Massachusetts Retail Merchants
Workers' Compensation Group

Celebrating 25 Years

*Helping small, **main street** businesses*
save over $100 million!

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Celebrating 25 Years

Helping Small Businesses in Massachusetts

The Board of Directors and Cove Risk Services management have successfully guided the group for 25 years.

Board of Directors
Front: Frank Anzalotti (MassPack), Jon Hurst (RAM), MA Retail Chairman. Second row: Richard Hinds, Tina Messina, Robert Boyle, Armen Derderian, Thomas Dolan, Jerome Murphy

(not in photo George Carey)

It was 1990 and the workers' compensation landscape was anything but attractive, particularly for Massachusetts retailers. The problem wasn't just that the options were limited or too expensive, it was that the carriers were actually leaving the state. They had had enough of a system of statutory coverage mandates with equal policy costs for "good" companies and those in high risk pools. And they had enough of the associated losses.

When a window opened on a new concept – a self-insured workers' comp program – a peek through the proverbial looking glass led to the creation of the Massachusetts Retail Merchants Workers' Compensation Group, Inc. (MA Retail group).

The members had to be homogeneous for the state to allow its formation, MA's first self-insured workers' comp model for a business group, one of only a handful in the country. It was organized and sponsored by the Retailers Association of Massachusetts (RAM) and the Massachusetts Package Stores Association (MassPack).

What started as a group of a few hundred retailers and restaurants in 1991 is now over 4,000 businesses strong.

To write the best of the best was our goal from day one – to make sure our losses and expenses are consistently less than the premiums. For 25 years, every year, we've had extra money to pay back to our members

in dividends. That's the part of our story we're most proud to tell.

What else are we proud to flaunt after 25 years?

- Retention is close to 97 percent.
- Dividends go back to business owners and the business community.
- We keep member dollars in their home state – supporting local and sustainable business.
- $50 million generated has been returned to our members.
- Member discounts and dividends together total over $100 million.
- Only safety conscious businesses are welcome.

All around us, our world has changed in the last two-and-a-half decades. Where once there were 100 grocery store chains in the state, and a hardware store in every neighborhood, there are now just a few. Where independent shops competed with their neighbors, the internet has created global competition, even for the smallest retailers.

While so much has changed, our priorities have stayed the same. We still believe in Main Street. We still practice the art of exceptional service. And we still don't turn out the lights until we've met the distinctly different needs of our members.

The group's success stems from a simple concept: make sure our members care sincerely about their employees – that among their highest priorities is keeping them safe. If they are safe they won't have claims. If they don't have claims then everyone wins. And this isn't difficult since many small and mid-size businesses are family owned and pride themselves on long-term employees who feel as much like family.

Our members understand that if they were with a large national insurance company, paid $10,000 and had no claims, the insurance company wins. The insurance company gets that extra money. In this group, it all goes back to the member.

It's a win for the employee who is safe, and it's a win for the employer who gets a dividend check.

The longevity of our members is also no coincidence. We maintain a strong commitment to being selective. Only companies with good safety records are accepted. So what happens when a member has an increase in claims? They are put on a watch list and a comprehensive safety program is customized, based on detailed evaluations of their physical space, employee practices, management attention to safety training, etc. As a result, they nearly always improve and can continue appreciating the savings, dividends and safety services.

We also take a different approach to claims. Claims are never adversarial.

Every new member is introduced to a claims process; they go over the claims packet before there is ever a claim. Then they can file it away. They have the information and know who to call if they have a claim, or even just a question. Many never have the need to open the drawer and pull it out.

The greatest benefit to our proactive approach comes if someone gets injured. We want them to automatically call us immediately. We can then be sure the person gets the proper treatment. In our experience, the earlier we are involved, the quicker the outcome gets better.

We have a reputation we're proud to keep up. We take incredibly good care of people who are legitimately injured. And we stick up for the employer when that's not the case.

Most of our members don't ever experience what this group does best – extraordinary caring for people, approaching service as you would for family. They just know they get a dividend check every year. For us, that's the ultimate scorecard.

Jerry Murphy

M. Steinert & Sons, Boston, founded in 1860
member since 1993, board member MA Retail and RAM

M. Steinert & Sons: the second oldest Steinway dealer in the world.

Confidence and Quality = Success

Jerry Murphy exudes the same confident quality as the iconic Steinway pianos in his Boston showroom. He's third generation in this family-owned business. He's equally confident walking the halls of the statehouse, speaking to legislators about everything from wine to music education on behalf of the Retailers Association of Massachusetts. He's been chair of the RAM board for nearly 10 years.

"I looked at joining RAM when a good friend in the music business told me not only is it a great organization, doing good things in the legislative arena, but 'you won't believe the workers' comp deal' the group offers," remembers Jerry. "We were paying way too much money already. The rates were going higher. We were really getting clobbered (in the early 90's)."

He joined and switched his workers' comp and the benefits were clear. But that wasn't the clincher.

"What really sealed the deal and got me involved was when we had a guy get injured. We have very few injuries, and this was minor, but medical attention was needed," he explains. "They were all over it. Making sure the person was taken care of, asking questions about his care. And we were so pleased to have him happy, knowing we really cared – and back at work quickly. What a contrast to an injury with a prior insurer."

Originally an accountant, for the past 38 years he's a retailer who found himself so impressed with the extraordinary service from his workers' comp administrator, Cove Risk Services, and the group's financial success that he joined the board of directors three years ago.

"As a board member, I am seeing how cases are managed. Case managers are handling the injured parties with that same philosophy from the very beginning of what I experienced when I became a member. They care about the worker, they care about getting them healthy and back to work.

