



The Newsletter of the American Association of State Compensation Insurance Funds  
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# aascif NEWS

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## End of Summer special issue

# message from the president

**W**elcome to the latest edition of AASCIF News. Before I discuss the contents of this issue, I would like congratulate **Preston D. Williams** and his staff at Maryland's Injured Workers' Insurance Fund for their outstanding work in planning and hosting the Annual AASCIF Conference held in Baltimore August 12<sup>th</sup> through the 16<sup>th</sup>. The conference was impressive, informative and fun. I know many conference participants would agree that guest speaker **Charles Plumb's** presentation was inspiring. Mr. Plumb, a Navy fighter pilot, flew 74 combat missions over North Vietnam before being shot down. He was captured and spent 2,103 days in Communist prison camps. He discussed his experiences in Vietnam and drew parallels to everyday life such as the need for teamwork, the value of communication and the importance of a positive outlook. His medals include two Purple Hearts, the Legion of Merit, the Bronze Star and the POW Medal. Many conference participants felt honored to be in the same room with this man.

Attendees gleaned valuable information by comparing notes on current conditions and projections on the future of our industry. In the 'fun' category I can't think of anything that surpassed the baseball outing to Camden Yards and the pleasure of watching Cal Ripken Jr. play ball. In thinking about the conference during my return flight to San Francisco, I relaxed and felt great satisfaction in reflecting upon the outstanding pool of talent we have among the state funds and Canadian boards in our organization.

The depth of our members' expertise is certainly demonstrated in this issue of AASCIF News. **Craig Reynolds** of Maine, **Rick Pagan** of New Mexico and **Juan Ramirez** of Puerto Rico serve on the AASCIF Policyholder Services Committee. Recently, they discussed the challenge of improving services to injured workers and policyholders while at the same time reining in escalating costs. In an effort to examine this challenge, Craig, Rick and Juan surveyed state funds and Canadian boards and discovered innovations and trends that are developing with segmented markets. You can find the survey results beginning on page 4.

**Rona Finkelstein** and **James Haynes** of Maryland provide an analysis of the so-called 'sick building syndrome,' and how claims arising from this syndrome might challenge the fundamental principle of the 'exclusive remedy' doctrine. This intriguing scenario begins on page 9. Claims continues to be the topic at hand when **James P. O'Connor** and **Sam Mazen** of New York, examine the legal question of whether undocumented aliens are eligible for workers' compensation benefits. Their article begins on page 11. Adjusters may soon hear

about two new medical procedures – one for the treatment of chronic discogenic low back pain and another for partial replacement of damaged knee cartilage. The medical details have been forwarded by **Brenda Carland** and **John Marr** of Maine and are located on page 23.

On page 26, we leave the subject of claims and move on to auditing with Rhode Island's **Rajani Mahadevan's** overview of a program for performing automated payroll auditing. **Jerry Bonham** of Texas and **Scott McConnell** of Kentucky provide companion pieces covering two views from the world of Internal Auditing. Jerry and Scott's work appears on pages 24 and 25. **Mary C. Beard** of Kentucky informs us of recent court decisions regarding sexual harassment. This sensitive and litigious issue can be found on page 22. Over the last few years, workers' compensation topics appear with increasing regularity in the press. Alas, reporters aren't always kind. However, **Steven Paul** of Kentucky remains positive about the media and on page 27, gives us some tips on how to deal with the fourth estate. The facing page has California's **Patrick Andersen** reviewing the 'hardening' of the workers' compensation marketplace and how various AASCIF members are responding to current conditions.

Finally, we present the winners of the AASCIF Publications Contest on pages 13 through 15. The recipients look quite pleased with their awards. They should be: the competition was formidable! After seeing so many of the outstanding publications on display in Baltimore, I was glad I wasn't asked to be a judge. I applaud the winners and congratulate all those who submitted so many outstanding contributions.

So, it's clear we have a lot of information for you this quarter and I hope you enjoy the issue. With the coming of fall, I wish you pleasant nights and warm happy days.



*Kenneth C. Bollier*  
AASCIF President

*KCBollier*

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# Workers' Comp Cycle: Have We Been Here Before?

By Patrick Andersen, AASCIF News Editor

Reading the industry journals, one would gather that the current market conditions for workers' compensation are part of a "cycle" that revolves once every eight to 12 years. A layman would assume, then, that executives might be able to predict market conditions and plan proactively. But some AASCIF members have encountered some new bumps and loops in the latest turn of the wheel, while other newer organizations are traveling on this side of the merry-go-round for the first time.

"The cycle" generally describes the periodic ebb and flow of market share between private carriers and state funds in competitive environments. During a "soft" market, conditions are favorable for private insurance companies, which in turn offer competitive discounts and other incentives in order to gain market share. The state funds for the most part refrain from deep discounts, lose market share and endure belt-tightening measures during these periods because their premium rates are higher than those of the private carriers. During a "hard" market, on the other hand, the private carriers find workers' compensation less profitable and reduce or even halt their participation in that insurance line, causing a flood of business for the state funds.

Missouri Employer Mutual Insurance (MEM) was created in 1993 and started selling policies a year and a half later. "We entered the market in 1995 and grew very rapidly. We depopulated the assigned risk pool in 1995 and early 1996. (But) when the soft market hit, we lost 15 to 20 percent of our volume," said Dennis Smith, MEM's president and CEO. But the recent change of the market has dramatically reversed MEM's situation.

"(With the hardening of the market) we've replaced that 15 to 20 percent we lost and have increased by another 30 to 40 percent on top of that. In 1999 we had \$77 million in premium. In just two years we've grown to \$135 million in premium," Smith noted.

Arizona's State Compensation Fund has felt the heat too. "Has the market in Arizona been turning hard? Oh yeah!" laughed Jon Allen, regional vice president. "In the first six months of last year, we wrote \$11 million in new business. In the first six months of this year, we wrote \$33 million."

The increase in volume places immediate pressure on an organization's infrastructure. AASCIF members that have experienced the cycle before have remembered and acted on the lessons learned.

For example, in the hard market of the late 1980s, the phones at the Arizona State Fund were ringing so often with employers seeking new policies that the staff had difficulties just handling the volume of calls, let alone the underwriting. In the current market the State Fund is concentrating on "working smarter."

"For instance," Allen said, "we've changed our phone system so that a caller can punch in his or her zip code. Then the call will be automatically directed to the proper person" in one of nine regional offices. The Fund has also made refinements to its financial services division to speed up transactions. The organization has not significantly added staff but has reallocated duties and responsibilities among existing personnel to clear bottlenecks and streamline work processes.

MEM's Smith said the mushrooming volume necessitated increased hiring. "We've written 2,500 new policies. We've increased our (internal) workforce by 20 percent."

## Volume vs. ratios

The increase in volume and market share does not necessarily translate into stronger financial standing, however. John Leonard, president and CEO of Maine Employers' Mutual Insurance Company (MEMIC), blames workers' comp industry executives for bringing problems upon themselves. In an article he wrote for *The Standard*, a regional trade magazine based in Boston, Leonard decried the shortsighted competition for market share that leads to under-pricing, resulting in "pitiful" loss expense ratios and bottom-line results. He pointed to the demise of several major workers' comp carriers in California as the result of this shortsightedness and added, "Here's the scary part: The problems are not limited to California."

"In the late '80s and early '90s we can point to runaway benefit programs, sympathetic legislatures and overdue reform needs. Now those forces are in check, yet our results have never been worse," Leonard said. He noted that, nationwide, carriers have been offering discounts of about 20 percent. "Pricing discounts must be addressed. If we assume rates are adequate, how do we possibly continue to price our product 20 percent below this level? This guarantees financial disaster."

Jim Neary, vice president for actuarial services for California's State Compensation Insurance Fund, agreed that the workers' comp industry brings misery on itself. "The cycle behaves the way it does because insurance pricing isn't like manufacturing furniture, in which you know your cost of materials, labor and overhead before you try to sell your product. In insurance you are dealing with perceptions of what might be the unknown costs out there in the future, so pricing is often very inexact," he said. *(continued on page 6)*

## AASCIF Survey:

# Providing Cost-Effective Services

By Craig Reynolds, Maine Employers' Mutual Insurance Company;  
Rick Pagan, New Mexico Mutual Casualty Company;  
and Juan Ramirez, Puerto Rico State Insurance Fund Corporation

In January the Policyholder Services Committee met in Las Vegas to discuss various topics we thought might be of interest to the membership. One of several initiatives the committee decided to do was a survey to determine how AASCIF members deliver cost-effective services in a segmented market. For the purposes of the survey, we defined "cost-effective" as "providing services at the lowest cost, which produces the desired result" and "segmented market" was defined as "an identifiable group of policyholders that would benefit from the services provided."

In competitive fund states the workers' compensation market continues to harden and premiums continue to increase. As a result more policyholders are interested in finding out how they can reduce their insurance costs. (Even in monopolistic states and Canadian Provinces clients are demanding greater cost-effective services to control their costs.) This puts increased pressure on our claims, loss control, underwriting and auditing departments to service more accounts with the same number of people. Historically, increases in workload cause us to operate more efficiently, and our survey tried to identify how the AASCIF members are currently servicing their policyholders. By sharing the results of the survey, we hope the members review how they currently operate to determine if there any changes which might make their operation a little more efficient and increase the cost-effectiveness to their policyholders as a whole.

Markets are segmented in many ways (by premium size, industry type, type of operation, hazard groups, good/poor performers, etc.) so we tried to determine some of the ways the membership segments their markets.

The first question we asked was, "Do you segment your market and determine the services provided to policyholders based on premium size?" Twenty-one of 29 respondents (72 percent) said they did use size of premium as one of the major criteria for determining the level of service an account would receive. It didn't seem to matter if the respondent was an exclusive state fund, a competitive state fund, a monoline mutual company, or a Canadian Board (although the exclusive state funds and the Canadian Boards were less likely to use premium as a criterion).

There was a wide disparity in the premium level at which an account would receive visits from claims and loss control personnel. The ranges were from a low of \$10,000 to only accounts over \$100,000. Many members provided an initial service visit to new accounts that met the minimum premium criterion and then determined future visits based on loss ratio, claim frequency, or a request from the insured. As the size of the premium grew, the more likely specific employees from the various disciplines (loss control, claims, audit, underwriting and marketing) were dedicated to handling the account.

Accounts not meeting the minimum premium thresholds generally received service in a group setting or through written correspondence or videos. After the initial underwriting, these accounts tend to be monitored by computer and may receive loss control or claims service should they develop a poor loss ratio or an unusual frequency of claims as determined by edits programmed into the computer.

In almost all instances the members said loss control or claim visits are made if requested by the policyholder regardless of the amount of premium. However, before the visits are made, some members call the policyholder to discuss their specific needs and to determine if a site visit is actually necessary or if the policyholder's needs can be met with a discussion over the phone and by sending supplemental written material or videos by mail.

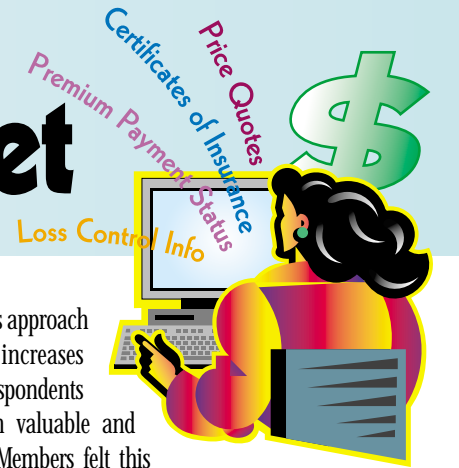
Next we asked, "Do you segment your market and determine the services provided based on the policyholder's type of operation?" Nineteen respondents said yes and 10 said no. Of the 19 that said yes, the majority have set up affinity or safety groups and developed specialized safety and claims management programs for these groups. Others have set up specific safety and claims management programs for specific types of complex or highly dangerous operations (employee leasing, trucking, logging, construction, healthcare, oil and gas, etc.). The goal is to match the skills of the company personnel with the skills needed to reduce losses in the particular industry.

### AASCIF MEMBERS SEGMENTING MARKETS

<i>BASED ON:</i>	<i>% YES</i>
<b>PREMIUM SIZE</b>	<b>72</b>
<b>TYPE OF OPERATION</b>	<b>66</b>
<b>GEOGRAPHIC AREA</b>	<b>17</b>
<b>LOSS EXPERIENCE</b>	<b>69</b>
<b>TEAM APPROACH</b>	<b>79</b>
<b>AUDIT ALL POLICYHOLDERS</b>	<b>17</b>

SOURCE: 2001 SURVEY BY AASCIF POLICYHOLDER SERVICES COMMITTEE

# to a Segmented Market



We asked if geographic area impacted the member's ability to segment their market and cost-effectively service the segmented market. Only five of 29 respondents said yes. One respondent felt their small area was a benefit as they could service their accounts better because of the small area. Three others had problems providing adequate service because the combination of small populations and large land areas made travel expensive and time consuming. Both a large, thinly populated land area in parts of the state and mass transportation problems in the denser populated area of the state impacted the last respondent. The majority of members, though, are able to service their policyholders through a network of adequately staffed small offices in strategic areas in their state.

We asked if policyholders with poor loss experience were segmented into a group. Twenty said yes and nine said no. Of those that said yes, many had specific rating programs for poor performers. Some coupled the higher rates with loss control visits or mandatory attendance at specific safety seminars to try to improve the account's loss experience. Some had the option of non-renewing poor performing accounts.

