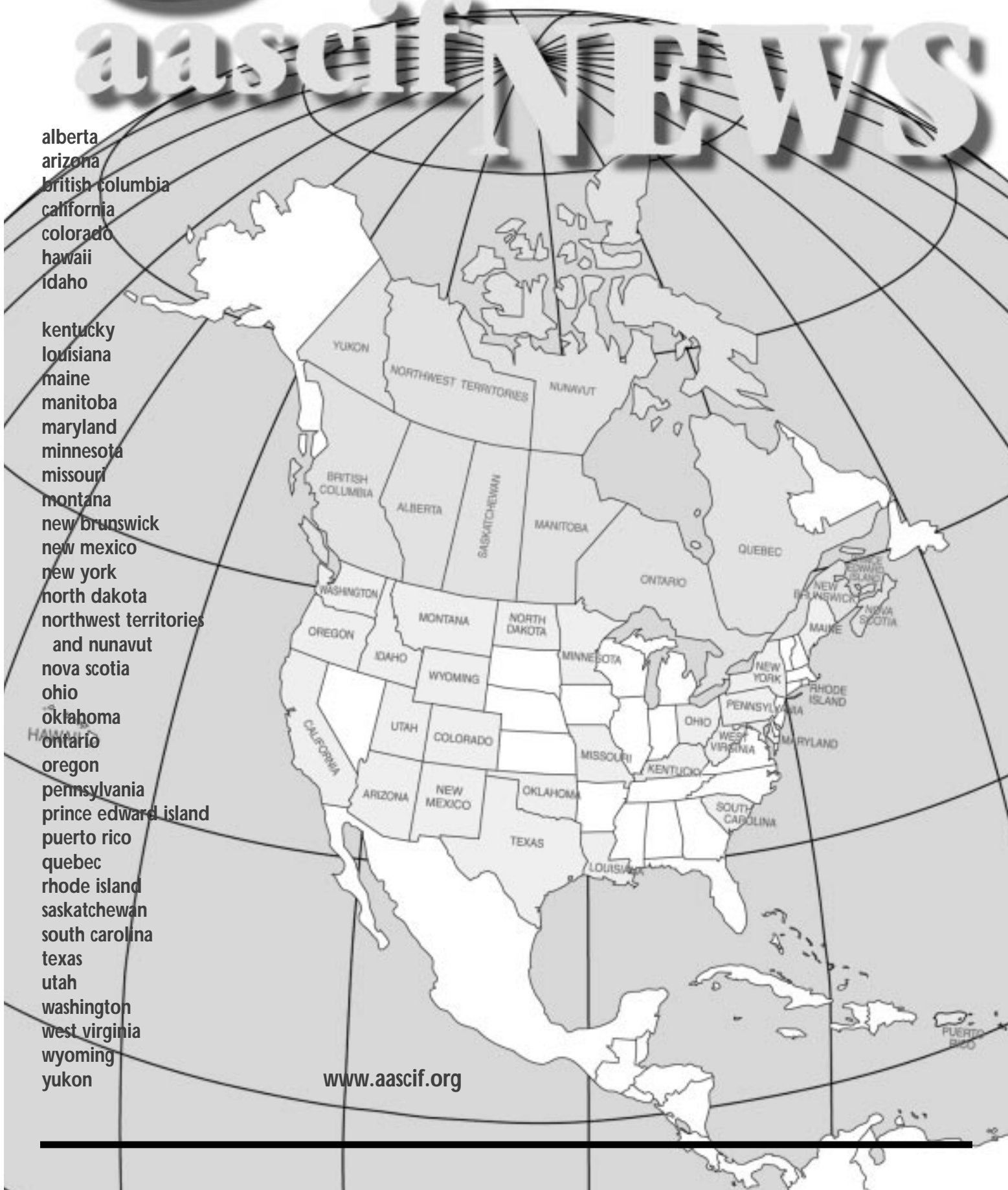


AASCIF

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message from the president

In the last issue of this newsletter, retiring AASCIF President **John T. Leonard** wrote, "Well, it's time for me to pass the baton to Ken Bollier of California who now becomes President of our AASCIF organization." Now that I am holding the baton, I am even more aware that I have a hard act to follow. To no one's surprise, John proved to be an outstanding AASCIF President. I extend to him my gratitude for a job well done. Congratulations are also in order to **Paula M. Saabye**, outgoing Secretary-Treasurer, and the staff of the Maine Employers' Mutual Insurance Company who so ably supported John.

Additionally, I want to express my gratitude to the membership of AASCIF for giving me the opportunity to lead this organization for the next two years. It is clear that in the coming months, many of our respective organizations will face new challenges and perhaps even a redefining of some goals. Thanks to AASCIF, these challenges will be easier to deal with. Our long-standing relationship with each other enables us to learn and benefit from past strategies and successes. Our goal of providing leadership in the provision of services to employers and injured workers and in improving our respective workers' compensation systems remains a constant.

The commitment and talent of AASCIF members was evident at the most recent planning session held in Las Vegas. The meeting gave me an opportunity to say farewell to some old friends and welcome a number of newcomers to our ranks. As always, the standing committees mapped out impressive agendas. Judging from the lists of goals that they have set for themselves this year (see pages 11-12), it appears that they have planned some exciting and informative activities.