"I also review the numbers. It's well run so when there is a question it is well discussed, and I think everyone in the room has an appreciation for the discussion. We're looking out for all the other retailers in this group."

And much like his confidence in Steinways, he'll tell you what he wants other businesses to know about this workers' comp program. "Not only are we going to insure you but we are going to insure you well. We are going to make sure that your operation has the tools to operate your business safely."

Tom Kane

Boston Interiors, 7 locations and 130 employees
inaugural member MA Retail / 25 years

with Sharon Burgess, Rogers & Gray Insurance

Boston Interiors: Leading specialty home furnishings retailer.

Making Smart Decisions

It's a comfy place. One walk around Boston Interiors and it's difficult to decide which seat to cozy up to, and difficult not to envision it in your own home.

The carefully designed vignettes and friendly staff give it that upscale, independent business feel. That's also deliberately designed – and it's working. Now with seven locations and 130 employees, the company has grown smartly over the past 25 years.

"Yes, we have created a really good niche in the market," says CFO Tom Kane, "a stylish niche with a value proposition, while keeping our overhead down and expenses very much in line."

Part of that equation is a great employee safety program that has kept them in this retail self-insured workers' comp program since 1991. "We really don't have any incidences, but we did just go through a safety inspection by John Hazzard from Cove Risk.

"As a finance guy, I had to test the waters when I joined the company. The owner said I wouldn't find a better program, and I never have. Any time I've explored the options, they tell us, 'you're in the best.'

"Some people think workers' comp is just a (mandated) commodity. But you can't go out and find a program like this – it's so well supported. They're super responsive, with service and communication. It offers dividends that offset the premium; no one can touch it."

"People want to come in, touch the furniture, sit on it, feel the different fabrics," Tom explains. "So we're a brick and mortar company and will always be one. Our biggest change in recent years is to support that with technology in the background. The draping software shows how a chair looks in a different fabric. And now you can come in today, see something you like, think about it, and order it online tomorrow."

Adding new technology has proved a smart investment for Boston Interiors, as has their commitment to safety and efficiency. That's why they outsource deliveries. "Our core business is selling furniture, knowing the styles, knowing the trends, being responsible to our customers. To sit there and own delivery trucks and take on the added payroll, risk and associated costs made no sense."

And if there is an injury and claim, Cove Risk is right on it, also making smart decisions, according to Rogers & Gray Insurance agent Sharon Burgess. "I see them getting people back to work. And making sure everyone's going with the best medical care, so you don't go through three doctors before you figure out the quickest way to improve the situation."

"Our people are trained, safety first. Even if it's a little thing they get right on it. They're not waiting for it to turn into something big," says Tom.

Sharon smiles: "It's been a very quiet account of mine."

Tina Messina

Wine Connextion, North Andover
inaugural member and board member MA Retail / 25 years

Wine Connextion: a package store with a unique niche market.

Technology Helps Honesty

"One thing about this workers' comp program, we take care of you."

That's Tina Messina speaking as a long-time MA Retail group board of director and member of MassPack. "If you can't go back to your regular job, then we will try to retrain you. And if you really can't work, then we try to take care of you that way as well."

Then she gets to the heart of the greatest challenge for any workers' comp program. "What we don't want to tolerate is people trying to misuse the system. I don't think that individuals who do this understand that they aren't hurting 'the big man.' They're hurting their fellow man."

What's changed most in the past 25 years from her perspective as a board member is the same as what's changed most dramatically about running a retail operation: technology. "Technology has really changed the way we do business on both sides of that equation," she says.

"Technology has actually helped us in keeping people honest. We can prove cases with the technology out there, and it allows us to get people back to work faster. "Fraud has decreased an awful lot. I see that as a huge change from when we first started," Tina explains.

Technology in the form of video is now a persuasive tool. If, for example, a person sees on video that they were observed bowling, they have to answer the question: Are you really injured and unable to work? "I think that's changed people's perspective on Workers' Comp. Okay, 'I got hurt, but this is not a vacation. I've got to get back to work.'"

Tina has seen how that can shorten the time people are away from work . . . which puts more dollars back into members' pockets. And that's good from both of her perspectives, as a board member and a retailer with a stake in a self-insured program.

"I don't think people really understand the fraud challenge," says Tina. But she believes significant strides have been made in recent years. "I equate it with drinking and driving. When the state put their foot down, actually having stops, and people were hearing how their friends were getting DUIs, people changed their behavior. And I think that's what has happened with workers' comp."

So what does Tina say to MA retailers not in this workers' comp program? "We wouldn't be here after 25 years if it wasn't so popular . . . the savings significant, and the retention rate so high. People need to understand just how much they can save."

Marylou Sandry

Marylou's Coffee, South Shore
member since 2003

Marylou's Coffee: woman-owned business for almost 30 years.

Dividend Check — a Nice Surprise

One Yelp reviewer says it all: "I finally ordered the iced coffee at Marylou's and it is life changing!"

So was buying a newsstand 30 years ago and turning it into a coffee shop – the first of 30 famously pink, line-out-the-door Marylou's Coffee shops located across the south shore of Massachusetts.

It was Spring 2003 and insurance executive Sandra Cohen of the McSweeney & Ricci Insurance Agency was at a women's business networking event when she started a conversation with Marylou Sandry. "I had no idea that she had 10 coffee shops," remembers Sandy. "We started talking about insurance and afterwards I helped her get into this workers' comp program and reduce her costs for all of her locations. We were just in the right place at the right time. She's so successful and keeps growing and growing."

With pink-cupped cookie mint and chocolate peanut butter coffees flying out the door, Marylou laughs, remembering that day and how far she's come.