Then we asked, "Do these policyholders, no matter what the premium size, all receive individual attention to address the reasons for the poor experience?" Of the 20 respondents that said yes to the previous question, 13 said yes and seven said no. Of those that said no, three indicated the Occupational Health and Safety Division was responsible for poor performers but they (the AASCIF member) did identify poor performing industries, and rates and programs would be developed for those industries. Smaller accounts are required to attend safety seminars and follow individualized safety improvement plans. Larger accounts meet with claims and loss control for a more specific action plan tailored to the policyholder's specific needs. Some smaller accounts are priced upward or not renewed.

"Do you use a 'team approach' to develop a service plan for larger accounts?" Twenty-three respondents said yes. This is a new concept to 25 percent of the respondents. The team members liked this format because all participants can assist in developing the service plan and therefore the "buy-in" is greater. Many respondents also feel the customers like this format because it shows a unified approach from the company and they can get all their questions answered during the group meeting. Several of the Canadian Boards have excellent relationships with the Occupational Health and Safety Divisions and work together in presenting information and suggestions on how to reduce losses to their larger policyholders. The team concept seemed to increase customer satisfaction whether you operate as an exclusive fund, Canadian Board, monoline mutual company, or competitive state fund. In the end, we are all concerned with customer satisfaction and we react accordingly. While the team concept has taken on an important role with regard to customer satisfaction, it is not the only measure and those funds or Boards which do not use the team approach have developed their own methods of satisfying their policyholder base.

Then we asked whether this approach is cost-effective and increases account retention. All respondents found the team approach valuable and most likely cost-effective. Members felt this approach increased customer loyalty and improved their image with the customer. Even some of the customers of monopolistic funds and Canadian Boards liked the approach because it helped the policyholder understand what needed to be done to reduce losses.

The majority of us do not feel it is cost-effective to audit all of our policyholders (only five of 29 audited all policies). Once again, depending on the number of policyholders, criteria were established to allow the current staff to handle the audit function. There did seem to be a pattern of waiving the audits on small policies and doing voluntary audits on policies with premiums less than \$5,000 - \$10,000. Many audited all new business and certain types of operations were targeted to be audited annually (contractors, labor contractors, accounts with losses when the classification had no payroll, etc.). Physical audits are done almost universally on accounts over \$10,000.

*(continued on page 7)*

## SERVICES ON AASCIF MEMBERS' WEBSITES

*% OF RESPONDENTS*

QUOTES: AGENTS ONLY	21
QUOTES: INSUREDS	14
AGENTS CAN VIEW PREMIUM AND LOSS EXPERIENCE	31
INSUREDS CAN VIEW PREMIUM AND LOSS EXPERIENCE	38
AGENTS/INSUREDS CAN GET CERTIFICATES OF INSURANCE	45
AGENTS/INSUREDS CAN SEND APPLICATIONS ON THE WEB	41
AGENTS/INSUREDS CAN GET LOSS CONTROL SAFETY INFO	72
AGENTS/INSUREDS CAN GET PREMIUM PAYMENT STATUS	28
INSUREDS CAN PAY BILLS BY CREDIT CARD OVER THE WEB	10
AGENTS/INSUREDS CAN VIEW CANCELLATION/REINSTATEMENT	24
INFORMATION REGARDING RATING PROGRAMS IS POSTED	48
CLAIM REPORTING INSTRUCTIONS AND FORMS ARE POSTED	83

# Workers' Comp Cycle: Have We Been Here Before?

*(continued from page 3)*

"For instance," Neary continued, "when the California market entered open rating in 1995 and 1996, the perception was that you could pretty much give away workers' compensation coverage, so prices went very low. Because we are dealing with a cycle of perception, our industry is a bunch of lemmings all headed for the cliff. Either everybody wants to write policies at give-away prices or they all want huge rate increases to make up for the losses they suffered as a result of low pricing. I'm here to tell you that today some of my competitors are proud that they are increasing their rates by only 35 percent."

State Fund has always been known to "lean against the prevailing wind," Neary said. "When competitors were under-pricing their products in a race for market share, our rates were adequate and were considered high. We lost a lot of business during that period. Now that our competitors have to file for very large rate increases, the business is coming back to us. Because State Fund's rates were already priced adequately, we have been able to file for increases in modest bites of just 6 percent, 9.5 percent and 13 percent over the past three years," Neary noted.

Oregon has not felt the full brunt of the hardening market. "We've seen some signs of it, but I think workers' comp is lagging the rest of the property & casualty market in Oregon," commented John Gilkey, corporate marketing manager of SAIF Corporation. "Our sales have been excellent for the past two or three years but have remained pretty stable. We have actually written a bit less new business in 2001 than we did in 2000, though we're still on pace to match last year's sales by the end of this calendar year. Actually, we seem to see more fallout from market conditions in other states than Oregon. We have a lot of policyholders with multi-state exposures, so we've been helping them find markets in other states where they also have exposure."

Gilkey noted that SAIF has written some new business as a result of rating agencies downgrading other carriers, but not to the extent reported by other AASCIF members. Also, a recent state Supreme Court ruling that "poked a hole in the exclusive remedy doctrine" has caused substantial hardening in the umbrella insurance market, he said.

But one of the classic signs of a hardening market is an increase in premium rates, and Oregon is enjoying rate decreases, Gilkey said.

## **Non-competitive environments**

Non-competitive state funds and Canadian boards do not feel the impact of the workers' comp market in the same manner.

Andy Butler, a policy analyst for the Yukon Workers' Compensation Health & Safety Board, said workers' compensation in his province tends to be affected more by cycles in general economic conditions than by fluctuations in the insurance industry.

"The major impact (over a 10-year period) has been from an economic downturn resulting from changes in the Yukon's primary industries (mining, timber and fur production) as well as the decline in the population base. As a result there has been a reduction in the number of businesses registered for compensation coverage and employer size has been reduced, with the exception of the government sector," Butler said.

John Halvorson, research & development manager for North Dakota Workers' Compensation (NDWC), said his organization does not face the same challenges as competitive state funds.

"Because we are a monopoly, we are not subject to the same pressures," Halvorson said. "We do see a 'hit' on reinsurance costs, because we go outside to obtain that."

The assumption that unemployment creates a "cycle" for workers' compensation may not always be correct either.

"Our claims remain consistent, with about 20,000 claims filed each year" during periods of both high and low unemployment, North Dakota's Halvorson said. "There are two schools of thought regarding the impact of unemployment on workers' compensation. One is that you have a higher number of claims during periods of increased unemployment. But another school says you have more claims during periods of low unemployment because there are more inexperienced workers on the job, and inexperienced workers are more likely to get injured. In either case the number of time-loss claims is down because we have implemented a number of new safety programs."

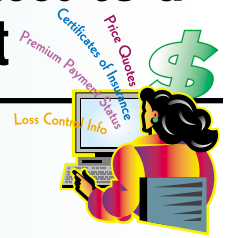
## **Core mission focus**

All organizations contacted for this story indicated they are focusing on increased efficiency in handling their core mission goals to keep costs down. The conservative approach will help maintain their fiscal integrity and provide policyholders the greatest incentive to stay with them when the market turns again.

"Three major components undoubtedly drive the outcome of our efforts," said Maine's Leonard. "We need the appropriate blend of efficient claim handling, effective loss control, and adequate pricing. We should view these three components as links in a chain. When any one of them weakens or breaks, the whole value proposition is in jeopardy."

Missouri's Smith agreed. "As with the rest of the state funds, we have a philosophy that adequate claims management and loss prevention pay off for us in the long run. The pressures of this type of market really put that philosophy to the test. But I think that our standards for claims management and loss prevention are an important distinction – these are the things that separate most state funds from other insurance companies."

# AASCIF Survey: Providing Cost-Effective Services to a Segmented Market



(continued from page 5)

## Web Sites

The responses regarding the use of the web sites were interesting and once again indicated a wide variance amongst the members.

We asked, “Do you use your web site for any of the following?”

- Quotes: Agents only: Six do provide agents quotes online and 23 do not.
- Quotes: Insureds? Four do provide quotes to policyholders online and 25 do not.
- Can agents view their premium and loss experience over the web? Nine answered yes and 20 said no.
- Can insureds view their premium and loss experience over the web? Eleven answered yes and 18 answered no.
- Can agents/insureds get Certificates of Insurance over the web? Thirteen replied yes and 16 replied no.
- Can agents/insureds send applications over the web? Twelve replied yes and 16 replied no.
- Can agents/insureds obtain loss control safety program information over the web? Twenty-one said yes and 8 said no.
- Can agents/insureds obtain premium payment status over the web? Eight said yes and 21 said no.
- Can insureds pay their bills by credit card over the web? Three said yes and 26 said no.
- Can agents/insureds view cancellation/reinstatement information on the web? Seven said yes and 22 said no.
- Is information regarding rating programs posted on your web site? Fourteen said yes and 15 said no.
- Are claim reporting instructions and forms posted on your website? Twenty-four said yes and five said no.

Many respondents indicated their web site is being updated to perform many of the above functions. Until then, the principal use of the web sites will be for the dissemination of loss control and claims information. However, in the future the web will be a useful tool to provide policyholders (and in some instances agents) with a greater degree of information than is now available.

We would like to thank everyone who participated in the survey. We appreciate you taking the time to respond and we hope the results of the survey provide you with some food for thought on how you can provide cost-effective services to a segmented market.

Missouri's Smith agreed. “As with the rest of the state funds, we have a philosophy that adequate claims management and loss prevention pay off for us in the long run. The pressures of this type of market really put that philosophy to the test. But I think that our standards for claims management and loss prevention are an important distinction – these are the things that separate most state funds from other insurance companies.”

Arizona's State Fund found that a renewed focus on mission and vision statements was important for the organization. “Part of our new vision statement – one of our primary goals – is to improve our image by elevating our level of customer service. Because of the changes we have made, when the market turns again, this time we think a lot of accounts will stay with us,” Allen said.

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***“Looking forward, I, like many others, believe that comp results will improve over time.”***

*– John Leonard, president and CEO of  
Maine Employers' Mutual Insurance Company (MEMIC)*

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Butler said the Yukon's WCS&HB has been able to reduce costs to employers despite economic pressures related to employment rates, seasonal fluctuations and “an upward trend to the number of self-employed persons.”

“In 1999 the Yukon board completed a review and redesign of the classification and rate structure. As a result the new classification and rate structure is more equitable and the board, through sound investments, offers employers a minimum subsidy of 45 percent on their assessment rates,” Butler said.

Despite the recent price hike for reinsurance, North Dakota's exclusive state fund reported it also has lowered its costs through improved claims handling, implementation of a medical fee schedule, and increased use of alternate dispute resolution resulting in less litigation. As a result NDWC recently announced its seventh consecutive rate reduction.

## What's ahead?

“Looking forward, I, like many others, believe that comp results will improve over time – they have to,” said Leonard. “However, that will only occur when we get sensible about pricing and realistic about loss control.”

Nearby expected the market to settle after a period of adjustment. “In the near future I would expect to see another round of significant rate increases. State Fund has the perception that it is indeed possible to maintain financially sound operations at our current rates. It will probably take a year or so for the rest of our competitors to come to a consensus, to share the perception that they can again be profitable at their then-current rate levels.”



## Study Finds Wellness Works

DETROIT – Employees who participate in wellness programs suffer fewer workplace injuries, according to a four-year study of Xerox Corporation workers.

The study found that 5.6 percent of wellness program participants filed workers' comp claims, compared to 8.9 percent of non-participants, reported the Associated Press. The average cost per injury in 1998 for the wellness program participants was \$6,506, compared to \$9,482 for non-participants.

AP quoted a 1999 National Safety Council study saying that workplace injuries in the United States cost \$125 billion a year, including \$62 billion in lost wages and productivity, \$19.9 billion in medical costs and \$16.7 billion in other employer costs. The average cost of a claim is \$10,488, and 6.2 percent of workers filed workers' compensation claims in 1998.

## 2 Fired in \$1.9 Million Scam

ATLANTA – Two senior officials were fired in connection with an investigation of the city's workers' compensation program. A former police officer was charged with billing the city for \$1.9 million for rehabilitation work that she never performed. She had set up office space for her private company within the city's finance department, according to the *Atlanta Journal-Constitution*. The manager of the workers' compensation program and the city's accounting director were dismissed in connection with the case.

## Claims Adjusters in High Demand

HARTFORD, Conn. – The property-casualty insurance industry is suffering from a shortage of experienced claims professionals, according to a study by Conning & Company. Owing partly to an emphasis in the 1990s on increasing premium rather than developing future claims professionals, many insurers are now finding that their claims departments are weakened and overworked, according to the study.

## Fired? Get Unemployment, Not Workers' Compensation

CONCORD – New Hampshire Governor Jeanne Shaheen signed a bill to restrict stress claims filed in response to poor work performance appraisals. The new law clarifies the workers' compensation rules to exclude mental injuries resulting from "good faith" personnel actions such as disciplinary actions, transfers, critical performance reviews or terminations, reported the industry newsletter *Insurance Journal*.

## Doctor Jailed for Bogus WC Exams

BOSTON – A Massachusetts doctor was sentenced to two consecutive three-to-five year prison terms for sexually assaulting female patients during workers' compensation medical examinations.

Dr. Marcos Ramos ordered one woman to disrobe for a Carpal Tunnel Syndrome exam, reported the *Boston Globe*. The woman realized something was amiss when the doctor started fondling her. Another woman testified that Ramos said he needed to listen to her pulse in the groin area, but she noticed that he neglected to place the stethoscope listening posts in his ears during the procedure. Prosecutors said Ramos threatened to cut off the women's insurance benefits if they complained.

