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

**October 2022**



Allan L. McVey  
Insurance Commissioner





STATE OF WEST VIRGINIA  
*Offices of the Insurance Commissioner*

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**Allan L. McVey**  
Insurance Commissioner

October 28, 2022

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 fiscal year 2022 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,

Allan L. McVey  
CPCU, ARM, AAI, AAM, AIS  
Insurance Commissioner



# STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM EXECUTIVE SUMMARY

As the State Agency Workers' Compensation Program (SAWC) entered its twelfth policy year in 2022, 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). Encova continues to be the current coverage provider.

## 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
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- 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
- COVID-19 prevention training

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 has hired 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.

## SAFETY VISIT SUMMARY

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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 - 2021) safety teams as well as the SAWC Program Manager.

<b>Policy Year</b>	<b>Number of Visits</b>
2011	109
2012	102
2013	81
2014	90
2015	93
2016	90
2017	200
2018	173
2019	161
2020	84
2021	163
<b>Total</b>	<b>1,346</b>

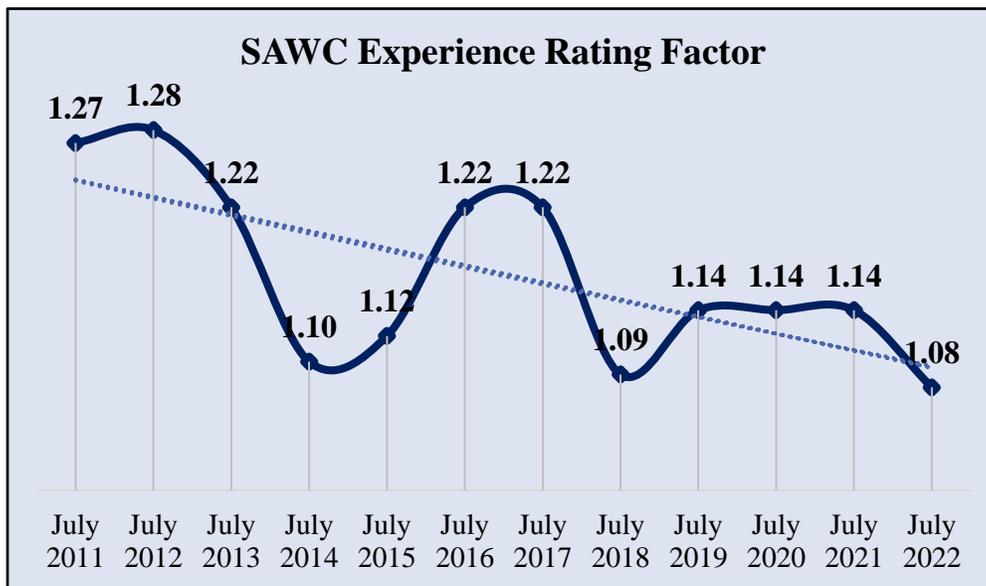
## SAWC EXPERIENCE RATING FACTOR (EMOD)

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 for the July 2011 policy to 1.08 for the July 2022 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. The experience is cyclical but the variability from 2018 to current has less dispersion and is more consistent or flat in trend analysis. The OIC is monitoring the emod trends and is 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 in the preceding chart and individual agency emods are calculated to allocate the premium by the risk and loss experience that each agency provides to the program.