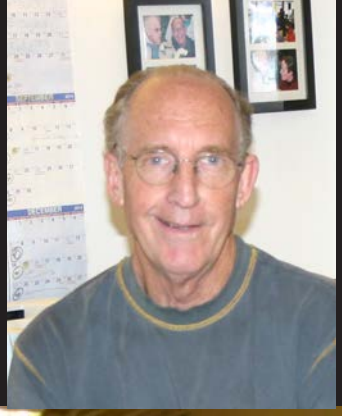
"The biggest thing we had to deal with when we started was burn injuries – every new employee did the same thing (just once) – spilling hot water and coffee grounds. Now store managers meet with employees every three months to review safety and we have a safety handbook. If you come in at 4:30 in the morning, you have to look around and be aware of your surroundings."

She adds: "I think it does give people a sense that the company cares about them. They enjoy the environment but I think they also know that we care."

Sandra agrees, and for more than 10 years she's been there every cup of the way. "This program is the opposite of an insurance company and that's the beauty of this program," she explains. "The goal is get your mod as low as possible. People aren't able to get in if their mod is too high. It is really only for safety conscious businesses.

"And all that extra money that would go to the insurance company is going to you in dividends."

"OH, Yes. The dividend checks," Marylou chuckles. "I remember about 10 years ago when we were growing wicked fast, probably faster than we should have and cash was tight. That dividend check came in, I said YES! It was a nice little surprise."



Steve Bernier

Cronig's Market, Martha's Vineyard
inaugural member MA Retail / 25 years

Cronig's Market: one of the Vineyard's earliest grocery stores.

It Began with a Few Businesses

Steve Bernier remembers it well. It was 25 years ago and the workers' comp landscape was not looking great. But his small grocery store was. Then as now, the inviting colorful rows of produce lined one wall. There was a meat counter and homemade prepared foods. Shelves of dry goods, cans and every day household items filled the other aisles.

Also then as now, Steve's priorities included offering healthy choices and local products. He believed in the importance of a community-minded business, with friendly employees who were happy to work in a respected, safe environment.

"We don't have many slips or falls or injuries. We bypassed the fancy (and slippery) floors, and turning the place into a circus, and paying the price for that. We just do business as usual, like an old-fashioned grocery store of 50 years ago."

For Steve, that includes treating people fairly, giving employees time off when needed, training respectfully, so people know you care and have reasonable expectations. "That makes for better listening and learning, which translates to safety."

Steve also acknowledges the bigger picture, that everyone's work ethic isn't so good. "I think this workers' comp group appreciates my mentality." And he appreciates paying rates that are much more fair, and with dividends.

An old-fashioned businessman's perspective, perhaps. Add the solar panels on the store's carport and the $1.5 million low-freon refrigeration system, and the story emerges of a progressive entrepreneur with deep-rooted values about community, responsibility and future.

"I was glad when this program was formed. It's been helpful, it's been needed, its been a good partner with business."

Cronig's Market was one of the first 4,000+ business members of the MA Retail group.

Jim Nejaime

Spirited, Lenox
in business since 1979, member MA Retail since 2009

Spirited: Western MA's wine store, a family business since 1979.

When Employees are Family

"I don't think too much about workers' comp," admits Jim Nejaime, "because I don't have to."

Jim is owner of Spirited, in the quaint yet sophisticated Berkshires town of Lenox, MA, summer home to Tanglewood, independent shops and restaurants, historic B&Bs, luxury spas and about 5,000 residents. The business was born as the wine industry, and in particular the California wine market, was changing. "We saw wine as a developing niche market and wanted to get into the business," says Jim. It was 1979.

The shop was focused on wine from the start, and now offers sandwiches, soups, local breads and select cheeses, delectable snacks and other specialty food products. Customers simply know it's the place to go for Jim's wise wine and food pairing expertise, for the best instant picnic, and to run into friends – or meet new ones.

A long-time MassPack member, Jim remembers hearing the workers' comp program was great. "So we gave it a try, with a little hesitation, because that's what you do whenever you give something new a try, and it's been great.

"We know we are covered well, we know it's a good program. We know our employees are well protected. And it makes us feel safe and able to focus on other aspects of the business without worrying about that."

Safety is critically important for many reasons when you're a small operation. "Our employees are like extended family," says Jim, a common thread among small businesses. And some are truly family, Jim's wife and sister included.

As the wine industry has changed, specifically to include more big box stores, Jim explains how that affects running Spirited, and others like him who are running small retail shops.

"Producers have been influenced to produce packs that are inherently dangerous to people, like 15- packs of sparkling wine (rather than a dozen). That increases the weight of a case by 25 percent. And that has an impact on people's ability to move them around, and lift them."

He is grateful for a simultaneous movement to go in the other direction, scaling down to 6-bottle cases.

Not your average wine and food stop, Spirited also hosts weekly tastings and other social gatherings.

"We're like a dating service," Jim jests. "We bring all these people together, they meet friends, then they meet other people." And he hears it frequently, that this one and that one would never have met if it wasn't for an event at Spirited. "So on top of the business, it's a nice meeting place, especially nice in a rural area."

Rocco Falcone

Rocky's Ace Hardware, 24 MA stores
member MA Retail since 2007, board member RAM since 2004

Rocky's: one of the largest ACE dealers and stockholders in the country.

A Group of Good Retailers to Join

A family-owned business for nearly 90 years, Rocky's Hardware now has some 35 stores across New England and Florida, 24 in Massachusetts. They are members of Ace Hardware, since the 1970's. "We're one of the largest dealers and we're one of the largest customers and one of their largest shareholders," says owner Rocco Falcone. It might be surprising then that they don't utilize the power of the Ace co-op for workers' comp.