## Sexes Divided on Causes of Injury

WASHINGTON – Men suffer most lost-time workplace injuries, according to remarks delivered to a panel of the Department of Labor by D.W. Schrempf, president of the National Council on Compensation Insurance, Inc.

While about two-thirds of all carpal tunnel claims involve female workers, two-thirds of all other lost-time claims involve men, Schrempf said. Carpal tunnel injuries account for only 2 percent of claims in all states.

More than one out of every five lost-time claims involves a back injury. Most back injuries are caused by one-time events such as sprains and strains.

## Premium Rates Rise in Wisconsin

MILWAUKEE – Workers' compensation premium rates on average rose 4 percent on July 1. But according to the *Milwaukee Business Journal*, rates for covering office and clerical employees actually decreased 2.42 percent. At the other end of the spectrum of job classifications, rates for contract workers such as landscapers and construction workers rose 9.23 percent. The Wisconsin Compensation Rating Bureau determined the rates, based on data supplied by the NCCI.

## 255 Workers' Comp Carriers in Michigan

LANSING – The workers' compensation market remains competitive in Michigan with 255 insurance carriers actively writing policies in the state last year, according to a study by the Compensation Advisory Organization of Michigan. No single company controls more than 17 percent of the market, noted a report in the *Insurance Journal* magazine.



# Sick Building Claims Challenge Exclusive Remedy Doctrine

By Rona S. Finkelstein, Esq., and James Haynes, Esq., Injured Workers' Insurance Fund, Maryland

The relatively new developments in workers' compensation law regarding "sick building syndrome" present some novel questions but also involve some old, familiar problems. The most exotic elements in the sick building phenomenon are the new health complaints and the new alleged causes for those complaints. The underlying reality is that workers' compensation laws have recognized chemical exposure in the workplace as an accidental injury or occupational disease for decades. This article addresses the general contours of "sick building" claims and then explores some of the challenges in defending these claims.

The reality of workplace exposure to toxic, or irritating, substances is not new to workers' compensation. Over 75 years ago, Maryland recognized that phosphorous poisoning, "[t]hrough the inhalation of dangerous and noxious fumes and gases," could be a compensable accident. *Victory Sparkler & Specialty Co. v. Francks*, 147 Md. 368, 128 A. 635 (1925). This case held that the employee was entitled to benefits and that the employer, though negligent, was protected from common law liability. Exposure to chrome, sulfur, and coal also formed the basis of many claims. See, e.g., *Pero v. Collier-Latimer*, 49 Wyo. 131, 52 P.2d 690 (1935) (silicosis); *Mutual Chem. Co. v. Thurston*, 222 Md. 86, 158 A.2d 899 (1960) (chrome); *Bybee v. Idaho Equity Exchange*, 57 Idaho 396, 65 P.2d 730 (1937) (sulfur dust).

Today, "sick building" cases are premised upon different concerns. In a study quoted in 1996, the Lawrence Berkeley National Lab estimated that indoor air pollution causes 10,000 premature deaths and 150,000 to 300,000 lower respiratory tract infections each year. The lab also identified indoor air as a contributing factor to the development of asthma and to the spread of tuberculosis, influenza, and common colds. *Occupational Health & Safety Letter* (Business Publishers), Aug. 5, 1996, Vol. 26, No. 13. In 1976 the first recorded outbreak of Legionnaire's disease affected hundreds and caused about 20 deaths. Scientific and engineering studies have also purportedly linked modern construction techniques and materials to health problems for employees who work in enclosed structures. For example, 30 employees of a California publishing business were adversely affected by toxins given off by molds that grew in the carpet following a broken pipe in their office space. (Toxic Mold in an Office Setting, Masera; *Occupational Health and Safety*, Vol. 69, Issue 8, August 1, 2000).

The law of "sick building" has evolved as the workplace has evolved. While the workplace has become less dangerous, the questions and issues presented in workers' compensation litigation are more complex where chemical exposure is alleged in a "sick building" claim.



Rona S. Finkelstein

Consider the exclusivity of remedy doctrine. Because the "sick building" phenomenon is relatively recent, employees alleging workers' compensation injuries are testing the waters in an effort to circumvent the doctrine. One method is the allegation that the employer's behavior amounted to willful or intentional conduct. An Ohio case exemplifies this. A school librarian with documented chemical allergies made her employer aware of her condition. Her employer ignored her warning and her request that certain work not be performed in her work area. Within days, the employee developed respiratory difficulties. The school board responded to these complaints by installing, over the librarian's objection, a fan in the library that was insulated with a sealant containing a substance to which the librarian had previously shown sensitivity. The next day, the librarian had a severe reaction. In the subsequent lawsuit by the librarian, the lower court awarded summary judgment for the school board. The reviewing court held that, viewing the evidence in a light most favorable to the employee, the summary judgment was incorrect, finding that the facts in the record of the case demonstrated actions by the employer, which might, under Ohio law, rise to the level of intentional tort. The case was remanded for trial. *Peaspanen v. Board of Education of Ashtabula Area City School District*, 107 Ohio App.3d 622, 669 N.E.2d 284 (1995).

A 1997 Massachusetts "sick building" case exemplifies another attempt to circumvent the exclusivity of remedy doctrine. A group of employees sued their employer for damages for alleged physical, mental, and emotional injuries that they asserted arose from poor ventilation and indoor air quality. The employees alleged physical symptoms including multiple chemical sensitivity (MCS). The employer moved to dismiss under the exclusive remedy provisions of the workers' compensation law. To avoid the "election of remedies" problem, the employees alleged that their MCS was not a "personal injury" under the state's workers' compensation act. The Massachusetts court took a broader view of the law and held that all the alleged damages were barred under the exclusive remedy doctrine. *Niles-Robinson v. Brigham and Women's Hospital, Inc.*, 1997 WL 11735 (Mass. Super.). (continued next page)

# Sick Building Claims Challenge Exclusive Remedy Doctrine

(continued from page 9)

Causation issues also are complex in the context of “sick building” claims. In Maryland, the longstanding law in occupational disease claims has been that if the occupation merely aggravated a pre-existing condition, the claim will be disallowed. *Blake v. Bethlehem Steel Co.*, 225 Md. 196, 170 A.2d 204 (1961). However, if the claimant’s condition was due to conditions in the workplace and the claimant would have suffered from the same condition notwithstanding the pre-existing condition, the claim will be compensable. *Allied-Signal, Inc. v. Bobbitt*, 96 Md.App. 157, 623 A.2d 1311 (1993), *rev’d on other grounds*, 334 Md. 347, 639 A.2d 142 (1994). In “sick building” cases in which the claimant has pre-existing respiratory problems, it is often difficult for medical experts to state, within a reasonable degree of medical certainty, whether the claimed work-related respiratory condition was a mere aggravation or a stand-alone condition. In such cases, the defense of the claim will often turn on the length of time that the claimant was exposed to the workplace conditions.

In “sick building” claims employees have also attempted to persuade the courts to alter the rules of evidence below. In Wisconsin an employee quoted *Larson’s Workers’ Compensation Law* as authority in her argument that the reports of treating doctors should be given special credibility in workers’ compensation proceedings. The employee’s treating doctor diagnosed her with “multichemical sensitivity” caused by her employment. The reviewing court held that the Wisconsin legislature had intended to give the Labor & Industry Review Commission sole authority to judge the weight and credibility of all medical witnesses. An effort to confer special status on the opinions of treating physicians represented an improper curtailment of the Commission’s authority. *Conrad v. Mt. Carmel School*, 197 Wis. 2d 60, 539 N.W.2d 713 (1995).

Careful consideration must also be given to whether the evidence offered by the claimant in “sick building” claims meets the standard set for scientific evidence in that jurisdiction. The federal courts evaluate scientific evidence under the standard of *Daubert v. Merrill Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993). Maryland, the District of Columbia and other jurisdictions

follow the standard in *Frye v. United States*, 293 F. 1013 (1923). Because “sick building” claims frequently involve soft medical diagnosis such as MCS, fibromyalgia, chronic fatigue, or intermittent symptoms such as headaches, it is important to carefully evaluate the evidence offered in support of the claim against the scientific evidence standard of the particular jurisdiction.

In cases involving alleged workplace exposure to indoor toxins, the litigation may find its way to federal court. This occurred in North Carolina where allegations by former employees that their employer’s conduct amounted to an intentional tort allowed them to pursue an action for damages in addition to workers’ compensation. The employees alleged that their employer, in 1986, knowingly constructed a building in Florida over a toxic waste dumpsite and near a contaminated lake. They alleged various health problems as a result of working there. The court held that a conflict of law existed and that the substantive law of Florida, rather than North Carolina, applied. While the outcome under North Carolina law might have been different, the court held that the exclusive remedy provision of Florida’s law was clear and protected the employer from further liability. *Anderson v. Piedmont Aviation, Inc.*, 68 F.Supp.2d 682 (M.D.N.C. 1999).

In conclusion, the workers’ compensation law provides a sound legal and procedural structure for adjudicating “sick building” claims. There is a long history of recognized chemical exposure cases, which are similar, in many respects, to the more recent development of “sick building.” Claims of injury or occupational disease based on poor indoor air quality are unlikely to go away. On the contrary, there is every reason to expect them to increase in number and complexity. If this occurs, workers’ compensation counsel should expect to face efforts to erode the exclusive remedy protection now enjoyed by employers. In addition, counsel for the employer and insurer are likely to face continued efforts to shift evidentiary burdens in workers’ compensation claims. The defense bar will also see more federal court claims involving multi-state jurisdiction. These and other challenges inherent in “sick building” claims will be with us for the foreseeable future. As we continue to address these challenges, the contours of “sick building claims” will likely become better defined.

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## Eastern, Travelers Balk at MA

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BOSTON – In a case closely watched by other insurers, Eastern Casualty Insurance Co. announced it will withdraw from the workers’ compensation market in Massachusetts, protesting rates proposed by the state Division of Insurance.

Eastern, the state’s third largest workers’ comp carrier, made its announcement after Travelers Group stopped writing new policies for Massachusetts construction companies, according to the *Boston Globe*. Travelers is the second largest workers’ comp carrier in the state.

A.M. Best quoted an Eastern official as saying the company’s workers’ compensation rates are only 43 percent of its 1993 rate levels, and that in 2000 the company paid \$1.10 in claims for every \$1 in premium it took in.

Eastern had broken from usual practice by submitting its own rate request because it said the Workers’ Compensation Rating & Inspection Bureau rate applications have been inadequate in recent years to cover costs. Eastern wanted an 11.6 percent increase.

# Illegal Aliens: Are They Entitled to Workers' Compensation Benefits?

By James P. O'Connor & Sam Mazen, New York State Insurance Fund

**IN THE LAST FEW YEARS AN INTERESTING PUBLIC POLICY ARGUMENT HAS RESURFACED – WHETHER ILLEGAL ALIENS SHOULD BE ENTITLED TO WORKERS' COMPENSATION BENEFITS.**

**TRADITIONALLY, THOSE WHO ARGUE AGAINST AWARDED BENEFITS BELIEVE THAT UNDOCUMENTED WORKERS SHOULD NOT BE ENTITLED TO BENEFITS BECAUSE THEY ARE NOT LEGALLY WORKING AND ARE, THEREFORE, NOT LAWFUL EMPLOYEES. THOSE IN FAVOR OF AWARDED BENEFITS TO NON-RESIDENT ALIENS ARGUE THAT AWARDED BENEFITS ASSURES THAT EMPLOYERS ARE NOT OFFERED AN INCENTIVE TO HIRE ILLEGAL ALIENS AND AVOID LIABILITY.**

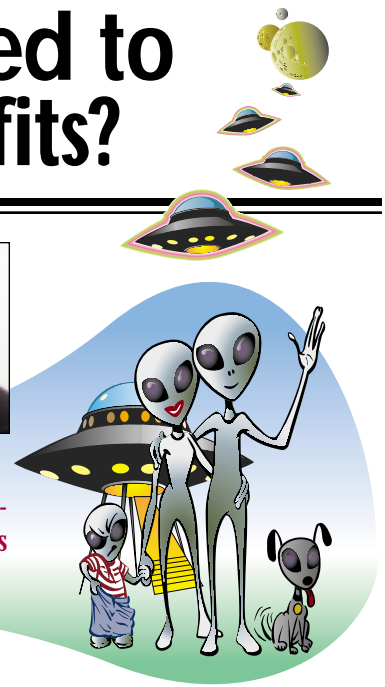
**THIS ARTICLE WILL FOCUS ON THREE SPECIFIC JURISDICTIONS AND THEIR APPROACH TO THIS ISSUE.**



James P. O'Connor



Sam Mazen



## New York

In New York, Section 17 of the Workers' Compensation Law states:

"Compensation under this chapter to aliens not residents or about to become nonresidents of the United States or Canada, shall be the same in amount as provided for residents. . . ."

This traditional approach to non-resident aliens is consistent with the New York statutory framework of awarding compensation "regardless of any question of wrongdoing of any kind." *Post v. Burger & Gohlke*, 216 N.Y. 544 (1916); *Testa v. Sorrento Restaurant Inc.*, 10 A.D.2d 133, appeal denied 8 N.Y. 2d 705 (1960).

