



**West Virginia
State Agency Workers' Compensation
(SAWC)
Annual Report**

September 2020



James A. Dodrill
Insurance Commissioner





STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

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Insurance Commissioner

September 14, 2020

The Honorable Jim Justice
Governor of the State of West Virginia
State Capitol
Charleston, WV 25305

Dear Governor Justice:

The State Agency Workers' Compensation (SAWC) Annual Report for the calendar year 2019 is hereby submitted in accordance Chapter 33, Article 2, Section 21A, of the Code of West Virginia. An Executive Summary immediately follows this memorandum.

The information contained in this report reflects the economic importance and current financial condition of the state agency workers' compensation program in our state. The data provided as part of this report is the most recent policy year data available and includes loss and premium information for participating state agencies. An exhibit of the state agencies covered by the SAWC program is included at the end of this report.

Respectfully submitted,

James A. Dodrill
Insurance Commissioner



STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM EXECUTIVE SUMMARY

As the State Agency Workers' Compensation Program (SAWC) enters the tenth policy year, the program has had some volatility but, in general, continues to experience a positive trend with decreased frequency and severity of claims and losses. The program currently includes more than 100 agencies, boards and commissions with over 900 locations across our state. It is estimated that approximately 25,000 public employees are covered under this consolidated policy. As the plan administrator, the West Virginia Offices of the Insurance Commissioner (WVOIC) continually monitors and evaluates loss trends and exposures to determine if they are being properly addressed as well as make safety recommendations to mitigate workplace injuries. This report outlines specific portions of the program's administration including safety visits and recommendations, policy experience rating factors, claims trending and summaries, and future focus areas for specific agencies. Zurich Insurance Company was the SAWC policy coverage provider from October 2011 through June 2017. Effective July 1, 2017 the SAWC policy transitioned to the Encova Insurance Group (formerly BrickStreet Mutual Insurance Company).

SAFETY VISIT SUMMARY

Safety visits and evaluations continue to play an important role in all aspects of the SAWC Program. During the first SAWC policy year (October 2011), all plan members were visited by a safety professional. After the initial visitations to all agencies and follow-up reports were evaluated, it was determined that future safety resources should be focused on agencies with a higher frequency and severity of losses. The table below outlines the number of visits performed by policy year by Zurich (2011 -2016) and Encova (2017 - 2019) safety teams as well as the OIC Program Manager.

Policy Year	Number of Visits
2011	109
2012	102
2013	81
2014	90
2015	93
2016	90
2017	200
2018	173
2019	161
Total	1,099

SAFETY AND RETURN TO WORK INITIATIVES

Many of the SAWC Program members have welcomed the safety initiatives and have worked diligently in implementing suggestions for improvement from the safety professionals. These initiatives include:

- Establishing safety committees
- Using slip resistant shoes to reduce slips, trips and falls
- Implementing an exercise program (stretch and flex) prior to beginning strenuous job duties
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Ergonomic assessments of employees performing repetitive functions
- Providing safety information related to using chain saws, log splitters, lawn mowers, and weed eaters
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- Training on safe lifting techniques
- Fire prevention and fire safety training
- Using floor scrubbers with degreasers to reduce slips, trips and falls
- Repairing flooring to decrease the number of slips, trips and falls
- Workplace violence training
- Enhanced patient observation by using cameras to reduce workplace violence
- Industrial hygiene studies were completed to address noise and air quality
- Industrial hygiene survey was completed related to airborne contaminants
- BRIM and OIC site visits to agencies to discuss strategies for reducing Motor Vehicle Accidents (MVA)

Many state agencies have already implemented safety programs or are in the process of implementing safety committees, policies and procedures. Some notable safety initiatives that have been developed and implemented include:

- **Department of Health and Human Resources** – Workplace Violence Prevention Training, Return to Work Program, and installation of video cameras in some locations. The agency is conducting weekly employee injury meetings in an effort to prevent injuries.
- **Department of Veterans Assistance** – Workplace Violence Prevention Training and Return to Work Program.
- **Department of Military Affairs** – The Division of Corrections, Division of Juvenile Services and the Regional Jail and Correctional Facility Authority have combined resources in the past to focus on workplace and employee safety programs by forming a multi-Agency Shared Services Committee on Safety, Workplace Violence Prevention Training, and Return to Work Programs. Effective July 2018, HB 4338 merged these agencies into a single entity called the Department of Corrections and Rehabilitation (DCR). DCR will share a centralized safety and health program and return-to-work program. DCR is in the process of hiring a return-to-work coordinator.