The truth is, they looked at ACE Hardware's option and they tried another self-insurance group. Through both experience and research, they discovered RAM's option, Massachusetts Retail Merchants Workers' Compensation Group, had no real competition.

"There was an upfront savings, then we looked at the losses, and what we were paid out in the dividends," says Rocco. They joined the RAM group in 2007 and Rocco has been a member of the RAM board of directors for the past 12 years.

As for so many other small and mid-size businesses, Rocky's has seen a lot of change in the past 25 years.

They changed their business strategy when the big box stores came to town. "We changed a lot. We got out of all the building materials and all the lumber and just focused more on maintenance and repairs and not new construction. Our stores are smaller now."

They've made a lot of changes to the handling of materials and injury prevention too. "There was no lifting training. I put safety equipment in general as the big change in the industry," says Rocco. Simple things like reducing the size of fertilizer bags from 80 pounds to 60, or providing rounded utility knifes to open taped boxes – that reduces injuries.

They also worked with Cove's safety specialist John Hazzard to improve employee safety. And the result is a decrease in claims.

Now more than ever, every day and in every store, the company's commitment to safety is evident. Safe practices are actively promoted and store managers hold monthly employee meetings that include different safety topics, which often come from the new online teaching tools the workers' comp group makes available to members.

"We've covered a lot of ladder safety, lifting, and safety cutters and utility knives." Add to that the importance of keeping floors clean, immediate spill clean-up to avoid slips, and of course safe operation of equipment. "Keeping safety on top of mind awareness is a big challenge," says Rocco. "In the store, if it's out of sight out of mind, you just forget these things."

Elena Kirkiles

Kirkiles & Associates Commercial Insurance Brokerage, LLC
serving members since 2003

"When you have a self-insurance program that is as financially strong as this program is, it's a win, win."

Financial Stability

"There are very few self-insured programs we will work with," says Elena Kirkiles, whose agency celebrates its 25th anniversary this year. "They have to be financially sound and they must be well managed. It has to be a strong program that makes sense – something that we can represent whole-heartedly to our insureds. And not a lot of them fit that bill."

Restaurants are just one of her brokerage firm's niche markets. "I love working with restaurants . . . I understand their nuances so well. And I think this program can be great for restaurants."

"It's not a simple program for people to understand," she explains. "The customer has to have an appetite to want to understand it," she pardons the pun. "It is not right for everyone (i.e., multi-state operators who want to keep continuity across states, or someone with high losses who can't be reformed.) But for those businesses it's right for, it's really right."

Cove Risk is a boutique business, Elena explains. "It's like working with family. They are user friendly to the customer and user friendly to the broker, and that makes a difference. They are just always on top of their game."

And then she gets personal. "Everybody on their team is extraordinary, all the way from claims to account servicing . . . in particular Cove Risk's COO, Kelley Doyle, who leads with a calm head and strategic vision for moving the organization forward with a focus on excellence. This is also driven and supported by Rich Flaherty, the founder and CEO. It is a great program and it goes without saying that Deb Smith is the heart and soul of Cove Risk. She is one of the brightest, most strategic support and sales executives I've had the pleasure of working with."

Responsiveness, reporting a claim immediately, it all makes a difference in the world of workers' compensation, says Elena. "It's about keeping the workplace safe, getting employees back to work quickly with a good medical outcome, and having an overall product that provides true value.

"I feel strongly about its effectiveness as a program, its ease of use, and I think it's great for the benefits to the client. The dividends are significant. And the premium is most often the least expensive. It's a big deal when you can get upfront savings as large as what they are able to offer and in addition get a return of your premium, based on the performance of the group as a whole."

As for other choices in the insurance market? "This is an extremely competitive industry. If you put the customer's needs first, the right decision will follow."

Elena doesn't hold back on her praise for RAM as well. "So many years ago they had the foresight to put this program together . . . at a critical time when workers' compensation costs were completely out of control. There was no focus on risk management and claims management. RAM did a brilliant job of responding to the needs of their membership and it evolved into this.

"They also did a very fine job in seeking out the right third party administrator to manage the program – Cove Risk. It is a great collaboration from my perspective. The program serves the broker community well, and most important, it serves the business community well."

Clark Goodpaster

Direct Tire, CFO and head of HR, Watertown
4 locations, member MA Retail for 10 years

"Cove Risk's Safety Consultant, John Hazzard, has been an invaluable asset. He has come in and preformed safety clinics at each location. His presence is so formidable it has just eclipsed anything I had known before."

Safety Consultant Invaluable Asset

"I wear lots of hats; I do everything but sell the jobs and fix the cars," says Direct Tire's Clark Goodpaster, CFO, head of HR, accounting, marketing, social media, etc., in typical small business fashion. Owner Barry Steinberg still manages Direct Tires' four stores (soon to be five) and 60 employees, but after 32 years with the 42-year-old company, he's pretty comfortable with Clark speaking on his behalf.

"I don't recall why I was skeptical when we were first approached about this program. I'm not a big change guy. Our agent, Dave Schofield, just kept after me. It took two years . . . it was Dave's personality . . . I finally trusted him . . . the cost savings were a big improvement, especially with the dividends . . . but I needed to be comfortable to make the change . . . that he took time to know who we were and how we work."

After being in the MA Retail workers' comp program for 10 years, he shares lots of reasons he's glad they made the move. "One of the things the people at Cove Risk do well is handling claims . . . they get behind my folks (if there's an injury) to get them back to work quickly. When an employee is in a difficult claim, they don't take a confrontational stand – and that is huge – for an employee to feel trusted."

Direct Tire's business is split down the middle between tires and auto repair. Both come with the potential for lifting and eye injuries.