## Pennsylvania

In a case dated April 12, 2000, of "first impression" for the State of Pennsylvania, the Commonwealth Court of Pennsylvania considered the Immigration Reform & Control Act of 1986 (IRCA) as applied to the Pennsylvania Workers' Compensation Act, and held that an illegal alien was not precluded from receiving workers' compensation benefits simply because of his immigration status. *Reinforced Earth Co. v. WCAB*, 749 A.2d 1036 (2000).

The Reinforced Earth Company had petitioned for review of the Workers' Compensation Board's order affirming the Workers Compensation Judge's award of benefits to Juan Carlos S. Astudillo. The claimant, lacking proper Immigration & Naturalization Service (INS) documentation, but hired as a maintenance worker by the employer, sustained work-related head, neck, shoulders and upper back injured when struck by a heavy steel beam.

Seeking to negate the claimant's ability to establish the employment relationship predicate to receiving benefits under Pennsylvania's Workers' Compensation Act, the employer contended that the IRCA barred the employment of illegal aliens, compelling a finding by the court that the claimant was not an "employee"

under Pennsylvania's Act. The court concluded, to the contrary, that the IRCA was enacted to prohibit employers from hiring individuals who were illegal aliens and required, in furtherance of this goal, that the employers make such a determination prior to offering employment. The Pennsylvania court further reasoned that "'public policy' would not be served to deny benefits to an illegal alien merely because of their immigration status at the time of hire, or even cause employers to actively seek out illegal aliens rather than citizens or legal residents."

Finally, the Commonwealth Court surveyed and cited the following cases in other jurisdictions:

- (1) *Mendoza v. Monmouth Recycling Corporation*, 288 N.J. Super. 240, 672 A.2d 221 (N.J. Super 1996) (the state workers' compensation statutory scheme did not expressly preclude an illegal alien from receiving benefits);
- (2) *Artiga v. M.A. Patout & Son*, 671 So.2d 1138 (La. Ct. App. 1996) (the Louisiana Workers' Compensation Act does not expressly exclude illegal aliens from its definition of employee and, as such, it does not exclude illegal aliens from securing workers' compensation benefits when justified);
- (3) *Lang v. Landeros*, 918 P.2d 404 (Okla. Ct. App. 1996) (because there is no express provision of the Oklahoma Workers' Compensation Act precluding compensation for an employee who is an illegal alien, such an employee is entitled to benefits); and
- (4) *Gene's Harvesting v. Rodriguez*, 421 So.2d 701 (Fla. Dist. Ct. App. 1982) (where Florida statute specifically includes aliens among those "employees" entitled to benefits and nothing in the statute suggests that workers not lawfully immigrated are excluded, illegal aliens are not precluded from receiving benefits for work-related injuries).

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## ILLEGAL ALIENS: ARE THEY ENTITLED TO WORKERS' COMPENSATION BENEFITS?

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(continued from page 11)

### Virginia

The previous year, in a case decided January 8, 1999, the Supreme Court of Virginia also considered the IRCA as applied to a claim for workers' compensation benefits of an illegal alien, but unlike the court in Pennsylvania, affirmed a decision of the Workers' Compensation Commission denying benefits to claimant Jose Ismael Granados because he misrepresented his immigration status. *Jose Granados v. Windson Development Corp.*, 257 Va. 509; S.E.2d 290 (1999).

The claimant, lacking proper INS documentation (in fact, presenting forged documents and a signed employment eligibility and verification form), was employed as a carpenter's helper and sustained a fractured ankle in a work-related fall. At a hearing before a deputy commissioner on his claim for benefits, the claimant admitted he had submitted false documents. His claim was therefore denied on the ground that he materially misrepresented his employment eligibility. The full commission and Court of Appeals affirmed the decision.

The Supreme Court first applied its well-settled test for this standard which, in part, requires a causal relationship between the injury at issue and the misrepresentation (misrepresenting as to a physical limitation sustains a denial; misrepresenting as to prior criminal record will not support a denial) and found the decision could not be affirmed on this basis. The employer, however, further argued that the claimant was properly denied benefits because he was not an "employee" since an illegal alien cannot enter into an employment contract in the United States and thus the alleged contract of employment was void and unenforceable. The court reasoned that a determination of whether the claimant was an "employee" depended on whether he met the definition of "employee" in

Virginia's Workers' Compensation Act ("every person, including a minor, in the service of another under contract of hire") and held that the claimant was not in the service of Windson under any contract of hire because under the IRCA of 1986, an illegal alien cannot be employed lawfully in the United States. In a final passage the court stated that denial of benefits, on this ground, did not violate the claimant's constitutional right of equal protection, as the denial results from the claimant's failure to meet his burden of proving that he was an "employee" under the Act, not from his status as an illegal alien

In a negating reaction to this decision, the General Assembly of Virginia enacted legislation to amend and reenact several sections of the Code of Virginia: among those, Sec. 65.2-101-Definitions, amended to read: "Employee means: every person, including aliens and minors, in the service of another under contract of hire, whether lawfully or unlawfully employed. . . . The Bill, HB 1036 of the Virginia 2000 Session, was summarized as passed to 'include(s) alien workers, whether lawfully or unlawfully employed, as employees' within the scope of the Virginia Workers' Compensation Act. The bill gives unlawfully employed alien workers the same status under the Act that unlawfully employed minors currently have." Governor Gilmore vetoed the bill; his veto was overridden on April 19, 2000. At the time the American Insurance Association commented, "Without coverage for all employees, the employer may be exposed to being sued. Further, employers who hire aliens, unaware of their illegal status, should not gain a competitive advantage because they escape the responsibility to pay workers' compensation benefits to those injured workers."

It is likely that from a public policy standpoint, legislatures and courts will continue to grapple with the issue of workers' compensation eligibility for undocumented workers, particularly in states where this issue is more prevalent. However, it appears that the trend is toward compensability.

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## NORTH DAKOTA'S 40TH CONVICTION COINCIDES WITH NEW FOCUS ON EMPLOYER FRAUD

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**W**ith little fanfare North Dakota Workers' Compensation recently won its 40th conviction for fraud. Though the event was not trumpeted to the press, it marked a milestone for Dave Aberle.

Aberle, manager of NWDC's Special Investigations Unit, has worked tirelessly to build the SIU into an effective deterrent. Created by the state legislature in 1993, the SIU was staffed with a single person in 1994 but has since grown to comprise four full-time investigators, a paralegal and administrative assistant. The legislature has recently approved hiring a fifth investigator.

In seven years the SIU has investigated 1670 cases; of these, 1506 focused on injured workers, 157 on employers, and seven involved medical providers. Aberle's team has saved NDWC \$16.7 million.

Though the totals would seem to tilt against injured workers, the emphasis is shifting more toward keeping an eye on some of the businesses that employ

them. "Our number one concern now is employers who don't provide coverage for their workers." Aberle said the new investigator will focus primarily on employer fraud.

The 40th conviction involved a businessman who was running two businesses "under the table," even while he filed monthly reports claiming to be totally disabled himself and collected benefits for the past decade. He was ordered to pay restitution and serve five years probation, the first year under court supervision.

Aberle, who had 20 years of experience with the police and sheriff's departments of Bismarck prior to joining NDWC, does not expect a major shift toward employer fraud cases. "We have about 22,000 employer accounts, and that stays pretty constant. But about 20,000 new claims are filed each year, and as many as 3 percent of those might be referred for investigation. So, obviously, we're going to see more cases involving workers."



# AASCIF PUBLICATIONS CONTEST WINNERS

2001 AASCIF ANNUAL CONFERENCE • AUGUST 12-16 • BALTIMORE, MARYLAND



**Shelley Rowan**, Director of Communications for the Workers' Compensation Board of Nova Scotia, accepts the First Place Award in the External Brochure category.



**Donna Wilson**, Vice President of Injured Workers' Insurance Fund of Maryland, accepts the Second Place Award in the Newsletters-External Audience category.



**Mary Cameron**, President and CEO of the Workers' Compensation Board of Alberta, accepts the First Place Award in the Newsletters-Internal Audience category.



**Donald Smith**, President and CEO of Arizona State Compensation Fund, accepts the Second Place Award in the Newsletters-Internal Audience category.



**Gary Pon**, President and CEO of Pinnacol Assurance of Colorado, accepts the First Place Award in the Annual Report category.

## External Brochures

- 1st place Workers' Compensation Board of Nova Scotia  
*Employers' Guide*
- 2nd place Maine Employers' Mutual Insurance Company  
*MEMIC Indemnity Company Identity Brochure*
- 3rd place California State Compensation Insurance Fund  
*Workers' Compensation System and SCIF*

## Newsletters-External Audience

- 1st place Workers' Compensation Board of the Northwest Territories and Nunavut  
*Mine Rescue Review*
- 2nd place IWIF - Maryland  
*With IWIF*
- 3rd place Pinnacol Assurance of Colorado  
*Pinnacol Partners*

## Newsletters-Internal Audience

- 1st place Workers' Compensation Board - Alberta  
*Cheese Doodles*
- 2nd place Arizona State Compensation Fund  
*Innercomm, December 2000*
- 3rd place Workers' Compensation Division of the West Virginia Bureau of Employment Programs  
*News and Views*

## Annual Reports

- 1st place Pinnacol Assurance of Colorado  
*The Peak of Workers' Compensation*
- 2nd place Workers' Compensation Board - Alberta  
*Annual Report*
- 3rd place Kentucky Employers' Mutual Insurance  
*KEMI Annual Report*

# AASCIF PUBLICATIONS CONTEST WINNERS



**Linda Goan**, Special Assistant to the President of **Montana State Fund**, accepts the Second Place Award in the Advertising Campaign–Print category.



**Dianne Oki**, Executive Vice President of the **California State Compensation Insurance Fund**, accepts the First Place Award in the Advertising–Radio/TV category.



**Mike Bourque**, Director of Communications for **Maine Employers Mutual Insurance Company**, accepts the Second Place Award in the Advertising–Radio/TV category.



**John Annarino**, Chief Legal Officer of the **Ohio Bureau of Workers' Compensation**, accepts the Second Place Award in the Writing Excellence category.



**Tom Callanan**, Senior Vice President of the **Workers' Compensation Fund of Utah**, accepts the First Place Award in the Communications Campaign category.

## Audiovisual Productions

- 1st place New York State Insurance Fund  
*Selling Against Self-Insurance Trusts*
- 2nd place California State Compensation Insurance Fund  
*Office Survivor*
- 3rd place CompSource Oklahoma  
*Phonies, Fakes, and Frauds*

## Advertising Campaigns – Print

- 1st place Louisiana Workers' Compensation Corporation  
*lwcc.com – print ads*
- 2nd place Montana State Fund  
*Safety pays*
- 3rd place California State Compensation Insurance Fund  
*Workers' Compensation: Where would we be without it?*

## Advertising Campaigns – Radio/TV

- 1st place California State Compensation Insurance Fund  
*Workers' Compensation: Where would we be without it?*
- 2nd place Maine Employers' Mutual Insurance Company  
*It Works for Maine*
- 3rd place Louisiana Workers' Compensation Corporation  
*lwcc.com – television ads*

## Excellence in Writing

- 1st place Louisiana Workers' Compensation Corporation  
*Be a Safety PI*
- 2nd place The Ohio Bureau of Workers' Compensation  
*No vault insurance*
- 3rd place IWIF – Maryland  
*When Seconds Count*

## Internal or External Communications Campaigns

- 1st place Workers' Compensation Fund of Utah  
*Drug and Alcohol Safety Campaign*
- 2nd place Kentucky Employers' Mutual Insurance  
*KEMI.com – program launch*
- 3rd place Workers' Compensation Board – Alberta  
*Employee Giving program*

## Internet Web Site

- 1st place Saskatchewan Workers' Compensation Board  
*www.wcbask.com*
- 2nd place Maine Employers' Mutual Insurance Company  
*www.memic.com*
- 3rd place Workers' Compensation Fund of Utah  
*www.wcf-utah.com*

# AASCIF PUBLICATIONS CONTEST WINNERS



**Dave Hodges**, Claims Director of the **Workers' Compensation Board of Saskatchewan**, accepts the First Place Award in the Internet Web Site category.



**Roger Fries**, President and CEO of **Kentucky Employers Mutual Insurance**, accepts the Second Place Award in the Communication Campaign category.



**Robert Gibson**, Vice President of Loss Prevention for **Missouri Employers Mutual Insurance**, accepts the Second Place Award in the Open category.



**BEST OF SHOW AWARD**  
**Minnesota State Fund Mutual Companies "State Fund Mutual's Employer Kit"**  
**Mark Ladwig**, Vice President of Communications, and **Patricia Johnson**, President and CEO of the **Minnesota State Fund Mutual Companies**, accept the award.

## Open Category

- 1st place Minnesota State Fund Mutual Companies  
*State Fund Mutual's Employer Kit*
- 2nd place Missouri Employers Mutual Insurance  
*WorkSAFE Week*
- 3rd place Louisiana Workers' Compensation Corporation  
*LWCC Convention Materials*

## Best of Show

Minnesota State Fund Mutual Companies  
*State Fund Mutual's Employer Kit*



**The New York State Insurance Fund** received the First Place Award in the Audiovisual Productions category. Pictured are (l to r): **Richard Morrison**, **Cheryl Kratochvil**, Director of Marketing **Ann F. Formel**, **Dennis Incitti**, **Robert Lawson**, **Anne Murdock**, and **Antony Tranelli**.

All convention award photos: Dean Merritt.  
New York group photo: Paul Castle Photography.

# Congratulations to all our Winners!

See you next year!