Back in the winter edition of 1997, AASCIF News introduced a feature entitled "Around AASCIF." This innovation proved a popular one, and we open this issue with that feature. I would like to thank all the members who contributed to these pages and encourage them to keep up the good work. I would also like to thank **Allan Simpson** of New York, **George Layfield** of Maryland, **Christine Tanner** of the Northwest Territories and **Scott McConnell** of Kentucky for their fine contributions to this issue. The California crew appreciates all your hard work.

I hope you enjoy this issue of AASCIF News. I look forward to working with many of you during the next two years.



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AASCIF President

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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.

around aascif is a regular feature of the AASCIF News. It covers items of interest submitted by AASCIF members or gleaned from their websites and newsletters.

To ensure that your organization is included, send information to Patrick Andersen, c/o Communications—Suite 1505, State Compensation Insurance Fund, P.O. Box 420807, San Francisco, CA 94142-0807, (415) 703-7013, Fax (415) 703-7028, pwandersen@scif.com. Final deadline for submission is the first Friday of the second month of each quarter.

Alberta

The Workers' Compensation Board hosted its ninth annual charity golf tournament, raising \$30,000 for the Calgary Firefighters Burn Treatment Society. WCB Vice President **Dieter Brunsch** noted that over the past nine years the WCB of Alberta has raised more than \$130,000 for various Alberta charities including the STARS Air Ambulance, Northern and Southern Alberta Brain Injury Societies, Brain Injury Rehabilitation Center and the Canadian Paraplegic Association.

Arizona

The Arizona State Compensation Fund was awarded restitution of \$157,125 in a verdict handed down in December by Maricopa County Superior Court jurors. This is the first workers' compensation conviction involving insurance premium fraud in Arizona and the largest restitution amount ever recovered by the State Fund. The jury determined that the defendant formed a second corporation to hide the payroll for his construction employees in order to defraud State Fund out of insurance premiums. In addition to monetary restitution, the defendant, who owned a construction company, was sentenced to six months incarceration and placed on four years probation under the white-collar crime provision.

British Columbia

The Workers' Compensation Board is reducing base premium rates for most BC employers in 2001, the fifth decline in as many years. The new average premium rate will be the lowest since 1991.

The WCB held hearings in January on proposed amendments to the Occupational Health & Safety Regulation. The amendments would clarify some rules, eliminate some redundancies and provide clearer definitions of the types of equipment allowed or not allowed in various work circumstances.

California

The State Fund's Executive Committee announced several appointments in senior management. **J. Michael Kavanagh** has been promoted to Vice President. He brings 30 years of workers' compensation experience with him to the post. He earned his bachelor's degree in economics at Loyola University, a master's in economics at the University of California, Berkeley, and a Ph.D. in economics at UCLA.

Nancy Obertello was appointed Underwriting Manager. She started her State Fund career as a claims adjuster in 1976. **Dora Cooke** was named Insurance Services Manager. She started with State Fund as a credit analyst in 1979.

Colorado

Don Collins has been appointed vice president of marketing and sales for Pinnacol Assurance. Previously the president of Acordia of Colorado, Mr. Collins has more than 25 years of experience in the property and casualty insurance industry.

Colorado

(continued)

To accommodate the specialized needs of a large group of policyholders, Pinnacol Assurance has supplemented its loss prevention staff with two construction industry specialists. The construction specialists, **Bruce Lorenz** and **Michael Lorenzo**, will increase service to Pinnacol Assurance's large construction accounts, who represent high potential for loss improvement and increased retention. Lorenz and Lorenzo will also begin a series of courses in March, to assist policyholders in meeting the latest OSHA standards.

Idaho

The State Insurance Fund has launched a project which will enable it to eventually become "paperless" through imaging, optical character recognition and electronic document management. The organization hopes to have the system up and running in the spring of 2001.

Kentucky

Kentucky Employers' Mutual Insurance announced in December that it will form a partnership with Fireman's Fund to provide out-of-state coverage for Kentucky-based employers. The agreement allows for coverage in 45 states, excluding only North Dakota, Ohio, Washington, West Virginia and Wyoming.

(continued next page)

Manitoba

The Workers' Compensation Board announced in January that its Community Initiatives & Research Program will provide nearly \$1 million in funding for eight research and education projects in 2001. These projects include: a safety training program for autoworkers; a needs assessment study for occupational health and safety programs; training for injured workers to prepare appeals before the WCB; peer counseling for injured workers; a community farm safety project; services for brain injury survivors; safety presentations to high school students and other young people; and a safety awareness program for young people studying to be managers and supervisors.

Despite a 3 percent increase in workplace accidents in 2000, the Workers' Compensation Board announced that it would continue to offer low rates to Manitoba employers, primarily due to good returns on investments. However, President & CEO **Patricia Jacobsen** called on employers to reduce the rate of injuries by adopting accident prevention programs, or else the WCB may not be able to hold premium rates down in the future.

Maryland

The Injured Workers Insurance Fund has developed a white paper explaining IWIF's role in Maryland's insurance and business communities. There has been considerable public discussion in the past two years whether IWIF is a state agency or if it should be treated as a private insurer. Copies of the white paper will be forwarded to each AASCIF member Fund. For information contact **George Layfield** at glayfield@iwif.com.