"Cove Risk's safety consultant, John Hazzard, has been an invaluable asset. He has come in and performed clinics at each location about lifting techniques, and dropped off DVDs and posters. His presence is so formidable it has just eclipsed anything I had known before."

For Clark, the workers' comp group has been very positive from the beginning of their relationship. "A lot of great small businesses are not aware of this program, so they aren't taking advantage of it. I recommend it when Dave has anyone call me to inquire about it. It makes sense to pool your resources, especially if you are a small business."

"A lot of great small businesses are not aware of this program, so they aren't taking advantage of it."

Cheryl Lowe

Martha's Vineyard Insurance Agency
23 years assisting members

"If a restaurant needs workers' comp our go to is the MA Retail group. No expense constant and dividends save our clients money."

Savings is a Draw

The mention of Martha's Vineyard brings an "ah" moment to most New Englanders. A picturesque historic island – home to sea captain mansions, prominent family summer estates and a long list of the rich and famous – it's also a beloved vacation spot for those who appreciate the beauty of its iconic beaches and the slow, relaxed pace of its days.

Accessible only by boat or air, Marthas Vineyard sits just south of Cape Cod. Swelling from 16,000 year-round residents to 100,000 in July and August, the 100-square-mile island boasts more than 40 restaurants and 100 retail shops for its affluent visitors.

Protecting many of these small businesses, primarily restaurants, is Martha's Vineyard Insurance Agency, with three offices in each of the island's commercial centers: Oak Bluffs, Edgartown and Vineyard Haven.

"We are Vineyarders helping Vineyarders manage their risks," says Cheryl Lowe, assistant VP, with the company for 23 years.

Since opening in 1879, the agency steadily grew through mergers and acquisitions into what today is the largest insurance brokerage on the island. "Today, we're still re-defining excellent customer service," Cheryl says, "and the expectations of our clients in this ever-changing environment. We go beyond the standard . . . to true claim advocacy."

"It's simple for us. When it's a restaurant, we think of the MA Retail group. We've seen the workers' comp market go up and down. Cove Risk hasn't changed their appetite for restaurants. They're steady. You don't see them making their criteria more severe for restaurants."

When their clients find out it's a dividend program, Cheryl says they are mostly surprised and always thrilled. That a policy goes from January to January can also be huge, "particularly for a new business starting in April, because their premium will be reduced because it's not a full year, giving them a leg up getting started. They save premium because of the no expense constant and they can choose to pay in installments.

"We're glad this workers' comp program is here. When we can say there's a program that after a few years you get money back . . . that savings is a draw." adds Cheryl.

In 2001 the group started insuring MA restaurants and today there are over 1,325 members.

Dan Doherty

Kelly's Roast Beef, 5 restaurants, in business for 65 years
member since 2002, MA Retail Safety Committee member

Kelly's Roast Beef: Employees and a family owned business – big part of success.

Relationships are King

"We don't consider ourselves fast food. We consider ourselves quick service." That concept began at the beach 65 years ago when the first Kelly's Roast Beef walk-up stand opened. Today, the original family partnership still owns the business, but it is the long-time employees who manage its five locations and its New England reputation.

One thing that hasn't changed much is the food. Kelly's is credited with creating the first hot roast beef sandwich in 1951. And it has won numerous awards, including Boston's best lobster roll and tastiest clam chowder.

Kelly's has been featured on the Food Network, PBS and Saturday Night Live, and made a cameo appearance in the film Good Will Hunting.

"We serve consistent, quality food with a fair price, with great service in clean restaurants, which brings everybody back . . . we have faithful followers." That's the bottom line from Dan Doherty, who began working at Kelly's in the summer of 1979 and now manages the company.

Though not everything has stayed the same. The original beach stand was 1,400 sq. feet. Kelly's largest location is now nearly eight-times that size, and the menu has expanded to include salads and other healthy choices.

The company's success is based on a strong single philosophy: relationships are king. That goes from its "family" of more than 350 employees, many who grew up with the company, to its vendors, customers and service providers. "We have a gentleman who has been with us for 46 years," says Dan, "the one slicing the roast beef right over there."

Kelly's has been a member of the MA Retail workers' compensation group since 2002. That too is about quality relationships.

"The program has a lot to offer. It's a strong program with strong financials. The yearly dividend has averaged $10k over the last 10 years. Claims support is real comfortable, and obviously the premium price is key." But none of this would matter if the relationships behind the services were not strong.

Dan is on the group's safety committee, with safety specialist John Hazzard. "It's made up of different restaurants, coffee shops to bigger operations like ours, and some of the chains. Any time you get a group together like that you gain something. Even the simplest thing, like ideas about safe shoe programs (with employee discounts and more styles). That comes back here to our restaurant.

"Twice a year we have a safety walk through and then there's the follow up afterwards, to see what I corrected. It's always good. I think any kind of audit is helpful. When you have someone who is safety conscious coming into your business, it opens your eyes. Then I'm able to talk about safety with my managers and follow up with policies and procedures to make sure we're doing things right. We don't want any one hurt."

Dan sums it up. "Kudos to this program and Cove Risk. It's good to meet people who are passionate about their business, to help our business."

Employees and vendors and customers:
"It's all about relationships."

Frank Venuto and Frank Michaud

HUB International New England
helped membership increase by 75% over 25 years

"We're the good guys, trying to help the small businesses.
It is nice to deliver a program you trust."

A Compelling Fish Story

Frank Michaud grew up in a family fish market. His appreciation for small, family-owned businesses came at a young age. So did his strong work ethic. So when he says he "paid a lot of shoe leather" to build the association focused insurance business he now manages with long-time business associate Frank Venuto, he says it with pride.

