Volume 22
Third Quarter 2009

risk management MATTERS

A Risk Management Newsletter for NTCA Members

2009 Risk Management Conference
Boston, MA • June 28-30, 2009

The reviews are in! The speakers were excellent and energetic, the session times were just right, the location was fabulous (cooler weather in the 100 degree days of summer was quite refreshing), the accommodations were good, and the new concepts that were presented opened everyone's eyes to exposures and solutions for those exposures in rural telecommunications in today's marketplace.

We would like to give a special thanks to Mike Brunner and Sheridan Wangler of NTCA, Judd Rousseau and Dan Taylor of ID Theft 911 (they will be speakers at the Finance and Accounting Seminar this September), and Paul Samson of Great American's Loss Prevention Services, in addition to our very own Peter Elliott for all their insightful sessions. In addition to two days of rural telecom-specific insurance and risk management training, we also had the chance to do some bonding/networking and have a little fun.

We thank all of you, our Telcom family, for joining us for the RMC and invite you back again next year. Mark your calendars for Chicago—June 27-29, 2010 for the 2010 RMC and Denver in 2011 (dates to be determined).

Check out the photo evidence:

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IN THIS ISSUE

TELCOM INSURANCE GROUP
6301 Ivy Lane, Suite 506
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Presidential Matters

By Peter J. Elliott, CPCU

What constitutes great customer service? Every buyer of a product or service has their own answer to this question. For each and every opinion, it is a personal definition. There is no universally accepted answer. Although there are definitely common responses which often include: offering timely responses, having a sense of urgency about the task, the ability of a knowledgeable staff to solve needs, friendly and professional when interacting, and easy to do business with. There are many more and that fact alone makes it difficult for a business to meet the needs of everyone they serve. In this article, I will explore the challenges that come with providing customer service to an insurance buyer and some of the pitfalls that we face or have created.

Excellence in customer service, in my opinion, starts with the initial response. The first moments of the interaction will set the tone and the impression of what is to come. Have you ever tried to reach a business and regardless of whom you call or how many times you "zero out" to try to reach a person the phone always rolls into voicemail? Somewhere along the line, the term operator has vanished from the listing of staff at most companies. I surely wish they would bring it and the skilled people who did this job back, if they cannot find another solution to getting someone to pick up the phone within one to two transfers! When the first interaction with a business is rolling from one voicemail box to the next and your first impression isn't with a person but instead with an answering service, generally frustration follows and unfortunately the experience often goes downhill from there. We live in a world that is moving too fast for us to be ground-to-a-halt by an answering service that doesn't allow us to explain our problem or needs to someone who can interact and get to the root of the issue and then begin the solution phase that brings satisfaction. The more complex the issue, the more intense the need to speak with someone becomes. Sure, an insurance provider can listen to a voicemail message that states I just bought a new truck and need a motor vehicle identification card and quickly respond. If the message went something like this instead, "I am signing a contract that holds me responsible for the damage and loss to intangible property and I want to know if I am covered". Then, an interactive discussion with data and information collection that is needed to be able to start the review process of existing policies would begin. The question is complex and it will take some time to provide an answer and potentially a solution. Normally when I get this type of call, the contract is being executed that day and time is short. The solution is to have a phone system that finds a live person quickly when there is a need…it, also, doesn't hurt to have a customer that recognizes that almost all contracts can create liability exposures and involving your insurance provider sooner rather than later is advisable.

When you do get a person on the initial try or a return call from a voicemail, the response of the company representative develops your next impression of the service you are receiving. I appreciate honesty but I have had at least one person tell me there was no way they could respond to my question in the time frame I needed. As I stated, I appreciate the honesty of the representative much more than one who promises something that is unrealistic. The best experiences I have ever had generally come with management of my expectations and a clear understanding of the process. There is a big difference and feeling that I get from these much different responses: "Sorry I cannot get that done today because I am swamped and there is just no way" versus "I am going to try my best to answer your question about that contract clause today but let me explain what has to happen for me to be able to offer a qualified answer". The easy quick part will be for me to pull your insurance portfolio and search for the clauses and exclusions that pertain to the issue. I may have to contact the underwriter at the insurance company for clarification of the issue or to modify the current coverage. If I do, my response time is now potentially held up by a third party. Let me get started on this immediately. Doesn't this really seem like common sense that all interactions requesting service should be handled like the latter example? Sadly, I have experienced the