- **Division of Highways** – Slip, Trip and Fall Training, Confined Space Training, Silica Training, and additional OSHA training. DoT is also conducting additional training for safety in construction zones.

The WVOIC has worked extensively with SAWC Program members to develop Return to Work programs. The Return to Work programs have been finalized and implemented by several SAWC Program members. SAWC Program members have implemented functional Return to Work programs and continue to look for ways to improve the process for returning injured workers to the workplace. This is a critical area of success for the program and all agencies are encouraged to focus on implementing and maintaining an effective return to work program. The SAWC Program Manager is continuously monitoring the success of the program and is providing support to agencies that face challenges related to return to work program implementation.

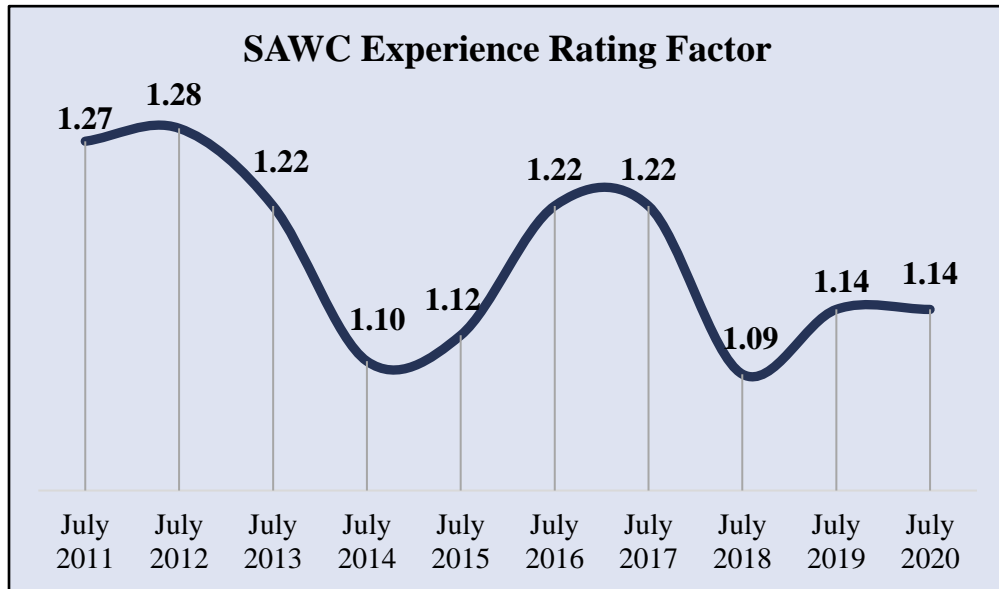
SAWC EXPERIENCE RATING FACTOR (EMOD)

An experience rating factor (emod) is an industry standard calculation that compares a policy’s expected losses to actual losses for a three (3) year period. An emod can increase or decrease premium based on a policy’s loss experience. If an insured has actual losses that are greater than the expected losses, a debit emod is applied to the policy. If an insured has fewer actual losses than expected losses, a credit emod is applied. The chart below illustrates how an experience rating factor impacts final premium.

Premium Component	Agency A	Agency B
Payroll	\$1,000,000	\$1,000,000
Rate	\$3.50	\$3.50
Manual Premium	\$35,000	\$35,000
Experience Rating Factor	1.10	0.90
Modified Premium	\$38,500	\$31,500
Schedule Rating Credit	25%	25%
Standard Premium	\$28,875	\$23,625

Through the hard work of agencies and WVOIC employees, the SAWC Program emod has decreased from 1.27 on the July 2011 policy to 1.14 for the July 2020 policy. The emod increase from the July 2014 policy includes the claim and loss effects from the 2012 derecho and 2012 Superstorm Sandy as well as several fatal claims and severe motor vehicle accidents. We are monitoring the emod increases of the latest policies and are working with Encova to ensure the safety of all State employees is the number one priority.

