

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

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1 against the total amount of income benefits which would have been due
2 the employee under this chapter had claim been made solely under this
3 chapter;

4 (3) the total amount of death benefits paid or awarded under
5 another workers' compensation law shall be credited against the total
6 amount of death benefits due under this chapter.

7 * Sec. 35. AS 23.30.106(c) is amended to read:

8 (c) If an employee is entitled to the benefits of this chapter by
9 reason of an injury sustained in this state in employment by an employer
10 who is domiciled in another state and who has not secured the payment
11 of benefits [COMPENSATION] as required by this chapter, the employer or
12 his carrier may file with the board a certificate, issued by the
13 commission or agency of the other state having jurisdiction over
14 workers' compensation claims, certifying that the employer has secured
15 the payment of benefits [COMPENSATION] under the workers' compensation
16 law of the other state and that with respect to that injury the employee
17 is entitled to the benefits provided under that law. In that event

18 (1) the filing of the certificate shall constitute an ap-
19 pointment by the employer or his carrier of the board as his agent for
20 acceptance of the service of process in a proceeding brought by the
21 employee or his dependents to enforce his or their rights under this
22 chapter on account of the injury;

23 (2) the board shall send to the employer or carrier, by
24 registered or certified mail to the address shown on the certificate, a
25 true copy of any notice of claim or other process served on the director
26 by the employee or his dependents in any proceeding brought to enforce
27 his or their rights under this chapter;

28 (3) if the employer is a qualified self-insurer under the
29 workers' compensation law of the other state, the employer, upon sub-

1 mission of evidence satisfactory to the board of his ability to meet
2 his liability to the employee under this chapter, shall be considered
3 to be a qualified self-insurer under this chapter;

4 (4) if the employer's liability under the workers' compensa-
5 tion law of another state is insured, the employer's carrier, as to the
6 employee or his dependents only, shall be considered to be an insurer
7 authorized to write insurance under and be subject to this chapter;
8 however, unless its contract with the employer requires it to pay an
9 amount equivalent to the [COMPENSATION] benefits provided by this
10 chapter, its liability for income benefits or medical and related
11 benefits may not exceed the amounts of the benefits for which the
12 insurer would have been liable under the workers' compensation law of
13 the other state;

14 (5) if the amount for which the employer's insurance is
15 liable under (3) and (4) of this subsection is less than the total [OF
16 THE COMPENSATION] benefits to which the employee is entitled under this
17 chapter, the board may, if it considers it necessary, require the
18 employer to file security satisfactory to the board to secure the
19 payment of benefits due the employee or his dependents under this
20 chapter; and

21 (6) upon compliance with the preceding requirements of (c)
22 of this section, the employer, as to the employee only, shall be
23 considered to have secured the payment of benefits [COMPENSATION] under
24 this chapter.

25 * Sec. 36. AS 23.30.110(a) is amended to read:

26 (a) Subject to the provisions of AS 23.30.105, a claim for
27 benefits [COMPENSATION] may be filed with the board in accordance with
28 its regulations at any time after the first seven days of disability
29 following an injury, or at any time after death, and the board may hear

1 and determine all questions in respect to the claim.

2 * Sec. 37. AS 23.30.110(c) is amended to read:

3 (c) The board shall make the investigation which it considers
4 necessary in respect of the claim, and upon application of an inter-
5 ested party shall order a hearing on it. If a hearing on a claim is
6 ordered, the board shall give the claimant and other interested parties
7 at least 20 [10] days' notice of the hearing, served personally upon
8 the claimant and other interested parties or sent by registered mail,
9 and shall, within 30 [20] days after the hearing is held [HAD], by
10 order, reject the claim or make an award in respect to it. If a hear-
11 ing is continued by the board, additional notice is not required under
12 this ^{sub}section. [IF NO HEARING IS ORDERED WITHIN 20 DAYS AFTER NOTICE IS
13 GIVEN AS PROVIDED IN (b) OF THIS SECTION, THE BOARD SHALL BY ORDER
14 REJECT THE CLAIM OR MAKE AN AWARD IN RESPECT TO IT.]

15 * Sec. 38. AS 23.30.120 is amended to read:

16 Sec. 23.30.120. PRESUMPTIONS. In a proceeding for the enforce-
17 ment of a claim for benefits [COMPENSATION] under this chapter it is
18 presumed, in the absence of substantial evidence to the contrary, that
19 (1) the claim comes within the provisions of this chapter;
20 (2) sufficient notice of the claim has been given;
21 (3) the injury was not occasioned solely by the intoxication
22 of the injured employee;
23 (4) the injury was not occasioned by the wilful intention of
24 the injured employee to injure or kill himself or another.

