

Message from the CEO

New Name, New Leadership, New Era...

These words tell the story. Even though our company can trace its heritage back 75 years and we have over 25 staff



Randall Goss, Chairman/CEO

that have been with the company 10 years or more, our mood is vibrant and refreshing. Many things have not changed such as the quality of service, client-centric focus and dedicated staff; however, with new leadership, a new name and even new corporate headquarters NovaPro is staged to move to the next level.

We are pleased that all of the hard working men and women of NovaPro have embraced these changes. Several years ago when we decided to purchase the company one fact stood out more than any other. That fact is that the staff in every office are solid professionals that care deeply about client service and also the company. It is an honor to lead this team of over 300. With their help NovaPro has continued the highest client retention in the industry and in fact have been favored recently with significant new business such as Royal & Sunalliance, Amtrust and the City of Chicago.

Our strategy for growth will not only lead to new career opportunities within our company but will allow us to continue enhancing our products and services. Our Automated Claims Management System (ACMS) is the best in the industry but we continue to make it better. Our communication capabilities are improving including our ability to deliver valuable data to our clients in a form and format that makes it most useful for their specific needs. We intend to stay at the forefront of the technology that has become so important in today's world.

Finally, all our clients have the commitment of senior management to the highest level of service. Our ability to do this depends on good communication from our clients to us and from us to our clients. In this regard, we have started a "Client Advisory Committee", which will meet near the end of the first quarter this year. Plans are now under way. We plan to listen more than talk and are looking forward to candid analysis of the things we do well and areas where we might need some improvement.

For those of you I have not met in person I can only say that I look forward to that day. I also look forward to working with you whether you are a client, a member of our team or a business associate.

NovaPro Mission Statement

To be the premier provider of quality third party administration, field adjusting, subrogation and managed care services to the Insurance and Alternative Risk markets;

To create a dynamic and entrepreneurial environment wherein employees are encouraged to excel with enthusiasm, integrity and commitment to our clients and the company;

To provide leading edge systems to support and enhance our staff and customer efficiency, flexibility and accuracy of the data we deliver;

To achieve and sustain profitable growth through hard work and cost effectiveness to ensure a strong return to shareholders.

Everyone changed their name, but FSIC and NovaPro still partner together

Ward North America and Employers Reinsurance Corporation started doing business together in the 1990's. Since that time, both companies have changed their names and now Novapro Risk Solutions is doing business with Swiss Re. One thing remains the same, both organizations believe they have open lines of communication that are rarely seen in this type of business, and it is a nice change to partner with a client.

Mark Simpson is the Team Leader for Swiss Re that manages the FSIC (First Specialty Insurance Corporation) Program handled by NovaPro Risk in Kansas City. Mark recently wrote, "In my experience the client focus at NovaPro has been the difference when compared to the competition. They have delivered on the promise to provide excellent customer service to our business as well as to our policyholders, MGUs and third party claimants."

It is this customer service commitment that NovaPro has relied upon to maintain client satisfaction. Weekly meetings increase the level of communication and understanding of the client's needs. With this type of communication, NovaPro has developed many procedures the client wants and now requires of other TPAs.

According to Mark, the advancements that the NovaPro office in Kansas City has developed are a direct result of the level of communication between the two companies. Mark recently stated, "Our relationship with NovaPro and their management team has proven to be one of our most successful TPA partnerships. Below are a few of the key accomplishments that demonstrate NovaPro's commitment to our business":

- Adapted to leadership change at Swiss Re
- Migrated to a paperless environment
- Improved audit scores with each audit
- Provided Critical Metrics on a monthly and quarterly basis
- Initiated a Quarterly Aged Pending Reserve Review Process

- Established Weekly Claims Roundtable
- Initiated a Self-Audit Quality Control Program
- 100% Compliant with State Adjuster Licensing
- Participated in all available training at Swiss Re
- Continued to staff to an appropriate headcount as target pending increased

NovaPro and FSIC recently expanded to a second unit in NovaPro's Tustin, CA office; this unit was developed due to the increasing amount of construction defect claims nationwide. With the experienced construction defect adjusters in California, it only made sense to centralize all construction defect claims. The client's willingness to move some of their claims to California was a direct result of the quality of service they have received from NovaPro over the years.

