

WORTHAM insight

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In the aftermath of a chemical fire:

Wortham Assists Client in Successful Recovery

By [Bruce Bricarell](#), Managing Director – Environmental Practice, Wortham Insurance & Risk Management

An unexpected phone call at 10 p.m. on a Monday evening is never a good omen – especially if you manage a large independent insurance firm's environmental practice for clients around the world.

The late night call on May 11 was from Steve Quandt, Executive Vice President of Columbus Chemical Industries (CCI) in Columbus, Wisconsin, and a long-time client of Wortham Insurance & Risk Management. Two hours earlier, a fire had broken out at CCI's plant, which produces and distributes a wide range of specialty chemicals, including hydrochloric, hydrofluoric and sulfuric acids, for the pharmaceutical and high tech industries.

As CCI's insurance broker, Wortham's role would be to actively participate in discussions with the company's insurance carrier and ensure all claims were handled and resolved. Our overarching goal was to help our client safely resume operations and fulfill its customers' needs as quickly as possible.

Quick response to incident

The fire, which began in a warehouse, was quickly followed by three explosions and was reported by automatic alarm at 8:04 p.m. The local volunteer fire department arrived on the scene at 8:11 p.m. While confined to the originally involved building, the fire was intense and active. Despite the fact that no employees or neighbors were injured, three firefighters received minor injuries and the Incident Commander decided to stop applying water to the fire and allow it to burn itself out. As a safety precaution,

144 people were evacuated from homes and businesses in the area and two highways were shutdown.

At the start of the incident, CCI launched its emergency response plan. When the severity of the event was determined, calls were made to CCI's corporate attorney who was the initial, designated media contact, and to BT2, a Madison, WI environmental engineering firm who had been predetermined to be the emergency response coordinator. Both resources were onsite before 10 p.m.

As a subscriber to the Responsible Distribution ProcessSM, an initiative developed by the National Association of Chemical Distributors, CCI had previously hosted a facility tour for local emergency responders. "The responders' first-hand knowledge of our plant, combined with an extensive inventory of products used in the affected area, facilitated the fire department's ability to understand the risks associated with the fire and almost certainly saved lives and prevented injuries," says Quandt, who has served with CCI for 19 years.

Implementing the disaster recovery plan

Once the initial concerns of managing the fire, attending to the injured and safely evacuating homes, businesses and roadways were addressed, Quandt was ready to implement CCI's disaster recovery plan. Despite being separated by a distance of 1,200 miles, at 11:30 p.m. on Monday, Wortham initiated the first of many conference calls for the recovery team that would focus on insur-

ance issues, environmental matters, community outreach and media. This team's purpose was to bring together the insurance carrier, emergency response and remediation services that would play essential roles in tackling problems created by the incident and help get CCI back in business as quickly as possible. In addition to Quandt and me, team members included representatives from CCI's long-time carrier, American International Group, Inc. (AIG), an environmental consultant and contractor, CCI's law firm, and the emergency response coordinator. We prioritized our initial steps to get professional claims and response personnel to CCI's location the following day.

Early Tuesday morning saw several more conference calls to update the team and add new activities. By noon, however, we faced a significant challenge in alignment on key insurance-related concerns. Working closely with the underwriting and claims team and CCI leadership, we quickly got everyone to recognize the severity and scope of the problems and secured agreement on our process and solutions.

On Tuesday, Jim Beck with PILOT Catastrophe arrived on site with a team of people. They set up a toll-free phone number where those who had been inconvenienced or damaged by the incident could file a claim. "This step created a positive bond with the community and helped turn public sentiment in our favor almost immediately," says Quandt. By 7 a.m., Tuesday, North Shore Environmental, from Germantown, WI, was on site to contain and capture run-off from the affected areas.

Facilitating communications between insured and carrier

Throughout the day, I was in constant communication with Quandt, AIG representatives and others. Wortham's primary objective was to communicate CCI's needs and concerns to their carrier representatives and other entities. Given the high stress level and fast pace of these incidents, it was essential to quickly assess priorities, offer practical solutions and track com-

pletion of tasks. I found it better to remain at Wortham's Houston headquarters, where I could access our team of in-house experts and focus my efforts on assisting CCI without adding another person at the scene.

Progress continued over the next several days. With approval from EPA, OSHA and the Wisconsin Department of Natural Resources, the Columbia County Emergency Response Coordinator and Sherriff's office turned over site responsibility to CCI, reflecting their confidence in the selection of qualified contractors to handle the smoldering fire, run-off, air monitoring and other activities.

