



# **State Agency Workers' Compensation Program Conference**

**September 26, 2018**

# Welcome to the 2018 Conference!

## Program Highlights

presented by:

**Allan L. McVey**

CPCU, ARM, AAI, AAM, AIS

West Virginia Insurance Commissioner

Allan L. McVey was appointed West Virginia Insurance Commissioner by Governor Jim Justice March 21, 2017.

As the West Virginia Insurance Commissioner, Mr. McVey is responsible for the regulation of the insurance market, as well as protection of insurance consumers. He believes in the mission of the WV Insurance Commissioner's office of promoting a competitive and solvent insurance market with adequate consumer protection by fairly and consistently administering the insurance laws of West Virginia.

Prior to his appointment as West Virginia Insurance Commissioner, Mr. McVey was a licensed insurance agent who served in several capacities during his long tenure in the insurance industry in West Virginia. His experience includes a position as a Medical Claims Examiner with the WV Workers' Compensation Fund, underwriter with a large national insurance company and since 1976 a licensed insurance agent and broker with several firms, both local and national. His latest assignment included both sales and management of the WV operations for a large national insurance brokerage firm.

Mr. McVey earned a Bachelor of Science, Business Administration degree from West Virginia State University and has several post-graduate insurance designations.



# **State of the Program**

**Tom Judy**  
**SAWC Program Manager**

# Welcome

- Please power down or silence cell phones
- Restroom locations
- Lunch is provided. Lunch break around 12:00 PM
- Breaks will be around 10:00 AM and 2:00 PM
- Presentation material will be shared via email and published on the SAWC webpage after the conference

# SAWC Program Overview

- Program Overview
  - Participation and Contacts
  - Policy Administration
  - Site Codes
- Trends
  - Claim count
  - Type of claim
  - Claim costs
  - Fatalities
  - Multiple Claimants
  - Motor Vehicle Accidents
  - Emods
- Premium Invoice Example
- Reporting Lag
- Control Premium Costs

# Participation and Contacts

- The program currently covers 102 agencies, boards and commissions
- Approximately 900 locations across the state
- 25,000 state employees are covered by the program
- Each agency has a primary contact that is used in policy correspondence and communication
- It is important to notify the OIC of any contact and/or location changes for each agency

# Policy Administration

- The policy has a \$250,000 per claim deductible limit.
- Site codes are used in the claims reporting process.
- Each agency location is assigned a site code.
- Site codes are used in safety reports and data analysis to determine claim trends, identify risks at specific locations and to assist with specialized safety and risk management programs.
- Claims used in the agency emod are determined by site code.
- It is imperative to review claims coded to your site code to ensure you are not paying higher premiums due to inaccurate claims reporting by another agency.