"NovaPro has handled the FSIC program in Kansas City for five years and believe Swiss Re will be a partner for many years to come. The movement of claims to California has increased our ability to find quality claim handlers for a very difficult book of business. It is the communication between the two companies that has allowed us to make informed decisions for the advancement of both companies", says Malcolm Clark, Vice President of NovaPro Risk Solutions.



NovaPro Management Team, Kansas City Branch

Update on Medicare Set-Aside Allocations

Spectrum MSA announces reduced turn-around-time on Medicare Set-Aside Allocations Submissions due to PDF availability to scan the records. This expedites The Center for Medicare/Medicaid Services (CMS) response time which is now approximately 2-3 months. The average time for completion of an MSA once all of the information is available is approximately 10 days. Consultation is available at no charge to insure that the MSA meets customer needs. Please contact Anna Sayre at 407-249-2957 for further information or concerns.

NovaPro's Dynamic On-Demand Reporting 2006 Enhancements

NovaPro Risk Solutions, LP prides itself on providing its clients a powerful, state of the art claim access and reporting system, known as the Claims Data Port (or CDP for short). This system offers clients impressive technology tools to manage and analyze their claims data with real-time claim access



and a myriad of reporting features, including multiple ad hoc report creation features and one touch resubmissions to obtain updated information. NovaPro Risk Solutions is devoted to continually improving this system and adding new features to meet our clients' ever changing information needs. Below is a sampling of the CDP enhancements released in 2006.

Claim Stratification Analysis: A new reporting feature that summarizes claims by their total incurred dollar thresholds (i.e. \$0-\$5,000; \$5,000 - \$10,000 etc.). Client defined date of loss ranges are supported. Detailed loss reports are available by clicking on the desired dollar ranges.

As-of Reporting: Introduction of two new reporting features that provide the ability to run client created and pre-designed reports over previous reporting periods. One feature adds the previous reporting period selection utility to the powerful capabilities of the Ad Hoc Reporting feature. The other feature allows the user to choose from a list of pre-designed reports and combine them with the previous reporting period selection utility. This feature provides a selection of seventeen (17) pre-built reports, such as Average Cost of Claims, Claims by Year & Cause etc. Up to 24 previous reporting periods are available for selection, depending upon the length of tenure with NovaPro.

Ad-Hoc Reporting: The Export to Excel feature has been added as well as the ability to save your design templates. With the saving option, you simply design the report once, save it and the same report can be generated again and again with updated information without having to rebuild.

Reserve Analysis Report: The Reserve Analysis reporting feature has been modified to include the date of and reason for the reserve change. On Workers' Compensation claims, the transaction date becomes a link to the WC Reserve Worksheet, which shows details on the reserving rationale. Please note that the WC Reserve Worksheet detail is only available on those transactions initiated in our claim system; and those transactions not generated by the system, example: due to claim closing.

Dynamic Check Register: Enhancements have been made to the Dynamic Check Register that allows the user to choose between two types of date ranges, detailed below, as well as enhanced reporting.

Transaction Activity Date: This date range includes transactions based on the date they occurred, regardless of the check/issue date. Use this date type for bank account funding registers.

Check/Issue Date: This date range includes transactions based on the check/issue date of the transaction, regardless of the date when the transaction occurred. Use this type to list transactions issued/printed during the time period specified.

Summary by Category/Kind of Payment: New report selection which summarizes transactions by financial category and kind of payment description.

We have also made available a new selection category for Transaction Type that allows the user to include/exclude transactions based on their type (i.e. Original, Void, Correction, Overpayment Refund, and Recovery). All transaction types are included by default.

New Accounts Recently Awarded to NovaPro

Account

Royal & Sunalliance
 City of Chicago
 AmTrust/Pinnacle
 El Paso County Hospital
 Tectrans, Inc.
 Lake Washington School District
 Valley Medical Center

Office Servicing Account

Concord, CA, Las Vegas, NV & Baltimore, MD
 Chicago, IL
 Glendale, CA
 El Paso, TX
 Riverside, CA
 Tacoma, WA
 Tacoma, WA



NovaPro Risk Solutions Office Locations

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