

SUCCESS STORY**Risk management case study**

PRT Staffing successfully improves risk management with captive insurance program

The challenge

PRT Staffing is a leading staffing agency that specializes in providing skilled workers to various industries such as construction, energy, and manufacturing. With a strong presence in over 20 states, PRT Staffing has built a reputation for delivering superior results for their customers.

However, as PRT Staffing expanded into new markets and grew their business, they encountered challenges to their insurance and risk management programs. Although their loss results remained stable, their Guaranteed Cost workers' compensation program was costly. Additionally, finding a national carrier willing to cover their higher hazard work became difficult.

Traditional workers' compensation carriers had limited to no appetite for some of the of the placements PRT Staffing made and the carriers' restrictions were limiting opportunities. Moreover, the underwriting process for adding new clients was frustratingly slow and lacked stability with each renewal.

The solution

To overcome these obstacles, the Marsh McLennan Agency (MMA) team worked alongside PRT Staffing to create a plan to improve loss results and find a better insurance solution. One key aspect was transitioning the workers' compensation insurance to a captive insurance program, which had a broader appetite for the types of placements that PRT Staffing was making. This shift allowed PRT Staffing to capitalize on unused loss fund dollars.

The first step in this process involved identifying clients that were disproportionately responsible for losses. The MMA team conducted a thorough client profitability analysis to pinpoint those clients and exposures that were driving losses. Difficult decisions were made to discontinue relationships with certain customers and increase mark ups for others to cover the cost of claims. However, some profitable customers' operations posed underwriting and claim challenges. As the potential captive solution was analyzed, it became evident that some of the remaining exposures and historical loss results for those customers would significantly impact the captive underwriting.

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Client profile



Staffing

51%

Reduction in loss ratio

47%

Decrease in loss rate

31%

Reduction in experience modification rate

41%

Reduction in workers' compensation rates

Learn how MMA's Risk Management advisors can help you obtain measurable results.

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To address this, a decision was made to separate the higher hazard work from the captive program. MMA provided a Professional Employer Organization (PEO) solution for the remaining placements, which isolated the exposure into a guaranteed cost solution. The rest of the exposures were moved to a captive. In 2017, PRT Staffing joined Industrial Staffing, Ltd, with the majority of their operations.

During the transition to the new captive program, it became crucial for PRT Staffing to remain mindful of new risks and exposures. In 2017, a thorough risk management overhaul was conducted to enhance safety at customer sites and to provide diligent claim management for those losses experienced by PRT Staffing. MMA provided ongoing feedback on potential new opportunities, highlighting concerns related to potential exposures and losses. Annual Client profitability studies were conducted, and decisions were continuously made regarding exiting unprofitable relationships.

MMA's Safety Consultant and Claims Advocate worked closely with PRT Staffing's Risk Manager to improve employee training, customer worksite safety, and claim management. They participated in quarterly claim reviews to provide active claim management solutions and offered creative solutions to closing claims quickly to minimize costs. In addition, they actively contributed to enhancing PRT Staffing's Safety and Risk Management program. Participation in the captive program allows PRT Staffing to direct the spend of their loss control dollars effectively and partner directly with MMA's Safety team to identify areas of improvement.

The results

Through these initiatives and improvements, PRT Staffing achieved impressive results since joining the captive program, including:

- 51% reduction in their loss ratio
- 47% decrease in their loss rate
- 31% reduction in their experience modification rate
- 41% reduction in their workers' compensation rates

PRT Staffing grew their business by an incredible 79%. They can now better strategize on evaluating risks, including considering hazards in the working environment, potential loss exposures, and the long-term impact on their program. The captive program has provided visibility into their insurance costs with renewal expectations established well in advance of the renewal date. PRT Staffing receives the financial benefit of their positive performance through captive dividends and has dramatically improved the health and safety of their employees.

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