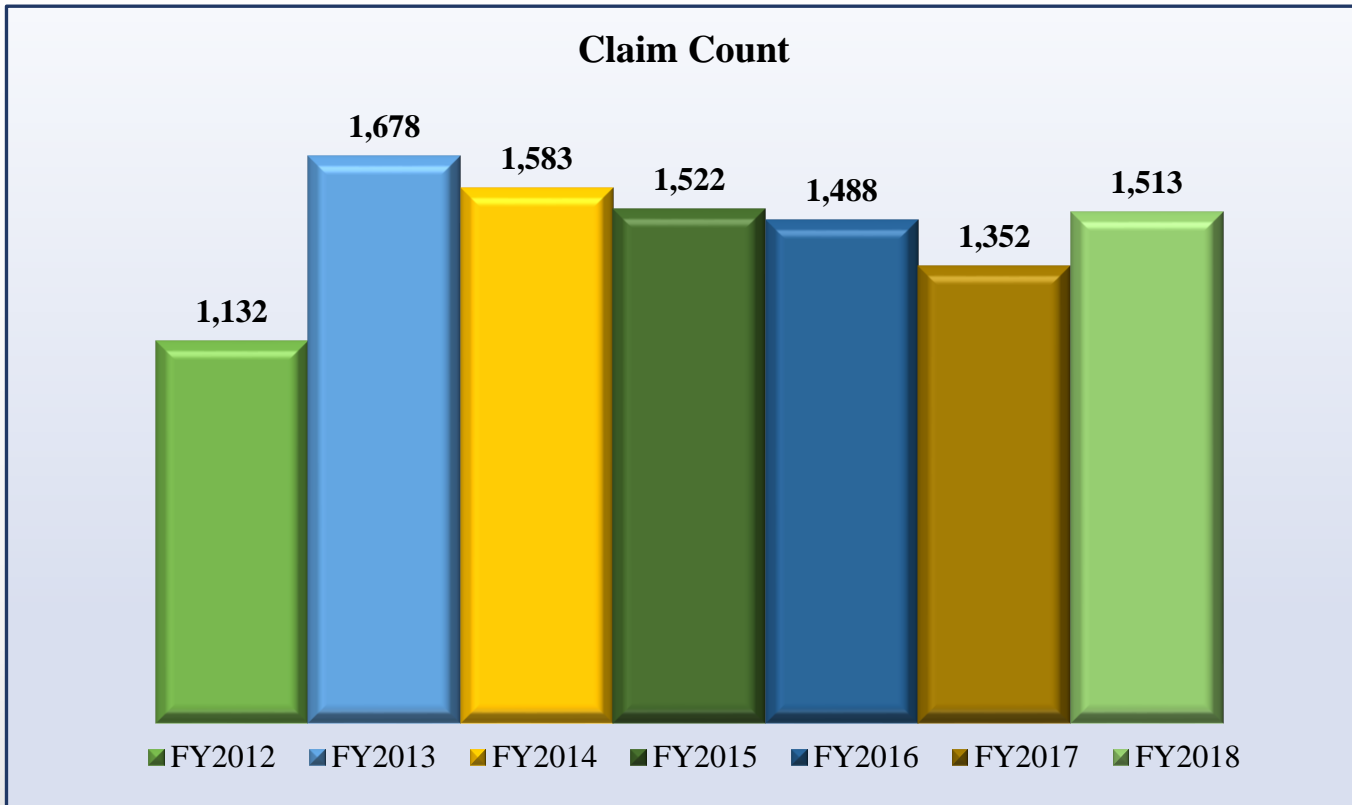
# Program Overview

## Site Code Example

Site Code	Site Code Location
7012	INSURANCE COMMISSION - CHARLESTON
7013	INSURANCE COMMISSION - BECKLEY
7014	INSURANCE COMMISSION - FAIRMONT
7015	INSURANCE COMMISSION - HUNTINGTON
7016	INSURANCE COMMISSION - LOGAN
7017	INSURANCE COMMISSION - MARTINSBURG
7018	INSURANCE COMMISSION - PARKERSBURG
7019	INSURANCE COMMISSION - WHEELING
7020	INSURANCE COMMISSION - DOCUMENT AND IMAGING
7021	INSURANCE COMMISSION - OFFICE OF JUDGES
7022	INSURANCE COMMISSION - BOARD OF REVIEW