# around aascif

**around aascif** is a regular feature of the AASCIF News. It briefly covers items of interest submitted by AASCIF members or gleaned from their websites, newsletters and other published news sources. To ensure that your organization is included, send information to Patrick Andersen, c/o Communications—15th floor, State Compensation Insurance Fund, P.O. Box 420807, San Francisco, CA 94142-0807, (415) 703-7013, Fax (415) 703-7028, [pwandersen@scif.com](mailto:pwandersen@scif.com). Final deadline for submission is the first Friday of the second month of each quarter.

## Alberta

Through its Partners in Injury Reduction (PIR) program the Workers' Compensation Board is distributing more than \$15 million in premium refunds to 2,496 companies that maintained good safety records last year. One company alone earned a refund of more than \$425,000. "The size of the refund is not the measure of success for these employers – although it's a great bonus to the company," commented audit and underwriting manager **James Wilson**. "The real success is that every company in PIR has benefited by investing time and money in workplace safety because they recognize that the benefits of protecting their workers are far greater than the premium refunds."

## Arizona

A bill recently moved relatively smoothly through the legislature to extend workers' compensation coverage to firefighters for a number of forms of cancer to which firefighters are especially vulnerable, recognizing that their exposure to smoke makes the causes of these cancers to more likely be industrial, reported the *Arizona Republic*.

## British Columbia

A low injury rate and high investment returns fueled an operating surplus of \$75 million for the Workers' Compensation Board last year. The injury rate, which is the accepted number of time-loss claims per 100 person-years, improved to 4.0 in 2000, down 17 percent from five years earlier when it was 4.8.

Road Rash, a first aid team from the Lower Mainland zone, won first place in the 44th Annual Workers' Compensation Board Provincial First Aid Competition. First aid teams from eight separate zones took part in the contest to demonstrate their preparedness for accidents. The team will now participate in the Anniversary Cup, the world competition held in England each fall. A \$6,000 grant from the WCB will cover the team's travel expenses.

## California

**Renée Koren** was appointed a vice president of State Fund. She first joined the organization in 1970 as a clerk 1 and rose rapidly through the ranks. After successful stints in underwriting, human resources and marketing, she became manager of communications in 1992. Two years later she returned to marketing as manager of that department, where she guided State Fund's marketing strategy to compete under open rating. She developed the Fund's agent-broker program. As a result of these efforts, more than 4,000 brokerage firms are currently certified to do business with State Fund. She was also responsible for the creation of award-winning radio and television campaigns.



*Renée Koren*

## Colorado

The state House of Representatives effectively killed proposed legislation that would have sold off Pinnacol Assurance as a means of raising capital for the state. CEO **Gary Pon**, in an open letter to the workers' compensation community, expressed relief at the bill's demise saying, "If the bill had passed as proposed, many Colorado businesses would face higher workers' compensation premiums because they have higher risk exposure than most for-profit insurance carriers are willing to underwrite. Colorado would have lost its largest workers' compensation carrier, currently covering 44 percent of the overall market and 72 percent of the small business market."

Pinnacol broke ground on its new headquarters in August. Construction of the 140,000-square-foot building in Lowry is scheduled to be completed by September 2002. Pinnacol has been headquartered on South Colorado Boulevard in Denver since 1991.

Pinnacol Foundation's 2001 Golf Tournament raised more than \$44,000 toward providing college scholarships for Colorado youth. The foundation was established in 2000 as a 501(c)3 not-for-profit organization to aid the children of Colorado workers killed or permanently disabled in a compensable work-related accident. The major sponsors of the event included Pinnacol Assurance, Conning & Company, Staubach Company, Westfield Development and Milliman, USA.

**Corinne Mahoney** has been appointed as Pinnacol Assurance's new communications director. A native of New York, she was most recently senior public relations manager of Rhythms Net Connections, a broadband services provider. She previously managed public relations for TeleTech Holdings.

## Louisiana

A ruling on a workers' compensation case here helped set off a national controversy about the style to be used in writing legal briefs.

The question: whether to follow tradition and include citations in the text, or shake off the shackles of the past and place the citations in footnotes at the bottom of the page. Leading the rebels, Judge Billie Colombaro Woodard wrote an opinion on a workers' compensation case in April, using footnotes. Chief Judge Doucet agreed with Woodard's decision but refused to sign it because he found the new writing style to be tantamount to sacrilege. The dispute rose to the attention of no less than the *New York Times*, which then explored other instances of disagreement in courts from coast to coast in venues as high as state supreme courts. Proponents of footnotes say the new style makes briefs and opinions more readable to lay people. Defenders of in-text citations object to dismantling a time-honored tradition; in addition, one judge complained that looking up and down the page to match text to footnotes "produced a certain amount of optical indigestion."

## Maine

Gov. **Angus King** vetoed a bill that would have automatically granted disability benefits to injured workers during full-time rehabilitation. He said the bill, L.D. 1175, deviated from the underlying principle that workers' compensation cases should be decided on a case-by-case basis.

## Maryland

**Charles Wancowicz, Jr.** joined IWIF as executive vice president of operations. He previously worked at the corporate headquarters of the St. Paul Insurance Companies in Minnesota where he was assistant vice president for financial planning and analysis. At IWIF he will be responsible for finance, policyholder services including loss control and premium audit, underwriting, legal, claims and managed care.

His 16-year career includes senior management positions at USF&G, which was acquired by the St. Paul Companies. At USF&G he was controller for commercial products and workers' compensation, as well as senior manager of premium accounting and budgeting for the F&G Life Company.

**Dennis Carroll** joined IWIF as general counsel. He came from the Maryland Insurance Administration where he served as deputy insurance commissioner and helped manage and direct the operations of the 260-employee regulatory agency. Carroll previously served as assistant attorney general and principal counsel to the agency, and as assistant attorney general and chief of litigation for the Maryland Department of Licensing and Regulation. Earlier, he worked for the Legal Aid Bureau,

## Maryland *(continued)*

the National Senior Citizens Law Center and the Micronesian Legal Services Corporation.

**Kim Gentry** joined IWIF as claims director. Most recently he was the North Atlantic Region claims manager for Fireman's Fund Insurance Company. In that position, he managed a large staff and was responsible for workers' compensation claims in Maryland, Virginia, Pennsylvania, Delaware and Washington DC. He began his insurance career with Liberty Mutual in 1976.

At midyear IWIF has already surpassed last year's fraud recoveries of \$3 million. IWIF's new leadership team has waged war on workers' compensation fraud and has identified/recovered \$4.7 million in claimant and policyholder fraud to date.

IWIF's accident year combined ratio has declined from 168.7 percent in 1999 to 140.8 percent in 2000, and continued improvements are anticipated for 2001. These results have been achieved despite the hardening insurance market that has caused an influx of new business, much of which was deemed unprofitable by the private market. Factors contributing to the improved financial results include the tightening of pricing and underwriting, upgraded claims administration, continued emphasis on loss control efforts, and IWIF's auditing and fraud investigation programs.

## Missouri

Missouri Employers Mutual Insurance (MEM) saw its market share rise to 16.86 percent in 2000, making it the largest carrier of workers' compensation insurance in the state, according to the state Department of Insurance. The next largest carrier, Liberty Mutual Group, had 8.05 percent while Citigroup had 6.55 percent.

MEM's communications department won the top award, the Sammy, at the Insurance Marketing Communications Association's annual contest. MEM received the award for its iNet EZ-App marketing campaign for its online tool that allows producers to obtain an underwritten quote or submit an application for issue via the Internet. Forty-five companies from throughout the U.S. and Canada submitted nearly 300 entries.

More than 400 policyholders participated in MEM's WorkSAFE Week 2001 in June. "Survivor II" star **Michael Skupin** served as MEM's spokesman at a series of public events and stage shows. The theme for the series of events was, "An Attitude You Can Live With."

*(continued next page)*

# around aascif

montana new mexico new york north dakota

## Montana

Two new members have joined Montana State Fund's Board of Directors. **Susan Knedler**, a business owner from Lewistown, and **Derek Grewatz**, with Western States Insurance of Missoula, were recently appointed by Governor **Judy Martz** to serve four-year terms.

MSF's aggressive fraud recovery and prevention program continues to save Montana business owners millions of dollars. Since its inception in 1993, the program has saved policyholders nearly \$12 million.

At its May meeting the MSF Board made several decisions regarding manual rates for the upcoming year. It voted to adopt the NCCI filed loss costs for July 1, 2001 for MSF classification codes, except those loss-costs for classification codes approved as exceptions by the Board. The loss costs will apply to new and renewal policies with effective dates on or after July 1, 2001. The Board also approved three rate tiers and approved loss cost multipliers for each. The multipliers are 1.006, 1.048, and 1.100, respectively. MSF has some special classifications for which there are no NCCI loss costs. Loss costs for these classifications are internally developed and approved by the Board. For a small number of NCCI loss-costs, the Board approved deviations from NCCI loss costs.

At its June meeting the Board approved a gainsharing program for MSF employees. An important component of MSF's recent organizational redesign, gainsharing is a form of incentive compensation that rewards employees for above average results by having them share in the additional gain they create. Gainsharing helps create individual "business owners" and co-responsible employees, and gives all MSF employees a stake in the company's success.

## New Mexico

Warren Smalley, president and CEO of New Mexico Mutual Casualty Company, told policyholders that they are paying 70 percent less for workers' compensation than they would have paid 10 years ago, due to NMMCC's excellent operating results, according to the *Albuquerque Tribune*. In 2000 the company reduced rates an average of 13.2 percent while writing \$30 million in premiums, a market share of 25 percent. "Nine years ago we owed \$10 million in debt (revenue bonds) and had 15 employees. Today we have over 100 employees, 25,000 policies in force and we don't owe anybody anything," said Evangeline Tinajero, chairwoman of NMMCC.

## New York

The New York State Insurance Fund Board of Commissioners announced the appointment of **Kenneth J. Ross** as NYSIF executive director, effective June 28, 2001. Ross, who previously served as NYSIF's first deputy executive director and chief operating officer, began his career with NYSIF as a deputy executive director in 1995. In four years as COO, Ross oversaw the implementation of an organization-wide re-engineering and critical technological upgrades at NYSIF. Before joining NYSIF, Ross was a senior associate with the law firm of Stroock & Stroock & Lavan. His primary practice area focused on real estate and insurance matters.

Reversing a national trend, workers' compensation benefits paid in New York increased slightly as a percentage of wages in 1999, according to a study by the National Academy of Social Insurance. Benefits increased 8.8 percent from \$2,556 million in 1998 to \$2,782 million in 1999. At the same time the number of workers covered by workers' compensation grew by 2.6 percent. According to a NASI press release, the growth in benefits outpaced the 6.3 percent growth in wages, which led to a rise in benefits paid as a percent of payroll from 0.80 percent to 0.82 percent. Nationally, benefits paid declined as a percent of wages for the seventh year in a row, from 2.17 percent in 1993 to 1.29 percent in 1999.

New York employers will see an overall 1.8 percent decline in their workers' compensation rates in the fiscal year beginning October 1, 2001, the Associated Press reported. The state rejected a proposed 0.4 percent rate increase. The drop in rates results from the flat rates combined with a decrease in assessments.

NYSIF's Division of Confidential Investigations made referrals resulting in 32 arrests in 20 days for an estimated \$1.6 million worth of fraud.

## North Dakota

**Brent Edison** has been appointed as interim executive director and CEO of North Dakota Workers Compensation. He has previously served as vice president of NDWC's Legal and Special Investigations divisions. Prior to coming to NDWC, he was a partner with the Zuger, Kirmis and Smith law firm in Bismarck. NDWC will conduct a national search for a permanent executive director.

## Nova Scotia

A group of widows have stirred up controversy with their demand for retroactive workers' compensation survivors' benefits from 1985 to 1999. These widows, who had remarried prior to 1985, lost the survivor benefits they had been receiving based on the deceased spouses' compensable deaths due to changes in the laws in 1985 and 1992. The minutes of the Workers' Compensation Board of Directors meeting note that the government was offering the widows lump-sum payments of \$80,000 (rather than continue their monthly pension payments) to settle the cases; the widows declined the offer. The Court of Appeal agreed with the Government in a March 2001 decision that ordering retroactive benefits from 1985 to 1999 would be an impermissible retroactive application of the Charter. The widows plan to appeal their case to the Supreme Court of Canada. A decision may be rendered as soon as early 2002.

## Ohio

High returns on investments and improved workplace safety provided a surplus that would allow the Bureau of Workers' Compensation to return \$1.4 billion to Ohio businesses and schools in 2001, according to the *Daily Reporter*. Additionally, BWC Administrator James Conrad said workers' compensation rates will be lowered 5 percent for the second year in a row. Governor **Bob Taft** applauded the results, saying, "This money can be directly invested back into Ohio's economy, into jobs and growth instead of insurance premiums. This set of economic circumstances could not have come at a better time."

A member of the state House of Representatives reintroduced legislation that would allow doctors to form unions without breaking antitrust laws. According to the *Dayton Business Journal*, House Bill 325 would permit doctors to form bargaining units to negotiate reimbursement rates with health insurers. Currently, only doctors employed by hospitals and other businesses such as health insurers can join unions.