Meanwhile, AIG had retained Meagher & Geer's Catastrophic Loss Team from Minneapolis to provide hands-on management for the Origin & Cause investigation. AIG brought in James Rothrock, an environmental claims consultant and experienced project manager, to coordinate the contractors, thus reducing redundancy.

Resolving delays and set-backs

As to be expected in these situations, the team experienced some frustration with delays, miscommunications and set-backs. For instance, there was concern about the progress in the site remediation efforts. "Origin and Cause investigators and business owners don't always immediately appreciate each other's primary objectives," Quandt explains. "Knowing the business loss risks associated with the lack of ability to ship product, owners want to get back in business and invoice product as quickly as possible. Fire investigators are hired to determine the origin and cause of the fire. While both objectives are critical and necessary components of a disaster recovery effort, they are not complementary." At Wortham, we handled this issue by contacting the carrier team and reaching agreement among all parties on which services were needed to get CCI back into business. "From CCI's perspective, the resolution of this matter was absolutely critical in getting us back into production," adds Quandt.

Processing within the CCI facility requires significant safety precautions.



Steady progress to resumption of operations

In less than two weeks, CCI resumed limited production and began making customer deliveries. "While we weren't anywhere near 100% of our production capability, the sight of our employees back at work, meeting our customers' needs, was inspiring to everyone who worked so hard throughout this incident," Quandt says.

Two weeks after the event, CCI recommenced its 12-hour split shift, a major step. Less than three weeks following the incident, normal operations were underway. CCI's commitment to its customers was evidenced by the facility's 20-hour days until they were able to catch up with their outstanding orders.



From the insurance broker's perspective

As an insurance broker, Wortham believes staying fully engaged in our clients' claims may be the most important service we provide. From our experience, when a loss occurs, the true value of adequate protection, concise wording and proper coverage under an insurance policy becomes evident. Our client's interest comes first, and there should be no conflicting issues to work against the equitable and prompt settlement of the claim. To us,

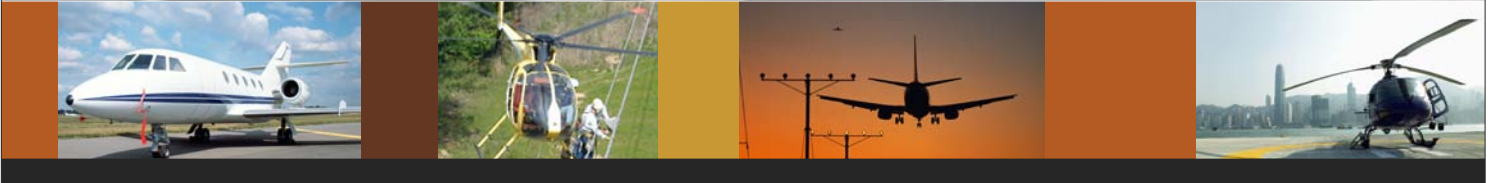
insurance is important to a client's financial well-being and future and requires experience and technical knowledge to effectively look after their interest. From an insured's point of view, knowing that coverage is adequate, carriers are financially sound and that they are working on your behalf, provides the confidence necessary to make decisions quickly and decisively. "In the middle of a disaster, this is critical," says Quandt.

At Wortham, our involvement on CCI's incident continues as we work closely with AIG and others to complete any outstanding claims. Through this difficult situation, we were impressed with the CCI leadership group and disaster recovery team members who worked in concert -- often under trying conditions -- with the goal of safely resuming operations and restoring customers' confidence in the company. To us, that's a successful conclusion.



Bruce Bricarell, Managing Director, joined Wortham in 1984 and specializes in the placement of pollution coverages and environmentally sensitive risks. Bruce has been involved with a number of large complex risk placements involving the use of pollution insurance to facilitate transactions. His experience ranges from placing traditional products for Wortham clients to developing some very non-traditional uses of the products. Prior to joining Wortham, Bruce was an underwriter and supervisor with two major insurance carriers. Bruce graduated from the University of Delaware with a BS degree in economics.

Comprehensive Aviation Expertise



From a corporate-owned Gulfstream flying executives to a meeting in the Middle East to a helicopter fleet ferrying crews to offshore platforms in the Gulf of Mexico to an aircraft manufacturer assembling a new line of commuter planes, Wortham Insurance & Risk Management's Aviation group serves its' clients' diverse needs around the world. "For more than 40 years, Wortham has expanded its capabilities and services to handle an ever-growing range of aviation insurance requirements," says Mark Curtis, Wortham Managing Director.

In the highly specialized aviation insurance market, Wortham's strong working relationships with underwriters around the world enables it to deliver the highest quality of insurance products to meet each client's unique needs. Wortham has assembled a professional team that brings significant experience to its clients. In addition to Curtis, Wortham's Aviation team includes Managing Director Ron Goldman, and Technical Assistants Linda Brown, Eddie Moreno, and Tamara Linders.