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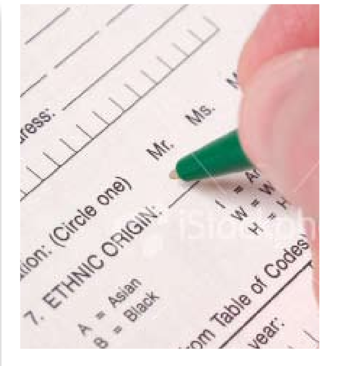
Excellence in customer service, in my opinion, starts with the initial response.

Human Resource Matters

By Marilyn A. Blake, AU, CRM



Defusing Employment Practices Liability Claims

EEOC officials report that filings always go up during a recession; they expect an increase. So our difficult economic times, often tempts employees, former employees, and those you did not hire, to accuse you of discrimination. In 2008, the EEOC reported an increase of 15.2% in national filings: 36% race, 34% retaliation, 30% gender, 26% age, 20% disability, and national origin, religion, and Equal Pay Act rounding out the rest.

There are ways that you can minimize your exposure to these types of claims:

- Written job descriptions defining essential duties (also important for workers compensation claims)
- Post all required employment-related notices and poster in conspicuous places where employees report to work
- Conduct written, standardize, formal performance evaluations of each employee
- If you do drug testing, apply it across the board to all employees
- Formulate a policy for employees with life-threatening illnesses including AIDS and HIV
- Formulate a policy for employees (identify critical employees) and telecommuting policies in case the H1N1 flu interrupts your operations
- Proper documentation is critical for discipline and termination and will be requested if you have a claim
- Have a good employee handbook which has been evaluated by a labor/employment attorney in your state and that is made available to all employees (make sure changes/modifications are also communicated to all employees) which clearly states that it is not an employment contract
- Make sure you have an anti-discrimination and anti-harassment policy which conforms to EEOC guidelines

Honestly, it is difficult to monitor all of the new employment law changes that either have happened or are in discussions at the legislative level. Fair labor standards, Lilly Ledbetter fair pay act, COBRA, Immigration Reform & Control Act—just touch the surface. Join attorney Thomas Bright on **Friday, August 28th at the NTCA Benefits Workshop in Asheville** to find out about all of these and more. Mr. Bright works with Travelers Insurance Company and is sponsored by Telcom at this meeting; he knows first-hand of the kinds of claims fellow NTCA members are seeing. Make sure you mark your calendars for this opening session on Friday of the conference.

Note: Don't forget, if you receive an EEOC notice, you should immediately notify your Employment Practices Liability carrier and provide them with a copy of it. A notice is generally considered a trigger to report a potential claim.

Claims Matters

By Cheri L. Condee, AU and Marilyn A. Blake, AU, CRM

Fiduciary Duties, Claims, and Coverage HR and Managers Pay Special Attention

Your Directors and Officers Insurance policy has three real parts: Directors/officers/managers coverage, Employment Practices Liability coverage, and Fiduciary Coverage.

Fiduciary Coverage:

Coverage for Fiduciary liability provides for losses that the insured becomes legally liable to pay because of a claim made against the insured for any alleged wrongful act, by such insured or by any other person, for whom the insured is legally responsible. It also covers the defense costs in connection with a covered claim, which in most cases is very important for all of the parties involved including the telco and its directors, officers, and managers. Fiduciary polices are written on a claims-made form. This means that the policy that is in effect when the claim is actually made is the one that responds…not the one in effect when the decision/action that leads to the claim/allegation happened.

Who or What is a Fiduciary?:

A fiduciary is someone who has undertaken to act for and on behalf of another in a particular matter in circumstances which give rise to a relationship of trust and confidence. Therefore, a stricter standard of behavior is required of the fiduciary. Most fiduciaries are unaware of their personal financial risk or that of the sponsor organization. Under ERISA, its definition is very broad: any person exercising any discretionary authority of control of the management or administration of a retirement plan or its assets. "Administration" is perhaps the key here. Yes, plan beneficiaries can transfer responsibility for ERISA compliance to a third-party which has an ERISA bond to protect the plan. However, many times in a suit, the plan participants name everyone—the plan administrator, the telco, and the people at the telco in charge of plan administration at the local level.

