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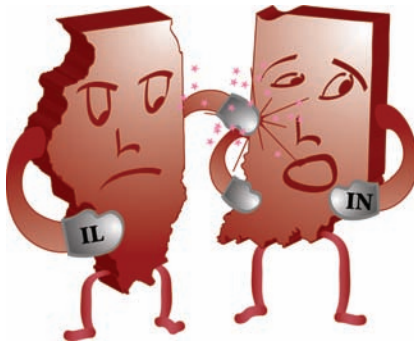
BUSINESS, FINANCIAL & INSURANCE SOLUTIONS

60 West Superior Street ★ Chicago, IL 60610 ★ {Fax (312) 944-7000 Fax} ★ Phone (312) 642-1000

Other States Coverage

Workers' Compensation laws vary dramatically from state to state. Differences in compensability and Average Weekly Wage (the basis for determining the amount paid to an injured worker) are huge. Proper coverage protects a company from becoming under-insured as a result of these differences.

As an example, an employee of an Indiana company who is injured in Indiana is eligible for a maximum \$600 per week. However, should that same employee be traveling to and injured in Illinois, that employee would be eligible for a maximum Average Weekly Wage of \$1,148.



This injured employee would have the right to file for benefits in the state in which they were injured, increasing their benefits by \$548 per week. In addition, the rates of permanency are dramatically increased, so in the event of a catastrophic injury, the ultimate payout is significantly higher.

If your employees work in or travel for work to states other than your home state, it is essential that your Workers' Compensation policy contains "Other States" coverage. Other States coverage protects a company from having to pay the difference between benefits required by different states. In this example, without having the "Other States" coverage, the company would be required to make up the \$548 per week difference, in addition to the increased permanency payment above. Verification of this Coverage is routinely done by Alper as part of our service to our Clients.

ALPER MISSION

Alper Services provides business, financial and insurance solutions by integrating a unique team of experts who deliver cost-effective results.

Among the Worst... Cook County!

Each year the American Tort Reform Foundation (a Foundation dedicated to studying the impact of lawsuits on the American economy) prepares a list of what it calls "Judicial Hellholes." These jurisdictions represent areas of concern where businesses are less likely to receive a fair trial than other areas in the country. Cook County, Illinois has been named on this list for the second consecutive year. Other areas high on the list include Madison and St. Clair counties in Illinois, the entire state of West Virginia, South Florida (including Miami-Dade and Palm Beach counties) and the Rio Grande Valley and Gulf Coast of Texas.

For years, Madison and St. Clair counties in Illinois have been on this list due to their well-earned reputation as a plaintiff friendly area. As the new Chief Judge in Madison County has made efforts to rein in its reputation for large awards (in an effort to continue to retain those members of the medical community who remain) plaintiff attorneys are bringing more lawsuits in Cook County.

What is becoming disturbing is a willingness to allow lawsuits with little to no connection to the county, which has the affect of attracting more lawsuits. In 1995, Cook County had 46.6% of the litigation filed in Illinois, roughly proportionate to its share of the population. In 2005, Cook County had 65% of Illinois' litigation with almost no population increase.

Currently this is affecting large multi-party lawsuits, such as asbestos claims or class actions. However, Cook County is developing a bad reputation for business. In 2005 alone, 106 manufacturing plants left Cook County. Certainly there are other *(over)*

Understanding Deductibles and Retentions

In an effort to reduce liability insurance costs, businesses and insurance carriers have been moving towards higher deductibles and retentions. While the term deductible and retention are used relatively interchangeably, they have vastly different effects upon your insurance coverage.

Under a deductible, an insurance carrier usually handles all aspects of a claim, including the defense costs and claim resolution. The carrier typically then bills the insured for the deductible.

Under a self-insured retention, the insured assumes all of the risk up to a certain limit. It is the insured's responsibility to manage the claim, pay *(over)*

(Understanding Deductibles *continued from first page*)

defense costs and pay all damages within the retention amount. The insurance policy in effect acts as excess insurance, and the carrier has no responsibility unless the claim exceeds the retention amount.

Many policies now require the use of a deductible. Directors and Officers, Employment-Practices, Errors and Omissions and Professional Liability policies are unavailable now without the insured assuming some amount of risk. In addition, many deductibles now are being written having claim expenses being the responsibility of the insured, up until the deductible limit is reached. This is positive in that the insured has the ability to choose counsel, but presents a risk of significant cash outflows at the earliest stage of the claim.

Strongly managed deductibles are an effective way to lower your overall cost of insurance. We encourage you to explore these alternatives with your Alper Services account representative.

(Among the Worst... Cook County *continued from first page*)

factors (the China effect, high taxes, higher minimum wage), but a high litigation jurisdiction is most definitely a concern when businesses decide where to locate and relocate.

The Illinois legislature discussed a number of pro-business legislation in 2006, including limitations on class action suits and establishing new criteria for expert witness testimony. None of these proposals have been approved by the legislature. In addition, the new Illinois law limiting pain and suffering awards in medical malpractice cases is under review by the Illinois Supreme Court. Should there be a negative ruling, it is unlikely that serious long-lasting reform will take place.

All business involves risk. However, for our Cook County clients, the complexity of risk is increasing due to the plaintiff-friendly nature of its court system. We urge you to continue to manage your risk appropriately to avoid being ensnared in this complex judicial environment.

Employee of the Quarter

MICHELLE FOGIEL

Michelle began working for Alper Services on a part-time basis over two years ago. Subsequently, we were very fortunate to hire her full-time as our Graphic Designer and Marketing Assistant working on special projects. She has a Bachelor of Arts Degree in Multimedia and Web Design from the Illinois Institute of Art.

Michelle lives with her husband on the northwest side of Chicago. In her spare time, she enjoys black and white photography, cooking, and anything science-fiction related (books, movies, etc.). Her aspirations include obtaining another degree in an obscure field and traveling around the world.

We are very lucky to have Michelle as an Alper Team Member. She is a real gem to work with, in addition to being very talented, intelligent, and has a plethora of ideas to make our company more professional looking as we grow. Many of you have seen her artwork in our newsletters, as well as our brochures, publications, and seminar presentations. We look forward to Michelle continuing as one of our Team Members for many, many years to come.



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Alper Services, LLC
60 West Superior St.
Chicago, IL 60610