Comprehensive aviation expertise

Wortham's deep expertise and knowledge of various segments of the aviation industry enables the company to service clients ranging from medium-sized businesses to global multinationals, from aircraft manufacturers and maintenance operations to sports/entertainment organizations. "Understanding the operations, equipment, risks, personnel and insurance needs of each sector of the aviation market allows us to tailor the best solutions for our clients," says Curtis. "A key segment that we service is corporate aircraft and industrial aid," Curtis explains. "We handle corporate fleets of all types of jets and helicopters. Our clients with rotor wing fleets include companies that provide transportation for offshore platforms and patrol operations for pipelines and pipeline systems."

The Wortham organization brings extensive knowledge gained from serving aircraft manufacturers, maintenance, repair and overhaul (MRO) operations, and completions centers. "Among our clients are manufacturers of corporate aircraft and parts for commuter aircraft as well as specialty companies that handle full interiors for private and corporate jets," he points out. "With our international experience, we also work with clients that hold government contracts for overseas aviation programs."

Other Wortham clients include airport operations and fixed based operators, light aircraft and non-owned aircraft. While the various property and liability coverages for owned aircraft are obvious necessities, Curtis points out that many companies are not fully aware of the potential liability involving non-owned aircraft. "It is not uncommon to charter aircraft for special transportation needs, say for senior executives, or to charter sight seeing aircraft at corporate events in scenic locations. The charter company may not have adequate liability limits and the risk manager may not always be apprised of the event. It is very economic to acquire additional liability coverage for such situations," Curtis adds.

Recent challenges and changes in the aviation insurance market

Over the past several years, the aviation insurance market has undergone significant changes and challenges. "Before 9/11, the domestic aircraft insurance market was generally served by up to five insurance carriers," says Goldman. "However, immediately following 9/11, the market underwent a difficult time as carriers withdrew. Because of the limited number of aviation carriers, premiums increased and then we began to see capital flow into the aviation insurance market, resulting in more carriers gradually returning or entering the market. Currently, there are more than 17 carriers that provide coverage for all or certain segments of the aviation industry."

Wortham's marketing strategy: Key Differentiator

"Throughout the market fluctuations, Wortham's marketing strategy and process combined with the firm's solid reputation among underwriters has delivered significant value to our clients," Goldman notes. "Wortham's disciplined approach to marketing, which is designed to identify all possible coverage, limits and pricing alternatives, is one of our key differentiators. We begin with an in-depth review of the client's aviation needs and work in tandem with the client to prepare a submission to underwriters." Since Wortham's aviation specialists are actively engaged in the market on a daily basis, they closely follow carriers' capacities and interest levels in new business. "Wortham is one of the largest sources of general aviation business for most of the underwriters with whom we work," Curtis points out. "This constant flow of business for both new programs as well as renewals gives us a strong platform for negotiating on coverage and pricing on behalf of our clients."

Market outlook

Overall, losses in the aviation markets have trended downwards over the past eight to nine years. However, losses in the aviation markets have increased over the past year, particularly in the commercial aircraft markets with the loss of some Airbus/Air France aircraft. Losses in the helicopter market for offshore operators have also increased.

In the past five years, profitability among aviation insurers has decreased dramatically. For example, Travelers Insurance

exited the aviation insurance market since it could not make money in the aviation segment.

"All of these factors will contribute to an inevitable firming of the aviation insurance market. While Wortham doesn't predict significant premium increases in general, neither do we anticipate significant reductions as we've seen in the recent past," says Curtis. "Finally, with the contraction of the economy, fewer aircraft are being purchased and, therefore, there will be that much less premium in the market, leading to more pressure on carriers to increase premiums."

Wortham's independent status creates value for clients

Wortham is well known among underwriters and has contacts in every market in the world. "We have access to markets around the world, giving our clients a wider range of alternatives," continues Curtis. "Depending on the type of risk and best options for our client, we can place their program on a quota-share subscription or 100% basis." Wortham's status as an independent insurance broker benefits its clients. Goldman says, "For clients, our independent position means that we can fully focus on recommending and securing the product that best matches the client's needs. The transparency and honesty of working with Wortham gives our clients an additional level of comfort and trust in our relationship."

Mark D. Curtis, Managing Director, Casualty Marketing, is a 1984 and 1990 graduate of Texas Tech University with Bachelors and Masters degrees in Business Administration, concentrating in Marketing and Finance. Mark has 19 years of insurance experience. Prior to working at Wortham, Mark worked for American General Corporation for 8 years and served as Director of Risk Management. Mark has worked at Wortham since 1998 and his practice specialties include Aviation, Energy Casualty, Major Retail, and Agents Professional Liability.