Back to the fish story. Frank spent some years knocking on doors, first selling for a major national insurance carrier with special programs for small retailers endorsed by associations. So he got experience walking into businesses on behalf of their professional associations.

When in the late 1980s the national carriers left the state, and left his workers' comp clients in risk pools (even though they weren't high risk), he went back to them as a trusted advisor. And he began to bring small businesses into RAM's program – "the kind of family-owned businesses where the people they hired, they knew them when they were kids in the neighborhood, and the owners knew their parents," says Frank.

From there, the fish grew. Not in size, but in numbers. He believed small businesses were a great fit for the group; because of their nature they come with lower risk. He bet his career on it and persevered.

Frank might not tell the rest of the story quite this way, but he and his business are largely responsible for the early and continued growth of the MA Retail group.

Together, Frank Michaud and Frank Venuto, who also began with a small independent insurance business, created the Association Benefits Insurance Company in 2000, bought up a few years ago by the giant HUB International New England, LLC. The Franks manage a unit specifically for association insurance programs.

Their combined efforts have grown the MA Retail Merchants Workers' Compensation Group by nearly 75 percent – bringing in about 2,800 of the group's nearly 4,000 members. "When you have a compelling story, it makes it a lot easier. It is nice to deliver a program you trust," says Frank M.

"You'll get a 15-20 percent upfront discount and start earning dividends the minute you get into the program (which can't be released by law for 24 months)," he explains. "I've had a rare occasion when someone left. Three years later, they called and said: 'I'm still getting these dividend checks – how do I get back in?'

"You need this association (RAM or MassPack) to take advantage of the best workers' comp program ever in MA," the Franks tell prospective members. "There's a reason 4,000 business owners are part of this . . . it's the best kept secret."

The real question is this, Frank V adds. Why hasn't their broker put them into the program? That's the question to be reckoned with, particularly if the business could have been collecting annual dividend checks for decades.

"This program has been successful by word of mouth," says Frank V. "When we tell a potential business who is in the program, they say: 'He's in. I'm in.' It's such a solid program."

Jim Hodgdon

Tosca/Eat Well Company, Hingham
member since 2003

Tosca: started as a farm to table restaurant on the south shore 20 years ago.

Site Visits are Welcomed

It's a feast for the senses. First, the pleasing smell of a wood fire hits you. You take in the original rustic features of this 1910 grainary and the warmth is now from the inside out. Then the aromas surround you, from wood-grilled duck breast to porcini pizza with asparagus and truffle oil. That's Tosca, opened in 1993 on the south shore in Hingham Harbor, a clam shell throw from its sister restaurants, the original Stars and newer Café Tosca, together owned and operated by the Eat Well Company and its long-time partners.

"We started in the business before anyone was a foodie," says Jim Hodgdon, director of operations. "Twenty years ago we were farm to table – all fresh seafood, produce – we do everything fresh."

Whether it's at Stars for beef brisket n'eggs or seafood stew, or on the patio at Café Tosca for the comfort food that inspired the more complex delicacies at Tosca's, you'll see management and staff with a history rooted in Eat Well.

"Our GM at Stars has been here since he was 15 as a bus boy. Those three guys working over there, they've been with us for four years; the other guy 11 years," says Jim, as a proud father would.

People often ask the management team how they do it. How do they retain their employees? "We've grown up together, so how do you split from your family," Jim answers. And just as family members would, they care about their staff.

"Safety encompasses employee retention," says Jim. "One of the big reasons we joined this (workers' comp) program was the site visits. We don't want anyone to get hurt. You need some outside eyes. With the walk arounds, it's typically little things they notice. We want to know if there's anything we're doing wrong, so we can fix it."

At the peak of their season, they employ 250 people. Being on the water could limit their business to the traditional seasonal guests, so from the beginning they were focused on the other two-thirds of the year and the people who live in their community. That keeps them open, and busy, and keeps a good number of employees working.

"You need to deal with training, but if you don't need to keep on teaching new people, you save a lot of time, money and effort. It's a lot better financially for us and for the safety of the employee."

He puts this into his day-to-day perspective.

"We do everything fresh. We're cutting lots of vegetables . . . doing the right thing – not having it in a bag and putting it in the microwave. That means cuts are part of the hazard. So retention is important, because if that employee stays for two years, his mastery becomes better. It's better for us because they are better at their job, and they become more skilled and get a pay increase every year."

Retailers Association of Massachusetts

Just the Facts:

Voice of the Commonwealth's Retailers for almost 100 years

- Many member benefits help retail businesses save money
- Provides valuable regulatory and policy briefings
- Protects the interests of the retail industry
- RAMaes – awards of excellence
- Strong supporter of Main Street

RAM
RETAILERS ASSOCIATION OF MASSACHUSETTS

Jon Hurst

RAM President since 1990

Jon Hurst is on a mission to save Main Street.

"A lot of these small businesses are having a hard time," he says. "Their payrolls are going up . . . either wages, or benefits. And sales aren't going up. They need higher sales or they need lower costs. That really is what we try to do, help out on the cost side. You can't take mom and pop businesses for granted. They won't always be there."

There were 200 members when Jon began as president of the Retailers Association of Massachusetts in 1990. Today, nearly 4,000 retailers of all sizes and industries follow his lead and benefit from his expertise, and that of his organization's team, particularly when it comes to workers' compensation.

"So early on we started with these larger small businesses – too small to self-insure on their own but looking to save money in what was a tough marketplace then as insurers were leaving the state and costs were sky rocking in 1991.