The chart below shows the experience rating factor progression throughout the SAWC Program by policy year:



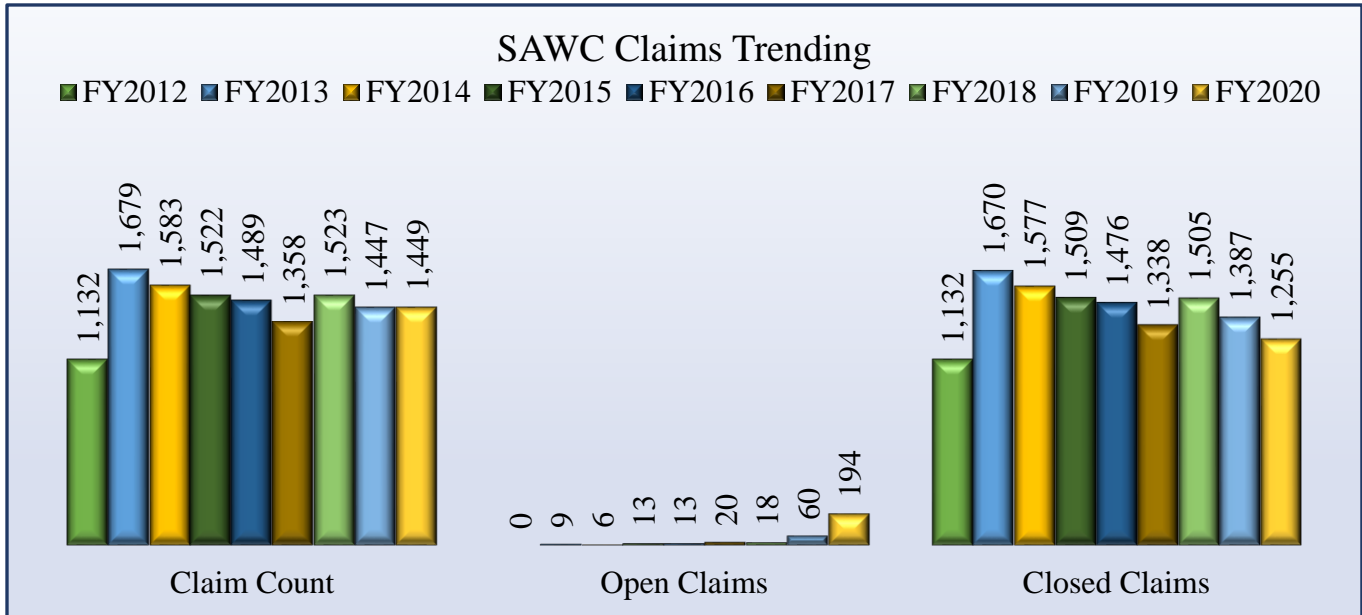
The aggregate policy emod is shown above and individual agency emods are calculated to allocate the premium by the risk and loss experience that each agency provides to the program. For the July 2020 policy, the individual agency emods summary is as follows:

Emod Range	Agency Count
Less than 1.00	25
Equal to 1.00	54
Greater than 1.00	21

The agencies with the lowest emods are the Department of Environmental Protection (0.50) and the Department of Education (0.58). The agencies with the highest emods are Mildred Mitchell Bateman Hospital (3.34) and Regional Jail Authority (2.11).