Ron Goldman, Managing Director, received his bachelor's degree with a major in insurance from the University of Hartford, Connecticut. He was employed as a casualty underwriter with the Hartford Insurance Group in Houston from 1980 to 1985, at which time he joined Wortham as a broker specializing in marketing casualty accounts. He negotiates and services large risk management programs on both a domestic and international basis with an emphasis on high deductible or fronted programs, captives, controlled master international insurance programs and aviation Insurance. During the past several years Ron has visited many of our clients' international locations and has assisted various risk managers in delivering presentations. Ron has an extensive working knowledge of the many partners within Assurex, our international network.



The Wortham aviation coverage team:

Standing - Tamara Linders, Ron Goldman, and Eddie Moreno,

Seated - Mark Curtis and Linda Brown.



The Impact of Mandatory Medicare Secondary Payer Reporting

Lori Freedman
Associate Managing Director- Wortham Austin

Mark Gaskamp, CRM, CIC, CSP, ARM, ALCM
Managing Director- Wortham Austin

Why on earth would an article about Medicare reporting be in the Wortham Insight? Better yet, why should you care about Medicare reporting in the first place? The following article highlights the major changes in Medicare reporting that will have a dramatic impact on many employers.

Many employers have made a conscious decision to reduce their overall cost of risk by maintaining a deductible on their workers compensation insurance policies or “self administering” smaller workers compensation claims to reduce the impact on the company’s experience modifier. The Texas Workers Compensation statute certainly allows for this flexibility as long as it does not involve an occupational disease or involves the “absence of an employee of that employer from work for more than one day” (See TDI DWC Rules: <http://www.statutes.legis.state.tx.us/Docs/LA/htm/LA.409.htm#409.005>)

Handling of claims in this manner has created few problems for employers as long as they maintained appropriate records in the event the injury becomes more serious and later becomes a lost time injury. However, new reporting requirements stipulated in Section 111 of the Medicare, Medicaid, and State Children’s Health Insurance Program (SCHIP) Extension Act of 2007 have dramatically changed this process for not only workers compensation claims, but any claim involving medical payments for an injured person who potentially could receive Medicare benefits. Failure to comply will subject employers to major fines.

The Medicare, Medicaid and State Children’s Health Insurance Program (SCHIP) Extension Act was put into law in 2007, but until recently Medicare never enacted any enforcement of the provision that impose reporting requirements on all entities paying medical bills, settlements, judgments or awards to any Medicare beneficiary. Effective January 1, 2010, the Centers for Medicare and Medicaid Services (CMS) will begin enforcing this statute and will require reporting of specific information on Medicare beneficiaries who receive any payment, settlement, judgment or award whether it is from a workers’ compensation, no fault, personal injury, employment, tort, etc. The information on those claims must be sent to the CMS per the guidelines outlined in the statute (<http://www.cms.hhs.gov/mandatoryinsrep>).

Fortunately, in most instances, your insurance company is considered the Responsible Reporting Entity (RRE) as defined by CMS for their policyholders on claims they pay and handle. The insurance companies have gone to great effort to ensure that they are compliant with these federal requirements. It should be noted, that there are a few carriers that have opted not to report liability claims if within a retention program. All policyholders should evaluate their insurance programs with retentions to ensure the proper reporting is taking place.

The real problem lies with the claims that fall within the deductible or those claims which are self administered that the carrier has no knowledge. If you, as the employer, fail to report a claim and/or self pay any portion of that claim, then you, as the policyholder, become the RRE and are subject to the Section 111, along with the associated Federal fines for non-compliance. Policyholders who decide to pay all or any portion of a medical claim under an insurance plan, such as Workers’ Compensation, that may involve a Medicare beneficiary, are considered by the CMS as involving self-insurance, and subject to the reporting requirements. Failure to report may result in fines of up to \$1,000 per day, per claim.

Workplace injury example

A worker injures his knee on the job and you pay for the doctor visit out of pocket. The employee later files a Medicare claim for the same injury. During the process Medicare determines that a prior claim was processed by the employer. The company will be subject to the above fines. The only way to avoid the fines is to either report the claim to your carrier so they can do the CMS reporting, or report the incident to the Centers for Medicare and Medicaid Services yourself.

You cannot always tell who qualifies as a Medicare beneficiary and the dollar amount changes each year between now and 2013 (see table on page 7). For the coming year, unless you are paying the medical provider direct and it is under \$600, you should report the claim. By 2013, all claims must be reported regardless of cost.