Fiduciary is a word that carries huge responsibilities for those folks who are in the role of "fiduciary". The term "Fiduciary Liability" is defined in the Definitions section of the Directors & Officers policy in combination with others words that are also defined by the policy (defined policy words are in bold).

- **Wrongful Act** shall mean:
  - With respect to an **Employee Benefit Plan**, any actual or alleged violation of any of the responsibilities, obligations, or duties imposed upon fiduciaries of an **Employee Benefit Plan** by **ERISA** or the common law or statutory law of any jurisdiction;
  - Any actual or alleged act, omission, error, misstatement, misleading statement, neglect or breach of duty in the **Administration** of any **Employee Benefit Plan** or **Mandated Benefit Program**; or
  - Any other matter claimed against any Insured solely by reason of their status as a fiduciary of any **Employee Benefit Plan**.
- **Administration** shall mean giving counsel to employees of the Company, interpreting and handling records in connections therewith, or effecting enrollment or cancellations of employees of the **Company** under any **Plan** or **Welfare Benefit Plans**.
- **Breach of Fiduciary Duty** shall mean the violation of any of the responsibilities, obligations, or duties imposed upon **Insureds** by the Employee Retirement Income Security Act (ERISA) of 1974 and any amendments thereto, or the common law of any other jurisdiction governing any **Plan**.

Sample Fiduciary Claim Examples:

- A family sued the local telco directors of a family-owned telco based upon stock benefit termination. A fight happened after the death of a local gentleman who owned a few shares of stock in the telco

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Fiduciary is a word that carries huge responsibilities for those folks who are in the role of "fiduciary"

Claims Matters

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and left it to his children after his death. The telco directors changed the by-laws to indicate that anyone who passed away after a certain date (which he did), extinguished their shareholder/dividend rights. The claim paid $100,000 to the children for dividends and interest due to them as the directors did not follow proper procedures in notifying and recalling any shares prior to a change in the by-laws which made them valueless under certain circumstances.

- Two employees approaching retirement age discovered they had never enrolled in the company's 401(k) plan. The employees sued the company and plan trustees alleging the plan administrators *failed to properly advise* them of how to enroll and the enrollment was not automatic. The value of the alleged lost benefits exceeded $150,000. *$378,000 settlement and $200,000+ in defense costs.* **This is not an NTCA example.**
- A retired employee sued the plan administrator and the pension plan alleging an error in administration of the plan and a miscalculation of plan benefits. The employee had announced plans to retire and requested in writing a pension calculation. The plan administrator took over 90 days to value the plan assets. During this time there was a substantial drop in the stock market (Black Monday), which adversely affected the value of the employee's retirement funds. *$80,000 settlement.* **This is not an NTCA example.**
- Perhaps the most famous and the one that prompts this article began in 2007. James LaRue says he lost $150,000 when his instructions to his employer (a management consulting company in SC) on where to invest money in his retirement plan (which was a 401k plan) were ignored. Unlike traditional pension plans, participants in 401(k) plans (defined contribution plans) – do not know how much money they will receive in retirement. It depends on how well their chosen investments have performed. LaRue says that in 2000 and 2001 he requested changes in his investment allocations in mutual funds that were available to participants in his company's 401(k) plan. He says the requests were not honored. When ERISA was passed, decisions on where to invest money were out of workers' hands. Under 401(k) and other types of plans, employees make the choice. On February 20, 2008, in *LaRue v. DeWolff, Boberg & Associates, Inc.* , No. 06 Civ. 856, the U.S. Supreme Court concluded that a participant in a defined contribution pension plan may sue a fiduciary under Section 502(a)(2) of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1132(a)(2), when the claim is that the fiduciary breach caused an individual loss to his 401(k) plan account. The Court determined that, when the plan at issue is a defined contribution plan, the number of participants affected or the percentage of plan assets at issue is irrelevant. This ruling expands the ERISA fiduciary claims for which plaintiffs can potentially seek make-whole monetary relief. The ruling leaves several questions unanswered, however, and Justice Roberts' concurring opinion may reignite the debate over the applicability of ERISA's exhaustion requirement to fiduciary breach claims.