SAWC CLAIMS SUMMARY

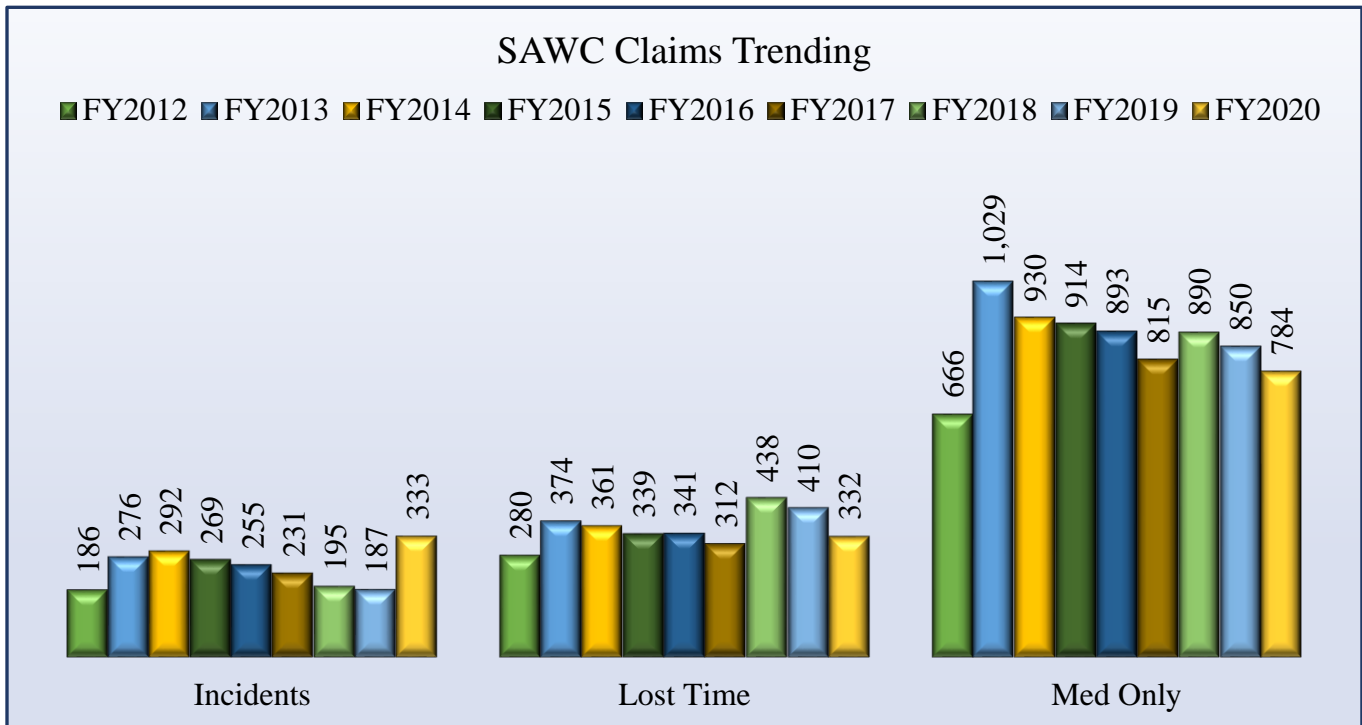
As of July 31, 2020, there have been 8,763 SAWC claims submitted to Zurich with dates of injury between October 2011 and June 2017. There have been 4,419 SAWC claims submitted to Encova with dates of injury between July 2017 and June 2020 for a total SAWC claim count of 13,182. The charts below represent claims trending analysis by fiscal year:



Data as of July 31, 2020

FY2012 from October 2011 – June 2012

Of the 13,182 total claims reported to Zurich and Encova 2,224 (17%) have resulted in being closed with no payments (incidents).