What is the reason for these new reporting requirements? In a word, MONEY. The government (via Medicare and Medicaid) does not want to pay for claims that are part of an injury that is already covered under another insurance program. The reporting requirements will help

provide information on claims to avoid duplicate payments and reduce the outlay from Medicare and Medicaid.

The Mandatory Insurer Reporting (MIR) program is continuously changing and definitely considered a work in progress. The bottom line is that Medicare does not want to be responsible for any medical bills that it should not, and as a taxpayer we should applaud this effort. But, as it seems with every governmental agency, the regulations and logistics for compliance are going to be quite overwhelming. Please contact Wortham for any additional information or assistance you may need.



Lori Freedman, Associate Managing Director, serves as a risk and claims consultant for Wortham Insurance & Risk Management in Austin, Texas. Lori joined Wortham in 2005 after having served in risk management roles for two national corporations

in the retail and technology sectors and in claims management for 17 years with a major insurance carrier. Lori's previous experience and expertise in roles with both the carrier and the customer has proven to be a valuable resource for all of our clients. Her experience with the interaction and intervention with carriers have been extremely helpful in resolving claims issues for all lines of insurance. She has also assisted her clients in exposure analysis as well as reduction of their total cost of risk. She has national clients in the retail, restaurant and food preparation industry and understands the overall risk management exposures and complex claims issues that can occur.



Mark Gaskamp, CIC, CPCU, CRM, CSP, ALCM, ARM, Managing Director, serves as a risk consultant in the Wortham-Austin office. Mark graduated from the University of Texas at Austin with a BBA in Risk Management and Finance. Prior

to joining Wortham, Mark was a senior underwriter for The St. Paul and Travelers organizations, and served as regional supervisor and risk control specialist for the western United States. He worked closely with safety and risk management professionals to develop and implement accident prevention programs. Mark also served as a Risk Consultant for Corporate Systems and was responsible for data analysis, and risk management consulting, for Fortune 500 companies, TPAs and insurance carriers. He is a national faculty member of the National Alliance Certified Risk Manager's program, President of the American Society of Safety Engineers Central Texas chapter, and has published numerous insurance and risk management articles.

Current Reporting Information:

1. For no-fault insurance, there is no minimum dollar threshold for reporting the assumption/establishment of ORM (Ongoing Responsibility for Medical) or for reporting TPOC (Total Payment Obligation to Claimant).
2. For liability insurance (including self-insurance), there is no minimum dollar threshold for reporting the assumption/establishment of ORM.
3. For workers' compensation ORM, claims meeting the all of the following criteria are excluded from reporting for file submissions due through December 31, 2010:
 - Medicals only
 - Lost time of no more than 7 calendar days.
 - All payment(s) has/have been made directly to the medical provider.
 - Total payment does not exceed \$600.00
 - Currently the obligation for MSA reporting for worker's compensation is \$25,000.
4. For liability insurance (including self-insurance) and workers' compensation TPOCs, the following dollar thresholds apply:
 - September 30, 2009 - December 31, 2010, TPOC amounts up to \$5,000.00
 - January 1, 2011 – December 31, 2011, TPOC amounts up to \$2,000.00
 - January 1, 2012 – December 31, 2012, TPOC amounts up to \$600.00
 - January 1, 2013 going forward, TPOC amount \$0
 - If there is a claimant with multiple TPOCs reported, then the TPOCs must be combined in order to determine whether or not the reporting exception threshold is met.

If you have other questions a good resource is:
<http://www.cms.hhs.gov/mandatoryinsrep/>



OSHA Injury & Illness Summary Report Time

Mark Gaskamp, CRM, CIC, CSP, ARM, ALCM
Managing Director- Wortham Austin

Now is the time to finalize your OSHA Injury & Illness Summary report (Form 300A) for the 2009 year. Per the OSHA standard you are required to post the prior year injury & illness information from Feb 1 through April 30 each year unless the operation is designated as a "partially exempt industry. See <http://www.osha.gov/recordkeeping/ppt1/RK1exempttable.html> for the list of SIC codes that qualify for partial exemption. If you have done a good job of keeping your OSHA 300 log up to date throughout the year, creating the 300A is a fairly simple process, just total the columns and make a few calculations to determine the various incident rates per 100 employees. A short overview is included on the OSHA web site <http://www.osha.gov/recordkeeping/handbook/index.html>. If you have trouble with the math, visit <http://data.bls.gov/IIRC/calculate.do> where you will find an incident rate calculator that further simplifies the process.