While most of these examples are not from our NTCA family, it is clear that in tough economic times, employees try to find someone to blame for their benefits "issues". Don't let it be you, make sure you have policies and procedures in place to mitigate fiduciary exposures. Fiduciary coverage is designed to cover a wide range of fiduciary exposures relating to benefit plans and your telco does have some exposures.

Telcom provides information and help with all claims matters for our policyholders. *We really are just a phone call away,* and if you have any questions or need additional information and resources for any claims matters; please visit the Telcom website: www.TelcomInsGrp.com or call 800-222-4664 and ask for Cheri Condee (ext. 1082) or Marilyn Blake (ext. 1085).

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Safety Matters

By Tina M. Wynter

Protecting Your Business from Fire Risk

In 1920, President Woodrow Wilson issued the first National Fire Prevention Day proclamation. Since 1922, Fire Prevention Week is observed on the Sunday through Saturday period in which October 9 falls. This week commemorates the Great Chicago Fire of 1871 that killed more than 250 people, left 100,000 homeless, destroyed more than 17,400 structures and burned more than 2,000 acres.

Even though Fire Prevention Week is the longest running public health and safety observance on record, it's estimated that up to 80,000 serious workplace fires still occur each year, taking the lives of 200 workers and injuring another 5,000. Fires not only endanger lives, but they can also be a serious blow to any business. So you ask…How do I cut the risk of a fire occurring? What measures can I take to minimize damage if one should occur? In addition to the moral obligation, what legal obligation does my business have to protect people in my workplace?

How do I cut the risk of a fire occurring?

Your first step is to put together a Fire Protection Plan for your business. Look at all aspects of your workplace from the standpoint of fire safety:

- Dimensions and layout – places where fire could spread rapidly and where people might be trapped or injured trying to escape. There are NFPA 101 life safety rules, which identify specifics for your buildings. If you would like a copy of those, please contact Marilyn at MAB@telcominsgrp.com.

- Substances used or stored on site – combustibles, flammables, and sources of ignition are used in your operations. Not all fires are putout using the same type of substance. Make sure you know what you need for your specific operations.

- Emergency plan – what to do in the event of a fire, firefighting equipment, escape route, informing emergency services, etc. Don't forget that you could have visitors/vendors in your buildings when a fire starts, make sure someone is assigned to help those people. Fire drills are essential.

Utilize your local fire officials. Your location, industry—meaning your highly specialized equipment that doesn't work well with water, and facility size can greatly affect your fire protection plan and they can give you helpful insight on what you need to do to protect your business and employees.

What measures can I take to minimize damage if a fire should occur?

Even though you've taken all of the necessary precautions, there is still a chance that a fire could occur. And because there is always a risk, you should practice good housekeeping techniques that minimize your fire damage as much as possible. Some tips:

- Keep fire doors closed at all times and there should be nothing piled up/blocking them. If left even partially open, fire doors lose their effectiveness. Also, have them regularly inspected to ensure that they are functioning properly.

- Make sure that sprinkler heads are free from obstruction, so that water flow is not interrupted. If you have another form of fire suppression, such as halon, make sure it is inspected and refilled properly, if it is ever discharged.

- Train ALL employees on how to safely and properly use a fire extinguisher or train them to call 911 and leave the building immediately— whichever your company feels the most comfortable with.

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it's estimated that up to 80,000 serious workplace fires still occur each year

Underwriting Matters

Employment Practices Risk Management Program Available for Telcom EPL policyholders

If you have an Employment Practices Liability policy written through the Telcom Program, you have access to a Risk Management online program through Jackson Lewis. Jackson Lewis has over 40 years of experience in the practice of workplace law, preventive strategies, and solutions.

