



Christian Brothers Services

A Catholic Church Organization Serving the Church

Breaking With Convention . . . A Look At Insurance Alternatives

By Catherine Duffin, CPCU – Gallagher Captive Services, Inc., Consultant to Christian Brothers Risk Pooling Trust

Almost everyone who has some degree of familiarity with insurance— be it business or personal— has an acquaintance with the workings of conventional insurance. In exchange for payment of an insurance premium, the insured receives an agreed upon amount of financial compensation should a covered event happen. Should the event not occur, there is little or no return of premium to the insured.

While this approach remains viable for some insureds, alternatives are available which allow an entity to take a certain amount of risk in exchange for a commensurate amount of reward. Collectively these options have been termed “The Alternative Market.” Currently the alternative market represents nearly 50% of total commercial insurance premiums.

One of the leading alternative market approaches is termed “pooling.” Each of these approaches to risk management shares the common strategies of the pooling of the members’ risk

exposures and payment of incurred losses. Premiums collected are allocated to loss funds (approx. 65%) and operating expenses (approx. 35%).

Trusts

Trusts are formed by private and/or public agencies. These trusts, while exempt from many regulations applying to traditional insurers, must comply with special state and federal regulations pertaining to trusts. Trusts can provide a broad range of property and/or liability coverages. One example of a trust that you may already be familiar with is the Christian Brothers Risk Pooling Trust.

Risk Retention Group

Another approach is a risk retention group (RRG). An RRG is a unique pooling mechanism in that coverage is limited to liability losses.

Group Captives

A third approach is a group captive. A captive can provide a broad range of property and/or

liability coverages; however, unlike an RRG, a captive may be domiciled outside of the United States.

All three of these programs differentiate themselves from the conventional marketplace in several ways, including:

- **Member-Specific Rating:** Rating factors can be tailored to factor in the exposure base and historical loss experience of the respective members.

Cont'd on page 4

Inside

"Long Term Care..."

- Br. William Walz, F.S.C.

"Listen and Learn: Spring Audio Conferences"

- Dave Pipitone

"New Preventative Care Benefit for Employees"

- John Airola

"Does Medicare Affect the Cost of Medical Care?"

- Fr. Fran Dyer, O.P.

Welcome Aboard

"Why Have a Student Accident Plan?"

- Diane Engstrom

Spring 2003

From the President

“Long Term Care...”

At this time of tight budgets and limited resources, we are all careful to limit spending to those things that are important and provide real long-term value. We understand that coverage for health care, property/casualty insurance, and saving for retirement meet those criteria. We are now beginning to realize that Long Term Care Insurance (LTCI) is equally important.

Let's face it: long term care is expensive. If you or any of your employees had to help provide home care, assisted living or nursing home care for aging parents or a disabled family member without the benefit of LTCI, there could be a serious financial impact, considerable stress on everyone involved, and a distraction that affects workplace productivity.

LTCI is now the fastest growing benefit offered by employers, usually as a “voluntary benefit.” That is, after the employer arranges for the group plan, employees pay the premium through payroll deduction. While the cost to the employer is minimal, it is an “employee benefit” because the employee's premium is lower in a group plan, and using payroll deduction makes it convenient for employees.

Generally, the larger the group, the more favorable the premium. For that reason, the Christian Brothers Employee Benefit Trust arranged for a group plan that through aggregation of all the participating employers in the cooperative, allows the group to be very large and therefore benefit from the economies of scale.

Why should you as an employer join the cooperative and provide this voluntary benefit? Because both you and your employees need this very important protection as much as health care coverage, property/casualty insurance, and preparing for your retirement years. If you are not already participating, I urge you call John Airola now to get the details of our cooperative plan. And, while it is not a significant budget item for you as an employer, it could ultimately be one of the most important benefits you could provide for yourself and your employees.



William L. Walz, FSC
President



Spring Audio Conferences

We invite you to listen to our Spring Audio Conferences, scheduled for the second Tuesday in March, April and May. Each toll-free call begins at 10:30 a.m. CST, lasts about one hour and covers a current issue in risk management.

March 11, 2003 • Employment Liability Investigations

Topics include:

- ✓ Conducting a Sexual Harassment Investigation
- ✓ Drafting a Written Sexual Harassment Policy

April 8, 2003 • Progressive Discipline

Topics include:

- ✓ Is a Progressive Discipline Policy Necessary?
- ✓ Drafting a Progressive Discipline Policy
- ✓ Conducting Review Sessions and Termination Meetings

May 13, 2003 • Privacy Issues

Topics include:

- ✓ HIPAA Privacy Requirements
- ✓ Student Privacy: Rules and Regulations
- ✓ Privacy Issues in the Workplace

You may register for any of these audio conferences by calling Karen DiVito at (800)807-0100, ext. 2935 or visiting our website at www.cbsservices.org/seminars.