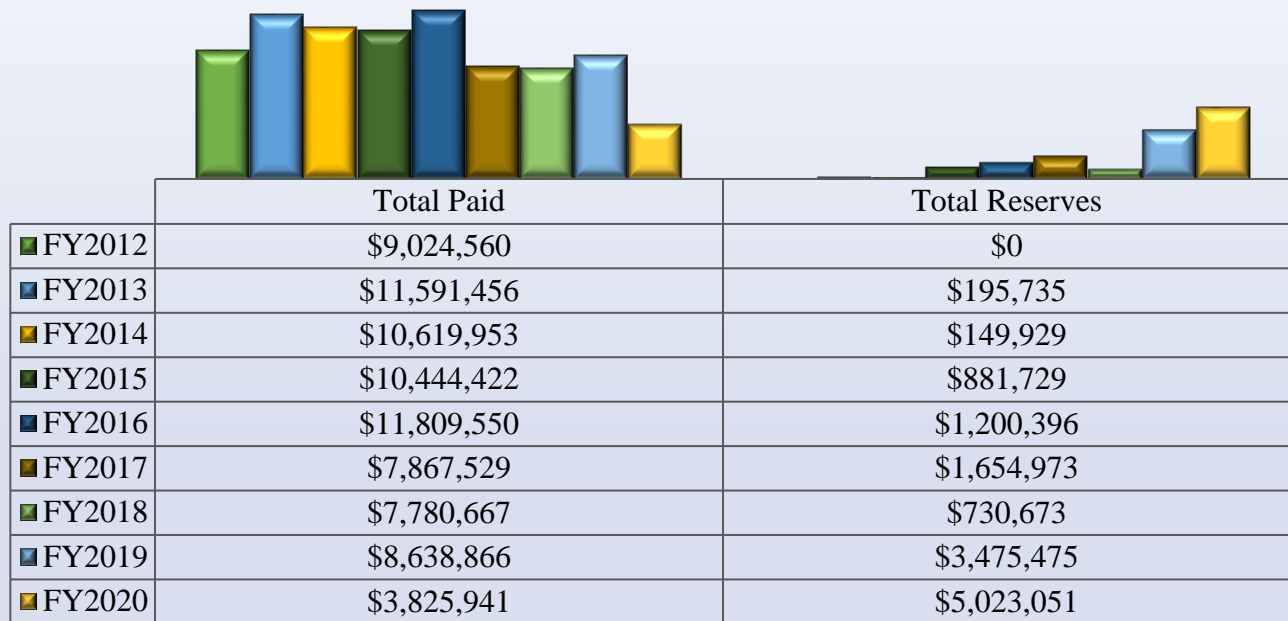


Data as of July 31, 2020

FY2012 from October 2011 – June 2012

SAWC Claims Trending

■ FY2012
 ■ FY2013
 ■ FY2014
 ■ FY2015
 ■ FY2016
 ■ FY2017
 ■ FY2018
 ■ FY2019
 ■ FY2020



Data as of July 31, 2019

FY2012 from October 2011 – June 2012

As indicated by the trending charts, the SAWC Program realized decreasing frequency from FY2013 through FY2017. However, FY2018 had a 12% frequency increase over FY2017. The frequency declined by 5% in FY2019 and remained static for FY2020. The severity continues to be volatile with significant fluctuations. The severity increased dramatically from FY2018 to FY2019 resulting in a 50% increase due to large loss claims. However, in FY2020 the severity decreased more than 27% over the FY2019 results even with a slightly higher frequency. This indicates the safety initiatives implemented to address the more severe injuries were successful and will continue to be utilized by state employees and agencies.

There are currently 21 claims in excess of the \$250,000 deductible per claim limit. These 21 claims have a total incurred claims cost of \$13,569,606.

Further claims analysis of the SAWC Program shows there are 26 employees with seven (7) or more claims each between October 2011 and June 2020. The total incurred claims cost for these multiple claimants is \$1,038,056. A claimant review is below:

- Three employees have 11 claims each for a total incurred cost of \$90,819
- Two employees have 10 claims each for a total incurred cost of \$204,617
- Two employees have nine claims each for a total incurred cost of \$196,342
- Four employees have eight claims for a total incurred cost of \$15,876
- 15 employees have seven claims each for a total incurred cost of \$530,402

CONCLUSION

The SAWC Program has a complex workforce doing tasks that at times place employees in danger. Our employees are our greatest asset and their safety is of the utmost importance. Safety policies and procedures have been developed for employees to follow to minimize these risks. Efforts have been made in all agencies to ensure that policies and procedures are in place and are being followed by all employees to prevent workplace injuries. This task has been hindered due to employee turnover in State agencies, adversely impacting implementation of safety programs, initiatives and return to work programs.

Major training campaigns will continue throughout 2020 for motor vehicle accident (MVA) prevention strategies, defensive driving training, Return to Work Implementation, workplace violence, sprain and strain reduction as well as fall prevention.

The OIC has partnered with BRIM in a shared services approach to provide motor vehicle accident prevention techniques and strategies to agencies with a goal of reducing the frequency and severity of MVAs. For the FY2018 through FY2020 policies written by Encova, MVAs accounted for 114 of the total 4,421 claims or ~2.6% of the claims frequency. Those 114 claims accounted for \$1,006,982 of the total incurred costs or ~3.4% of the claims severity.

The SAWC Program will continue to host its annual conference outlining the state of the Program, ongoing commitments and processes in place to reduce costs and prevent workplace injuries, as well as demonstrate effective Return to Work programs for agencies to implement and administer.

