



California Restaurant Group Raises \$100 Million in Capital

CRMBC is a California self-insured group that provides workers' compensation coverage for the restaurant, hospitality, and food service industries.

[FRESNO, CALIFORNIA, OCTOBER 17, 2023] — California Restaurant Mutual Benefit Corporation (CRMBC) announces that it has successfully raised \$100 million in capital over the past decade from its members and through diligent fiscal controls. CRMBC is a California self-insured group that provides workers' compensation coverage for the restaurant, hospitality, and food service industries.

Self-insured groups are created by business owners pooling their resources to achieve greater control, improved claims outcomes and lower overall costs. Members share in any surpluses or shortfalls of funding needed to cover claims and operating costs of the group. In the early years of CRMBC, mismanagement by third-party service providers resulted in the group undercharging itself and incurring an \$80 million deficit.

The deficit was discovered during a regulatory audit by the State of California Office of Self-Insurance Plans (OSIP). The group's board of trustees immediately undertook a remediation plan to correct the deficit and to instill strong operational and financial controls going forward. CRMBC appointed a new administrator, implemented cost-cutting measures, and completely overhauled their claims management and loss control providers and procedures.

These actions combined with member assessments resulted in a remarkable turnaround resulting in a fiscally strong and sound group today. Interestingly, even with the additional assessment, many members still paid less overall than they would have paid to a traditional carrier.

"Our team did a full analysis of what we paid in premiums including our assessment compared to what we would have paid in the commercial market, and we still paid less by staying in CRMBC," reported Bryce Myers, Operating Principal of 21 Sizzler Franchise Locations and a Richie's Real American Diner. To further limit past exposure and turn the page on the early days of the Group, CRMBC completed two loss portfolio transfers (LPTs) approved by OSIP where Safety National Insurance assumed all responsibility for past legacy program claims from 2004 through 2015. This freed the



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members from liability exposure of the past and assisted them to begin focusing on the present and future health of the group.

Although cost savings is a major reason why companies self-insure, the primary benefit SIG members enjoy is having control over their claims which ultimately means control over their bottom line.

“Marmalade Café has been self-insuring its work comp for over 20 years because we would rather control how our money is spent than contribute to the profit of a traditional insurance company. When our SIG performs well, we can share in our own profits,” explained Selwyn Yosslowitz, Founder, and operator of 6 Marmalade Café locations, and Board Member Emeritus, California Restaurant Association (CRA).

This aligns with the vision of CRMBC CEO, Kaya Stanley who has served in leadership on the Board for over a decade, and who has been instrumental in directing the group not only in correcting the capital deficit but also in remaking CRMBC into the exclusive, premier solution for restaurant workers’ comp.

In 2023, accompanying the recently announced new leadership of CRMBC, The PATH Alliance was appointed as the group’s new Administrator beginning in May. PATH brings extensive expertise in financial management, regulatory compliance, claims oversight, safety and loss prevention, and member service to the group. LWP Claims Administration is the third-party administrator handling all claims for the group, while ALC Consulting is an outside claims consultant providing independent claims oversight. Moss Adams LLP has been appointed the group’s independent auditor.



— September 2023, (CRMBC) Board of Directors Meeting

In 2022, CRMBC reported member equity of nearly \$20 million. CRMBC is currently welcoming new restaurant operators who exhibit a strong dedication to safety and a desire for greater control over their claims and their workers’ compensation program. It is the right fit for restaurateurs who want to achieve better outcomes for their injured workers and their bottom line, and who wish to receive concierge level service.

WORKERS’ COMP SELF-INSURED GROUP



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