Maryland

(continued)

IWIF announced in December that **Preston D. Williams** has been named president and chief executive officer. Mr. Williams previously served as executive vice president and chief operating officer since February 2000. Prior to joining IWIF, he was with the St. Paul Companies in Minnesota for seven years. He also did a five-year stint with the National Council on Compensation Insurance.

IWIF reached agreement with Fireman's Fund to offer out-of-state coverage to Maryland policyholders. The alliance will allow IWIF to provide workers' compensation in 45 states.

Minnesota

Minnesota's workers' compensation benefits recently increased. The weekly minimum compensation rate went up from \$104 to \$130, while the weekly maximum increased from \$615 to \$750.

Andrew W. Lynn, chief defense counsel for State Fund Mutual's in-house law firm, was named one of Minnesota's "Super Lawyers" by *Minnesota Law & Politics* magazine.

Because policyholders often ask State Fund Mutual's in-house attorneys for advice on employment matters, SFM entered into a special arrangement with the national Littler-Mendelson employment law firm to offer its services for a discounted fee.

Missouri

Missouri Employers Mutual Insurance has finalized its first online submission for issue, which included electronic payment of the annual premium. EZ-App, its latest online business tool, allows producers to request a quick quote, turn a quick quote into an underwritten quote or convert an underwritten quote into an application for issue. Once the information is received, an MEM underwriter responds within three business days. MEM has also worked to make payment just as easy. Producers can use a credit or debit card, an electronic check or have the payment automatically deducted from their premium trust account.

New Brunswick

Ray Campbell, chairman of the Workplace Health, Safety and Compensation Commission, recently announced the appointment of **Douglas C. Stanley** as President & CEO. Mr. Stanley was the deputy minister of Labour & Manpower for six years, chair of the Industrial Relations Committee, chair of the Public Service Labour Relations Board, and chair of the Construction Industry Panel Industrial Relations Board.

The provincial government recently gave Royal assent to several pieces of legislation affecting workers' compensation. Bill 7 extends coverage to non-resident workers. Bill 8 creates a one-year limit for workers and employers to appeal workers' compensation decisions made by the Workplace Health, Safety and Compensation Commission. Bill 9 allows the establishment and funding of industry specific health and safety associations.

New York

With a few clicks of a mouse button, customers can now notify the New York State Insurance Fund about workplace injuries. Electronic claims filing by way of an electronic First Report of Injury form, otherwise known as e-FROI, is now available statewide to all NYSIF policyholders with Internet access. In February NYSIF also launched a pilot program to make certificates of insurance available online. A small number of policyholders will test NYSIF's newest interactive system that, upon successful completion of the pilot, will be available to any employer statewide with a valid NYSIF policy. In the spring NYSIF will test a program that allows medical providers to submit their bills online.

Catherine Taverna was recently appointed Director of Policyholder Services. She will oversee the development of standards and training for Underwriting, Premium Audit and Field Services staff statewide. She began her NYSIF career in 1966 as a file clerk and worked her way up through the ranks in Actuarial and Underwriting.

North Dakota

The Board of Directors of North Dakota Workers Compensation elected **Dave Ystebo** as chairman of the board. His term continues until December 31, 2004. The NDWC Board of Directors, established in January 1998, has 10 members appointed by the governor to six-year terms. The board includes six members representing employers of various sizes, three representing employees and one non-voting medical association member.

Northwest Territories and Nunavut

As part of a campaign to raise awareness of safety and health issues among youth, the WCB sponsored 10 young people from the Northwest Territories and Nunavut to attend a national conference held in Ottawa. Several of the young people have since been interviewed by the media, raising the profile of safety concerns.

The WCB raised the maximum amount of wages for which a worker is fully covered by the WCB to \$63,350 for 2001, the highest in Canada. This means that 85 percent of northern workers will be fully compensated for lost wages in the event of workplace injury. There were approximately 27,000 workers employed in the NWT and Nunavut in 1999. The WCB accepted 2,715 claims, of which 879 involved time lost from work.

Ohio

The Bureau of Workers' Compensation launched the state's newest Dot Com venture in the form of its Dolphin Project. This online "e-business" system allows Ohioans to file claims, get workers' compensation coverage, update business information, and look up claims or policy information. But BWC CEO **Jim Conrad** emphasized that despite the introduction of high technology, customers who prefer to deal with a live person will always have that option.

Oklahoma

State Insurance Fund Commissioner **Terry Tyree** announced his retirement from SIF effective March 1, 2001, after 23 years of service to SIF and the state of Oklahoma.

Oklahoma

(continued)

Deputy Commissioner **Terry McCullar** was appointed to succeed Tyree. The outgoing commissioner was praised for overseeing a reorganization of internal operations that helped put the Fund into a positive financial position while keeping workers' compensation rates low.

Ontario

Nineteen staff members of the Workplace Safety and Insurance Board helped build a semi-detached home for Hamilton Habitat for Humanity. "In so many ways, this was just the right charitable project for us," said **Gerry Potter**, manager of the WSIB's Hamilton Construction Sector team. "From a business perspective, it's educational and gives us direct exposure to construction work and a chance to see what our construction industry clients deal with every day. And as members of the Hamilton community, we get to help make a difference in our home town."