25 * Sec. 39. AS 23.30.130 is amended to read:

26 Sec. 23.30.130. MODIFICATION OF AWARDS. (a) Upon its own
27 initiative, or upon the application of any party in interest on the
28 ground of a change in conditions, including, for the purposes of
29 AS 23.30.175, a change in residence, or because of a mistake in its

1 determination of a fact, the board may, before one year after the date
2 of the last payment of benefits [COMPENSATION,] whether or not a
3 compensation order has been issued, or before one year after the
4 rejection of a claim, review a compensation case in accordance with the
5 procedure prescribed in respect of claims in AS 23.30.110. In accord-
6 ance with AS 23.30.110 the board may issue a new compensation order
7 which terminates, continues, reinstates, increases, or decreases the
8 compensation, or award benefits [COMPENSATION].

9 (b) A new order does not affect benefits [COMPENSATION] previously
10 paid, except that an award increasing the compensation rate may be made
11 effective from the date of the injury, and if part of the compensation
12 due or to become due is unpaid, an award decreasing the compensation
13 rate may be made effective from the date of the injury, and payment
14 made earlier in excess of the decreased rate shall be deducted from the
15 unpaid compensation, in the manner the board determines.

16 * Sec. 40. AS 23.30.140 is amended to read:

17 Sec. 23.30.140. APPOINTMENT OF GUARDIAN BY COURT. The board may
18 require the appointment of a guardian or other representative by a
19 competent court for any person who is mentally incompetent or a minor
20 to receive benefits [COMPENSATION] payable to the person under this
21 chapter and to exercise the powers granted to or to perform the duties
22 required of the person under this chapter. If the board does not
23 require the appointment of a guardian to receive the compensation of a
24 minor, appointment for this purpose is not necessary.

25 * Sec. 41. AS 23.30.145 is amended to read:

26 Sec. 23.30.145. ATTORNEY FEES. (a) Fees for legal services
27 rendered in respect to a claim are not valid unless approved by the
28 board, and the fees may not be less than 25 percent on the first \$1,000
29 of benefits [COMPENSATION] or part of the first \$1,000 of benefits

1 [COMPENSATION] and 10 percent of all sums in excess of \$1,000 of
2 benefits [COMPENSATION]. When the board advises that a claim has been
3 controverted, in whole or in part, the board may direct that the fees
4 for legal services be paid by the employer or carrier in addition to
5 benefits [COMPENSATION] awarded; the fees may be allowed only on the
6 amount of benefits [COMPENSATION] controverted and awarded. When the
7 board advises that a claim has not been controverted, but further
8 advises that bona fide legal services have been rendered in respect to
9 the claim, then the board shall direct the payment of the fees out of
10 the benefits [COMPENSATION] awarded. In determining the amount of fees
11 the board shall take into consideration the nature, length and complex-
12 ity of the services performed, transportation charges, and the benefits
13 resulting from the services to the compensation beneficiaries.

14 (b) If an employer fails to file timely notice of controversy or
15 fails to pay [COMPENSATION OR MEDICAL AND RELATED] benefits within 15
16 days after it becomes due or otherwise resists the payment of [COMPENSA-
17 TION OR MEDICAL AND RELATED] benefits and if the claimant has employed
18 an attorney in the successful prosecution of his claim, the board shall
19 make an award to reimburse the claimant for his costs in the proceed-
20 ings, including a reasonable attorney fee. The award is in addition to
21 the [COMPENSATION OR MEDICAL AND RELATED] benefits ordered.

22 (c) If proceedings are had for review of an [A COMPENSATION OR
23 MEDICAL AND RELATED BENEFITS] order before a court, the court may allow
24 or increase an attorney's fees. The fees are in addition to [COMPENSA-
25 TION OR MEDICAL AND RELATED] benefits ordered and shall be paid as the
26 court may direct.

27 * Sec. 42. AS 23.30.155 is amended to read:

28 Sec. 23.30.155. PAYMENT OF COMPENSATION. (a) Compensation
29 under this chapter shall be paid periodically, promptly, and directly

if the liability to pay benefits is denied or contested.

to the person entitled to it, without an award, except where liability to pay compensation is controverted by the employer. The employer must file a notice, on a form prescribed by the board, stating (1) that the right of the employee to benefits is controverted; (2) the name of the employee; (3) the name of the employer; (4) the date of the alleged injury or death; and (5) the type of benefits and all grounds upon which the right to benefits is controverted. *For purposes of determining a penalty under (c) and (d) of this section an employer controverts a claim*
 (b) The first installment of compensation becomes due on the 14th day after the employer has knowledge of the injury or death. On this date all compensation then due shall be paid. Subsequent compensation shall be paid in installments, every 14 days [SEMIMONTHLY], except where the board determines that payment in installments should be made monthly or at some other period.