Other than preventing accidents in the first place, the best way to control your incident rate is to only include those injuries & illnesses which are truly "recordable" as defined by OSHA. This is where your claim report from your insurance company may not line up exactly with your OSHA log. A "first aid only" claim sent to your insurance carrier may not necessarily need to be included on your OSHA log. Conversely, if you have paid a claim out of pocket this will not show up on you insurance carrier loss run, but may be an "OSHA recordable" if it involved medical treatment. Visit <http://www.osha.gov/SLTC/medicalfirstaid/recognition.html> for details regarding the determination of a recordable incident.

This is a great time to analyze your accidents. What type of accidents are occurring? Even more important... What has been done to prevent similar accidents? If you are blessed with a visit from our friends at OSHA, they will be looking for lost time injury trends. Absent any corrective measures, you can be cited under the general duty clause for "not providing a safe work environment" for your employees.

It is also a good time to benchmark your performance. How do your incident rates compare to prior years or how do you compare to similar organizations? The fore-mentioned injury rate calculator provides an option to compare your operations incident rate versus other SIC codes nationally or within Texas. Note- if your lost time

incident rate is above the industry average, this is a common trigger for an OSHA inspection.

Remember there are OSHA fines associated with inaccurate or improper recordkeeping. In fact, United States Labor Secretary Hilda Solis issued the following statement last year: "To help verify the accuracy of injury and illness records, the department's Occupational Safety and Health Administration has launched a National Emphasis Program on Recordkeeping that will help assure the accuracy of injury and illness data reported by employers." This means any inspection will include a thorough review of your documentation.

Keeping up with the OSHA log and creating the paper work is kind of a pain, but these statistics have become increasingly important and part of more and more bid qualifications. We have seen several entities use the incident rate as a method for disqualifying contractors based on high incident rates. So pay attention to the numbers and include only what is required to show your organization in the most favorable light.

Mark Gaskamp is Awarded the American Society of Safety Engineers Region III Safety Professional of the Year Award

The American Society of Safety Engineers (ASSE), the nation's oldest and largest safety organization conveys the Edgar Monsanto Queeny Safety Professional of the Year Award annually to the outstanding safety professional who has demonstrated outstanding accomplishments as a safety professional and has made significant contributions to advance the safety profession. Each of the eight ASSE regions selects a Regional Safety Professional of the Year to vie for the National Award. ASSE Region III which is comprised of members in Texas, Oklahoma, and Arkansas, has selected Mark Gaskamp as its 2009 safety professional of the year recipient.



Wortham's Community Service – *a Statewide Endeavor*

Each of the five Texas cities where Wortham has offices benefits significantly from the community involvement of Wortham employees. Community involvement and service has been a tradition of Wortham's since inception, with many Wortham folks serving on the boards of civic, cultural, and charitable organizations. This involvement also includes participating in fund raising, including firm-wide efforts such as the United Way, and the contribution of substantial time and effort for many philanthropic programs.

Wortham is also involved with the insurance and risk management programs for many nonprofit organizations in the Houston area. In addition to serving as the agent/broker for the insurance policies these organizations need, Wortham representatives also serve as unpaid risk managers for these organizations. Wortham assists nonprofits by drafting and reviewing insurance provisions in contracts, reviewing plans for existing buildings or additions with suggestions for reducing property and liability loss exposures, arranging for training of employees on risk reduction techniques and assisting with drafting safety plans and procedures. In addition, Wortham Managing Director Jeff Cross has taught courses on nonprofit Risk Management and Insurance to groups at the United Way, the Reliant Energy Nonprofit Conference and at the University of Houston.

A compilation of all of the many board positions and other important positions held by Wortham Managing Directors and employees in charitable organizations would be very lengthy and difficult to compile, however, the personification of community service at Wortham can be found in Bill Guggolz and his wife Lynn. Bill has served as Trustee and Executive Committee member for the Houston Grand Opera, Chairman of Houston Grand Opera Trustee Committee, and Co-Chairman of Houston Grand Opera Studio Committee (each of these last two positions also held by Lynn), member of the Houston Grand Opera Guild, member of the Citizen's Advisory Board of the Metropolitan Transit Authority, member of the Administrative Board of Chapelwood United Methodist Church, and member of the Advisory Board of the Houston Junior Forum.

Together Lynn and Bill have chaired many fund raising events including:

Houston Grand Opera Ball • Ronald McDonald House Gala • Houston Junior Forum Gala • The Winter Ball, 2001
Houston Grand Opera's Concert of Arias, and many more.

Lynn and Bill Guggolz were honored at the Houston Grand Opera Concert of Arias in 2005 and were Honorary Chairs in 2007. They were the honorees of the Houston Junior Forum Gala in 1992 and were honorees for the Volunteers of the Year at National Philanthropy Day for Houston Grand Opera.