- Features of the online program include access to "Hotline Service". This service provides telephone consultation pertaining to policies and workplace issues via a toll-free number.
- Discounts on the cost of optional seminars on management training and compliance with federal equal employment laws.
- Bi-Monthly Newsletter that includes commentary about legal, legislative and political developments that affect the law of the workplace.
- Sexual Harassment prevention training. You will have access to interactive training on sexual harassment which will assist our company avoiding sexual harassment claims.

Employee Terminations interactive training module. Designed for managers and supervisors, includes employment at will, implied contracts and wrongful termination for discriminatory or retaliatory reasons.

While this program is available to all EPL policyholders in the Telcom program, the specific programs listed above may vary depending on the carrier providing the coverage/program.

If you would like more information regarding the Risk Management Program, please contact Marilyn Blake and she will be happy to answer your questions.

Telcom is always looking for ways to enhance our D&O/EPL/Fiduciary Liability program, so stay tuned to future D&O newsletters for updates on our program.

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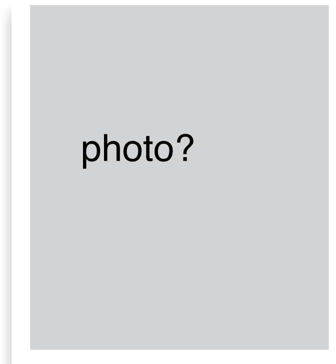

2009 Risk Management Conference

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Presidential Matters

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bad example. Most people, at some point in time, have experienced this type of poor service experience.

At some point, the buyer has to recognize that they have chosen the company that they are interacting with and that they probably had a choice to pick a different provider. So how do you determine who will be your insurance provider? Can price override service? Can price override knowledge? I would argue that superior knowledge leads to excellence in service. Experts that specialize in a field have seen the issues before and even on the rare occasion when something new is presented as an "issue" they are well versed enough to know where to turn or go for a solution. You may research other providers of service to you business like your legal counsel or accountant. Do you do research your insurer the business and the person representing them? I know emergencies and critical response time issues are not frequent, but all it takes is one failure to turn simple poor service into an economic hardship, which, for most, should be simply put unacceptable.

When seeking a positive service experience it is always nice to deal with friendly, happy, professional people. However, in reality, even the best person can have a bad day. So from a buyer's perspective what distinguishes a provider in this area? I will offer two thoughts. First, forget the warm fuzzy feeling and find a provider that actually cares about you regardless of how they express it. It is these providers that will move the earth to make sure you are taken care of and served regardless of the request. The second thought is always finding the professional agent. In the insurance industry, too many individuals utilize scare tactics to put a wedge between the incumbent agent and their current provider. They offer general examples of problems that can exist and try to create doubt. Some use this tactic honestly and they have actually recognized holes in coverage. However, there are also quite a few that are simply dishonest or do not understand the first thing about the subject they are addressing. A professional agent will not just pose a question or attack the policy of another in the industry without citing the actual pages and language from the form. To some degree, the concept here is very similar to one we grew up with, the bully is simply seeking attention and if you smack them back you often find out, they are empty inside.

My final customer service area to address is the ease of doing business with a provider. I have yet to meet anyone who wants to do work for no good reason. What that means is those that are asking for information generally has a good reason but they may not be able to communicate it easily. I have also found that simplifying processes and procedures is great but it can lead to a false conclusion, which is it is so easy that it must not be complex and therefore, price is all that matters. A good service provider in the insurance industry can simplify the processes and procedures but not at the risk of missing or failing to provide exposure analysis. My point is the insurer can do the work with a little assistance from you. Regardless, the work of reviewing potential claim scenarios must be done.

You can find our pledge of excellence on the front page of our website. I am proud to work for an organization that not only serves those that own us but is willing to state openly that excellence in service is the norm and not the exception. I look forward to hearing any feedback that you might have on this subject. I am always grateful to hear thoughts and ideas from readers of our newsletter and thankfully many of you are not shy with offering them. If I get enough responses, I might just write my next article about real life insurance customer service experiences of the members of the National Telecommunications Cooperative Association. I promise that I will include the good, bad, and the ugly regardless entity involved. It is my commitment to excellence that allows me to take any criticism that may exist and turn it into a learning and training opportunity that continues to allow our company to recognize that we insure so many *because it has always been a matter of trust….*

Announcing

TELCOM
INSURANCE GROUP

Facebook Page

Getting on the 21st century bandwagon, Telcom now has a Facebook page. Become a "fan" of Telcom's page and "friends" with Telcom employees by logging onto www.facebook.com and creating your own profile. Find out what we're doing, get updates on upcoming events, have discussions, view pictures, and much more.