"Those original businesses, they were forward thinking to be willing to try this new model and work together as an industry. Not independently, not through an insurance company, but work together as an industry to better themselves and others. As time went on it worked. It saved those midsize businesses a lot of money and they got great service. They saved on the premiums and got very strong dividends back because they were the owners, self-insured," explains Jon.

The group really took off a few years later when they started to market to much smaller businesses, according to Jon. "To be in this great self-insured program you had to be a member of the association. So it benefited the association and it benefited the workers' comp group, and the industry as a whole. Today, 92% of RAM members are in the workers' comp program.

Historically, the problem was that workers' comp pricing varied depending on how big you were. "What our group did was level the playing field and create great options for the smallest retailers, by creating a cooperative type of system where everybody got the same discount, same rates, same dividends."

Some asked why these small businesses should get rates as low as the big guys. "But experience showed that the very little guys had even better comp experience. A lot of them had long-time employees, family members, and had relatively few claims. And this further bolstered the economic backing of the group, which helped everybody.

"Our group was different than the few other self-insured options out there. We were many like-minded businesses within the same SIC code, homogeneous, all wanting to work together to reduce losses, claims, ensure safer work environments and ultimately save money. It worked. It was a great model and the industry really responded.

"I see us positioned to grow, especially with the 25th anniversary and increasing staff and a growing economy. But we have to be selective. We do our due diligence so losses are prevented and employees have a safer work environment. And we have our new safety services tools. All of this is good for the overall results for the group, for all the members and for marketing to new members."

We do our due diligence so losses are prevented and employees have a safer work environment.

Massachusetts Package Stores Association

Frank Anzalotti

MassPack Executive Director since 1996, previous MA package store owner

Just the Facts:

Founded in 1942

- Membership is made up of family or independently-owned and operated alcoholic beverage retailers of Massachusetts
- All members have access to legal and educational services
- Money saving benefits help members reduce their operating costs
- MassPack provides members with a full time lobbyist for legislative and governmental issues
- MassPack yearly tradeshow promotes supplier and member networking opportunities

MASS PACKAGE STORES ASSOCIATION INC.
Strength In Unity
Est. 1942

Only three states still call them package stores. If you spend time in Massachusetts, Connecticut or Texas, you don't have to ask for an explanation of what you'll find on their shelves. You know there will be wine, liquor and beer. And in Massachusetts, you're not going to find two package stores on every facing corner. The state strictly regulates their numbers per municipality based on population.

So while the Massachusetts Package Stores Association has a small pool of potential members to pull from, it has had a strong presence since it was founded in 1942. Today, its 680 members include family or independently-owned and operated alcohol beverage retailers across Massachusetts.

"We use our collective strength to provide services to members that aren't available to them as individuals," says Frank Anzalotti, MassPack executive director for the past 20 years. Members benefit from a full time lobbyist, access to legal information and educational services, and member benefit programs, such as health insurance and workers' compensation.

"I myself was a package store owner," says Frank. "So I am in this program from the beginning, first as an association member having the workers' comp policy. Now, I'm an association executive trying to make all of our members aware of its benefits.

"Unfortunately in this business, state law prevents independents from colluding with each other, to buy together or to advertise together. It's very difficult now to buy a product at a price that a large national company has the means to do so. It puts a small owner at a price disadvantage." That's one reason Frank wants package store owners to recognize that they can save money while having the best workers' comp.

There's another issue brewing. While wine currently is allowed to be sold in other states by Massachusetts wine retailers, a package store cannot use its liquor license to sell outside of the state.

"We're engaged in a dilemma here," Frank explains: "We're discussing whether package store retailers would like the opportunity to be able to market on their websites and sell their product to a consumer in New York or wherever; right now we can't." And a retailer from out of state can't sell directly there.

These fundamental challenges aside – Frank spends significant time looking at trends and bringing back information to the board and association members. "What kinds of workers' comp claims are being made; is there any particular kind of injury that has spiked for whatever reason?

"I have to say, in this industry the claims are very small, few and small compared to business in general. And they are taken care of relatively quickly," he adds.

That's good for his association's members, 75% of which participate in the workers' comp program. "Once they understand the benefits, people get onboard . . . and generally stay."

Frank adds: "It has been successful from day one. It's amazing. I can't say that about – much of anything else."

We use our collective strength to provide services that aren't available to our members as individuals.

Cove Risk Services, LLC

For 25 years
the same management has proudly served as third-party administrator for the Massachusetts Retail Merchants Workers' Compensation Group.

Deb Smith, Rich Flaherty, Kelley Doyle, Mark Erdody, John Hazzard

(not in photo Catherine Geoffroy)

Management Matters

Rich Flaherty, President & CEO

The small guy can never self-insure on their own. This program allows a small retailer to join up with like-minded retailers to get the benefit of what the big guy would get. We've proven it works for over 25 years; interest income and program profits go back to the members and not a carrier.

From the beginning we wanted to write the best of the best – retailers and package stores. We wanted to make sure our losses and expenses were less than the premiums. That has been consistent. For 25 years we have paid dividends.

We were always focused on the best treatment outcomes for employees. If you have the best outcome, you'll get back to work quicker. It's about paying and being unbelievably great to people who are legitimately injured, and sticking up for the employer when they aren't.

We've given back almost $100 million dollars to local Massachusetts retailers. That's the ultimate score card.

Catherine Geoffroy, Exec. Vice President & CFO
The board is a good mix of long time board members and new ones, focused on underwriting and safety. They understand this money is the group's money and you have to protect that. They operate on the conservative side. The board has an Audit Committee and they dig deeper than an external audit would.

MA regulations are very conservative also, which is good, regarding investment guidelines, preservation of capital, meeting regulated reserves.