# Program Trending

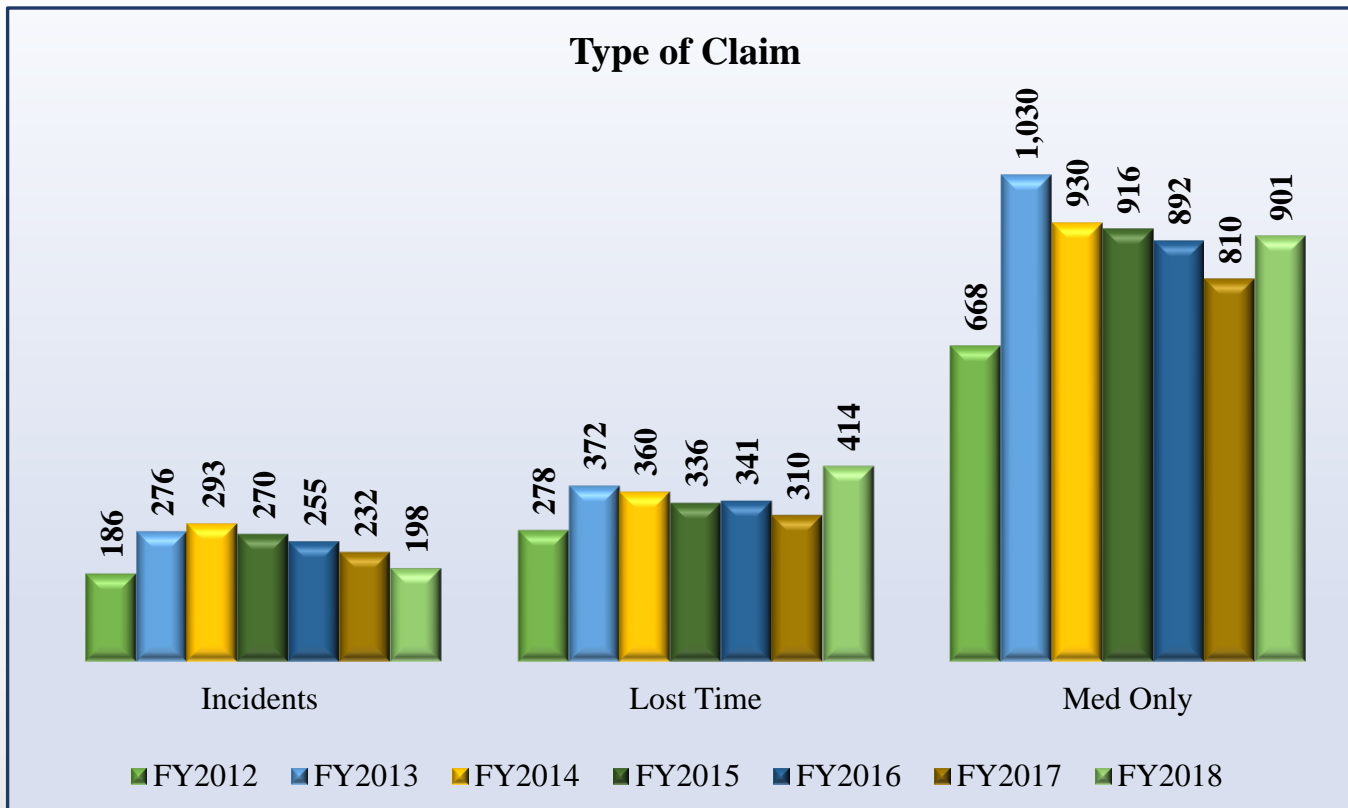


FY2012 includes claims from October 2011 – June 2012  
Data valued as of August 1, 2018

# Program Trending

- Until 2018, claim frequency had decreased at a rate of 5% per year. However, 2018 experienced a slight increase in frequency.
- There were 161 more claims reported in FY2018 compared to FY2017.
- The OIC performs monthly claim analyses and reviews have shown there is no single agency or cause that is a contributing factor for the increased frequency.
- There are agencies that have increased employment that may be a possible explanation for the higher frequency. More employees = more exposure for a claim to occur.