A monument commemorating the lives of Ontario workers who died due to workplace injuries or illnesses was unveiled in Toronto. The monument is comprised of two art works commissioned by the WSIB. "100 Workers," by **John Scott**, consists of 100 plaques topping the granite wall on Simcoe Park, each plaque representing a year between between 1901 and 2000 and the first 99 bearing the name of a worker who died during that year. "Anonymity of Prevention," by **Derek Lo** and **Lana Winkler**, is a life-size bronze sculpture of a construction worker carefully etching text onto the granite wall.

In January six businesses and one individual pled guilty to fraudulent practices and were ordered to pay \$40,250 in fines and \$11,000 in restitution.

(continued next page)

around aascif

oregon prince edward island rhode island texas utah washington west virginia

Oregon

The Senate confirmed **Felicia Trader's** appointment to the SAIF Corporation board of directors. Ms. Trader, executive director of the Portland Development Commission, previously served as transportation director for the City of Portland for 10 years. She graduated from the University of Kentucky, earned a master's degree in public administration from San Jose State University, and completed the Harvard Kennedy School's State and Local Government Executive Program.

Prince Edward Island

Following recent amendments to the Occupational Health & Safety Act, the Workers' Compensation Board expects greater awareness of workplace safety issues and thus an eventual decrease in injuries. Studies have shown that one of every five young Islanders is likely to be injured at work. The recent legislative amendments require increased safety training in public and vocational schools, and increased employee involvement in workplace safety programs. **George Stewart**, WCB director of Occupational Safety & Health, said the amendments are an important first step to improving safety and lowering costs.

Rhode Island

By legislation effective January 1, 2001, the Rhode Island General Assembly has required that independent contractors document their relationship with each party that retains their services with the Department of Labor and Training. The intent is to avoid circumvention of the workers' compensation system and to ensure that the designation of an independent contractor relationship remains consistent. Even though a form has been filed, a workers' compensation

Rhode Island

(continued)

insurer and the Workers' Compensation Court may determine that an employer-employee relationship actually exists. In making the determination, consideration is given to questions such as who controls the detail of the work, how the individual is paid and whether there is a job contract.

Texas

The Texas Workers' Compensation Insurance Fund and the FBI conducted a two-year undercover sting operation that resulted in the arrests of 11 people around Texas for health care fraud. The suspects included health care providers in Dallas, Houston, San Antonio, Austin and Coppell. The Fund set up a bogus employer policy, against which the providers allegedly billed for services they did not provide to patients they did not see. The Fund paid \$1 million related to the claims, which the FBI reimbursed to the Fund with government money allocated to the fraud investigation program.

Utah

In near record time, the Utah State Legislature passed a bill to allow the Workers' Compensation Fund to sell policies in other states. HB 59 was introduced on January 15, passed the House on January 17 and the Senate on February 5, 2001. At press time the bill was awaiting the governor's signature.

Nearly 60 percent of all claims filed with the WCF in 2000 were done online, an increase of more than 25 percent since the previous year. This will help speed up the processing of claims. According to WCF President and CEO **Lane Summerhays**, "Claims filed online are processed within four hours, while claims filed offline take anywhere from one to five days to process."

Washington

Workers suffered slightly fewer workplace injuries and illnesses in 1999 than they did the previous year, according to a study by the Department of Labor & Industries. This continued an eight-year trend of improvement. The survey of 6,200 randomly selected Washington employers found that 8.9 out of every 100 full-time workers suffered a job-related injury or illness in 1999, down from 9.2 in 1998. The study noted that 3.7 of those 8.9 workers required time off from work or modified duties to recover, down from 3.9 in 1998.

The Department of Labor & Industries adopted a 2.2 percent general rate reduction for workers' compensation premium rates. This will result in about a \$20 million general rate reduction for 2001.

West Virginia

Robert J. Smith has been named to serve as commissioner of the Bureau of Employment Programs, an umbrella agency that includes the Workers Compensation Division. Smith had been serving as the state's chief administrative law judge for both the Workers Compensation Office of Judges and the Unemployment Compensation Board of Review. He has more than 25 years experience in the practice of law, specializing in employment-labor related matters.

Smith received his A. B. from the University of Charleston and a J. D. from the University of Kentucky School of Law. He is public co-chair of the Workers Committee of the American Bar Association Section of Labor and Employment Law and is a past member of the board of governors of the National Association of Unemployment Insurance Appellate Boards.

PROJECT MANAGEMENT ESSENTIAL TO RE-ENGINEERING BUSINESS PROCESSES

By Allan Simpson • New York State Insurance Fund • Audit & Statistics Committee



Receiving an assignment for “Project Management” might almost seem like being told to dress an elephant: It’s too big to put your arms around, it’s too heavy to lift or push, and it doesn’t respond to reasonable requests in plain English.

But the daunting task of project management becomes less intimidating when broken down into its four primary components:

- definition,
- planning,
- implementation, and
- monitoring.

Project management moved to the forefront as “re-engineering” became a dominant business theme during the past decade. Faced with the constant challenge of improving operating results, firms undertook projects to change certain aspects of their way of doing business with an eye toward increasing efficiency and boosting the bottom line. Operational results depend on many factors such as economic conditions and market fluctuations, over which management has little or no control. But management can control the organization’s business processes, hence the focus on re-engineering and project management.