Wortham's Heart Walk Tradition

The Wortham support of the American Heart Association has a long history. One of the Heart Association endeavors that involves a significant group of Wortham Houston employees is the annual Heart Walk, held on the first Saturday each November. "The Heart Walk is actually the successor to the Heart and Sole Fun Run that Wortham employees participated in as far back as the 1970s," recalls Charles Flournoy, Wortham Vice Chairman, who has served as the Chairman of the American Heart Association Texas affiliate. The Heart Walk developed in the early 1990s and has been a Wortham tradition since that time.

This year over 30 Wortham employees participated in the Heart Walk including family and friends. The Houston Heart Walk raised over \$1.5 million in 2009 to support research for stroke and heart disease and Wortham employees have raised approximately \$40,000 over the last two years.

Volunteering at the Houston Livestock Show and Rodeo



For more than 77 years the Houston Livestock Show and Rodeo has been one of the most important events for the City of Houston. The Rodeo was organized for charitable, educational and scientific purposes and has supported a very significant educational scholarship program to benefit Texas youth. Since inception the Rodeo has provided more than \$250 million to Texas students to support their education, with 2,092 students currently on Rodeo scholarships at 90 different Texas colleges and universities. The Rodeo is committed to providing over \$11 million in scholarships in 2010.

More than 22,000 volunteers handle a myriad of duties at the Rodeo, which with a paid attendance of 1.2 million in 2009 is the largest rodeo in the world. Over the years, Wortham employees have been very involved as Rodeo volunteers and committee members. Three Wortham partners or managing directors have been members of the Rodeo Executive Committee, Buddy Carruth, John Cook, and Jack Lyons, with Buddy Carruth serving as Chairman, and Jack Lyons currently serving on the Committee.

The Houston Golf Association and Shell Houston Open



Two Wortham partners, J.M. Jones and Jeff Cross, are long-time members of the Houston Golf Association. The HGA is the presenting organization of the Shell Houston Open, a PGA TOUR event played each spring at the Redstone Golf Club. Jones and Cross each volunteer many hours of their time to this event each year. The tournament now raises more than \$2 million annually for support of charities in the Houston area that benefit children, and has raised a total of \$54 million since 1974. The volunteer work by Jones and Cross, in conjunction with the HGA, includes tournament operations, sponsorship sales and membership on various committees. In addition, Jones served several years as a member of the board of directors of the HGA.

Wortham-Austin Volunteers Help The Hungry

Non-profits depend on more than monetary donations. Volunteers are needed to accomplish community goals. The Wortham-Austin office has found a rewarding way to support the Austin downtown community through donations of time.

In 2008 and 2009, the Wortham-Austin office committed to six days each year to work at the Caritas community kitchen. Teams were formed for each of the volunteer work days, and everyone in the office had the opportunity to participate. Time spent volunteering was paid as work time. Practically everyone in the office took a turn at a volunteer day.

"I was very impressed by the high level of participation from everyone in the office," said Rob Bridges, Managing Director. "Not only did we have an opportunity to support our local community but our involvement with Caritas also served as a valuable teambuilding experience."

Caritas of Austin provides free lunches to over 350 individuals and families every Monday through Saturday from 11:00 am-12:30 pm. The community kitchen is primarily volunteer-operated and depends on teams of volunteers to work every day preparing and serving food and cleaning up the facility. The volunteers work hard and are rewarded by the gratitude of the people served.

"We made hundreds of sandwiches, peeled potatoes, chopped onions, and learned a lot about hunger and homelessness in Austin, TX. We also learned a lot about each other. I got to work with co-workers in a new way and came away with a new appreciation for my fellow employees," said Mark Ramos, Austin Director of IT.

"We got to interact with the people who came to eat and with each other," said Cynthia Jackson, Select Accounts Technician. "Mr. Pincoffs and I spent time folding napkins, and it was a chance to talk about more than work. I enjoyed it because it was an opportunity to help those who were in need."

The Austin staff is considering opportunities for how and where to donate time in 2010. "We consider this program an enriching benefit to our staff," said Peter Pincoffs. "It's important to support our employees, their families and our community and this project is part of that."



Historical Preservation for *Galveston*

Fred and Pat Burns have been involved in many philanthropic activities over the years, but among their most ambitious projects have been the restoration of historic homes in Galveston, one of which they live in today. The first such project involved the Michel B. Menard House, the oldest house in Galveston, dating to 1838. The house was most likely built by Augustus Allen, one of the founders of the City of Houston and then occupied by Menard, who was one of the signers of the Texas Declaration of Independence.