# Program Trending

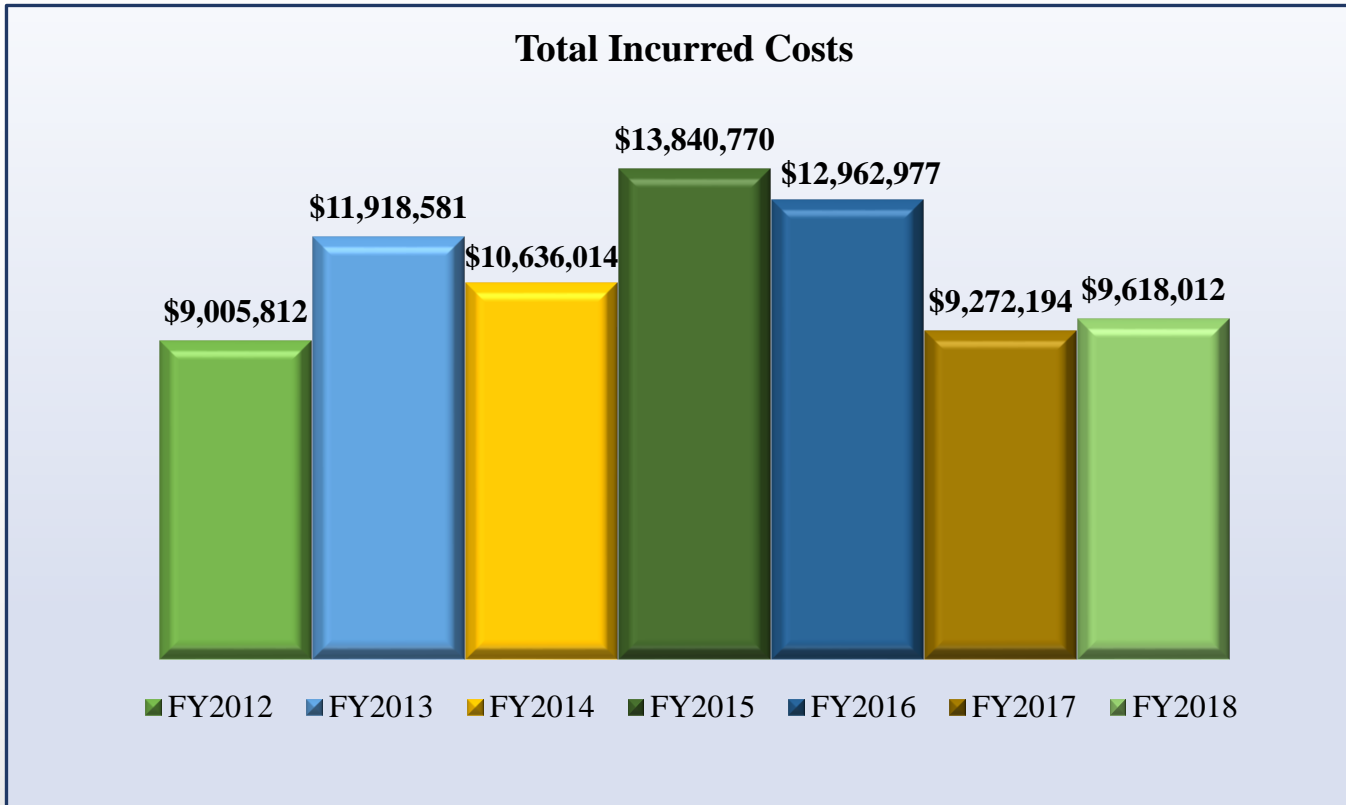


FY2012 includes claims from October 2011 – June 2012  
Data valued as of August 1, 2018

# Program Trending

- Incidents account for 13% of overall claims.
- Lost time claims account for 27% of frequency but represent 91% of total incurred costs!
- The lost time claim frequency increase is concerning as these are the most severe injuries to our employees.

# Program Trending



FY2012 includes claims from October 2011 – June 2012  
Data valued as of August 1, 2018

# Program Trending

- While frequency increased slightly, the severity increased 4%. This increase may be based on differing claims management philosophies between Zurich and BrickStreet.
- The OIC and BrickStreet safety representatives are monitoring the claims trending and taking proactive measures to ensure the safety of our employees.

# Fatalities

- There have been seven (7) fatalities as part of the SAWC program.
- The total incurred for the fatalities is \$3,597,529.
- These people were state employees who were fathers, mothers, sons and daughters.

# Multiple Claimants

- 172 employees with four (4) or more claims each between October 2011 and July 2018.
- Five (5) employees have four (4) or more claims filed with BrickStreet since July 2017.
- The total incurred claims cost for these multiple claimants is \$5,607,416.



# Multiple Claimants

- 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 \$204,429
- Two employees have 9 claims each for a total incurred cost of \$191,587
- One employee has 8 claims for a total incurred cost of \$3,667
- Eleven employees have 7 claims each for a total incurred cost of \$567,251
- Sixteen employees have 6 claims each for a total incurred cost of \$247,680
- Forty-seven employees have 5 claims each for a total incurred cost of \$1,786,680
- Ninety employees have 4 claims each for a total incurred cost of \$2,515,303

# Motor Vehicle Accidents

- 452 claims from October 2011 – June 2018 with an additional 6 claims already reported for July and August 2018
- Total incurred costs are \$12,812,279
- MVA claims account for 17% of total incurred costs but only 4% of total claim count
- Safe Driving Video is available for training purposes on the SAWC website
- OIC is partnering with BRIM for accident prevention training
- NCCI reported that while the overall national workers' compensation claim frequency decreased by more than 17% in the last 5 years, motor vehicle accident frequency increased by 5%. Statistics from the same report include:
  - 41% of all workers' compensation fatalities are MVAs
  - MVAs cost 80% to 100% more than the average workers' compensation claim
  - Distracted driving was a key factor in the frequency and severity of MVA claims

# Agency Emods

- The highest agency emod in the program is 2.17.
- Two agencies have an emod over 2.00. This means they're paying more than double the premium.
- The agency with the lowest emod is the Department of Environmental Protection (0.38) with the State Fire Commission and Alcohol Beverage Control Administration both with 0.61 emods.
- There are 29 agencies with an emod below 1.00.
- With safety initiatives, training and Return to Work focus, an agency can lower their emod to save premium dollars.