Definition of a project may be just a short statement identifying the problem, the cost and time required to address the problem, and the expected results after completion of the project. Management has the unenviable job of allocating scarce resources to projects that promise the greatest return for the least amount of investment, so the definition should be clear about the project’s goal.

For example, a project statement might point out that drug costs are draining the organization’s resources but that subcontracting prescription drugs to a single provider could reduce prescription drug costs by \$3 million per year. It will require, say, a staff of three working half-time for six months to accomplish this task initially. The project is thus defined as subcontracting prescription drugs to a single provider at an initial cost to the organization of three half-time salaries and benefits for six months, and the anticipated return is an annual savings of \$3 million after completion of the project.

Planning will proceed after the project objectives have been defined; now the specific tasks and the resources needed to complete those tasks should be identified. The list of tasks can be sequenced and referred to a work schedule, which will also include the resources for each task. Resources may include people, facilities, equipment, and supplies. The project manager should assign specific tasks to each team member so as to have a single individual responsible for each task. This ensures that team members will take ownership of the plan, and also helps identify resource constraints.

When the planning phase is complete, the team is ready to begin implementation. Now the team can actually do what it has said it will do. A critical element here is measuring progress, and the project schedule serves as an important tool in monitoring the status of the project. Implementation and monitoring must proceed concurrently so that adjustments can be made when necessary.

As problems, issues and deviations from the plan arise, these should be documented in a log. This log provides a diary of problems and their solutions, and helps the manager ensure that all issues and problems have been solved before the project is completed. Even after implementation is completed, monitoring of the results should continue.

At the end of each project, it is important to “end” the project and evaluate its successes and failures. This evaluation should signal to the participants and stakeholders that the project is complete, and it should review the project’s accomplishments against the original objectives.

Perhaps most important in the evaluation will be a review of what was learned during the project. What went wrong, and how were mistakes corrected? The log is a significant source of feedback that will help team members avoid the same types of mistakes on future projects.



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FUNDS FIND 'CHARITY' TAKES MANY FORMS

By George Layfield
Member of the AASCIF Communications Committee
Injured Workers' Insurance Fund of Maryland

Editor's note: Legal restrictions prevent many State Funds and Canadian Boards from officially engaging in corporate charitable programs. Recent surveys have found, however, that community involvement remains important for AASCIF members and, especially, for many of their employees. That involvement may often take other forms than cash donations.

A recent article published by the Public Relations Society of America described corporate giving in the following manner:

"Some call it philanthropy, others community relations, and still others cause related marketing, reputation management or social responsibility. The end objective is usually the same – develop a positive relationship or improve an image with a target audience by aligning your activities with something they care about."

To expand on that definition, corporate giving programs are usually directly related to the mission of the company that provides financial support for the project. While the primary goal of corporate giving is to be an active and productive member of the community, there is no denying that positive community relations are often a bonus result.

At a recent workshop, members of AASCIF's Communications and Policyholder Services committees discussed how State Funds, Canadian Boards and private corporations have implemented corporate giving programs.

The concept of integrating corporate giving programs into overall marketing programs was also explored.

In one program, an AASCIF member teamed with a local motor association to reduce the number of motor vehicle accidents in their community. The partnership made sense, because both groups typically promote safety. By working together, the costs of funding the development and implementation of a safe driving program were reduced.

The successful program helped to reduce the number of traffic accidents and created a safer community and workplaces. In addition, both partners in this program gained enhanced visibility in the community.

From a business perspective, community-focused programs assist in building and strengthening trustful relationships that may ultimately help gain market share. One AASCIF CEO noted that his State Fund's active role in the community has helped his organization competitively.

"We have heard from agents that our community activities are an asset when there are competitive quotes," he said.

The Communications Committee conducted two informal surveys of AASCIF's U.S. and Canadian members regarding their corporate giving policies. The following synopsis represents the views of 24 U.S. State Funds that completed and returned the survey.

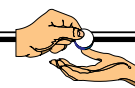
(Before any meaningful discussion can proceed about individual AASCIF members' involvement in corporate giving or marketing techniques, it should be noted that significant differences exist in the philosophies and approaches that respective State Funds use in marketing [or not marketing] their services.)

The survey indicates eight State Funds have implemented some form of corporate giving, volunteerism or leadership activities that align with their respective missions and values. Of these, only two responded that they currently integrate their corporate giving messages with public relations or advertising efforts.

Several State Funds have independently initiated scholarship programs to support the continuing educational opportunities for the spouses and children of workers who were killed or permanently disabled on the job.

Initiatives that promote a safe and healthful workplace are the most common among those State Funds that are active in community relations or corporate giving programs. Some Funds have identified special focus areas such as 501 (c) (3) not-for-profit organizations with emphasis on youth, education, mentoring and health services.

Some AASCIF members promote public safety programs, scholarships for severely injured workers' children, and support for health services.



