed forever. Don't let this happen on your job site.

THINK AND PLAN BEFORE YOU DIG!

¹Tool Box Talks – 1992 Parlay International 1390.039



Another Fine Performance

Stan Adams

President – Self-Insured Concepts, Inc.

Commonwealth Contractors continues its excellent financial position for the six months ended September 30, 2001. Strong earnings of over \$3,100,000 in pre-tax income generated for those six months bring our accumulated members' surplus to the superb level of over \$13,400,000, the highest in its history. The unaudited condensed Statement of Condition of Commonwealth Contractors Group Self-Insurance Association as of September 30, 2001, is shown to the right.

Plan year 4/1/01-02 earned premiums are projected to exceed \$15,000,000 for the first time since 1997, with pro-rata premiums of \$14,400,000 on the books as of September 30, 2001. Our loss ratio for the 2001/2002 Plan Year is only 44.15%, an extremely low ratio after six months of operations, further supporting the strength of our loss control and cautious underwriting procedures.

At its recent meeting, Commonwealth Contractors' Supervisory Board voted to distribute surplus (as dividends) to the members amounting to \$2,250,000. This distribution will bring our total distributions since

inception of the Group in 1981 to over \$26,000,000 (\$18,226,330 in the last six years). The distributions will be made in February, 2002, subject to Bureau of Insurance approval.

We continue to see some tightening of the workers' compensation insurance market in Virginia, as evidenced by an increase in the number of submissions we have received this

year. From April 1, 2001, through September 30, 2001, we have added 127 new members to the Group representing over \$2 million in additional premium bringing the total number of members to 780. With this level of activity, we remain optimistic for continued premium growth and increases in our member base.

Statement as of September 30, 2001

Cash and Investments	\$26,100,513
Board Discretionary Fund	1,541,681
Receivable From Reinsurers	4,225,036
Other Assets	1,080,435
Total Assets	\$32,947,665
Claims Reserves	\$18,262,307
Dividends Payable	1,002,089
Other Liabilities	240,188
Total Liabilities	\$19,504,584
Members Surplus	\$13,443,081

Substance Abuse Testing Just Got More Affordable

Stan Adams

President – Self-Insured Concepts, Inc.

For the past four years, Commonwealth Contractors Group Self-Insurance Association has been rewarding members who create a drug and alcohol-free workplace for its employees with a 5% annual credit on their workers' compensation premium. Many of our members have implemented substance abuse testing and are currently receiving their premium credits. The Members' Supervisory Board of Commonwealth Contractors GSIA believes strongly

in the benefits of a drug and alcohol free workplace. To help promote the premium credit program and to encourage members to participate, the Board arranged with Trident National Corporation to handle our substance abuse testing program and to assist members in developing a qualified substance abuse program that meets our guidelines.

Recently, Trident National Corporation received a U. S. Small Business Administration Grant to establish **NO-COST** drug free workplace programs for small businesses. What this means to the vast majority of our members is for the next 12 months

their will be **NO COST** associated with the development, implementation and testing when establishing a drug and alcohol-free program through Trident National Corporation. After the initial 12 months, members pay only for the cost of testing. This **NO COST** program is in addition to the 5% premium credit currently offered by Commonwealth Contractors GSIA.

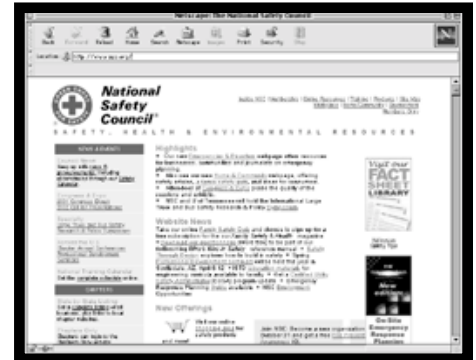
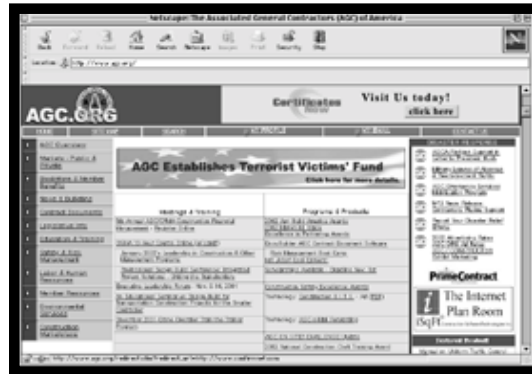
For more information on the **NO-COST** drug free workplace program offered by Trident National Corporation, please call Robyn Cagle or John Villines at Trident National Corporation at (804) 354-0697 or toll free at (800) 849-2264.

No Habla Español – You’d Better

Bill Deekens
Executive Vice President - Landin, Inc.