New Preventative Care Benefit for Employees

by John Airola, Managing Director, Employee Benefit Services



Working with your health care provider to stay healthy is as important as getting treatment when you are sick. Preventative care, which consists of screening, immunizations and counseling, can help you stay healthier and live longer. But many patients often choose not to receive this care due to lack of time and costs.

Now, employees and their covered dependents who receive health benefits through the Employee Benefit Trust, will find it less costly to access preventative health benefits. At their most recent meeting, the Trustees of the CBEBT unanimously approved a new preventative benefit. Effective January 1, 2003, the Trust will pay 100% of diagnostic services up to \$500 per year for tests as part of an annual routine physical. This benefit applies to PPO providers whose services are performed outside of the physician's office, and includes charges for the professional reading of lab or x-rays.

Staying healthy should be a primary goal for everyone. Each of us should have an annual routine physical.

The diagnostic tests included within this new benefit are:

- **Annually for adults:**
CBC & Chemistry or General Health Panel
Urinalysis
Pap test - thin prep or regular (female)
- **Annually for adults 40 and older:**
Lipid Panel (complete cholesterol screening)
Mammogram (female)
- **Annually for adults 50 and older:**
Hemoccult
PSA (male)
- **Age 50 and over:**
Colonoscopy, one every three years
Bone Density Study, one every three years

Today's screening techniques can help identify a disease before symptoms occur. Ask your physician which preventative services are appropriate for you, given your age, gender and medical history. In the long run, \$500 worth of preventative care could be worth much, much more.

New Employee

FOCUS:

Dave Leggero

by Megan Stasiak, Communication Services Intern



Dave Leggero joined Christian Brothers Services in November of 2002. Although Dave has been here for three months, he is already undertaking many important responsibilities. As the company's Office Services/Facilities Manager, he oversees central services, maintenance, and the reception area. Dave's job includes anything from working with outside contractors to meeting the individual office needs of CBS employees. Dave enjoys the liberty his job gives him to do a variety of work around the office. "It's not just one thing everyday," Dave says of his job, "it's always changing."

After graduating from Joliet Catholic High School, Dave spent 20 years at the Commonwealth Edison Generating Plant in the Mechanical Maintenance Department and is also a certified welder. He and his wife, Gloria, currently live in Manhattan, IL, with their two daughters, Alyssa (9) and Kayla (4). In his free time, Dave enjoys working out, riding his A.T.V., and watching *Seinfeld*.

Dave's father, Marty, also works at Christian Brothers Services. "I hope to learn from my dad's 40 years of experience," says Dave. "I plan to keep the building up-to-date on constantly changing laws, regulations, and codes in order to make Christian Brothers a safe and secure place for its employees."

A Look at Insurance Alternatives
Cont'd from page 1

• **Group Purchasing Power:**

By combining premium dollars, the program comes from a position of strength when negotiating premium dollars and broadened coverage terms.

• **Tailored Risk Control:** As members have similar loss exposures, risk control services can be targeted to address common problems.

• **Special Safety Programs:** Workshops may be organized to promote safety awareness. These sessions provide an opportunity for members to discuss common risk management concerns.

• **Participation in Claims Settlement:** Members, both large and small, receive personal attention and have greater input in the resolution of claims.

• **Retention of Underwriting Profit and Investment Income:** In contrast to many conventional insurance policies, pooling programs retain underwriting profit and investment income. These monies are used to fund member services and/or issue member dividends.

Today's tumultuous insurance marketplace demands that insureds in the conventional market consider alternative market options when placing their insurance coverage. Those already in the alternative market are seeing more clearly than ever the benefits of their decision-time savings at renewal, access to coverage not offered in the conventional market, program stability, and oftentimes more affordable premiums!



Does Medicare Affect the Cost of Medical Care?

By Fr. Fran Dyer, OP, Managing Director, Health Management Services for Religious

In 1996, doctors and hospitals billed \$25.8 million to the 3896 members of Religious Institutes enrolled in the Religious Comprehensive Trust. Medicare approved \$20.8 million for payment (80.6%), and paid \$18.0 million (69.7%).

In 2002, doctors and hospitals billed \$60.7 million to the 4959 members of Religious Institutes enrolled in the Religious Comprehensive Trust. Medicare approved \$26.9 million for payment (44.3%), and paid \$21.7 million (35.7%).

