



Application of Allocated Loss Adjustment Expense

The treatment of ALAE by National Account services differs significantly from the NCCI definition in the following areas:

Through our National Account services we can write your workers' compensation coverage using a loss sensitive rating program. If coverage is written on a plan of this type, we will ask that you sign an agreement acknowledging the plan type and program parameters. The agreement contains a definition of Allocated Loss Adjustment Expense (ALAE), which has been approved by the National Council on Compensation Insurance (NCCI) and is used by most insurance carriers. The NCCI defines ALAE as claims adjusting expenses which are assigned directly to an individual claim file.

- We do not charge for pharmaceutical and medical bill reviews
- 100% of the savings from bill reviews are credited to the claim
- Use of our Preferred Provider Networks is included free of charge
- 100% of the savings from using our Preferred Provider Networks are credited to the claim
- There is no charge to a claim for the following, if provided by our in-house staff:
 - Nurse Case Managers
 - Claims Causation Investigators
 - Investigation Specialists
 - Internal medical discussions by doctors

As ALAE is added to the total cost of loss for purposes of your retro calculations, these differences give our loss sensitive programs a distinct advantage over plans from other carriers who do charge for the above services. Therefore, all other things being equal, your ultimate cost of loss will be significantly less with us.

To learn more, call 1-800-258-2667 and ask for a member of the National Accounts team.