Many of our members report a rather dramatic increase of non-English speaking workers in the labor pool. This is particularly true of Hispanic workers which include those from Mexico, Puerto Rico and Cuba. The U. S. Census Bureau predicts that Hispanics will likely become the largest minority group by 2015. Communicating with these workers is very challenging, especially in enforcing safety rules and practices. As you know, OSHA requires all contractors to provide training for each employee at every job location. Included in their requirements are identifying and avoiding unsafe conditions at the job site and controlling or eliminating hazards which can lead to injury or illness. One possible resource for help in this area is The Associated General Contractors (AGC), of which some of you are members. They offer assistance in this area through bilingual booklets they publish. Two of these, which may be of interest to you, are

- the Spanish version of “Basic Safety Rules For Construction” and “The Construction Spanish Translator.” These are available through their website. The Internet address is www.agc.org and click to Bookstore and then Spanish Products. The Associated General Contractors can also be reached at (800) 242-1767. Another source of information is through the National Safety Council. If you log onto their website www.nsc.org and click first on Products,



then from the left column click on Search Products, type in Spanish and press enter, a comprehensive listing of their English/Spanish publications will be displayed. Having this or a similar resource available offers tangible proof to your workers that you are interested in accident prevention and in keeping them safe.

Timely Claims Reporting

Compiled by Staff

The reporting of claims in an expeditious manner is very important for a number of reasons. Probably the most important is to allow for timely research into the cause of the accident and to then prevent it from occurring again. Another benefit is that the circumstances of an accident are easier to recall soon after it

- occurred. By delaying a report, important information could easily be forgotten. So far in 2001, the average elapsed time between the date of an accident and its being reported to Landin’s Claims Department is greater than ten days. It is very important for each member to prevent accidents in the first place, but should one occur, it should be reported to Landin as quickly as possible.



Addition To Loss Control Staff

Bill Deekens
Executive Vice President – Landin, Inc.

Landin, Inc. is pleased to announce the addition of Tommy Edwards to our Loss Control staff. Tommy has over fifteen years of experience in the Loss Prevention arena, most recently with SAFECO Products, Inc. for the past five years. Prior to that, Tommy was with CIGNA Property & Casualty Company for seven years. A native of Petersburg and a resident of Colonial Heights, Tommy is excited to be working with Commonwealth Contractors and looks forward to helping keep our group safe and successful.

- continued from page 1 -

But Commonwealth Contractors GSIA is not your normal workers' compensation insurance company, nor are we like the other self-insurance groups in the area. We have a large membership. With over 775 members, we can spread our operational costs over a large base. This means that less of your premiums have to go to covering our administrative and service costs. It also means we have a lot more money to invest. Since we are required to maintain a large reserve against potential claims, we invest those funds and earn income, helping to offset our costs. We all know how the market

did last year. Even in such a poor investment environment, your Association earned nearly 11% on its invested funds, for a total return of \$2,000,000.

Because of our size, we can offer many services that others cannot. We can have more sophisticated administration and service organizations. These are the people who handle claims, issue certificates, manage our medical expenses and maintain our books. We can have better loss control personnel. These are the people who help you maintain a safer workplace and help protect us all against fraudulent claims. We can offer safety seminars with useful ideas on reducing accidents and increasing profits. We maintain a

\$1,500,000 Board Discretionary Fund to reduce the chance of an assessment of the members, in the unlikely occasion that we experience a large unexpected loss. Finally, we are able to operate very efficiently, which has enabled us to return over \$24,000,000 to our members in dividends.

Your Group is the largest, most efficient and most financially-sound Workers' Compensation Group Self-Insurance organization in Virginia. We have experienced steady growth over the years due to the level of quality service we provide to our members. We offer service you cannot get from either conventional insurance carriers or other self-insurance associations. Over time your membership will pay off, both financially and operationally, if you make use of the many resources available to you through Commonwealth Contractors. It certainly has for me.

On-Line Safety Training

A new feature launched two issues ago was a brief listing of Websites devoted to safety issues which may be of interest to Commonwealth Contractors' members, insurance agents and other interested parties. Following that lead, here are some on-line safety courses that may be of interest.

Commonwealth Contractors does not endorse any of these sites, their advice, or their sponsors, but provides this information merely as one source of potential guidance in supporting members' safety efforts.

Provided by: R.H.S. Solutions (Risk Health Safety)

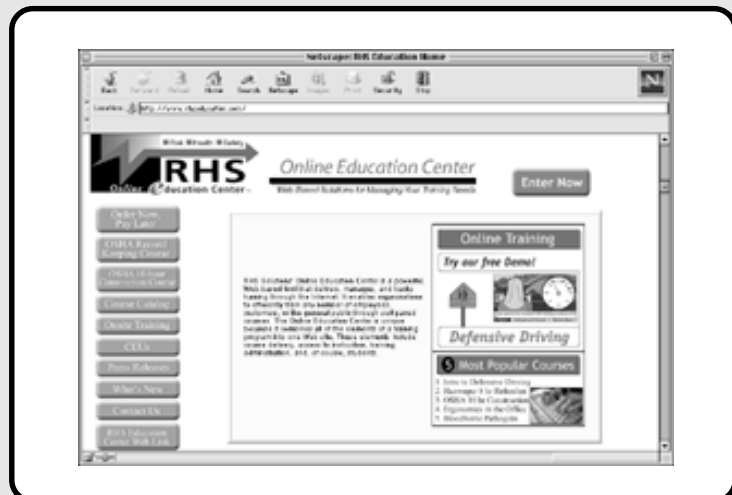
www.rhseducation.com

You can find on-line safety courses such as:

1. 10 hour OSHA construction safety course

2. Personal protective equipment training
3. Forklift training
4. Lock-out / Tag-out
5. HAZCOM

And many more!!! Some courses are free and some require a fee.



What Is A "Statutory Employer"?

William K. Willis

Senior Vice President/Claims – Landin, Inc.

In the last issue of the Blueprint we discussed "employer", "employee" and "independent contractor" and how the Virginia Workers' Compensation Act defines each. Now lets take a moment and explore how the Act views and defines a "statutory employer".

Section 65.2-302 of the Act defines, with some exceptions, a "statutory employer" as any person who undertakes to perform or execute any work which is part of his trade, business or occupation and who contracts with another (i.e., a "subcontractor") to perform that work in whole or in part. The primary reason(s) for the "statutory employer" provisions of the Act is to prevent the evasion of workers' compensation coverage by the subcontracting of work and also to protect the employees of uninsured subcontractors by imposing workers' compensation liability onto the "statutory employer". In other words, employees of uninsured subcontractors hired by your company could be covered under your workers' compensation; as by statute you may become their "statutory employer".

The Commission generally applies two "tests" in order to determine whether your company could be considered the "statutory employer", and they are as follows:

1. The "normal work test" – i.e., was the subcontractor engaged in the same trade, business or occupation as your company, and was he performing work that would or could have otherwise been performed by the employees of your company?
2. The "subcontracted-fraction test" – i.e., this test first of all analyzes your companies status under the Act (i.e., general contractor, etc) and then focuses on whether the work you have subcontracted was a "subcontracted-fraction" of your company's trade, business or occupation.

If it is determined that your company is the "statutory employer", then the Virginia Workers' Compensation Commission could hold your company responsible for injuries sustained by the employees of your uninsured subcontractors. Therefore, your company's workers' compensation insurance, through the Commonwealth Contractors Group, may have to step up to the plate and make payment(s).

How do you prevent becoming a "statutory employer"?

The recommended method of preventing your company from becoming a "statutory employer" is to require Certificates Of Insurance from each of your subcontractors and to follow-up on a routine basis in order to determine that their coverage remains in effect. Keep in mind that your company has little control over the employees of your subcontractors, and their accidents may cost your company additional premium dollars along with having the potential to impact your company's loss ratio as well as your experience mod.

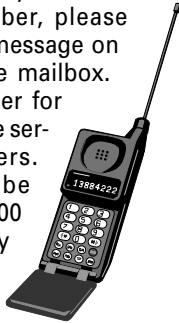
In upcoming issues of the Blueprint we will examine some actual cases involving the "statutory employer" as well as the "independent contractors". In the meantime, however, please do not hesitate to contact me if you have questions regarding "statutory employer" or any workers' compensation topic.



Help Us Help You

Compiled by Loss Control Staff

Safety inspections conducted on behalf of the Commonwealth Contractors Group are for the benefit of each member and help protect the integrity of the entire organization. Too often we find ourselves calling members repeatedly in an attempt to schedule such a visit. Sometimes we don't receive return calls, or we may miss them. This is particularly true with some of our smaller contractors who may not have an office staff available to handle such requests. If you have a cellular telephone number, please consider leaving it as a message on Gene's or Tommy's voice mailbox. This should make it easier for us to provide this valuable service for all our members. Gene Fornash can be reached at (804) 359-9600 Ext. 19, and Tommy Edwards can be reached at Ext. 28.



Check Out
www.ccgisia.com

Compiled by Staff

Commonwealth Contractors' Website gives you information on and answers to our workers' compensation program. What can you find? How about – Rates, Quick Quotes, Dividend History, Underwriting Guidelines, Contacts, as well as the newsletter you are now reading! You will also find "links" to other relevant insurance and safety sites. So, bookmark <http://www.ccgisia.com> and remember to visit us often.

Welcome New Members

Stan Adams

President - Self-Insured Concepts, Inc.

Since the April 1 start of Commonwealth Contractors' new plan (policy) year, we are pleased to welcome 125 new members generating \$2,062,277 in annual premium. Interestingly, 24 (20%) of those members had been members at an earlier time, and apparently recognized the value and benefits of joining us again.

The 125 new members are categorized as:

- **Carpentry Contractors = 28**
- **Roofing Contractors = 19**
- **General Contractors = 18**
- **Miscellaneous Contractors = 60**