Need help or have a Facebook question?

Contact Tina M. Wynter at

TMW@TelcomInsGrp.com or at

800.222.4664 ext 3206

Safety Matters

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- Prevent paper, wood, and cardboard boxes from piling up in hallways and storage spaces. These materials not only easily ignite but can also block escape routes.
- Make sure that there is at least 3 ft of clearance in front of electrical panels so that in the event of an electrical fire, there is easy access to breakers should power need to be cut to one or more circuits.

What legal obligation does my business have to protect people in my workplace?

Fire safety is regulated by each state, so specific requirements vary state to state. Each state has a public safety office, fire marshal's office, or similar agency enforcing the regulations, and that office can give you information on the requirements for your business. The federal Occupational Safety and Health Administration (OSHA) approves and monitors states guidelines and offers useful information to businesses on its website, www.OSHA.gov.

Having a Fire Protection Plan, keeping up on good housekeeping practices, and making sure that you're up to code are just a few things that you can do to help you prepare for the worst. Remember, awareness is key, utilize all of your recourses to find out what's best for facility, and pass any valuable information along to your employees. Telcom is here to help, whether it's about fire prevention, coverage, or if you've fallen victim to a fire, please don't hesitate to contact us any time.

TELCOM INSURANCE GROUP

6th Annual October Fire Safety Art Contest

"Stay Fire Smart! Don't Get Burned"

Testing the water before putting a child in the bath may sound like common sense. Wearing short or close-fitting sleeves when cooking on the stovetop may show foresight. This and other simple actions may be all it takes to prevent devastating burns. Fire Prevention Week, which is October 4-10, 2009, focuses on **burn awareness and prevention**, as well as keeping homes safe from the leading causes of home fires. Take this as an opportunity to promote fire safety in your community and have some kids in your service area participate in our contest and win some prizes.

Contest Entry Rules:

- Must be 14 years old or younger and must represent a customer or an employee of a telecommunications company represented by NTCA.
- All entries must be on a flat medium no larger than 8.5" x 11" and must represent some element of general fire safety where people live or work or play.
- The back of the picture must include: contestant's name, parent/guardian's name, age, telecommunication's company represented.
- All entries must be accompanied by an entrance form.
- All entries become the property of Telcom Insurance Group and may be used in any communications/media known or hereafter developed for non-commercial and commercial purposes. Pictures will not be returned unless specifically requested.
- After the schools have had time to promote fire safety, we encourage entries to be received by **Friday, October 23, 2009**, at the Telcom office.
- Telcom staff members will be the judges of the contest and all decisions are final.
- In each age category, prizes are:
  - $100 first place
  - $75 second place
  - $50 third place
- Age groups are:
  - Under 8
  - 8-10
  - 11-14

Send Entries To:
Telcom Insurance Group
Attn: Fire Safety Art Contest
6301 Ivy Lane, Suite 506
Greenbelt, MD 20770

If you have questions, please contact **Marilyn Blake** at **MAB@TelcomInsGrp.com** **(301) 220-1085**.

Claims Matters
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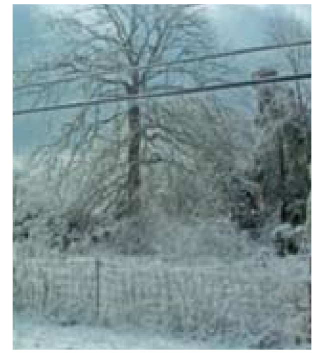
Stellar Insured Award: West Kentucky Rural Telephone Cooperative Corp. (KY)



Many of us felt the effects of a brutal winter. **West Kentucky Rural Telephone Cooperative Corporation, Inc., a Telcom insured,** was no exception. They were hit with a storm in which freezing rain began on the evening of Monday, January 26, 2009. As the storm progressed, the freezing rain changed over to snow with accumulations up to 6" in some locations. The area was then burdened with more ice, up to 1" in some areas. This storm caused the state of Kentucky's largest power outage on record, with 609,000 homes and businesses without power across the state.