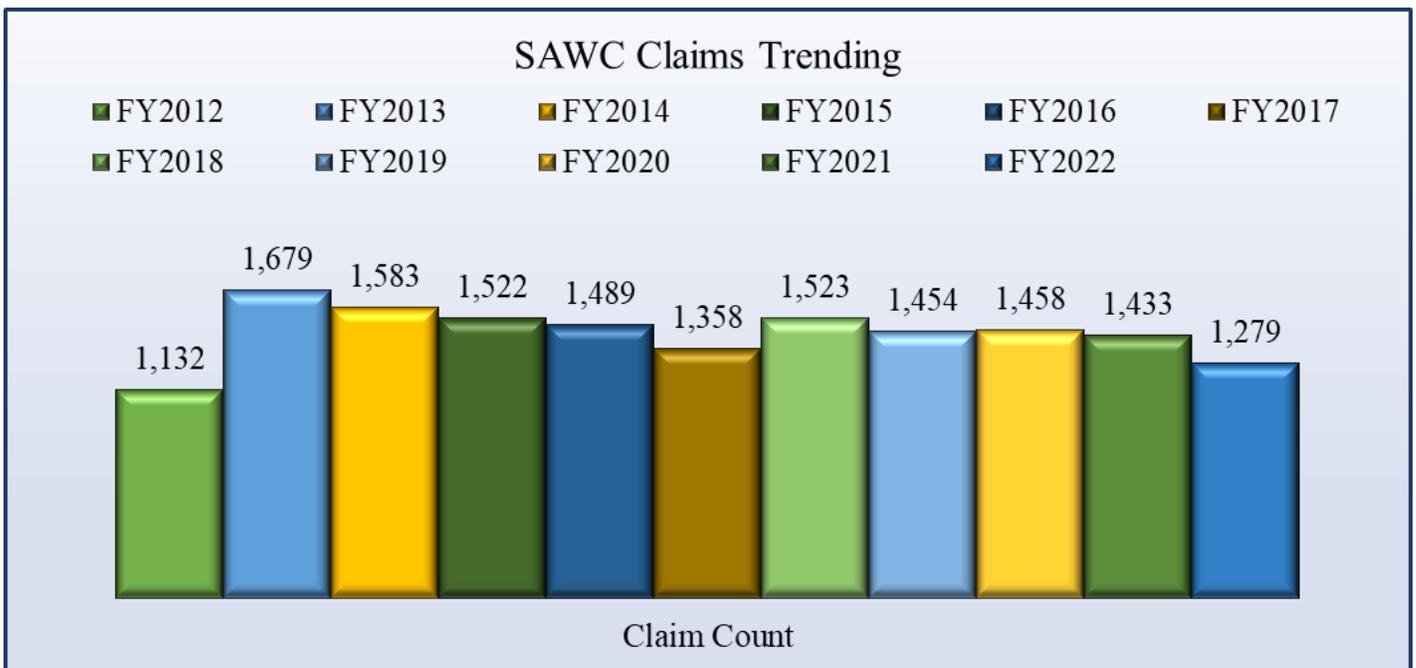
For the July 2022 policy, the individual agency emods summary is as follows:

Emod Range	Agency Count
Less than 1.00	25
Equal to 1.00	54
Greater than 1.00	20

The agencies with the lowest emods are the Governor’s Office (0.50), the Department of Environmental Protection (0.57) and the Civil Contingent Fund (0.59). The agencies with the highest emods are Mildred Mitchell Bateman Hospital (3.31), Regional Jail Authority (2.37) and the Bureau of Juvenile Services (1.88).