Some of Cleveland's municipal employees suffer injuries at 18 times the rate of the average Ohio worker. The *Cleveland Plain Dealer* analyzed 5,400 workers' compensation claims filed since the end of 1997 and found high rates of injuries for trash collectors, dog catchers, paramedics and laborers. Each of the city's 130 trash collectors is injured about once per year on average, as is the case with the average city dog catcher. In comparison the typical Cleveland police officer files a claim less than once every three years. A number of Ohio cities have dramatically reduced their injury rates through increased safety training

By a 4-3 vote the state Supreme Court struck down Ohio's subrogation law in June, ruling that the state cannot lawfully prohibit injured workers from collecting damage awards from civil lawsuits in addition to workers'

## Ohio (continued)

compensation benefits, according to the *Daily Reporter*. While the majority's 26-page opinion noted that it is constitutionally permissible for the state to prevent a tort victim from recovering twice for the same item of loss, it disallowed such statutes "where they operate to reduce a plaintiff's tort recovery irrespective of whether a double recovery has actually occurred."

The Bureau of Workers' Compensation recovered \$88.6 million in fraud this past year. The BWC referred 256 people to the attorney general for prosecution, according to the *Cincinnati Business Courier*. This summer the BWC plans to roll out an online Cyber Crime Task Force, the paper reported.

## Oklahoma

The State Insurance Fund changed its name to CompSource Oklahoma effective July 1, 2001, hoping to end confusion about the agency's mission. The address for the web site was changed to [www.compsourceok.com](http://www.compsourceok.com). The Board of Managers elected **Larry Parman** as its new chairman; former chairman **Richard Allen** was appointed vice chairman; and **Bill McKamey** was named secretary for a second term.

CompSource Oklahoma declared a \$10 million dividend for its policyholders. Nearly \$2.3 million from that total, which was originally earmarked for state agencies, is instead being diverted to bail out the Multiple Injury Trust Fund. This will allow the MITF to continue paying benefits to some 2,300 Oklahoma workers until September, when the Legislature can devise a more permanent solution to the MITF's cash flow problems. This is the fourth consecutive year that CompSource Oklahoma has maintained a surplus sufficient to return dividends to its policyholders, totaling more than \$62 million. Approximately 17,000 checks were mailed to policyholders on July 17 and 18.

## Ontario

The Workplace Safety & Insurance Board continues to run the most aggressive public relations operation in AASCIF. For instance, in a typical five-week period starting June 1, 2001, the WSIB issued no less than 14 press releases touting safety awareness, small business assistance and legal developments in its "zero tolerance" stance toward fraud. In the latter category the press releases noted that 18 companies had been ordered to pay a total of \$231,800 in fines and surcharges, and that new charges had been filed against nine employers for various violations of workers' compensation laws. Four injured workers had been ordered to pay  
*(continued next page)*

# around aascif

ontario oregon pennsylvania prince edward island rhode island saskatchewan

## Ontario *(continued)*

\$28,449 in fines and restitution, and new charges had been filed against three more employees. The WSIB launched its zero tolerance approach to non-compliance in May 1997, according to **Linda Lamoureux**, director of the Special Investigations Branch.

The WSIB also issued four press releases regarding public appearances throughout the province by **Rob Ellis**, the father of a young man who was killed in a workplace accident. Mr. Ellis has been working with the WSIB for months to promote safety awareness. The WSIB also issued releases promoting a summer awareness campaign for young workers, and a "Main Street blitz" in which WSIB experts would visit businesses to give advice on workers' compensation issues.

## Oregon

Under a recently enacted law, out-of-state employers working temporarily in Oregon on public contracts no longer need to obtain Oregon workers' compensation insurance policies if (1) their home-state policies cover the workers they bring into Oregon, and (2) they do not hire any Oregon workers while working in Oregon. Because Oregon changed its law, the State of Washington reciprocated and Oregon employers no longer need to obtain workers' compensation policies in Washington when they take Oregon workers to that state to work on public contracts temporarily. "This is especially significant for Oregon employers engaged in the building trades and wildland firefighting because these industry groups send the greatest number of workers to out-of-state locations," said **Carl Wilson**, SAIF Corporation's director of marketing and underwriting.

**Cathy Rios** has been appointed SAIF's public affairs director. She previously handled marketing at Teledyne and a credit union.

## Pennsylvania

The Pennsylvania House unanimously passed a bill classifying hepatitis C as a work-related illness for police officers, prison guards and firefighters, according to the *Philadelphia Inquirer*. The legislators voted 198-0, agreeing that it should be presumed that the virus was contracted on the job if a member of one of the covered groups is diagnosed with the virus. Hepatitis C attacks the liver and can lead to liver failure.

## Prince Edward Island

The WCB's Client Services Division recently enacted a two-tier system of case management to improve service to injured workers and employers. Cases with either no time loss or a short-term temporary earnings loss are now handled by Tier 1 entitlement managers. A Tier 2 case management team handles more complicated temporary loss cases, led by a case manager. An extended earnings loss manager oversees cases involving pensions or extended loss cases.

## Rhode Island

The Rhode Island General Assembly has enacted changes in the Workers' Compensation Act as follows. The method of calculating the payment of benefits to an injured worker who is working at suitable alternative employment has been clarified. The implementation of the 1992 definition of the "gate" or the employee's burden to prove entitlement to more than 312 weeks of benefits for partial incapacity has been delayed pending judicial interpretation of the earlier 1990 definition. The penalties against employers who refuse to take injured workers back to work under the right to reinstatement statute were clarified as well. The benefits for employees who suffer an occupational hearing loss will be increased, while the employer's ability to apportion against prior employers and the employee for pre-existing or non-work-related losses has been codified. Additionally, procedural changes were made to clarify causation and appropriate treatment. The universal coverage provisions of 1998 (which drew in employers with one, two or three employees) were changed so that the corporate officer exclusion was eliminated. As of January 1, 2002, all corporate officers will be considered employees subject to some exceptions. Penalties for failure to post a summary of the Workers' Compensation Act in the workplace and failure to file first reports of injury with the State were increased to \$250.

A construction company in Johnston paid a \$5,000 fine and \$13,000 in restitution for fraudulently underreporting its payroll, according to the *Providence Journal*.

## Saskatchewan

The Workers' Compensation Board announced it would give \$12 million in rebates to some 20,000 employers who have focused on workplace safety programs that have resulted in lower claims costs. The merit award may be as high as 25 percent of the employer's average annual premium. "We are encouraged by the growing interest in WCB-delivered safety education," said CEO **Peter Federko**. Another 500 employers will be surcharged \$3.3 million for claims costs that exceeded their industries' averages.

## Texas

The Texas Workers' Compensation Insurance Fund will become the Texas Mutual Insurance Company effective September 1, 2001. Though it will be a domestic mutual company, it will remain a single-line carrier and may not expand into other types of insurance coverage. President **Russ Oliver** pointed out that most of the Fund's other statutory mandates remain intact; the law still requires the company to be a competitive force in the marketplace, to guarantee the availability of workers' compensation coverage in Texas and to serve as the insurer of last resort. Regardless of the new name, "our operational philosophy and customer service orientation absolutely will not change," said Oliver. "We will continue to strive to be the model provider of workers' compensation, consistent with our vision."

Texas Mutual will pay approximately \$25 million in dividends to more than 20,000 of its policyholders for the third consecutive year. The proposed dividend equals about 8 percent of the Fund's premiums for the year 2000, according to Chairman **Martin Young, Jr.**

Texas Mutual announced an agreement with the National Federation of Independent Business to provide two members-only workers' compensation safety groups for construction and retail businesses. The safety groups are designed so that similar occupations can join together to try to lower workers' compensation costs.

Texas Mutual created a scholarship program for surviving family members of policyholder employees who died as a result of workplace injuries. The program will offer up to \$2,000 per individual per semester. The program is open to surviving unmarried spouses or children of individuals who died from a compensable injury while working for a Texas Mutual policyholder while the policy was in effect.

A major janitorial company agreed to pay \$500,000 in restitution to Texas Mutual when it pled guilty to workers' compensation premium fraud in July. The firm, AM-KO, represented itself as a small operation with only 18 employees, when in fact it also had more than 200 employees in a "shadow company" called Dyna Maint USA. AM-KO said its annual payroll was only \$80,000, but investigation revealed it was more than \$1.4 million.

## Utah

The Workers Compensation Fund recently accepted applications for its 12th annual Legacy of Learning scholarship program for the families of workers killed in industrial accidents. The program will award more than \$75,000 in amounts of \$1,000 to \$3,000 per student. Since 1990 WCF has awarded 450 Legacy of Learning scholarships, said WCF President **Lane Summerhays**. WCF will also give two Safe Workplace scholarships worth up to \$5,000 each to University of Utah graduate students.

## Washington

All workers receiving Washington workers' compensation time-loss or pension benefits received a 3.59 percent cost-of-living increase on July 1, 2001. The benefit increase applies both to State Fund and self-insured employers. Labor & Industries manages the State Fund, which insures about 1.9 million workers for 163,000 employers. The department also oversees about 400 self-insured companies that employ about 800,000 workers.

The Department of Labor & Industries sent out workers' compensation refund checks totaling nearly \$68 million to 115 Washington companies and trade associations, reported the *Seattle Post-Intelligencer*. The refunds were based on companies' ability to provide safety education to their employees, reduce workplace hazards and improve how claims are handled. The state has refunded \$978 million since the program started in 1981.

The state Supreme Court ruled that a girl who suffered prenatal injuries when her then-pregnant mother had a workplace injury can sue for damages. The Associated Press reported that the child, now aged 6, suffers permanent mental and physical disabilities due to the loss of oxygen she suffered as a fetus when her mother fell at her place of employment. The state's workers' compensation law in most situations does not allow lawsuits by families and dependents of the injured worker; however, in this case, the unborn child was directly injured in the same accident as the mother.

## West Virginia

In early July the Bureau of Employment Programs filed injunction lawsuits against four employers who together owe more than \$137,000 to the Workers' Compensation Division in back taxes, interest and penalties. The injunctions call for the firms to cease business.

## Yukon

The Workers' Compensation Health & Safety Board held a contest this summer for youths aged 12 to 17 years. Designed to draw attention to the fact that more than half of young workers' workplace accidents occur in the first six months on the job, contest participants had a chance to win a stereo system, a portable CD player or a two-way radio set.

# Court Expands Views of Sexual Harassment



By Mary C. Beard  
Kentucky Employers' Mutual Insurance

One of the most important issues employers face today is that of sexual harassment. According to the U.S. Equal Employment Opportunity Commission, sexual harassment is a form of sex discrimination that violates the Title VII of the Civil Rights Act of 1964. Two types of harassment fall under Title VII. They are *Quid pro quo* where an employee actually suffers a loss, or Hostile Environment, where the employee is placed in an environment that is abusive or highly uncomfortable. Situations of sexual harassment are created very easily and so often that it is most times overlooked. In order to protect your company from dealing with unwanted liability for sexual harassment, an in-depth knowledge of what exactly sexual harassment is and what can be done to prevent it is necessary.

Many companies put policies in action long ago that prevented the "office flirt" from massaging his secretary's shoulders, however American workplaces now have to face an issue that they had managed to avoid in the past. In 1998 the U.S. Supreme Court ruled that a certain type of sexual harassment existed and had been overlooked: sexual harassment between members of the same sex. The case of *Oncale v. Sundowner Offshore Services, Inc.* involves a Louisiana man who claimed that he was sexually assaulted by two male supervisors and a male co-worker. They allegedly repeatedly sexually taunted him and on one occasion held him down while they assaulted him in the showers with a bar of soap. The Supreme Court ruled that same-sex harassment is a form of discrimination that an employer should not engage in or allow to occur in the work place. The court said that men are capable of sexually harassing other men, just as women are capable of harassing other women. Further, the sexual orientation of the individual is not important to be in violation of the law.

Sexual harassment continues to occur in the workplace, existing in countless forms and different circumstances. The law requires that the workplace be free of sexual harassment, therefore employers can be held responsible for suffering whether they are aware of it or not. The most important thing is to recognize that the conduct must clearly be unwanted. In order for there to be a hostile work environment, the behavior must be severe and pervasive. Sexual harassment can affect any person in the workplace; the harasser can be a supervisor, an agent of the employer, a co-worker or even a non-employee. Interestingly, anyone affected by the offensive conduct, not just the victim, can report sexual harassment. Also, sexual desire need not be present between the two people in order for sexual harassment to occur. For example, if a male employee claims a male supervisor sexually harassed him, the employer cannot claim it did not exist because both men are heterosexual.

Examples of unreasonable conduct can be, but are not limited to: unwanted sexual advances such as flirtations or propositions; sexually oriented noises, remarks and jokes; demands for sexual favors; asking intrusive sexual questions; a display in the workplace of sexually suggestive objects; comments about a person's sexuality or sexual experiences; unwanted letters, gifts, telephone calls or e-mails of sexual nature; and the intentional touch in any way whether it be squeezing, stroking, pinching, tickling, massaging, patting or brushing against a person without his or her consent.

The fear of retaliation stops many from reporting sexual harassment. If employers could punish employees for complaining about sexual harassment, the laws in place would not be effective. As a result Title VII makes it illegal for an employer to take actions such as termination, demotion or reduction in wages against an employee who makes a claim. An employee can claim to be a victim of retaliation even if the original claim of sexual harassment proves untrue. If the employer takes an adverse action against the victim within six months after the claim, this can be viewed as evidence of retaliation.

Sexual harassment is a serious event. Ignoring the situation or assuming it will stop is allowing the offenders to repeat the behavior against others in the office, exposing your company to legal consequences. Many mistakes that can easily be avoided may occur when sexual harassment claims are made. One of the most common mistakes is that the report isn't taken seriously. Employers should never ignore any claim of sexual harassment. An immediate response to any claim of sexual harassment is the safest thing to do in all situations.

