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NewsForum
Numekevor & Associates Inc.
Health Disaster Relief Programs for Business Owners
The HDRP Specialists HealthDisasterRelief.com January 2006

JDM Air Power Services Inc.
Our employees are key

Some people discover their destiny early in life. Mario Goyette is one of those people. His mechanical aptitude was revealed at the age of six when he disassembled his mother's vacuum cleaner so he could watch it "burn around the floor."

"I wanted to see how it worked," he says. "I like working with stuff that's mechanical; it's very interesting work. Every job's different and there are so many types of engines."

Mario is the owner of JDM Air Power Services Inc., a rotating equipment service and repair business in Cambridge. JDM specializes in the maintenance and repair of industrial and commercial blowers, fans and pumps; bigger versions of the air conditioning unit you would find in your home, he explains.

"Some you can actually walk through the bearings they're so big. You couldn't fit them in a normal sized office they're so big.

As an independent company JDM provides service to all the industrial fan manufacturers in Canada and the United States as well as to the companies, businesses and building management companies that buy and use them.

"They trust our judgement," Mario says. "We don't install and we don't sell. All we do is strictly repair them and keep them running."

Because of the size of the equipment they work with, says Mario, it's a market that requires a different kind of mechanic. "We're proactive in keeping the guys trained," he says. "I've got to keep our guys motivated and keep them trained. You've got to keep the employees you have. They are the key."

JDM have an edge over the competition because of the comprehensive knowledge the team has of how fans are built and how they work. "We've got the experience," Mario says. "We know about the equipment we're working on. The guys out in the shop are all fan guys."

After leaving home at 17 Mario studied draftsmanship in college. It didn't take him long to realize that it wasn't quite what he'd expected and it definitely wasn't what he wanted to do for the rest of his life.

"Back then you did it by hand," Mario says. "You didn't have CAD or anything. You had to draw all the little pieces that you see. It got monotonous because I wanted to be at the finished product."

By the mid 1980s Mario had steered his career into quality assurance and then service in his employer's fan building business. Ten years later he and two colleagues struck out on their own to start up JDM.

"We'd started the service division of the company we were working in at the time," says Mario. "We liked the service end so we started our own business in 1994. Right away we were getting calls from our old customers."

Even today, most of the work comes from word-of-mouth. And plans are underway to expand the vibration service aspect of the business into 24-hour online monitoring.

"We have the reputation where we get the job done right. If something goes wrong with it we go back. It's a tough business. You have to stay on top of the technology. You have to know about it – good or bad – because if your competition is able to show it to your customer you're going to have to answer to it."

Mario's special words of advice: "Believe in yourself."

Mario and wife Debbie have been married since 1977. They have three children: Ryan 17, Shane 21 and Jennifer 23 who is mother to 16-month-old grandson Evander. Mario's hobbies include hockey and baseball. He has a black belt in jujitsu. He and Debbie enjoy traveling.

Our client's side

Grade twelve: a future-defining year

Every high school student looks forward to their grade 12 year. Finally they will be free from the restraints of high school and hopefully, be able to go on to university.

I remember last summer desperately looking forward to grade 12. However by the time September rolled around, I wished that I were back in grade 11. The increased course load along with extra-curricular activities was an incredible amount of responsibility and work, and one that I had never experienced before or was not immediately ready for.

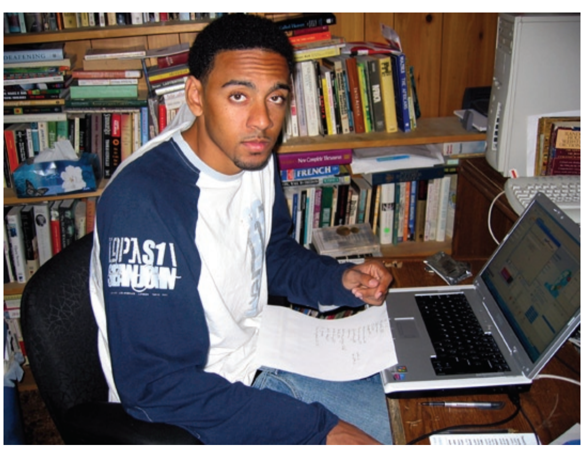
However, I quickly found out that the workload wasn't the hardest thing about grade 12. It was the pressure of knowing that every piece of work I did whether it be exams, tests, or simple assignments could affect my future, as they would eventually decide the marks which would get me into university.

Then there was the decision of what university to go to. Whether to go to a school in or out of province, and if in the province how far would I want to go. Then there was which program I wanted to go into, which schools had that program, and out of those schools, which one I liked the best.

Even though much of the last year has been pretty stressful, I learned a lot of lessons that will be useful in the future.

Being able to work under pressure was very important, as there were many times, especially around exam time, where the work I was doing had a huge impact on my marks. Also this year has taught me good time management, as I had to effectively manage my time in order to get all my work done and still have time for other things.