(c) Upon making the first payment, and upon an increase, reduction, termination, suspension, resumption or a change in rate or type of compensation paid [OF PAYMENT FOR ANY CAUSE], the employer shall [IMMEDIATELY] notify the board within 14 days, on [IN ACCORDANCE WITH] a form prescribed by the board, that payment of compensation has begun or has been increased, reduced, terminated, resumed, changed, or suspended, as the case may be. If the employer fails to notify the board within 14 days, the board shall assess against the employer a civil penalty of \$100 plus \$25 for each day in excess of 14 days that the employer fails to give notice. Total penalties under this section may not exceed \$2,500 for each failure to file a required report.

(d) If the employer controverts the right to benefits, [COMPENSATION] he shall file with the board on or before the 14th day after he has knowledge of the alleged injury or death ^{on} or before the 14th day after an installment of compensation payable without an award is due, a notice of controversion on [, IN ACCORDANCE WITH] a form prescribed by

1 the board [, STATING THAT THE RIGHT TO COMPENSATION IS CONTROVERTED,
2 THE NAME OF THE CLAIMANT, THE NAME OF THE EMPLOYER, THE DATE OF THE
3 ALLEGED INJURY OR DEATH, AND THE GROUNDS UPON WHICH THE RIGHT TO COM-
4 PENSATION IS CONTROVERTED].

5 (e) If any installment of compensation payable without an award
6 is not paid within 14 days after it becomes due, as provided in (b) of
7 this section, there shall be added to the unpaid installment an amount
8 equal to 20 percent of it, which shall be paid at the same time as, and
9 in addition to, the installment, unless notice is filed under (d) of
10 this section or unless the nonpayment is excused by the board after a
11 showing by the employer that owing to conditions over which he had no
12 control the installment could not be paid within the period prescribed
13 for the payment.

14 (f) If compensation payable under the terms of an award is not
15 paid within 14 days after it becomes due, there shall be added to that
16 [SUCH] unpaid compensation an amount equal to 20 percent of it, which
17 shall be paid at the same time as, but in addition to, the compen-
18 sation, unless review of the compensation order making the award is had
19 as provided in AS 23.30.125 and an interlocutory injunction staying
20 payments is allowed by the court.

21 [(g) WITHIN 16 DAYS AFTER FINAL PAYMENT OF COMPENSATION HAS BEEN
22 MADE, THE EMPLOYER SHALL SEND TO THE BOARD A NOTICE IN ACCORDANCE WITH
23 A FORM PRESCRIBED BY THE BOARD STATING THE FACT THAT FINAL PAYMENT HAS
24 BEEN MADE, THE TOTAL AMOUNT OF COMPENSATION PAID, THE NAME OF THE
25 EMPLOYEE AND OF ANY OTHER PERSON TO WHOM COMPENSATION HAS BEEN PAID,
26 THE DATE OF THE INJURY OR DEATH, AND THE DATE TO WHICH WHICH COMPENSA-
27 TION HAS BEEN PAID. IF THE EMPLOYER FAILS TO SO NOTIFY THE BOARD WITHIN
28 THIS TIME, THE BOARD SHALL ASSESS AGAINST THE EMPLOYER A CIVIL PENALTY
29 IN THE AMOUNT OF \$100.]

1 (h) The board may upon its own initiative at any time in a case
2 in which payments are being made with or without an award, [AND SHALL
3 IN A CASE] where right to benefits [COMPENSATION] is controverted, or
4 where payments of compensation have been increased, reduced, termin-
5 ated, changed, [STOPPED] or suspended, upon receipt of notice from a
6 person entitled to benefits [COMPENSATION], or from the employer, that
7 the right to benefits [COMPENSATION] is controverted, or that payments
8 of compensation have been increased, reduced, terminated, changed,
9 [STOPPED] or suspended, make the investigations, cause the medical
10 examinations to be made, or hold the hearings, and take the further
11 action which it considers will properly protect the rights of all
12 parties.

13 (i) When the board considers it advisable it may require an
14 employer to make a deposit with the Department of Revenue to secure the
15 prompt and convenient payment of the benefits [COMPENSATION], and pay-
16 ments from the deposit upon an award shall be made upon order of the
17 board.

18 (j) If an employer has made advance payments or overpayments of
19 compensation, he is entitled to be reimbursed, after approval by the
20 board, out of any unpaid installment or installments of compensation
21 due.

22 (k) An injured employee or in case of death his dependents or
23 personal representative, shall give receipts for payment of benefits
24 [COMPENSATION] to the employer paying it and the employer shall produce
25 them for inspection by the board, whenever required.