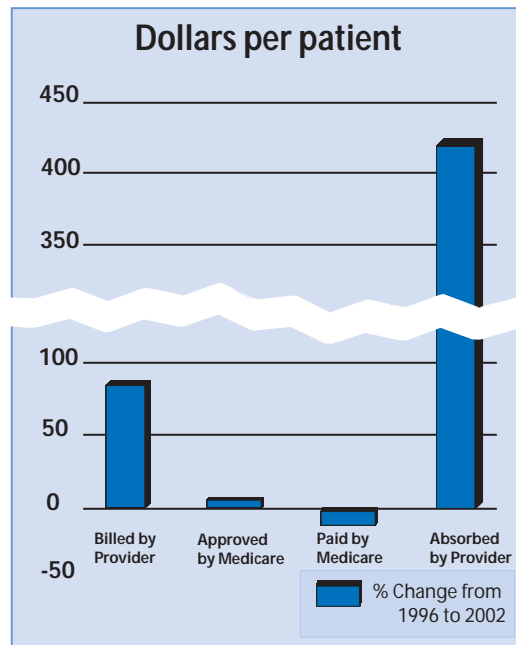
Doctors and hospitals absorbed \$5.1 million in write-offs in 1996(23.2%). Doctors and hospitals absorbed \$33.7 million in write-offs in 2002(55.6%).

Some questions to consider: Are providers inflating their fee schedules to get higher Medicare reimbursement? It doesn't seem to be working, if Medicare is paying 5.3% less per person in 2002 than in 1996.

Will doctors continue to accept Medicare patients as reimbursements continue to fall? Is this like Amtrak losing money on each ticket they sell?

Will Medicare reimbursements affect the charges providers bill to patients without Medicare? If every Medicare patient represents a real loss for the provider, that loss must be made up by someone else. While there are no easy answers, the questions are worth thinking about.

For more information about the Religious Comprehensive Trust and other programs for members of Religious Institutes, please call (800) 807-0100, and ask for either Fr. Fran Dyer, OP (ext. 2940) or Sr. Rosemary Ward, SP (ext. 2941).





Welcome Aboard!

Employee Benefit Trust

Catholic Volunteers in Florida, FL
 Federation of Diocesan Liturgical Commissions, DC
 Franciscan Volunteer Program/Sacred Heart Province, IL
 Life Legal Defense Foundation, CA
 Lourdes Convent, IL
 Lumen Christi Institute, IL
 Sisters of the Holy Family, IL
 Sisters of the Holy Family of Nazareth, TX
 St. Clements Healthcare, MO
 St. Joseph Church, AR

Employee Retirement Plan

De La Salle North Catholic, OR
 FRA Angelico Art Foundation, IL
 Paulist Media Works, DC
 St. Mary's Church, KS
 St. Vincent de Paul Store, KY
 Servite Center for Life, WI

Information & Communication Services

Springfield Dominican Sisters, IL

Prescription Drug Program

Religious Comprehensive Trust
 Servants of Mary, WI
 Sisters of the Holy Family of Nazareth, IL

Religious Community Deductible Trust

Benedictine Sisters, AR
 Felician Sisters, CT
 Franciscan Poor Clares, OH
 Franciscan Poor Clares, TX
 Missionary Benedictine Sisters, NE
 Sisters of St. Louis, CA

401(k) Plan

Boys Hope Girls Hope, OH

403(b) Plan

De La Salle North High School, OR
 De Merillac Middle School, CA
 Dominican Convent, CA
 Lourdes Convent, CA
 National Federation of Priests Councils, IL
 Paulist Media Works, Inc., DC
 Santa Sabina Center, CA
 St. John's Church, KY
 SS Joseph & Paul Church, KY
 St. Mark's Church, MO
 Diocese of St. Cloud Development Office, MN
 Society of St. Vincent de Paul, FL
 The Tutwiler Clinic, MS

Risk Pooling Trust

Adorers of the Blood of Christ, IL
 Arrupe Jesuit High School, CO
 Blessed Scalabrini Residence, RI
 Carmelite Fathers, TX
 Dominican Sisters of San Jose, CA
 Duchesne Academy, NE
 Education and Intervention, Inc., IL