For the most part, the reasons for supporting corporate giving programs have little to do with promoting the image of the respective State Fund. The most frequently cited reasons listed for initiating a corporate giving program were to:

- be a good corporate citizen
- contribute to programs that benefit the quality of life in their state
- add value for employees
- promote healthy, safe and productive lives through giving, volunteerism and leadership throughout the state
- "do our part"

(Continued next page)

BOARDS' EMPLOYEES DRIVE PHILANTHROPY IN CANADA'S NON-COMPETITIVE MARKET

*By Christine Tanner, Member of the AASCIF Communications Committee
Workers' Compensation Board, Northwest Territories*

Some survey responses indicated that involvement in the community has a positive effect on employee morale. It was noted that people like to work for organizations that are recognized as caring companies. Consequently, some Funds have implemented matching programs for charitable giving, grants and volunteerism, and recognition for employees' involvement in community activities.

Of the 16 State Funds that indicated that they do not have a corporate giving program, several are limited by state statute from expending money for this purpose. The others have adopted policies, for various reasons, not to engage in corporate giving.

Some State Funds that do not actively market themselves responded that they are involved in programs designed to address the needs of their communities through annual giving programs such as the United Way. A few responded that while they encourage individual support for local charities, nothing is done officially under the name of the State Fund.

The intent of this survey and article is not to advocate for one side of this issue or the other. Clearly the majority of State Funds do not engage in corporate giving programs for the reasons noted above. It is equally clear that all State Funds have a positive impact on their communities by delivering the services they provide regardless of whether they sponsor or participate in corporate contributions.

However, corporate giving programs seem to be a natural fit for many Funds. The social benefits that are derived from well-planned and coordinated corporate giving programs appear to be a win-win proposition. They provide assistance to the community, enhance employees' morale, and build awareness of the Fund and its services. And as previously noted, these accomplishments may be the deciding factor for a company to place its business with you.

In Canada 12 Workers' Compensation Boards operate in government-sanctioned, non-competitive markets, under 13 separate pieces of legislation in 13 jurisdictions. Because of the nature of the Canadian Boards, they do not "market" their funds in the traditional sense of the word.

Many of the Canadian Boards that responded to the AASCIF Communications Committee's survey about corporate giving, reported having strong staff volunteer participation in the community. The employees of these Boards raise large sums for local charities. While these staff initiatives are applauded by the Boards, they remain staff initiatives and are not corporately mandated.

Several Boards pointed out their governing legislation restricts how they can use funds. The interpretation of this ranged from allowing no corporate giving, to supporting safety education initiatives, to financially assisting hospitals to buy Cat Scan and Magnetic Resonance Imaging (MRI) equipment.

American AASCIF members may not fully appreciate that hospitals in Canada are part of the

public government infrastructure. Three Canadian funds report having provided substantial contributions to hospitals for diagnostic equipment. The rationale was that the contributions would improve medical services to injured workers and prove cost-effective over time since smaller or remote jurisdictions otherwise need to send injured workers outside their areas to access specialized diagnostic testing.

Views on this kind of corporate giving vary widely however. Another Board responded, "Employer funds should not be used to subsidize public services."

In Canada, like the United States, there is no consensus on corporate giving. Boards do strive to be good corporate citizens. They rely heavily on their staff efforts to achieve this. Formal corporate giving programs are largely limited to supporting causes that can be defended as directly benefiting workers and/or employers, such as sponsoring safety education or medical conferences. A few Boards (3 of 12, or 25 percent) have contributed funds to hospitals with the goal of improving the access to diagnostic testing for injured workers.

SURVEY SUMMARY



- Number of Canadian Boards: 12
- Number of Survey Responses: 8
- Number of Boards with No Official Corporate Giving Program: 7
- Number of Boards Restricted by Legislation from any Corporate Giving: 1
- Number of Boards that Support Safety or Medical Related Causes: 5

IT protocols apply to all management questions

By Scott McConnell,
AASCIF Audit & Statistics Committee,
Kentucky Employers Mutual Insurance

In today's business world, technology must be utilized in an effective and efficient manner for a company to be competitive. Successful organizations must be able to integrate information technology and business strategies. This has never been truer for those organizations that provide financial services such as insurance.

Many believe the Internet will dramatically change current business models in the not-too-distant future. This has already started to occur, but is certainly only in the beginning stages. While no one can predict the future, at least two forecasts would be worth betting on: Businesses will be forced to continue to invest in technology just to "keep up" with the rest of the crowd. The speed at which technology will advance will make management increasingly reliant on personnel with information technology backgrounds for the ultimate success or failure of their organization.

All too often, personnel at all levels of an organization view their Management Information System (MIS) or Information Technology (IT) department with uncertainty and as a mystery. They don't know

how tasks are accomplished within the department, are unsure of how risk is managed and controls are maintained, and are intimidated by technology due to their unfamiliarity with it. This leads to increased organizational risk because "trust and faith" then take the place of "management and control."

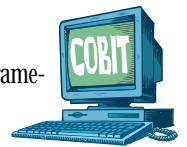
The good news is that this mystery can be solved.

At the heart of any MIS department are administrative and business processes that provide a framework for facilitating the achievement of departmental and corporate objectives. Surprisingly, a majority of these MIS processes will be consistent regardless of the industry the MIS unit is associated with and in some cases regardless of the size of the unit. In other words, a properly managed MIS unit associated with an insurance company versus one of a manufacturing facility will have control frameworks and governance processes that are similar in many respects.