PARTICIPATING STATE AGENCIES

State Agency Name
ADJUTANT GENERAL
AERONAUTICS COMMISSION
AIR & ENVIRONMENTAL QUALITY BOARD
ALCOHOL BEVERAGE CONTROL ADMINISTRATION
ATTORNEY GENERAL'S OFFICE
AUDITORS OFFICE
BOARD OF ACCOUNTANCY
BOARD OF ARCHITECTS
BOARD OF CHIROPRACTIC EXAMINERS
BOARD OF COAL MINE HEALTH & SAFETY
BOARD OF DENTISTRY
BOARD OF EXAMINERS FOR REGISTERED PROF NURSES
BOARD OF EXAMINERS IN COUNSELING
BOARD OF EXAMINERS OF PSYCHOLOGISTS
BOARD OF OPTOMETRY
BOARD OF PHARMACY
BOARD OF PHYSICAL THERAPY
BOARD OF PROFESSIONAL SURVEYORS
BOARD OF REG FOR PROF ENGINEERS
BOARD OF RESPIRATORY CARE
BOARD OF SOCIAL WORK
BOARD OF SPEECH PATHOLOGY AND AUDIOLOGY
BOARD OF VETERINARY MEDICINE
BUREAU OF JUVENILE SERVICES
BUREAU OF SENIOR SERVICES
CIVIL AIR PATROL
CIVIL CONTINGENT FUND
COURTHOUSE FACILITIES IMPROVEMENT AUTHORITY
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF AGRICULTURE
DEPARTMENT OF ARTS, CULTURE AND HISTORY
DEPARTMENT OF COMMERCE
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
DEPARTMENT OF VETERANS ASSISTANCE
DEVELOPMENT OFFICE

State Agency Name
DHHR - OFFICE OF THE SECRETARY
DIVISION OF ENERGY
DIVISION OF FINANCIAL INSTITUTIONS
DIVISION OF FORESTRY
DIVISION OF HIGHWAYS
DIVISION OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
DIVISION OF JUSTICE AND COMMUNITY SERVICES
DIVISION OF LABOR
DIVISION OF MOTOR VEHICLES
DIVISION OF NATURAL RESOURCES
DIVISION OF PROTECTIVE SERVICES
DIVISION OF PUBLIC TRANSIT
DIVISION OF REHABILITATION SERVICES
ECONOMIC DEVELOPMENT AUTHORITY
EDUCATIONAL BROADCASTING AUTHORITY
ENTERPRISE RESOURCE PLANNING BOARD
GEOLOGICAL-ECONOMIC SURVEY
GOVERNOR OF WEST VIRGINIA
HEALTH CARE AUTHORITY
HOPMONT HOSPITAL
HOSPITAL FINANCE AUTHORITY
HUMAN RIGHTS COMMISSION
INSURANCE COMMISSIONER
JACKIE WITHROW HOSPITAL
JOHN MANCHIN SR HEALTH CARE CENTER
LAKIN STATE HOSPITAL
LIBRARY COMMISSION
LOTTERY
MASSAGE THERAPY LICENSURE BOARD
MEDICAL IMAGING & RADIATION THERAPY TECHNOLOGY
MILDRED MITCHELL BATEMAN HOSPITAL
MILITARY AFFAIRS - OFFICE OF THE SECRETARY
MUNICIPAL BOND COMMISSION
MUNICIPAL PENSIONS OVERSIGHT BOARD
NATIONAL COAL HERITAGE AREA AUTHORITY
NURSING HOME ADMINISTRATORS LICENSING
OFFICE OF ADMINISTRATIVE HEARINGS
OFFICE OF MINERS HEALTH SAFETY AND TRAINING
OFFICE OF MINORITY AFFAIRS
OFFICE OF TAX APPEALS
OIL AND GAS CONSERVATION COMMISSION

State Agency Name
PAROLE BOARD
RACING COMMISSION
REAL ESTATE APPRAISER LICENSING & CERTIFICATION BOARD
REAL ESTATE COMMISSION
REGIONAL JAIL & CORRECTIONAL FACILITY
SCHOOLS FOR THE DEAF & THE BLIND
SECRETARY OF STATE
SENATE
SOLID WASTE MANAGEMENT BOARD
STATE BUDGET OFFICE
STATE FIRE COMMISSION
STATE POLICE
STATE RAIL AUTHORITY
STATE TAX DEPARTMENT
TREASURER'S OFFICE
VOLUNTEER WV
WATER DEVELOPMENT AUTHORITY
WELCH EMERGENCY HOSPITAL
WILLIAM R SHARPE JR HOSPITAL
WORKFORCE WV
WV TOURISM OFFICE