Maintaining transmission power was the most pressing issue for West Kentucky Telephone. They deployed all existing generators, acquired 80 additional generators, as well as borrowed generators from other coops and telephone companies (*thanks to NTCA's Disaster Clearinghouse*). Many surrounding telephone companies sent relief/aid and crews to assist West Kentucky in this crisis:

West Kentucky Telephone headquarters building was the base of operations in Mayfield and Graves County, since their office is fully powered by a generator and internet access is readily available. The office was used by The Graves County DES, Graves County Sheriff's Department, Mayfield Police, Mayfield Mayor's office, and a detachment of the National Guard.

West Kentucky employees used the facilities to provide meals to all staff working as well as any emergency agency that needed feeding – from 100 to peaks of 200 per meal *daily*, including Saturday and Sunday. They even provided big screen televisions during dinner for the Super Bowl! It was perfect timing as they regained commercial power 10 minutes before the Super Bowl kickoff! (That was a week without electricity if you're keeping track!)

Thanks to the dedication and community spirit of all, they were able to weather this storm and continue to make progress on a daily basis. Hats off to all of the staff at West Kentucky Rural Telephone Cooperative for all they did to support the community during this difficult time.

Article originally printed in the Great American Insurance Company's Captive Quarterly Newsletter. Reprinted with permission.

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Claims Matters

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Great American Insurance Company's Workers Compensation Vendor Alliance. . . *Did you know?*

Great American (GA) utilizes a group of companies to mitigate Workers Compensation expenses for our claims. This helps everyone experience savings, which keeps the rates in line. Below are some examples:

Mitchell International is the bill review company who has offices in CA and TX. They reduce WC bills to the appropriate state fee schedules or usual/customary charges or PPO rates and they catch duplicate bills. We often see 30%-50% reduction in medical bills through the efforts of the Mitchell group. These medical savings translate into the medical expenses which affect your WC mod and ultimately your rates.

Express Scripts is the pharmacy program which is based in FL. After you have a WC claim and there are prescriptions needed as relates to that injury, GA sends the injured employee a prescription card to use. This vendor makes sure that WC is only charged for prescriptions as relates to the workplace injury and that our GHP prescription are not confused. GHP doesn't want to pay WC prescriptions or vice versa.

One Call Medical is the diagnostic services vendor based in NJ. They are responsible for MRIs, CT Scans, and EMG/NCVs. They will set-up appointments for injured workers and are generally able to negotiate lower pricing based on pricing volume in the program.

Align Networks is a nationwide network of therapy providers. They specialize in physical therapy, occupational therapy, work hardening/conditioning, and functional capacity testing. They specialize in scheduling, follow-up, and cost savings.

Terms and Definitions

Recovery and Subrogation

Definition:
Subrogation is the process insurance companies use to seek reimbursement from responsible parties for claims they've already paid.

What does this mean to you?
If you have a covered loss and another party is responsible for all or part of the damages, the insurance company may pay your claim and then seek reimbursement from the other party. Of course, this depends upon the circumstances surrounding the loss, the laws in the state, and your policy provisions.

How does it work?
During the investigative phase of your claim, if the claims professional believes there is **potential** for recovery, he or she will forward a referral to the recovery department for evaluation. This does **not** always mean there will be recovery; it simply means we will **explore** the possibility of recovery, once the initial investigation has been completed by the claim professional. If there is after discussion with the policyholder, the recovery department may pursue damages on your behalf, including any deductibles.

What types of recovery are we talking about? Below are some typical recovery types:

- **Salvage Recovery**
- **Auto Claims** – the other driver may have contributed or caused an accident
- **Workers' Compensation** – another's negligence was the proximate cause of the employee's injury
- **Property Claims** - faulty equipment, installations, recklessness of another party, etc. which may have caused the loss

Summary:
Recovery is a team effort. Communication and cooperation are crucial in determining viable recovery options. If subrogation is pursued by the insurance company, they will diligently work to recover damages from responsible parties. Your assistance can help to establish facts and preserve evidence which can 'prove' the claim and expedite the process. Your policy best explains your rights and duties as to recovery practices.