Preventive training is vital in protecting your company. Employers should clearly communicate that sexual harassment will not be tolerated. Proper preventive steps include:

1. Update existing sexual harassment policies to include same-sex harassment and communicate the policies to all employees.
2. Educate all managers and supervisors about sexual harassment, including same-sex harassment.
3. Ensure that all employees are aware of the proper procedures for reporting harassment internally.
4. There should be multiple people available to whom an employee may report an incident so that the employee is not circumscribed to one person, who may be the alleged harasser.
5. Ensure that all employees can report claims without fear of retaliation.
6. Investigate all forms of sexual harassment promptly and completely. When handling the situation, the employer should be sure to be objective, hearing both sides of the story and properly investigating and documenting the interaction between the individuals.
7. Be aware that once any supervisor knows about a claim of sexual harassment, the knowledge is imputed to the company.
8. Immediately take appropriate action against any improper conduct with consistent punishments.

These preventive methods may not completely eliminate sexual harassment in the workplace, but are a step in the right direction. An educated and aware staff is key to reducing sexual harassment in the workplace and preventing any future liability.

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# Medical Miracle... or Mirage? Time will Tell

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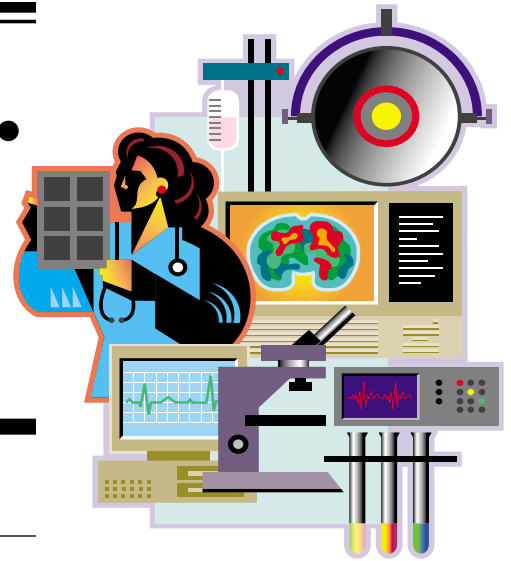
By Brenda Carland and John F. Marr  
Maine Employers Mutual Insurance Company



Brenda Carland



John F. Marr



**M**edicine is ever changing and we love it! In the world of Workers' Compensation, we are always looking for the next cure. We have improvements to current treatments and brand new procedures in constant development. However, we are also always skeptical of the quick fix. Furthermore, we detest costly procedures that don't fit the convenient text. Consequently, we suffer a pseudo bipolar disorder of our own making.

Undoubtedly, backs and knees are the bane of our claims existence. We set up reserves, in the range of hundreds of thousands of dollars, to cover the procedures and incapacity that seem without end. We know that there aren't any cure-alls and, after years of failed procedures and dashed expectations, we become jaundiced. After a while we damn anything that doesn't fit cleanly into the fee schedule as being medical adventurism. After all, we are charged with protecting the coffers from thieves of any persuasion.

Unfortunately, the injured worker, looking for relief, and the adjudicator, concerned with helping humankind mend, don't often hold our prudence in esteem. They push hard to have new procedures utilized and fall to the siren song of medical pioneers who promise that the best is yet to come. We, the jaded claims lot, have to figure out if it is a miracle or a mirage. Do we pay now or pay later? This is a conflict that will go uninterrupted, of that you can be sure!

We certainly can't pay for every new medical procedure that is dreamed up. We should demand that the research is clear and arguably sound, if not convincing. Whether we like it or not, we are going to be part of the testing ground. Medicine, far too often, doesn't lend the answer very quickly. Procedures and practices once thought to be cutting edge have been relegated to the infamy of bloodletting.

Today we are offered at least two procedures that promise to help injured workers heal and return to a normal and productive life. Since one promises to repair the back and, the other, the knee, it is wise to know more about them. Anything that portends to offer relief to sufferers of pain is worthy of thoughtful reflection – if not election.

One of the more recent developments for the treatment of chronic discogenic low back pain is the IDET procedure. Discogenic back pain is characterized by continuous low back pain, possibly with radiation into one or both legs, and is

aggravated by even some of the most typical everyday activities such as standing or sitting. The cause of this pain is felt to be degeneration of the discs with tiny fissures in the disc covering. This allows disc material to escape, irritating nearby nerves.

Traditionally, treatment options have been: 1) long-term medications, 2) surgery in the form of spinal fusion, or 3) simply living with the pain. Approximately three years ago, however, a new treatment was developed which has offered a less invasive treatment option for those patients afflicted with chronic discogenic pain. This treatment is called IDET, or Intradiscal Electrothermal Therapy.

Under fluoroscopy, a physician specially trained in spinal treatments and injections, inserts a small catheter into the affected disc. This catheter heats the internal disc material, sealing the small fissures. The patient is sent home with restrictions consisting of rest for several weeks. After the rest period, a slow rehabilitation phase is begun.

To date, results have been positive, with 81 percent of patients saying they noticed significant improvement in pain and function after treatment. Long-term follow-up studies are continuing and results are expected to be positive.

There are certain inclusionary criteria that must be met in order to undergo this procedure. The cost associated is approximately \$5000 plus the cost of physical therapy. Compared to the approximate \$100,000 cost of a spinal fusion, the IDET procedure could well be a cost-effective, viable option for patients with an often frustrating medical problem.

Some knee injuries improve with time and rest. Certain severe knee injuries may require joint replacement. Despite advances in joint replacement materials and surgeries, artificial knees usually last only 5-12 years. Cartilage replacement may become a treatment for worn out knees in the future. But for now, only tiny pieces of defective cartilage can be replaced. Thus, in an effort to try to improve joint healing, autologous (one's own) chondrocyte (cartilage cell) implantation (transplant) was developed.

*(continued on page 25)*

# Internal Auditor's Role in a Large State Fund

By Jerry Bonham, Texas Mutual Insurance Company

Every organization in AASCF, regardless of its size, should have some type of internal control system or process. In many places this will include an internal auditing process. My colleague in Kentucky is writing to you about the role he plays as a staff of one. Since things are always bigger in Texas, I am pleased to share the role of my internal audit staff at the Texas Mutual Insurance Company.

The Board of Directors, to whom I report, and management believe that the Texas Mutual Insurance Company is best served by a fully resourced and professionally competent internal audit staff that provides value-added services and improves the organization's operations. My staff consists of four Financial & Operational auditors and three Information Technology auditors. This larger staff size allows for more breadth of services. During the past year, our services have included the following:

- Traditional auditing in areas such as compliance with organizational procedures, laws and regulations; economic and efficient use of resources; safeguarding of assets; accomplishments of established objectives; responses to assertions of fraud; and reliability and integrity of financial information.
- Facilitation of Control Self-Assessments (CSA).
- External auditor support (annually we provide 500 hours of direct assistance to our external audit firm and share the results of our audit activities).
- Educating and orienting personnel on risk assessment and internal control concepts.
- Consultation and special projects on numerous topics ranging from computer security, systems evaluation, corporate governance matters, and responses to new legislation.

As you can see, our role is more than the traditional activities of reviewing compliance, assuring safeguards and recommending controls. At the Texas Mutual Insurance Company one of our roles is a facilitator, primarily through CSAs. This powerful self-governance tool was adopted by the Texas Mutual Insurance Company in 1997 as an alternative method of evaluating internal control systems. CSA utilizes the traditional audit concepts of risk and control; however, these concepts are combined with a quality-focused workshop to make the evaluation of controls a collaborative effort. CSA has become so successful and routine we are frequently approached by management to facilitate a workshop.

Our role is also one of educator, as is highlighted in our Board's Policy on Internal Audit Matters. Recently, we have played this role through the design of a 90-minute class on risk and control. Management has asked us to teach this class throughout the company. In 2001 we will conduct approximately 20 separate classes in the corporate and regional offices for all departments.



Jerry Bonham

Another role is consultant. In this role our primary objective is to provide advice and counsel on business matters. The purpose of a consultation may include providing additional resources to research subject matters, explore opportunities, address a need, or assist in solving problems. An example in the past year was in the area of corporate governance. We were asked by the Chairman of the Board to research the recommendations of the SEC's Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees and make suggestions to improve the Board's audit committee activities.

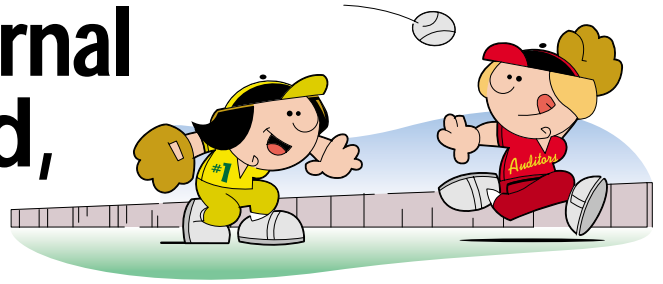
An internal audit unit with in-staff professionals with CPA, CISA and CFE credentials enables us to broaden our services and serve many roles. Facilitator, educator, consultant, coach, reporter, explorer, analyst, and listener! It's all in a day's work.

## RSI Not Necessarily An ADA Disability

SAN FRANCISCO – A repetitive stress injury does not necessarily qualify as a disability under the Americans with Disabilities Act, the 9th U.S. Circuit Court of Appeals ruled.

A newspaper reporter with RSI received workers' compensation benefits for several years, and her employer modified her duties and workstation to accommodate her injury, according to the newsletter Business Insurance. Eventually she left the newspaper. The woman filed an action under the ADA claiming the paper had not done enough to reasonably accommodate her disability. But the court ruled that she failed to prove that she was substantially limited in her ability to work at other jobs such as teaching or manual labor.

# In a staff of 1, the Internal Auditor plays Outfield, First Base and Pitcher



By Scott McConnell, Kentucky Employers' Mutual Insurance

The fundamental role of an internal audit department, regardless of size, is to “add value” to their respective organization. The method in which this is accomplished and how adding value is defined is often what differentiates audit departments in any given organization. Methodologies utilized are often determined by many factors, including the business environment and the size of the audit department in terms of personnel. What constitutes value to the organization often depends on direction provided by management and the Board of Directors. The purpose of this article is to provide that insight as to the role I fulfill within my organization as an audit department with a staff of one; methodologies I believe are important for fulfilling responsibilities; and how I allocate myself as a resource to the organization.

My role as an internal auditor at Kentucky Employers Mutual Insurance is probably, in essence, very similar to that of any other size audit function at another AASCIF fund. From my perspective, that role is to minimize organizational risk, identify opportunities for improving efficiency and effectiveness in the performance of business processes, and to support management in any way possible to the extent that my personal and professional integrity are not compromised. In terms of my status in the organization, I am independent of management by the fact that I have a direct reporting relationship to the Board of Directors, but report on an administrative and day-to-day basis to the CEO.

In a department of one, a primary concern that must be dealt with is that of audit coverage and how I allocate myself as a resource. Undoubtedly many, if not all, of the issues and risks encountered by state funds larger than KEMI (with larger audit staffs) are also the same issues and risks I must consider. To mitigate this concern, I have adopted two audit protocols. First, I view myself as being a partner with the external and Department of Insurance auditors and always consider the nature and scope of their audit work when prioritizing my efforts. Knowing their audits are primarily financial and compliance oriented, I have tried to complement versus duplicate their efforts by emphasizing operational reviews, thus broadening the overall audit coverage. Secondly, I try to maintain an awareness of all issues affecting the organization by attending relevant management and staff meetings, and by developing excellent working relationships with as many employees as possible. While both of these efforts reduce the amount of time that can be allocated to the actual performance of audits, they are both invaluable in improving the efficiency and effectiveness of an audit.

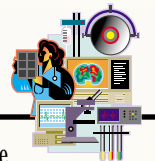
Within a small department there is obviously also a need for multiple job roles to be fulfilled by a single individual and include that of clerical, staff and manage-

ment The concept of performing multiple roles also extends to audit performance in the sense that audit specialization is not possible with respect to the performance of operational, financial, compliance or information technology audits. Both of these realities require that some formalities inherent in each of the above-mentioned roles be compromised in such a way that the integrity and quality of the work performed is not sacrificed. Time must also be allocated so that the main function of the position, to perform internal reviews, is effectively and efficiently accomplished.

In summary, there can be a number of similarities and differences between internal audit departments while fundamentally analogous objectives are trying to be achieved. My role is similar to that of any other auditor of a larger staff, but the methods utilized to accomplish objectives undoubtedly vary. A greater portion of my time in terms of available annual audit hours is probably spent in developing employee relations and attending meetings relative to audit departments with larger staffs. I also try to complement the work of the external and DOI auditors by directing my efforts to areas of organizational risk that neither of them focuses on.

## Medical Miracle or Mirage? Time will Tell

(continued from page 23)



To perform the operation, a scope is placed inside the knee (arthroscopy) and a piece of healthy cartilage (full of cells called chondrocytes) is removed. The piece is minced into bits, filtered, and the chondrocytes are allowed to grow and multiply in a culture dish in the lab for 11-21 days. Following the growth period, under anesthesia, the knee is cut open and the damaged cartilage is cut out. A special flap is cut from the covering of the shinbone nearby, and is used to bridge the gap in the cartilage. The chondrocytes from the lab are injected underneath the flap in hopes that new cartilage will grow. A few days later, the patient may begin to bear weight on the joint. Rehabilitation for six months is required. There have been Olympic-level athletes who, after the prescribed rehabilitation, have been able to return to their previous level of activities and athletics.