I know that all the experiences of this final year of high school will be helpful next year, in university, and in my career.



Emmanuel Ewara, attended Lorne Park High School, Mississauga. He is currently in his first year Science at University of Western Ontario. His father, Monday Ewara is a a learning and development Manager with the Ontario Government. His mother, Wendy O'Brien-Ewara, is a Professor of Social and Political Philosophy at Humber Institute of Advanced Learning and Technology.

Health Clinic

The difference between men and women

(Part 1)

During a woman's life, she's faced with health concerns that are different, or affect her differently, than those faced by her male counterparts.

There are the obvious differences arising through biology including things like pregnancy, reproductive health and menopause. According to Health Canada, women tend to suffer more than men from conditions such as arthritis, rheumatism and allergies.

Health Canada also identifies lung cancer, breast cancer, cervical cancer and heart disease as significant threats to women's health. There are also health concerns springing from social issues like family violence, sexual abuse and assault, economic inequality and society's role in shaping women's image of themselves and their bodies.

Of all these health challenges, heart disease and stroke stand out from the crowd, taking the lives of 38 per cent of all Canadian women (compared to 35 per cent of Canadian men), according to the Heart and Stroke Foundation of Canada.

The Canadian Health Network says a woman is ten times more likely to succumb to heart disease than any other illness, so heart health is an obvious place for plan sponsors to direct some of their education and prevention efforts.

Next issue: the warning signs of heart attack in women.

Insuring Santa

How much would Santa pay for life insurance?

A mock underwriting report released by U.S.-based Northwestern Mutual Life Insurance suggests Kris Kringle himself could be looking at some significant premiums. What with flying his own sleigh and jumping down chimneys, he'd probably be classed as both a private pilot and a skydiver.

"Most experienced pilots are acceptable risks, and Santa earned his wings long ago," the report says. "Sadly, even Santa might pay a hefty extra premium for these rooftop drops, if he could be insured for them at all."

The report also indicates weight may play a factor: "While little is known of Santa's family history, he would most likely be assessed a further modest premium for his ability to shake 'like a bowl full of jelly.'

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Do-It-Yourself Insurance

It could save your company a lot of money

By Karen Taylor Smith

It used to be that most firms purchased a benefits plan through an insurance company. This was great when plans were first introduced and multiple insurers competed to provide employers with options, but a number of events are now forcing employers to take a good hard look at another option: self-insurance.

But first, why the big shift?

Well, to start, consolidation and demutualization of the insurance industry means fewer competitors and options when it comes to plan selection. The offerings are more generic and apply a one-size-fits-all approach to benefit planning.

Second, rates are soaring. While the cost of inflation has been running between two per cent to three per cent, insurers have been hiking the cost of their plans significantly higher. Health-care inflation trend factors used by insurance companies are averaging increases between 18 per cent and 22 per cent annually.

Why so high?

Insurance companies spread the risk associated with high-cost, low frequency claims like loss of life, long-term disability and other claims over their entire client base. But for basic claims like medical and dental, which occur often and are relatively low cost, they lean toward the conservative-using high inflation trend factors to protect their income.

Understandably, insurance companies look to recover more in expenses than they pay out, so sometimes they have to hike their rates or increase their claim reserves. These “reserves” are used to protect the insurer if an employer with high claim costs decides to ditch the relationship and move elsewhere. All of this means you might be dishing out more than you have to for what you need.

What’s the alternative? Do it yourself. Self-insure your benefits.

At one time, the self-insurance approach was confined to large companies such as banks and railways, but thanks to a mix of better technology, developments in financial and insurance products and the rise of the third-party benefit administrators, it has become a viable option for enterprises with as few as 15 employees.

As well as saving money, it can also allow employers to reward loyalty.

Here’s how it works.

First, the third-party benefits administrator protects against risk by assessing the correct type of insurance needed to cover the catastrophic event component. The administrator works with group insurance brokers and insurance firms to obtain quotes and find the appropriate stop-loss insurance plan that fits the employer’s needs.

By separating the pure insurance component from the budgeting portion of the plan, the administrator can take advantage of group buying power and shop for lower rates, which are passed onto the employer.

In our group benefits consulting and administration business, we frequently purchase stop-loss insurance with a $5,000 deductible to protect the employer from catastrophic medical claims, like prescription drug “cocktail” treatments (some of which can run $30,000 to $40,000 annually), hospital claims or out-of-country emergency medical expenses.

When it comes to the health and dental care component, it’s important to remember these costs can be budgeted for over time instead of needing insurance.

For self-insured benefits, the administrator and the employer work together to establish a budget for those items and the monies are placed in trust with the administrator, who runs the plan and adjudicates claims.

Employees or their health-care providers submit their claims to the administrator, which processes them and issues claim cheques. The employer usually pays the administrator a percentage of self-insured contributions as a plan operation fee.

