



Risk Management

situation

RISK MANAGEMENT— Analysis of our 2003 year-end financials revealed that claim frequency was not being reduced significantly and also the severity of the claims had increased dramatically. This focus on results impacted our strategic partner, Liberty Mutual, who we benchmarked for improving our risk

management process. A very thorough self examination was performed early 2004 to determine why our workers comp loss experience was below our strategic partner's benchmark, as well as our industry's expected standard.



challenges

We had no clear strategy in reducing workers compensation costs. We did not have a good idea of the time required to do various safety services. We had underestimated the time requirements needed to satisfy all items noted on the Safety Program

Evaluation Worksheet. It was thought that much of the reason was due to the impact and aftermath of Hurricane Ivan which shifted our focus and shortened the projected time frame for our injury reduction strategy.

After a dedicated plan of action and strategies, an end of year evaluation revealed we had not achieved our desired results of reducing Workers' Comp costs significantly.

strategies

2004— In our efforts to manage by fact, we reduced our number of target clients by selecting those that had 5 or more injuries during the previous calendar year. the following plan was implemented for targeted clients:

- A one-on-one meeting with client senior management and an LPES Safety & Loss Prevention Specialist to inform them of various safety services that would assist in mitigating or eliminating the injuries at their worksites and document Client's adherence to those safety practices delineated

in the new Safety Program Evaluation Worksheet (SPEW).

- A wall to wall survey of client facilities to identify specific hazards.
- Providing training that was relative to the injury cause groups identified for each target client.
- Following up on all recommendations or abatement of any identified OSHA related hazards.

2005—We selected a new set of target clients using several points of data such as frequency, severity and cost per claim. We added a new training strategy to reduce the number of injuries to new hires and

added extra training time to better accommodate the needs of our clients.

- We used client injury data information from 2003 through 2005 to develop graphical representations of areas of concern and a summary sheet that related those concerns with accompanying monetary losses called a Loss Analysis. We again reduced the target client field using more exacting data. In addition, the following strategies were incorporated:

- Comprehensive Risk Assessment
- Accident / Injury Follow-up
- Supervised Focused Training

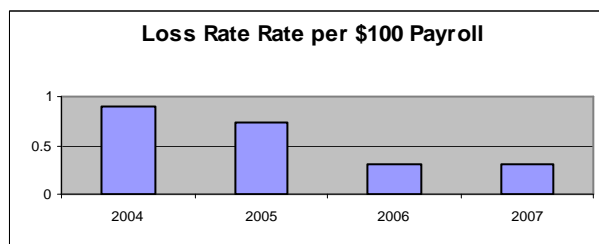
results

Year End Claim Count

2004	573
2005	571
2006	438
2007	427

30%

Decrease in Claims



65%

Decrease in Loss Rate