Here's the challenge, what do you do with this information? If you forego these options you may save your company tens of thousands of dollars in medical care. However, you may leave an injured worker without relief and recovery. You may find, on the other hand, that this procedure provides only temporary relief and recovery. For now, there isn't a certain answer to the dilemma of choice that we face. Only time will tell.

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# Auto Audit Odds & Ends

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By Rajani Mahadevan, Rhode Island's Beacon Mutual Insurance Company

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In the worker's compensation industry, premium is based on payroll of the insured. In order to accurately estimate premium, the insured's financial and business records are surveyed to determine true premium based on expenses and conditions stated in the policy. At the Beacon Mutual Insurance Company the auditing staff performs audits annually after the policy in question has expired or at predetermined intervals. If the audit determines that an insured's initial premium was too low, the audit will result in additional premium due to the Beacon. If the audit shows that the initial premium was too high, the insured will receive a refund.

Key goals to automate the auditing process were:

- To provide the auditors with the capability of working on their laptops, with the same visual user interface whether connected or not to the network.
- To use the Internet environment to provide a minimal footprint thin client which will facilitate development and transparent deployment of the application.
- To maintain data integrity and security.
- To eliminate the need for auditors to come in off the road to sign files or obtain software upgrades.
- To eliminate manual pre-audit and post-audit activities.
- To allow auditors to view historical policy and claims information.

The Beacon developed a Java-based web application, 'Audit Lynx'. This application checks the mainframe Policy/Claims to determine on a daily basis the policies that are due for an audit. In addition, it automatically assigns the auditor based on the previous years' audit assignment. The associated policy and claims data is downloaded through Oracle's Transparent Gateway into the central Audit Lynx database repository.

## Online Server Side 'Administrative' Component

The administrative component is accessible through the browser by the user from anywhere on the network as long as they have been granted access privileges. The audit administrator manages downloaded audits through this component and moves the audit through the different stages of its life cycle.

In addition, the application provides the following functionality:

- View status of all downloaded audits, through the 'View All' screen.
- View audit details for a specific audit through a hyper link.
- Assign or Reassign auditors.
- Release Audits to the auditors.
- Receive Completed audits from the auditors.
- Preview reports through the browser.

## Offline Client Side 'Auditing' Component

Deployment of this component to an auditor is done through a browser on the client side. Any auditor can connect to the network and complete the installation via a specified address on the web page.

After installation, auditors can log in through the browser using their ID and password and 'Go Online' to receive their audit assignments. They have the flexibility to disconnect from the network to work offline at any time during the auditing process. This is extremely significant since this feature allows the auditors to work at the insured site on their laptops independent of the network.

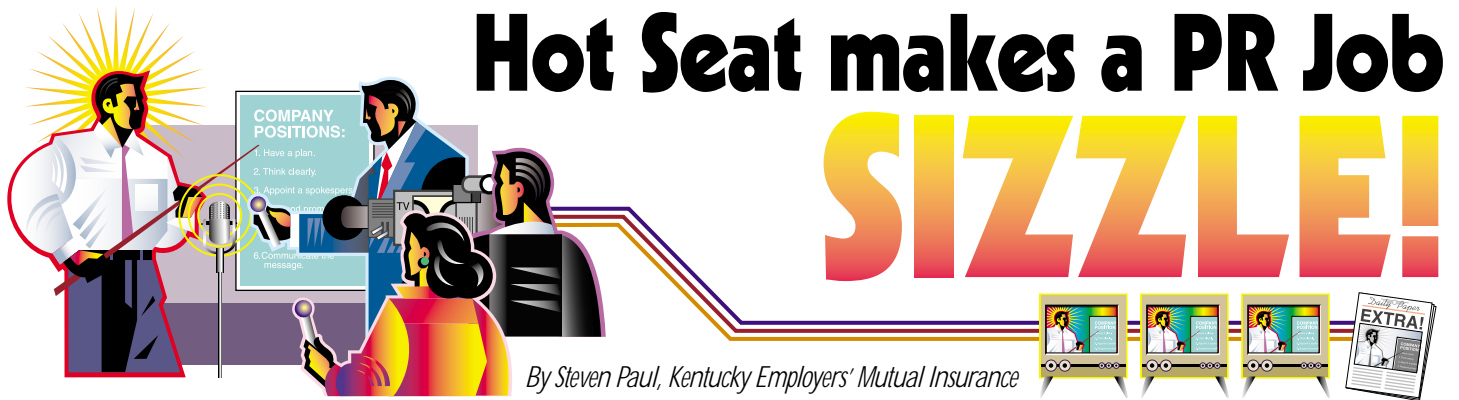
When the auditor goes offline:

- Oracle's Internet Mobile component, Web-To-Go, synchronizes the auditor's database on the client side with the central Oracle8i database.
- The auditor has the advantage of working with the same graphical user interface, running the same Java servlets, except that it is accessing the local Oracle8i Lite data and the results are delivered by HTML through the local version of the Web-To-Go web server.
- Upgrades to data, database schemas or application logic are transparently distributed to clients when they synchronize.
- Only one set of code is written for both online and offline modes of the application.

The 'Offline' Client Side 'Auditing' component offers the auditors the following functionality:

- Receive assignments and schedule audits.
- Capture all detail data elements required to complete audits at the insured site.
- Generate audited results based on payroll and adjustment calculations.
- Generate summary results to review with the insured's on location.
- View previous audited results and related policy/claim information.

Once the auditors complete the audit, they return them back to the audit administrator by going online. The synchronization process updates the data on the main Oracle Lite database and the audit administrator reviews the completed audit through the administrative component of Audit Lynx. Once the audit is verified, the administrator releases the completed audits to our Underwriting staff. On approval, audit data is uploaded back to the mainframe Policy/Claims system. Information is now made available to create endorsements for additional or return premiums, hence completing the audit life cycle.



By Steven Paul, Kentucky Employers' Mutual Insurance

If you watch the popular game show, “Who Wants to be a Millionaire?” you are familiar with the infamous “hot seat.” That is where the contestant sits while Regis fires off tough – and sometimes not-so-tough – questions.

Of course, those people choose to be in the “hot seat” because they want the chance to walk away with a cool million. The rest of us aren’t as lucky in our day-to-day lives – especially those who have to deal with media and are responsible for promoting and protecting the image of our funds.

A public relations crisis will drop you into the hot seat quicker than you can say, “That’s my final answer.” And unlike the Millionaire show, you can’t phone a friend or poll the audience for help.

So what do you do when the inevitable PR crisis hits? Here are some tips:

- **Have a plan.** Every business assumes some level of risk and vulnerability merely as a function of providing goods or services to the public. As such, don’t wait for bad news to happen: Plan for it. This roadmap will help you deal with the situation calmly and confidently at a time when tension is high.
- When the crisis hits, the first rule is to **think clearly, stay calm** and **keep others calm.**
- **Appoint a spokesperson.** One of your first decisions will be determining who will speak for the company. That person should be articulate and be able to communicate the company’s message simply and succinctly (preferably in sound bites).
- Make sure that your spokesperson has **all the facts** and is able to **respond to media inquiries promptly.** Hiding from the problem and ignoring phone calls can worsen the situation. The quicker you deal with it, the sooner it will start to become yesterday’s news.
- **Communicate your message.** Know the key points that you want to convey to the media. Make sure they are included in any statement that you issue. Ensure that your spokesperson reemphasizes these points when talking with the media.
- **Don’t bury your head in the sand.** You will only prolong the agony if you ignore the problem, deny the problem exists, lie about the problem, assign blame rather than focusing on fixing the problem, or clam up and let the media drag the story out over time.

When talking with the media, remember to:

- Be friendly and respectful (they have a job to do, too);
- Smile;
- Relax;
- Be calm;
- Avoid saying anything that you don’t want printed or heard;
- Be specific;
- Be concise and stick to the facts;
- Listen to the question closely and know what is being asked before responding;
- Think about your response before speaking;
- Consider the questions that may be asked by a reporter and how you might answer them;
- And try to get to know the members of the media before they show up at your office with cameras rolling and reporter notepads in hand.
- **Keep your employees informed.** They shouldn’t have to learn about the situation by reading the newspaper or watching the 6 o’clock news. Tell them everything that you plan to tell the media so that they clearly understand the company’s position. Also instruct them to refer any media inquiry to the appropriate spokesperson.
- **Keep your customers informed.** Don’t let the situation – and the media – undermine your customers’ confidence. Communicate with them directly and let them know the facts and what is being done to correct the problem.



Steven Paul

Throughout history some of the biggest and best companies have faced public relations nightmares (for example, Johnson & Johnson’s cyanide-laced Tylenol capsules, the Exxon oil spill and, more recently, the faulty Firestone tires on Ford Explorers). Although we as state funds aren’t likely to face a crisis of that magnitude, you have to plan for the worst and hope for the best. Being prepared is the key.

And though you won’t become a millionaire in that hot seat, your company will come out a winner.

# September 11, 2001

**A**s this issue of AASCIF News was being prepared for delivery to our print shop, the tragic events taking place in New York, Washington, D.C. and Pennsylvania began to flash on West Coast television screens. When the assault on the World Trade Center began, the New York State Insurance Fund, which is located half a mile from the Center, had approximately 1300 employees in their Manhattan offices. As this is being written, all but 29 of those employees have been accounted for. It is believed that this total is due to outdated home address information rather than any injuries.

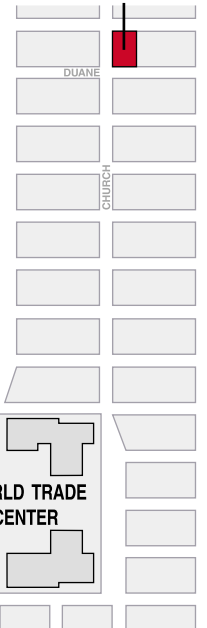
A number of staff members were temporarily relocated to alternate sites. Other employees stayed off work in the immediate aftermath of the tragedy. Grief counselors will be on-site when these employees return to work.

Ken Ross, Executive Director, expressed his concern for "the emotional well-being of the Fund's employees, particularly those who personally witnessed the traumatic and very tragic events."

Engineers inspected the NYSIF building and found it structurally sound, according to Ann Formel, Deputy Executive Director of the Fund. A hotline was set up for employees seeking information and separate hotlines were established for claimants and policyholders. Ads were placed in the New York Post and the Daily News announcing the hotlines and Mr. Ross scheduled appearances on several talk shows to personally reassure listeners that benefits and policies would continue uninterrupted.

AASCIF President Ken Bollier stated, "Our support goes out to the employees of the New York State Insurance Fund and, indeed, all the people impacted by this horrible act. I have offered Ken and his staff the full resources of our membership to help in any way we can. This unspeakable cruelty has hurt us all. Viewing it from afar is painful. For those who have borne actual witness to these events, the pain and despair must be harrowing. To these people we extend our deep-felt sympathy and prayers."

**NEW YORK STATE  
INSURANCE FUND**



## aascif Upcoming Events

[www.aascif.org](http://www.aascif.org)

### September 27-28, 2001

**AASCIF Human Resources Workshop.** French Quarter, New Orleans, Louisiana. Chateau Sonesta Hotel. Contact Pam West for information at (225) 231-0508, [pwest@lwcc.com](mailto:pwest@lwcc.com).

### October 18-19, 2001

**AASCIF joint Information Technology and Communications Committee Workshop.** Topics include e-business trends, online workers' compensation sales and applications, writing text and developing graphics for the web, and linking the corporate vision with internal and external communications. Reservations and payment due by September 7. Radisson Hotel, Lexington, Kentucky. Call Steven Paul at (859) 425-7800 for information.

### October 21-23, 2001

**Canada's Health, Work & Wellness Conference 2001: Building Sound Investments.** Westin Calgary Hotel in Calgary, Alberta. Online registration at <http://www.healthworkandwellness.com>.

### October 24-26, 2001

**AASCIF Committee Seminar** jointly sponsored by the National Issues, Law, Claims/Rehab, Policyholder Services, and Safety & Health committees. CEOs from California, Oregon, Colorado and Utah will discuss challenges and changes; a representative from the NCCI will give a market update; and workshop discussions will focus on such topics as ergonomics, claims for brain injuries, extraterritorial coverage, independent contractors, loss control strategies for targeted accounts, medical intervention in case management, medical privacy, and much more. A golf tournament is scheduled Thursday afternoon. Holiday Inn Riverwalk Hotel, San Antonio, Texas.

### November 6, 2001

**AASCIF CEO meeting.** Phoenix, Arizona.

### November 18-20, 2001

**Association of Workers' Compensation Boards of Canada public forum** on Knowledge Transfer, Westin Harbour Castle Hotel, Toronto, Ontario, Canada. For information, call (416) 495-8723 or e-mail [base@onramp.ca](mailto:base@onramp.ca).

### January 16, 2002

**All committees meet** in Las Vegas, Nevada.

### August 4-8, 2002

**AASCIF Annual Conference.** New York, NY. For information call (518) 437-6151.



The **aascif News** is published quarterly by the American Association of State Compensation Insurance Funds for its members and others who are interested in workers' compensation systems. Send articles and inquiries to: State Compensation Insurance Fund; Attn: Patrick Andersen; Communications, 15th floor; P.O. Box 420807; San Francisco, CA 94142; (415) 703-7013; Fax (415) 703-7028; [pwandersen@scif.com](mailto:pwandersen@scif.com). Printed in the Print Shop of the California State Compensation Insurance Fund. Graphic artist: Jim Smoldt.