Telcom Matters

- We would like to welcome the following new members to our Telcom family: **New York Access Billing, LLC** (NY); **SAA Bright Net, Inc.** (OH); and **Texas Communications Expo** (TX).
- Upcoming Holidays: Our offices will be closed on **Monday, September 7th** for the Labor Day holiday. Please report all claims directly to the carrier. If you need claims reporting phone/fax numbers, please dial our main line at 301-220-3200 for a complete listing.
- We offer our Congratulations to the following Telcom family members:
    - Ginger Brandon, Peoples Telephone Coop. (TX), welcomed her first granddaughter, Kendall Nichole Parker, this past March.
    - Nor-Tex Communications (TX) celebrated their 100th Anniversary in June. Chris Jones attended the festivities.
    - Congratulations to Michele (Sommerville) Tonsing of Yukon Telephone Co. (AK) who recently was married.
    - Rick Lowry, NTCA, was recently promoted to the new Field Services Manager position. Don't worry; he'll continue to represent those of you in Texas, Arizona, and New Mexico.
    - Industry Telephone (TX) recently hosted the C. Gaylen Ackley Memorial Golf tournament as a charity event. Chris Jones represented Telcom.
    - Gary Everett, Wilson Telephone Co. (KS) Steve Cox, Randolph Telephone Membership Corp. (NC), and Rhonda Millington, Lipan Telephone Co. (TX) have announced that they plan to retire by the end of this year.
    - ATMC (NC) is the recipient of three "Best of Brunswick" Awards. It is the 2nd year in a row that they received the "Best Customer Service" award. Great American Insurance also recently awarded ATMC, an award for having an outstanding loss control program.
- Melvin Rogers, a long-time employee of Lipan Telephone Co. (TX) passed away on June 11th. Please keep his family in your prayers.
- Telcom has enhanced our services and now **certificates of insurance** can be done on-line on a 24/7 basis. Contact your Telcom representative, if you want more information.
- A.M. Best has upgraded the issuer credit rating of National Telcom Corporation. On July 29th, A.M. Best upgraded National Telcom Corporation (our Captive) credit rating to "bbb+" and the strength rating stayed at "B++ good" with a stable outlook. We are proud of this independent verification of our stability in this economic marketplace. However, the reality is that National Telcom does not issue any policies directly and therefore really doesn't need a rating. We work with Great American Insurance Company (that is the name on your policies) and they guarantee the policies. Great American is rated "A-Excellent" for financial strength and issuer credit and Stable in the outlook for the future in a financial category of XIII ($1.25 billion to $1.5 billion). The ratings are designed to give consumers confidence that the carrier who issued their polices would be there to pay all of its claims obligations. If you have questions about the financial strength of the carrier issuing your policies, just log on to www.ambest.com and read about them. Until Telcom starts issuing our own policies, look at the ratings of the carriers that we represent to determine their financial stability when evaluating insurance companies.

Boston, MA

Telcom would like to thank the following 2009 Risk Management Conference sponsors:

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Telcom Insurance Group and Great American Insurance Company are proud to sponsor Dr. Richard Bunch, PhD, PT, CBES who will present a session on "Reducing Employee Health Care Costs—The Enemy in the Mirror". As of this publication, it is schedules for **Monday, September 14th from 10:30a-noon and it repeats from 1:30p-3p** (check the registration materials when you arrive for the exact times/locations).

Dr. Bunch has worked diligently over the past 25 years with various industries, including telecommunications, to help both behaviorally and clinically to improve worker compliance and motivation regarding safety and wellness. Perhaps his West Point Military Academy background helped him prepare for these principles of self-discipline and fitness.

Specifically, this session is motivational, behavior-based, injury prevention, and wellness program designed with one goal in mind: to help you understand how employees can become more responsible for changing work and lifestyle behaviors that will significantly reduce injuries, improve productivity, and optimize health. Dr. Bunch believes that 90% of major health problems and workplace injuries are totally preventable.

Come learn more about how to prevent that 90% on a personal and professional level.