This consistency has allowed the processes to be identified and defined. The Information Technology Governance Institute has established a standardized control framework called Control Objectives for Information and related Technology (COBIT). COBIT identifies 34 IT processes and a high-level approach to control over these processes, as well as

318 detailed control objectives and audits guidelines to assess the 34 IT processes. Each of the 34 IT processes is broadly categorized into one of four domains: Planning and Organization, Acquisition and Implementation, Delivery and Support, and Monitoring.

COBIT provides a generally applicable and accepted standard for good IT security and control practices to support management's needs in determining and monitoring the appropriate level of IT security and control for their organizations. It is a tool that can be utilized by management, auditors and MIS personnel. In a very real sense COBIT can be thought of as an administrative control checklist utilized for assessing a MIS department.



The language in the control framework is straightforward to the point that minimal prior information technology knowledge is necessary for it to be understood. Information on COBIT can be found at the Information Systems Audit and Control Association website at <http://www.isaca.org> or at the Information Technology Governance Institute website at www.itgovernance.org.

Provinces, states reach across border to address joint concerns

Laws and rules may differ in some areas, but workers' compensation carriers across state, provincial and national borders have found they have a great deal to share.

The Association of Workers' Compensation Boards of Canada (AWCBC) is accepting applications from State Funds to join its ranks as associate members.

According to Brenda Croucher, AWCBC's executive director, about 10 State Funds were associate members in 2000. AASCIF and AWCBC cooperate in a number of activities, and they provide links to each other's websites (www.aascif.org and www.awcbc.org).

"I am unable to speak about specific trends" in workers' compensation, Croucher said, "but the State Funds and provincial boards and commission have always shown interest in each other's organizations due to the similar issues and challenges that arise."

She listed medical management, claims costs, statistics and data warehousing as some of the concerns the various organizations share.

Organizations that join as associates will receive AWCBC publications such as National Work Injuries Statistics, Canadian Workers' Compensation Benefit Summaries, Comparisons of Workers' Compensation Legislation, Industry Classifications, Assess-

ment Rates and Experience Rating Programs in Canada, Occupational Disease and Stress policies, and Occupational Health Safety & Prevention Programs in Canada.

Members also send delegates to the AWCBC annual congress, generally held in June, and the AWCBC annual college, usually held in the fall

The annual fee for associate membership is \$400. Application forms are available on the AWCBC website at www.awcbc.org.

For more information contact Brenda Croucher at (905) 542-3633 or via e-mail at contact@awcbc.org.

AASCIF Standing Committees and their goals

AUDIT & STATISTICS COMMITTEE

Chair: Tom Phelan, MD
 Members: Jerry Bonham, TX
 Ernesto Soto, PR
 Scott McConnell, KY
 Anna Rodriguez, AZ
 Allan Simpson, NY
 Advisor: Ron Sease, OK
 Monitor: Ken Bollier, CA

2001 GOALS

- Annual audit of financial statements in August in Baltimore
- 2 articles for AASCIF News. Possible topics: Project Management; Role of Internal Auditor
- Workshop in conjunction with F&I Committee (IAD & Statistical info)
- AASCIF Fact book

CLAIMS/REHAB COMMITTEE

Chair: Sharon Howard, AZ
 Members: Debbie Cambio, RI
 Janis Howard, SC
 Doreen Kambich, MT
 John Marr, ME
 Bob Short, UT
 Advisor: Dr. Brian Boon, AB
 Monitor: Carl Swanson, MT

2001 GOALS

- 3 AASCIF News articles
 - * Medicare settlement implications
 - * Cartilage Regeneration, or
 - * Safety/loss control for small policyholders
 - * Art of manual reserving
- Fall conference
 - * Joint session with Law, PS, S&H and NI Committees
 - * Panel & Discussion
 - Complex claim handling
 - Pain Management
 - Brain injury
 - * UR practices
- New treatments & procedures for spine, knee, etc.

COMMUNICATIONS COMMITTEE

Chair: Steven Paul, KY
 Members: Cindy Grinstead, WV
 George Layfield, MD
 Mark Ladwig, MN
 John Mesagno, NY
 Christine Tanner, NWT&N
 Advisor: Rich Schultz, CA
 Monitor: Ken Bollier, CA

2001 GOALS

- Workshop in Fall 2001
- AASCIF Publication awards contest with the presentation of winners in August
- 2 Surveys
 - * E-commerce - What are Funds/Boards currently doing?
 - * Use of In-house production vs outside vendors in developing publications
- 3 AASCIF News articles
 - * Plain language / Easy to understand brochures, letters or articles
 - * Publication award winners
 - * Staying cool in the hot seat: Dealing with the media

FINANCE & INVESTMENTS COMMITTEE

Chair: Jeff Tetrick, CO
 Members: Ralph Chase, PA
 Frank Chevrier, NB
 Leslie Dawe, CA
 Ray Pickup, UT
 Bob Merritt, MD
 Advisor: Randy Johnson, TX
 Monitor: Lane Summerhays, UT

2001 GOALS

- 2 Articles for AASCIF Newsletter:
 - Asset Allocation in uncertain times;
 - Finance/Investment Conference
- Survey-Year-end 2000 Financial and Investment data comparisons of Funds/Boards
- Workshop with A&S Committee 9/9/01

HUMAN RESOURCES COMMITTEE

Chair: Tami Barron, TX
 Members: Andreas Acker, CA
 Mary Beard, KY
 Nina Brolier, UT
 Albert DiMeglio, NY
 Cindy Labaty, NT
 Advisor: Lynn Burgard, ND
 Monitor: Russ Oliver, TX