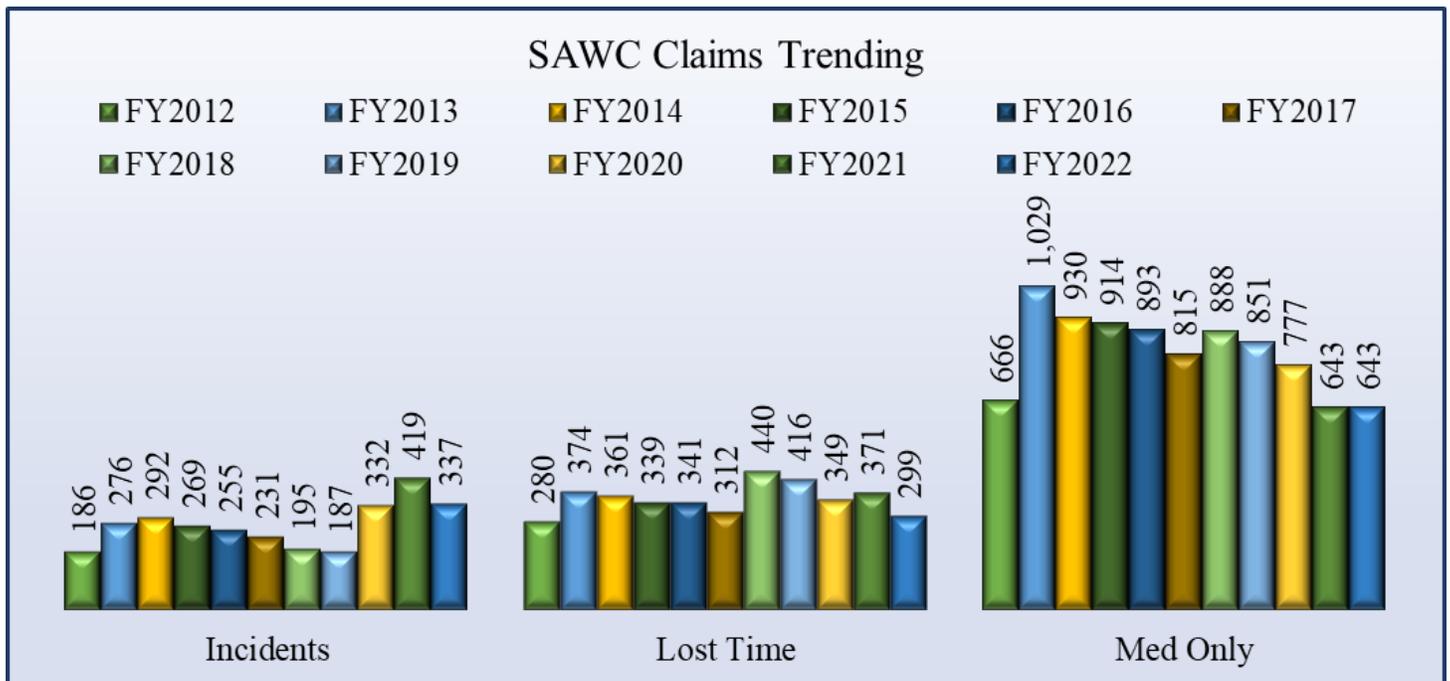
### SAWC CLAIMS SUMMARY

As of June 30, 2021, 8,763 SAWC claims were submitted to Zurich with dates of injury between October 2011 and June 2017. All Zurich data in this current and subsequent reports will be frozen as of June 30, 2021, due to the age of the claims and lack of access to system data since the state no longer has any liability for those claims. As of June 30, 2022, there have been 7,147 SAWC claims submitted to Encova with dates of injury between July 2017 and June 2022 for a total SAWC claim count of 15,910. The charts below represent claims trending analysis by fiscal year:



Encova data as of June 30, 2022; Zurich data as of June 30, 2021  
 FY2012 from October 2011 – June 2012  
 FY2012 – FY2017 are Zurich claims; FY2018 – FY2022 are Encova claims

Of the 15,910 total claims reported to Zurich and Encova 2,979 (18.7%) have resulted in being closed with no payments (incidents); 3,882 (24.4%) are lost time requiring wage replacement benefits and 9,049 (56.9%) are medical only claims requiring medical payments but no lost wage replacements.



Encova data as of June 30, 2022; Zurich data as of June 30, 2021

FY2012 from October 2011 – June 2012

FY2012 – FY2017 are Zurich claims; FY2018 – FY2022 are Encova claims

### SAWC Claims Trending

■ FY2012 ■ FY2013 ■ FY2014 ■ FY2015 ■ FY2016 ■ FY2017 ■ FY2018 ■ FY2019 ■ FY2020 ■ FY2021 ■ FY2022

	Total Paid	Total Reserves
■ FY2012	\$9,024,560	\$0
■ FY2013	\$11,591,456	\$195,735
■ FY2014	\$10,619,953	\$149,929
■ FY2015	\$10,444,422	\$881,729
■ FY2016	\$11,809,550	\$1,200,396
■ FY2017	\$7,867,529	\$1,654,973
■ FY2018	\$8,170,658	\$207,326
■ FY2019	\$10,073,472	\$1,507,701
■ FY2020	\$7,961,198	\$1,181,731
■ FY2021	\$6,498,763	\$5,400,960
■ FY2022	\$3,745,502	\$7,610,022

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 relatively static until FY2022 when there was a 10.7% decrease from FY2021. However, it is important to keep in mind that a claimant has six (6) months from the date of injury to file a claim so the FY2022 results may be premature since the valuation date and policy expiration date is the same. The severity continues to be volatile with significant fluctuations. The severity increased dramatically from FY2018 to FY2019 resulting in a 38% increase due to large loss claims. However, in FY2020 the severity decreased more than 21% over the FY2019 results even with a slightly higher frequency. Severity again increased in FY2021 due to several large loss claims; two of those claims being fatalities from COVID-19 that total ~\$3M incurred costs. FY2022 severity slightly declined 4.6% from FY2021 but continues to remain above the average severity rate of the program.

Considering only the Encova data from July 2017 to June 2022, there are currently 14 claims in excess of the \$250,000 deductible per claim limit. These 14 claims have a total incurred cost of \$9,488,016 or 18% of the aggregate costs of the entire SAWC program.

To see the effect of the severity of claims, the table and graph below show the frequency and severity by range for Encova data that includes claims from July 2017 to July 2022. The lowest incurred cost range accounts for 83.8% of the total claim count but only 6% of overall claim costs while the largest range accounts for only 0.2% of the total claim count but 18.1% of the overall claim costs. While the greater than \$250,000 range has more than \$9M in incurred costs, due to the deductible limit and policy structure, the State accepts liability of up to \$3.5M (14 x \$250,000) for those claims while Encova will pay any additional liability above the deductible limit.