Fred, who was the Managing Partner for Wortham for many years and is now Chairman Emeritus, was initially hesitant about Pat's suggestion that they might restore the house, but upon setting foot in the increasingly dilapidated building decided it was the right thing for them to do for the city, and for the Galveston Historical Foundation where Pat was a board member. The restoration of the Menard House took approximately one year, and the Burns have given the house to the Galveston Historical Foundation for their use. The Foundation gives tours of the house and rents it out for special events. Today the Menard House is also the Center for Heritage Studies, where students from the Schools of Architecture from Texas A&M University, The University of Texas-- San Antonio, and Ball State University in Indiana, attend "minimesters" and earn college credits.

After the restoration of the Menard House the Burns found another historic home in Galveston that piqued their interest. The John H. Hutchings House was built in 1856, remodeled after a storm in 1885 and like the Menard House, survived the great storm of 1900. The magnificent three story home sits on five acres surrounded by over 80 trees. It was Fred's suggestion this time that Pat take a closer look at the house that they had driven by many times, but it was a "total mess". As they worked their way through the overgrown gardens towards the decaying mansion "That's when I realized this was going to be our house", Pat says. In fact, after the extensive restoration the Hutchings House has now become the primary residence for them.

The Burns' restoration efforts have earned them many awards including the National Trust Award, a first place in the Great American Home Awards, and the Southern Home Awards. The biggest winner though is the City of Galveston, which has seen its oldest home, and one of its grandest homes, restored and preserved.

The Adopt-a-Family Program at Wortham-Dallas

For the past two years the Dallas Wortham office has adopted a family for Christmas through an organization called Christmas Providers, a non-profit organization that has been fulfilling the Christmas wishes of children in the Hurst Euless Bedford and Birdville Independent School Districts for 25 years. Nurses, counselors and teachers of both school districts help Christmas Providers to identify families in need. In addition, the schools sponsor food drives and collect non-perishable food items and volunteers repackage this food for the families in the program.

Christmas Providers are required to provide at least one wrapped gift for each child in the family (you are given a list of gift ideas provided by the family), provide for the family's Christmas dinner and deliver the non-perishable food items collected from the schools' food drives.

In early December donations were collected from Wortham co-workers who wanted to participate in this program and shopping duties for our family were assigned. After the shopping was completed, a wrapping lunch was scheduled in our conference room. We ordered lunch and all got together to wrap the gifts for the adopted family. The conference room was filled with our employees, it was a great team building experience, and truly a group effort.

The gifts were delivered to our adopted family on a Friday evening before Christmas. They were a young couple with three adorable little girls living in a very old, single wide trailer. There was a tiny tree on top of a table in the living room with only a few ornaments and not one gift under it. You can imagine how excited the girls were when their Christmas arrived!



Wortham-San Antonio and Construction Clients Working Together

The Friends of Bexar County Child Welfare Board is a private, non-profit organization that was founded in 1983. The mission of the organization is to serve as a proactive voice for all abused, neglected and at-risk children in Bexar County and to augment the services that are delivered to them through advocacy and fundraising. Friends has undertaken multiple projects that help physically, emotionally and economically disadvantaged infants, youth, and families.

Since 2000, Friends has held a fundraising gala that has contributed greatly to the Construct A Kids' Christmas Toy Drive. This event has helped gather over 10,500 gifts and approximately \$318,000.

Wortham has been a corporate sponsor of the Construct A Kid Christmas Gala for 3 years. Individuals have personally donated as well as the company as a whole. Wortham and clients have jointly purchased hard hats decorated by the children at the gala's auction – a great cause and a great way to work together with clients.



Wortham-Fort Worth's

Long-Term Commitment to the Child Study Center

The Child Study Center, founded in Fort Worth, Texas in 1962, provides diagnosis and treatment services to children who have, or are at risk for, developmental disabilities and related behavioral and emotional problems so that these children may achieve their full potential. The four major service areas of the Center include: Pediatrics, Psychology, Jane Justin School, and Autism Services. In 2009, there were over 11,000 patient visits to the Child Study Center. Children from 65 Texas counties traveled to the Child Study Center to receive care from the highly specialized staff.

In 2008, the Child Study Center was one of four agencies in the State of Texas to receive significant funding for a pilot project to provide services for children with autism. Children in the department receive one-on-one Applied Behavior Analysis (ABA) therapy up to 30 hours per week. The medical community recommends early diagnosis and intense ABA therapy as the optimal treatment for children with autism.

Two of Wortham's Managing Directors, Mike Douglass and Ned Stocker, have served a combined 25 years on the Child Study Center Board of Directors, including both previously having served two-year terms as Chairman. Wortham has been a significant contributor to and sponsor of events held by the Child Study Center for over 15 years.

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