2001 GOALS

- Benchmark study on training
 - * Internal/External areas of training (leadership, sexual harassment, IT skills, technical skills, certification requirements)
 - * Internal training requirements
 - * Evaluate effectiveness of all training
 - Outcome: Best Practices
 - Training solutions that add value
- Biannual compensation survey (Last done in 1999 and will include salary and possibly benefits)
 - Is the format still appropriate?
 - Usefulness of survey?
 - What jobs should be included?
- Articles for AASCIF News:
 - Spring - OSHA Ergonomics Ruling from Human Resources perspective;
 - Summer - Sexual Harassment Prevention, Retaliation and Same-Sex Sexual Harassment
- Annual conference in Baltimore - preliminary report/presentation on training survey
- Fall Specialty symposium - survey topics.

(continued next page)

aascif NEWS DEADLINE

Articles or news stories for the AASCIF News should be submitted for consideration by May 4 for the Spring 2001 issue, August 3 for the Summer 2001 issue, and November 2 for the Fall 2001 issue.

Contact us at: www.aascif.org

AASCIF Standing Committees and their goals

INFORMATION TECHNOLOGY COMMITTEE

Chair: Ted Van Scyoc, CA
Members: Mike Booth, KY
Terry Edgeworth, MB
Guy Kerr, AB
Rajani Mahadevan, RI
George Crowdis, NS
Advisor: Chuck Petty, MO
Monitor: Pat Johnson, MN

2001 GOALS

- Two-day workshop
 - * Date: New Orleans, Fall 2001.
 - Topics:
 - Concentrate on sharing IT topics including:
 - Architecture strategy (mainframe/client server/web-based)
 - Case studies
 - E-commerce
 - On-line payments
 - Digital certificates (encryption)
- Knowledge sharing of IT subjects using electronic discussion groups (e-mail based)
- Articles for AASCIF Newsletter:
 - On-line Premium Audit and The Workshop - A Preview

LAW COMMITTEE

Chair: Jim Crane, AZ
Members: Steve Bloom, CA
Rona Finkelstein, MD
Bob Lund, MN
Cynthia Polk, SC
Richard Tingley, NB
Advisor: James O'Connor, NY
Monitor: John Leonard, ME

2001 GOALS

- 2 articles for AASCIF Newsletter:
 - Sick building syndrome and Benefit entitlement of undocumented workers
- Specialty seminar (with Claims/Rehab, Policyholder Services, Safety & Health, National Issues). Possible topics: ergonomics; privacy; extra-territorial/jurisdictional issues; independent

contractor/employee; Rehab & IME's

- Survey on recent significant case law (seminar topic)

NATIONAL ISSUES COMMITTEE

Chair: Chris Kamper, AZ
Members: William Carney, PA
Dennis Lloyd, UT
Suzanne Mager, WA
Charles Savage, CA
Preston Williams, MD
Advisor: Bob Gibson, MO
Monitor: Lane Summerhays, UT

2001 GOALS

- Help develop delegate program for AASCIF Baltimore Conference to include possible CEO panel, speakers, post conference round table.
- Produce a one day seminar in conjunction with Law, C/R, PS and S&H committees in Fall 2001.
- 2 articles for AASCIF News: Update on OSHA Ergonomic Litigation and Update on Medical Privacy Issues.
- Develop AASCIF position paper in response to recent AIA & Liberty Mutual attacks.
- Explore creating an AASCIF data collection resource.
- Promote State Fund concept to select non-State Fund states.

POLICYHOLDER SERVICES COMMITTEE

Chair: Gere Flick, WV
Members: Mark Kjeldgaard, CO
Rick Pagan, NM
Juan Ramirez, PR
Craig Reynolds, ME
Joe Yurkovich, TX
Advisor: Stuart MacLean, NS
Monitor: Pat Johnson, MN

2001 GOALS

- Survey on providing cost effective services to a segmented market
- 2 articles for AASCIF News:
 - Survey results and PEOs for dummies
- Workshop in the fall with C/R, Law, NI and

S&H Committees

- * Ergonomics
- * Internet underwriting
- * Providing cost effective services in a segmented market
- * Benchmarking underwriter performance
- * PEO's - How to cope
- * Independent contractors - who are they?
- * Extraterritorial coverage
- * Managing the marketplace roller coaster

SAFETY & HEALTH COMMITTEE

Chair: Brian Connell, NB
Members: David Casto, WV
Dan Cote, ME
Steve Halferty, MT
Armin Holdorf, NY
Scott Walters, ND
Advisor: Stacey Kurash, MN
Monitor: David Stuewe, NS

2001 GOALS

- 2 articles for AASCIF News:
 - Impact of premium discount programs on Safety and Health, and Safety & Health improvement system - changing workplace culture
- Specialty workshop with C/R, Law, NI and PS Committees
 - * Ergonomics
 - * Presentation and discussions of new OSHA Rule on ergonomics
 - * Ergonomic strategies and activities
 - * Round table
 - Targeting of clients for intervention
 - Performance and time tracking
 - Bench marking
 - Budget/planning
 - Plenary session to share and discuss
 - * Participation with other committees: Claims/Rehab, Legal and National Issues