Kelley Doyle, Vice President & COO
What is different about the MA Retail group is the focus on growing and on small accounts. It's providing the best service we can; getting the claimants medically better so they can go back to work, and providing the safety services we think are needed.

There is a high percentage of business owners on the board, so they bring that thinking . . . they're not just there to do a job.

MA is a great state for self-insurance. They set up very strict standards. They require you to only invest in very safe bonds and treasury bills. You know you're not going to get as great a yield when the stock market is booming, but you're not going to get the drop when the stock market falls.

John Hazzard, Senior Health & Safety Consultant
Every time I see a claim come through that could have been prevented, and it ends up being a claim that changes someone's life, it just motivates me more to want to make a difference with this group – and we can.

Companies want to do the right thing (safety wise) but many don't know what to do. I make a simple plan for them. I let them know they have a safety consultant who will give them free advice whenever they need it. And everyone likes something for free.

I hear it all the time: "Safety is just common sense." But if it was that easy, I'd be out of a job. You have to educate employees so when they are deciding (in an instant) how to do a job task, they choose the safer way – even if it isn't the fastest.

Building a safety culture takes time.

Deb Smith, Vice President Marketing
My biggest challenge early on was instilling confidence in the brokers that I had worked with for many years that this was a good program. Self-insurance was new to them and they were worried it was not safe; many of them trusted me and took the leap into a new territory. This has paid off in tremendous savings and dividends every year! Once the brokers understand how we work and what needs to be done its a pretty simple process.

Mark Erdody, Vice President Claims
The thing that really sets our claims department apart from a standard carrier is the spirit of collaboration that comes from understanding that it's the members' money, and we want to spend it wisely.

There was a study that said less than five percent of all claims are fraudulent. But at the 60 day mark 50 percent start to malinger, or get comfortable. They may not have started off trying to commit fraud, but at the two-month mark they are. So it's important to return to work within that time frame. These are the things that we talk about with new prospects and current members.

It's All in the Numbers

Why Safety Matters (a decrease in claims increases dividends)

	Premium	Operating Expense	Claims	Dividend Pool ($ back to members) (A traditional WC company keeps any savings)
Company A	$10k	$3,000	$1,000	+$6,000
Company B	$10k	$3,000	$3,000	+$4,000
Company C	$10k	$3,000	$7,000	$0
Company D	$10k	$3,000	$8,000	-$1,000

Over the past 25 years, 1,583 businesses in the MA Retail group have never had a claim.

Claims aren't the only factor that impacts the dividend rate. For example, in 2008 the state regulated workers' compensation rate decreased by 20 percent. Premiums for members dropped by 20 percent and businesses saved. However, lower premiums meant lower operating funds were generated that year, which lowered the dividend to 10 percent compared to 33 percent in 2006. Members still saved that year on the total cost of their workers' comp because of the decreased upfront premium. Compared to a traditional insurance carrier, MA Retail group members receive an average 35 percent savings per year when the fluctuation of the upfront premium savings plus the 4 year average dividend are factored in.

Massachusetts Retail Merchants Workers' Compensation Group

Celebrating 25 Years

In the past 25 years, the MA Retail group has helped small businesses in Massachusetts save over $100 million!

Workers' Comp Cost Comparison

Sample estimate is for a small retail business in MA based on 7% dividend and 15% upfront savings.

Annual Premium with Traditional Insurance carrier:	$1,100
Expense Constant:	$338
Total:	**$1,438**
Annual Premium with MA Retail group:	$1,100
Expense Constant	$0
Upfront Discount 15%:	- $165
Dividend Savings (total of incremental payments)	-$77
Total:	**$858**

Sample Yearly Savings = $580

25 YEAR FACTS AND FIGURES

Dividends Paid to Participants: $50 million*

Businesses Served: retailers, restaurants and auto services

Average Savings: 35%

Group Inception Date: May 1991

Current Premiums: $19 Million

Participating Businesses: 4,000+

Retention Rate: 97%

Specific Excess Insurance: Midwest Employers Casualty Co. (A.M. Best: A+)

Aggregate Excess Insurance: Midwest Employers Casualty Co. (A.M. Best: A+)

Accounting: Feeley & Driscoll, P.C.

Actuary: Milliman USA

Administrator: Cove Risk Services, LLC

Eligibility — There are over 50 eligible WC class and SIC codes for the MA Retail group. They can be found online in the underwriting guidelines at: https://www.coverisk.com/about/massachusetts-programs/retail/

Dividends — Dividends must be approved by the group's Board of Directors. They are based on available group surplus. Each individual dividend is based on their percentage of the group's overall premium; each member receives the same percentage. In accordance with state regulations dividends are paid out after 24 months and in 4 annual installments.

Membership — Each participant must maintain membership in good standing with the Retailers Association of Massachusetts or the Massachusetts Package Store Association.

Safety Services — Members receive access to the FREE online service called the Safety Awareness for Everyone (or S.A.F.E.) Program. This valuable program includes forms; policies and checklists; handouts and posters; presentations; training tips; links to government safety resources and standards; and a list of vendors providing members discounted pricing on safety products and services.

Disclaimer — Participation in a workers' compensation self-insurance group is not the equivalent of purchasing an insurance policy. Past dividend history is no guaranty of future results.

Massachusetts Retail Merchants Workers' Compensation Group

Acknowledgements

On behalf of Cove Risk Services, the associations and the MA Retail group, we thank all of the members, brokers, MA Division of Insurance, and others who have contributed to telling our

25 year success story for Main Street MA.

For more information: www.coverisk.com

Massachusetts Retail Merchants Workers' Compensation Group, Inc.

25 years

Proudly Administered by

CoveRisk Services, LLC

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