# Premium Invoice Example

Class	Estimated Payroll	Rate	Premium
8810	\$500,000.00	\$0.17	\$850.00
9410	\$150,000.00	\$2.76	\$4,140.00

Total Manual Premium	\$4,990.00
Agency Emod: 1.10	\$499.00
Schedule Rating: -25%	(\$1,372.00)
Terrorism:	\$65.00
Catastrophe:	\$65.00
WV Deficit Reduction Surcharge*:	\$382.00
WV Regulatory Surcharge:	\$212.00
Total WC Premium:	\$4,841.00
Audit Adjustment:	(\$150.00)
Deductible Adjustment:	\$0.00
<b>Annual Premium Due:</b>	<b>\$4,691.00</b>

\* The WV Deficit Reduction Surcharge terminates on January 1, 2019. All agencies were invoiced for 6 months for this surcharge. Regulatory Surcharge remains unchanged.

# Premium Invoice Example

Class	Estimated Payroll	Rate	Premium
8810	\$500,000.00	\$0.17	\$850.00
9410	\$150,000.00	\$2.76	\$4,140.00

Total Manual Premium	\$4,990.00
Agency Emod: 0.90	(\$499.00)
Schedule Rating: -25%	(\$1,123.00)
Terrorism:	\$65.00
Catastrophe:	\$65.00
WV Deficit Reduction Surcharge*:	\$315.00
WV Regulatory Surcharge:	\$175.00
Total WC Premium:	\$3,988.00
Audit Adjustment:	(\$150.00)
Deductible Adjustment:	\$0.00
<b>Annual Premium Due:</b>	<b>\$3,838.00</b>

\* The WV Deficit Reduction Surcharge terminates on January 1, 2019. All agencies were invoiced for 6 months for this surcharge. Regulatory Surcharge remains unchanged.

# Reporting Lag

- An injury should be reported to the carrier as soon as the agency is made aware of the accident.
- Standard practice is to report the claim within 24 hours of notification but no later than 5 days.
- A claim reported after 5 days of notification is considered late reporting.
- Late reported claims may be harder to investigate and to substantiate the validity of the claim.
- Late reported claims may incur additional costs due to the added expense in determining the cause and extent of the injury.

# How to Control Premium Costs

- Focus on the safety of our employees
- Lower emod with effective Return to Work plans, employee training, using personal protective equipment such as gloves, eye protection, etc. and utilizing the preferred provider directory as often as possible
- Ensure agency classifications are correct and payroll allocation is appropriate
- Verify all claims include the correct site code
- Use first aid when possible
- Use primary care vs. emergency care when possible
- Be an active participant in all your claims
- Focus your safety program based on your loss history
- Partner with the SAWC Program Manager and BrickStreet Safety and Loss Consultants



**Questions?**

**Thank you!**





## **New Faces in the SAWC**

**Tom Judy**  
**SAWC Program Manager**

# New Faces in the SAWC

Please welcome the following BrickStreet team members to our program:

**Linda Sovine; Senior Claims Adjuster**

**Tracy White; Senior Claims Adjuster**

**Laurie Willis; Senior Return to Work Specialist**

Rose Legg; Claims Examiner and Michael Cunningham; Medical Only Claims Adjuster, will continue to manage SAWC claims with no change in their current roles or assignments.

# New Faces in the SAWC

Each cabinet level has been assigned to an adjuster. The assignments include:

Site Code	Cabinet	Adjuster
1000	Environmental Protection	Tracy
2000	Administration	Linda
3000	Commerce	Tracy
4000	Arts, Culture and History	Linda
4100	Education	Linda
5000	Health and Human Resources	Linda
6000	Military Affairs and Public Safety	Tracy
7000	Revenue	Rose
8000	Transportation	Rose
9000	Veterans Assistance	Linda
10000	Governor	Rose
11000	Senior Services	Tracy
12000	Misc Boards & Commissions	Linda
13000	Legislature	Rose
14000	Agriculture	Tracy
15000	Attorney General	Rose
16000	Treasurer	Linda
17000	Auditor	Linda