If there’s any money left over in this account at the end of the year, it’s returned to the employer or is turned over to become part of the next year’s claims budget.

If the account is overdrawn, the employer makes up the deficit. But this shouldn’t be a problem as long as the plan is monitored. Then spikes in claims can be quickly identified and dealt with.

Clearly self-insurance won’t be the answer for every organization. But when faced with ballooning benefits plan costs, it’s good to know there are other options.

From HR Professional Magazine February/March 2004

President's Corner

The Seven Health Disasters & How To Avoid Them
Making HDRPs work for you (Part three)

In our last issue I began providing our prescribed solutions to specific events. In this issue, I will discuss three disasters and our prescribed HDRP solutions.

Avoidable Health Disaster Three

What if she just survives the accident but never gets better and just becomes a drag on profits and growth... how could you possibly cut her and her family off...?

HDRP Three - "The Disabled Partner Escape Hatch"

A lot of business owners and executives have disability insurance but are blissfully unaware of the value of disability buy-out protection. This rarely used, but extraordinarily valuable coverage in the right circumstances, allows you to take care of your partner's family and yours at the same time. And you get the business in the exchange.

You can think of it as your "Escape Hatch" if you ever need it... because it is not just partners who get disabled...we do too! This is one of those things we offer that pays off to everyone involved. We call it "Business Stabilization Funding" (BSF). We get the insurance company to automatically set up a BSF to allow you take care of such immediate and short term needs of the business and family, as employee wages, suppliers, lost sales and advance to the disabled partner so she can take time to recover. This HDRP is the lifeline for the business owner.

This is a critical HDRP that every business owner must consider to protect their financial, emotional and energy investment in the business.

Avoidable Health Disaster Four

Even though you run the business, it turns out that the money you get when you can't work due to illness is just a fraction of what you need... but the guy on the floor makes out like a bandit.

HDRP Four - End Reverse Discrimination

Ever heard of "Reverse Discrimination"? Yep. It's what happens when the rules of that cheap group plan you bought holds you back from getting all the coverage you need. Why? Because you make too much money as the owner. You know the story... everyone gets two-thirds of their income to a maximum of something. The trouble is that "something" is likely to be just a fraction of two thirds of your income. Maybe 50 %. Maybe 30%. Maybe less? The result is that you're stuck with peanuts. The people in the shop win but you lose.

There are plan upgrades you can buy that at least put you at the same level as the people you have working for you. I'm guessing you deserve at least that much. Don't you? Hey, depending on the upgrade method you choose, you can even arrange to get most of the money paid back to you tax-free if you stay healthy. You win either way.

Avoidable Health Disaster Five

The business has been growing well over the past few years and then just as you think you've made it, your top people start to leave for the competitors... The Group Benefits plan you were going to get never happened or it turned out too lame to keep anyone happy...maybe even you.

HDRP Five - "The Happy Handcuffs Strategy"

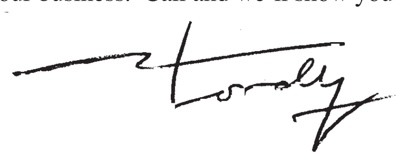
Group Benefits Plan... It can sound so complicated and onerous... But it doesn't have to be that way. In fact there are some very recent innovations that can keep everyone happy and not break the bank at the same time.

We like to call this the "Happy Handcuffs Strategy" because it keeps people working with you but they are glad to be there. Happy employees are more productive, loyal and healthy.

This HDRP could be the solution to a lot of challenges you've been facing. We can show you how to make it work for you by relatively freezing your cost and building tremendous flexibility into your group plan.

Why should the insurance company keep your savings when you need it the most to grow your business. Call and we'll show you how.

Have a great winter.



The Rotary Four Way Test

Of the things we think, say or do:

- ***One***: Is it the truth?
- ***Two***: Is it fair to all concerned?
- ***Three***: Will it build goodwill and better friendships?
- ***Four***: Will it be beneficial to all concerned?

About the company. We've focused on small business owners and executives since 1988. Founded by Lordy Morgan Numekevor, Numekevor & Associates is one of Canada's leading corporate insurance advisory organizations. We are the innovators of Health Disaster Relief Programs (HDRPs), combining comprehensive benefit and insurance programs to give you, the business owner, the peace of mind you're after. Contact Numekevor & Associates Inc., 88 Robson Avenue, Cambridge, Ontario, N1T 1L2, Tel: 519-621-4422; Fax: 519-621-1466; hdrp@numekevor.com; www.numekevor.com. **About the newsletter.** This newsletter belongs to our clients. Publication dates are January and July with deadlines in November and May. Submissions of original articles, photos or artwork are welcome. For guidelines contact us at 519-621-4422 or email hdrp@numekevor.com. We reserve the right to edit articles for length and clarity.