Incurred Range	Claim Count	% of Total Claims	Total Incurred	% of Total Incurred
\$0 - \$4,999	5,988	83.8%	\$3,100,661	5.9%
\$5,000 - \$9,999	238	3.3%	\$1,684,271	3.2%
\$10,000 - \$24,999	380	5.3%	\$6,338,515	12.1%
\$25,000 - \$49,999	263	3.7%	\$9,174,155	17.5%
\$50,000 - \$74,999	139	1.9%	\$8,512,563	16.3%
\$75,000 - \$99,999	60	0.9%	\$5,083,327	9.7%
\$100,000 - \$249,999	65	0.9%	\$8,975,825	17.2%
≥\$250,000	14	0.2%	\$9,488,016	18.1%
<b>Total</b>	<b>7,147</b>	<b>100.00%</b>	<b>\$52,357,333</b>	<b>100.00%</b>

## COVID-19 IMPACT

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As previously mentioned, the SAWC was impacted by the COVID-19 virus. The agencies reporting COVID-19 cases to Encova were generally frontline workers in the state hospitals and public safety agencies; although there were several agencies that reported exposures from positive co-workers as well. Encova investigated each report to ensure cases were contracted at work rather than community spread. Most claims were reported as incidents with no medical or indemnity losses (exposures only – no positive test). Most of the cases were due to community spread and the virus was contracted outside of the work environment.

A table showing the agencies frequency and severity of reported COVID-19 cases (as of June 30, 2022) is provided below.

Agency	Claim Count	Incurred
MILDRED MITCHELL BATEMAN HOSPITAL	149	\$0
HOPEMONT HOSPITAL	54	\$0
WELCH EMERGENCY HOSPITAL	44	\$0
LAKIN STATE HOSPITAL	24	\$0
DEPARTMENT OF HEALTH AND HUMAN RESOURCES	18	\$0
REGIONAL JAIL & CORRECTIONAL FACILITY	4	\$1,759,960
DEPARTMENT OF CORRECTIONS	3	\$1,207,293
ALCOHOL BEVERAGE CONTROL ADMINISTRATION	2	\$0
DIVISION OF HIGHWAYS	2	\$7,500
LOTTERY	2	\$0
WILLIAM R SHARPE JR HOSPITAL	2	\$0
<b>Total</b>	<b>306</b>	<b>\$2,974,753</b>

Of the 306 total claims reported, 296 (97%) were incidents, seven (7) were indemnity (lost wages) claims and three (3) were medical only claims. Of the ten (10) non-incident claims, six (6) were denied and four (4) were accepted and paid. The large incurred values were two (2) fatal claims of correctional officers within the Department of Corrections and Rehabilitation cabinet.

While many state employees continue remote or hybrid telecommuter schedules, there has been only a single claim filed and ruled compensable for a remote state employee that was injured outside of their home while walking to their car to drive into work to mail correspondence as part of their job expectations. The employee slipped on their icy driveway. The claim was medical only with \$1,137 in total incurred costs and is now closed.

## CONCLUSION

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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 continued COVID-19 restrictions in correctional facilities and employee turnover in state agencies by adversely impacting the implementation of safety programs, initiatives and return-to-work programs.

Major training campaigns will continue throughout 2022 and into 2023 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 FY2022 policies written by Encova, MVAs accounted for 233 of the total 7,147 claims or 3.3% of the overall frequency. Those 233 claims account for \$3,792,767 of the total incurred costs or 7.2% of the overall severity.

The SAWC Program resumed the Annual Conference on September 27, 2022, at Encova Headquarters in Charleston, WV. The conference was well attended with over 70 people in attendance. The conference was videoed and both the recording and the presentations will be published on the SAWC website for all agencies to access the presented content.

## PARTICIPATING STATE AGENCIES

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State Agency Name
ADJUTANT GENERAL DEPARTMENT
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 COMMERCE
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF EDUCATION
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
DEPARTMENT OF TOURISM
DEPARTMENT OF VETERANS ASSISTANCE
DEVELOPMENT OFFICE

<b>State Agency Name</b>
DHHR SECRETARY'S OFFICE
DIVISION OF CULTURE & HISTORY
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
HEALTHCARE AUTHORITY
HOMELAND SECURITY CABINET SECRETARY
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 BOARD OF EXAMINERS
MILDRED MITCHELL BATEMAN HOSPITAL
MILITARY AUTHORITY
MUNICIPAL BOND COMMISSION
MUNICIPAL PENSIONS OVERSIGHT BOARD
NATIONAL COAL HERITAGE AREA AUTHORITY
NURSING HOME ADMINISTRATORS LICENSING
OFFICE OF MINERS HEALTH SAFETY AND TRAINING
OFFICE OF MINORITY AFFAIRS

<b>State Agency Name</b>
OFFICE OF TAX APPEALS
OIL & GAS CONSERVATION COMMISSION
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