

**Creating A Technology Relationship That's
'Built to Last'
Builders Trust / Tropics Case Study**

Workers' Compensation Excellence Since 1987



AFFILIATED WITH NEW MEXICO HOME BUILDERS ASSOCIATION



TROPICS

Builders Trust-
Tropics Case
Study



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Builders' Trust has one mission behind everything they do – maximize value and promote safety to their fund participants who are contractors within the New Mexico Home Builders Association. Since 1987, they have accomplished this mission by “hammering” home mandatory safety trainings and participation in legislative affairs to maintain a favorable workers’ comp environment; as well as striving to provide the lowest-cost workers’ compensation in the state with exemplary customer service. To help them reach their goals and capture a competitive advantage, they purchased Tropics workers’ compensation software system 10 years ago.

Today, Builders Trust is the largest self-insured fund in New Mexico and the third largest provider of workers’ comp in New Mexico. Since selecting the Tropics system, owned by Tropics Software Technologies, premium revenues have grown 147 percent and their fund participant companies have grown by 137 percent. And perhaps the most envious statistic among other insurance funds and carriers -- 90 percent of fund participants renew each year. The Tropics system has grown with Builders Trust through all of these changes and is as valuable to the fund’s success today as it was when the fund purchased it in 1996.

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- Kendra Karp,
Information
Systems

Executive Vice President & CEO Jack Milarch, Jr. says since inception, Builders Trust employees and board members have set technological capabilities as one of their highest priorities. As such, they came to select Tropics because it was “far and away the best.”

The selection has proven wise according to Information Systems Manager Kendra Karp who has been with Builders Trust for over 13 years. She attributes their exemplary service, and therefore remarkable retention rates, largely to Tropics. She explains, “Tropics is the heart of our business. As an insurance provider, we rely on our system for everything - - accounting, billing, audits and managing claims. Because of the nature of our business, an efficient software system is critical to our long-term success.”

It is unusual for an insurance company to efficiently use an insurance software they purchased 10 years ago. Even seven or eight years is stretching it. So how have Tropics and Builders Trust been able to make it work where so many others have failed?

Tropics Software Technologies (TST) President & CEO Mike Mobar believes the answer is an unwavering commitment to fostering working collaborations with their clients. In the beginning, this means open communication to be certain TST understands their clients’ business processes and objectives. Because TST staff are both technology and workers’ compensation experts -- it’s easier to maintain these collaborations long-term.

Karp agrees, saying “TST understands how BT operates and specializes in our market, workers’ comp, accommodating our very specialized needs.” She added that when she calls for support, she is in touch with individuals with 10 – 20 years of workers’ comp experience. “It’s such an incredible advantage to have the



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people who create and support our systems have the knowledge and history in workers' comp. It really adds to our competitiveness. When I call, I never have to explain NCCI required formats or why I use self audits."

The blend of workers' comp and technology expertise allows Tropics to proactively respond to reporting and regulatory changes as well. Karp says that when it comes to automating complex reporting, Tropics has risen to every occasion. These occasions include EDI reporting for the state of New Mexico, data reporting and a custom export for their vendor MSC (Medical Service Company). In addition, Tropics' bureau reporting is stream-lined with auto-formulated WCPOLS (Policy Data Report) and WCSTAT (Unit Statistical Report). The system also provides a number of financial, management and exception reports. Using Crystal Reports and Tropics integration tools, users can access any data element stored in the system to create additional reports and to integrate them back into the Tropics menu. But it's the "EDI automation and the long-term flexibility of being able to create Crystal Reports and attach them to databases" that impresses Karp most.

The regulatory-reporting features are more than impressive to Milarch who says they are imperative for staying competitive in the marketplace. "We are being scrutinized more and more by regulatory agencies and excess carriers and these parties are demanding that we easily show and organize our business information. If you can't show the numbers in the format that they desire, you're in trouble." He added that auditors, excess carriers and regulatory agencies always compliment Builders Trust on the ease of use and flexibility they find with pulling the information they need from Tropics.

Another key to leveraging technology for a competitive advantage is systems with annual upgrades. Because Tropics releases annual upgrades -- all of its clients from newest to oldest are on the same advanced technology platform.

Karp says another reason Tropics stands the test of time is the administration modules that allow clients to easily make adjustments so Tropics is specifically customized to their changing environments. Karp says it allows flexibility for things like setting up discounts or surcharges. Tropics also has a feature called flex fields that enables clients to easily add additional data fields to collect information as they need it. You can even suppress the flex fields or delete them if you only need them for certain periods.

None of these features came as a surprise to Builders Trust. As a non-profit organization, they are especially careful when it comes to technology investments. All technology purchases and associated features are thoroughly researched before any purchases are made. For example, Karp says they took an entire year to evaluate different claims systems in 2002. "Even though we had the Tropics policy system and it worked great, I wanted to make sure I selected the best possible claims system for the company." After working closely with the different department managers to determine critical functionality, they purchased the Tropics claims system because it was "the best based on the functionality we needed." There are so many different



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software systems to choose from -- making the selection process overwhelming. Karp offered these tips for navigating the selection process:

- Realize that selecting a technology solution is a group project
- Establish milestones and timetables
- Communicate frequently with prospective vendors to make sure you are on the same page
- Pay attention to the details of the functionality

And once your system is implemented, she emphasized using the functionality that's available to tie in other processes and components. "If you have the right system, you can enhance your product and efficiency without having to do things outside of the system."

This reasoning has motivated Builders Trust's recent acquisition of WebTropics -- which brings the power of the Web to the already robust Tropics system. As Karp says, Builders Trust will now be able to "complete the puzzle" as Tropics' functionality extends beyond internal users to their agents and policyholders. Builders Trust's insurance agencies, producers and policyholders will be able to generate online quotes, access information and interact with Builders Trust via the Internet. Policyholders will also be able to make payments, file a First Report of Injury and update their policies with the latest payroll and employee information -- all online. And because WebTropics is configured specifically to client business rules, WebTropics provides a seamless extension to their existing Web presence, WebTropics also provides and receives real-time information by interacting directly with the production database.

They say "tin and aluminum" is the way to celebrate a 10-year anniversary, but Builders Trust is re-investing in the anniversary gift that has proven itself year after year -- Tropics.



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