



FREQUENTLY ASKED QUESTIONS

WHEN WAS THE FUND STARTED?

After a thorough investigation, the MARO Board of Directors in 1988 approved the formation of the MARO Workers' Compensation Fund. It is the Board's opinion that the program can provide for better claims control and through minimum operating costs, offer the best potential for lowering the cost of Workers' Compensation coverage.

1. HOW DOES THE FUND OPERATE?

Authority, from the State of Michigan Bureau of Workers' Disability Compensation, has been given in fulfillment of all legal obligations of employers under the Workers' Compensation Act. Broadspire has been selected to provide all claims handling of the Fund. Billing, safety audits and training are provided by MARO staff. Smalley Investments handles the Fund's investments.

2. HOW IS THE FUND FINANCED?

Each organization pays into the Fund their normal developed premium. These premiums are invested in secured bank accounts and other investments under State of Michigan regulation. Claim costs and operating costs are paid from the premium and investment income. Annually, the Michigan Bureau of Workers' Disability Compensation reviews all claims with the trustees of the Fund and, at that time, a decision on the size of future premium discounts will be determined.

3. WHAT WILL BE THE SIZE OF PREMIUM DISCOUNTS?

Fund members have earned discounts from 15% to 100% of their annual premium.

It would be impossible to predict a precise discount each year because each member is rated based on his or her loss experience. And each policy period has a unique claim experience affecting discounts.

4. HOW CAN THE FUND HOPE TO GIVE SUCH HIGH EXPERIENCE DISCOUNTS

There are many reasons why the Fund approach can reduce operating costs and offer a better potential for discounts than insurance programs.

- A. Rehabilitation organizations control the program, not the insurance company. The State grants authority to a Board of Trustees, elected by the fund members, to operate the Fund on behalf of participating members. Before any large claim payments are made, the member is consulted, along with the Trustees, to obtain better control. Importantly, each organization receives a monthly report of all Workers' Compensation claims and will know, first hand, of costs allocated to their organizations.
- B. The interest income from bank accounts and other investments stays with the Fund and is used to pay for claims and operating costs. It does not go into any insurance company profits as is the case with stock insurance companies, and thus helps reduce overhead costs.
- C. Cash flow increases investment income. Most Workers' Compensation claims are not paid in one lump sum of cash immediately after an accident. On the average, most claims for serious job-related injuries take many years to be paid. This means that the money in the Fund continues to generate interest even while claims are being paid.
- D. Broadspire, one of Michigan's largest service companies of Workers' Compensation programs, provides claims management for the program. Because this company's only business is administering Workers' Compensation programs, each participant gains over fifty years of specialized experience in claims. A highly trained professional claims supervisor, with many years of Workers' Compensation experience, is personally assigned to each rehabilitation organization and is responsible for all claims activity.
- E. Safety seminars are held for your organization's administrators and staff to develop more awareness of potential safety hazards and obtain better loss control after claims occur. Annual safety audits are also conducted.
- F. Presently, approximately 5.3 percent of a Workers' Compensation premium is paid to the State of Michigan as a premium tax. There is no tax on premium under this program, and this will also help reduce overhead costs.

5. HOW WILL A MEMBER'S PREMIUM BE DETERMINED?

State law requires the Fund to use rules of the Michigan Rating Bureau. Each company estimates its forthcoming year's payroll by rate category and modifies it by its unique claim experience. At the end of the policy year, payrolls will be audited and a final premium prepared on the adjusted payroll. Premiums are payable monthly.

7. WHAT IF THE FUND HAS BAD CLAIM EXPERIENCE OR HAS A CATASTROPHIC LOSS, WILL WE PAY MORE MONEY?

State of Michigan regulations require that the Fund have excess insurance coverage for any losses. Although it is unlikely to be used, the excess carrier, Midwest Employers Casualty Company, must pay any loss over 81% of the amount of money in the fund. The excess carrier also pays individual claims over \$500,000. In the unlikely event that the fund becomes bankrupt, all members have joint and several liability for the funds liabilities.

8. WILL PARTICIPATION REQUIRE ADDITIONAL MEMBER'S STAFF TIME?

There is no more demand on your organization's staff time than with a private insurance company. Claims are reported to Broadspire, the claims service organization, instead of an insurance company. Company administrators should alert Broadspire immediately to any serious accident or "questionable" job-related accident. Also, an administrator should review the monthly report of all accidents in the organization.

Broadspire handles all other details of claims administration, including claims investigation, check preparation, etc.

9. WHAT IS OUR LIABILITY IN JOINING THE FUND?

All members of the Fund are asked to sign a trust agreement. The agreement makes several obvious requirements: accurate reporting of payroll and prompt payment of premium.

Part of that agreement also provides that participants agree to jointly pay a claim or State assessment if there is no money in the Fund. This can happen if members do not pay their premiums or there is a premature discount distribution. Because State regulations require payment of premium as a condition of Fund membership and the State of Michigan must review all claims before it permits a discount, this part of the agreement is a legal technicality and remote in application.

10. WHO CAN JOIN THE FUND?

Any community rehabilitation organization that is a member of the MARO is eligible to join.

11) IS IT POSSIBLE TO WITHDRAW FROM THE FUND?

Yes, after notice to the Fund, any member can withdraw.

12) HOW DO WE OBTAIN ADDITIONAL INFORMATION ON THE FUND?

Contact:

Mr. Todd Culver
Chief Executive Office – MARO
(517) 484-5588

MARO Workers Compensation Board of Trustees - 2017

Todd Culver, Fund Administrator
MARO

Michelle Aerts
ADAPT, INC.

Scott Dillard
GOODWILL INDUSTRIES OF GREATER GRAND RAPIDS

Dean Emerson
SVRC INDUSTRIES

Joel Krupa
NORTHERN TRANSTIONS

Steve Perdue
GRAND TRAVERSE INDUSTRIES

Rhonda Wisenbaugh
THUMB INDUSTRIES