Franciscan Poor Clare Nuns, MN
 Franciscan Sisters of the Sacred Heart, IL
 Kino Jesuit Community, SD
 L'Arche Noah Health of Seattle, WA
 Little Sisters of the Poor, IL
 Maria High School, IL
 McCullough Hall, TX
 Missionary Sisters of St. Benedict, IL
 Mother McAuley High School, IL
 Project Rachel of San Antonio, TX
 Province of Saint John the Baptist of the Order of Friars Minor, OH
 Rural and Migrant Ministry, NY
 Sisters of Incarnation-Consecration, FL
 Sisters of St. Joseph of Wichita, KS
 Society of St. Edmund, Inc., VT
 Sisters of Charity of the B.V.M., IA
 Sisters of Incarnate Word & Academy, OH
 Sisters of Servants of Blessed Sacrament, CA
 Sisters of St. Casimir Maria Convent, IL
 Sisters of the Immaculate Heart of Mary, CA
 Sisters of the Sacred Heart of Jesus, TX
 St. Andrew's Village, CO
 St. Catherine Residence, WI
 The Brother David Darst Center, IL
 The De La Salle School, NY

Student Accident Plan

St. John Bosco HS, CA
 Salesian High School, NY
 J.K. Mullin High School, CO
 House of Holy Family School, LA
 The DeLaSalle School, NY
 Our Lady of the Westside, IL

24 Hours a Day Access



**You can
send
or obtain
information
*24 hours
a day
7 days a week*
by using the
following
methods:**

FAX
 Fax Information System
 888-470-INFO
 888-470-4636

E-MAIL
 fname_lname@cbservices.org
 (i.e. john_doe@cbservices.org)

WEB
 www.cbservices.org



Christian Brothers Services
 1205 Windham Parkway
 Romeoville, IL 60446-1679

phone: 800-807-0100
 fax: 630-378-2501
 e-mail: info@cbservices.org
 web: www.cbservices.org

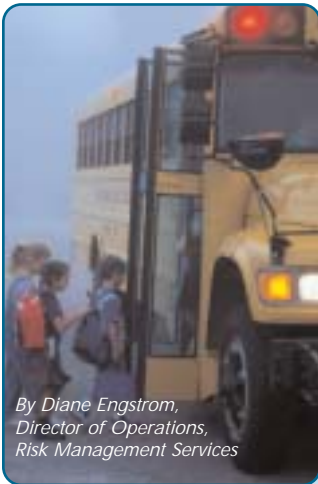
© 2003 Christian Brothers Services. All Rights Reserved.
 Permission to reproduce any article in part or whole must be
 obtained through Christian Brothers Services.

Material contained herein is published solely for informational
 purposes. This information should be helpful but is not advisory in
 its condensed form. Comments and inquiries on subject matter
 presented are encouraged.

In compliance with public disclosure requirements, you may
 request access to covered documents by contacting Financial
 Services Division at the above address.

Editor: Dave Pipitone, Communication Services Manager
 Graphic Arts Coordinator: Jason Langs
 Designer: Julie Hutchison
 Assistant: Megan Stasiak, Student Intern

NON-PROFIT ORG.
 U.S. POSTAGE
PAID
 PERMIT NO. 23



*By Diane Engstrom,
 Director of Operations,
 Risk Management Services*

Why Have a Student Accident Plan?

Did you know that a Student Accident Plan can help reduce the risk of a lawsuit for a school, religious institute or diocese? With all the activity that a school year brings, it is not uncommon for students to have accidents that require medical attention. A Student Accident Plan provides supplemental medical

coverage for students to cover most out-of-pocket expenses not fully covered by the health care policy of the parents. If these extraordinary remaining medical costs are fully covered, it is less likely parents will sue the organization to recover these costs.

A number of years ago, the Christian Brothers Risk Pooling Trust founded the Student Accident Plan for Catholic institutions primarily for this reason. Recognizing that liability claims ultimately are more

expensive due to legal fees and inflated payouts, having a Student Accident Plan is an excellent way to reduce the risk of lawsuits seeking to recover medical costs. In addition, a school's participation in a Student Accident Plan helps to protect the parents/guardians against financial loss resulting from a school-related accident. This "good will" coverage helps parents retain a positive connection with the school. Knowing that medical coverage is available gives the parents of an injured child one less worry when an accident happens.

The Christian Brothers Student Accident Plan provides excess coverage over other valid health/accident coverage with limits of \$50,000 per accident. At no additional cost, each student is covered by a catastrophic medical policy with limits of \$1,000,000 per accident. Several options, ranging from classroom coverage only to a plan which includes all extracurricular and sports activities, as well as school-sponsored summer activities are available.

For additional information, visit our web site at www.cbservices.org/sap, or contact Doyla Meuret at 1-800-807-0300, ext. 2535, or e-mail doyla_meuret@cbservices.org