26 (l) repealed

27 (m) Compensation owed to an injured employee in the state shall
28 be paid by a check or draft which may be cashed on the first banking
29 day after it is received by the employee and on any succeeding banking

1 day.

2 (n) Whenever the board determines that it is in the interest of
3 an injured employee and that a substantial hardship will not be imposed
4 on the employer, the liability of the employer for all or part of
5 compensation^{under sec 190} may be discharged by the payment of a lump sum.

6 (o) An employer shall file a quarterly report on a form pre-
7 scribed by the board, showing the total amount of all benefits, legal
8 fees, and penalties paid during the quarter including the name of each
9 claimant, the date of injury, and the claim number. For purposes of
10 determining a penalty under (e) and (f) of this section an employer
11 controverts a claim if the liability to pay benefits is denied or con-
12 tested.

13 * Sec. 43. AS 23.30.160 is amended to read:

14 Sec. 23.30.160. ASSIGNMENT AND EXEMPTION FROM CLAIMS OF CREDITORS.
15 No assignment, release, or commutation of [COMPENSATION OR] benefits
16 due or payable under this chapter, except as provided by this chapter,
17 is valid, and the [COMPENSATION AND] benefits are exempt from all
18 claims of creditors and from levy, execution, and attachment or other
19 remedy for recovery or collection of a debt. This exemption may not be
20 waived.

21 * Sec. 44. AS 23.30.165 is amended to read:

22 Sec. 23.30.165. LIEN. (a) Each employee and beneficiary entitled
23 to benefits [COMPENSATION] under the provisions of this chapter has a
24 lien for the full amount of his benefits [COMPENSATION], including
25 costs and disbursements of suit and attorney fees allowed, upon all of
26 the property in connection with the construction, preservation, mainte-
27 nance or operation of which the work of the employee was being performed
28 at the time of his injury or death. For example: in the case of an
29 employee injured or killed while engaged in mining or in work connected

1 with mining, the lien extends to the entire mine and all property used
2 in connection with it; and in the case of an employee injured or killed
3 while engaged in fishing or in the packing, canning, or salting of
4 fish, or other branch of the fish industry, the lien extends to the
5 entire packing, fishing, salting or canning plant or establishment and
6 all property used in connection with it; and this is the case with
7 other businesses, industries, works, occupations and employments.

8 (b) The lien is prior and paramount to any other lien on the
9 property, except a lien for wages or materials as provided by law, and
10 is of equal rank with a lien for wages or materials.

11 (c) The lien extends to all right, title, interest and claim of
12 the employer in the property affected by the lien.

13 (d) A person claiming a lien under this chapter shall, within one
14 year after the date of the injury from which the claim of benefits
15 [COMPENSATION] arises, file for record in the office of the recorder of
16 the recording district in which the property affected by the lien is
17 located a notice of lien signed and verified by the claimant or someone
18 on his behalf, and stating in substance, the name of the person injured
19 or killed out of which injury or death the claim of benefits [COMPENSA-
20 TION] arises, the name of the employer of the injured or deceased
21 person at the time of the injury or death, a description of the property
22 affected or covered by the lien and the name of the owner or reputed
23 owner of the property.

24 (e) The lien for benefits [COMPENSATION] provided for in this
25 section may be enforced by equitable proceedings as in the enforcement
26 of other liens upon real or personal property, within 10 months after
27 the cause of action arises. Nothing in this section prevents an
28 attachment of property as security for the payment of benefits [COMPEN-
29 SATION].

1 * Sec. 45. AS 23.30.170(a) is amended to read:

2 (a) In case of default by the employer in the payment of benefits
3 [COMPENSATION] due under an award of benefits [COMPENSATION] for a
4 period of 30 days after the benefits^{one} [COMPENSATION IS] due, the person
5 to whom the benefits are [COMPENSATION IS] payable may, within one year
6 after the default, apply to the board making the compensation order for
7 a supplementary order declaring the amount of the default. After in-
8 vestigation, notice, and hearing, as provided in AS 23.30.110, the
9 board shall make a supplementary order declaring the amount of the
10 default. The order shall be filed in the same manner as the compensa-
11 tion order.

12 * Sec. 46. AS 23.30.175(b) is repealed and reenacted to read:

13 (b) After June 30 and before December 1 of each year, the commis-
14 sioner shall adopt and publish the average weekly wage for the preced-
15 ing calendar year as computed by the United States Secretary of Labor
16 for the purposes of unemployment insurance. In determining the rate of
17 compensation the commissioner shall use the average weekly wage figure
18 for each jurisdiction, including Alaska, for which the Secretary of
19 Labor computes an average weekly wage. These figures are the applica-
20 ble average weekly wages for those jurisdictions for the following
21 calendar year. The average weekly wage for Alaska is the amount
22 determined by dividing (1) the total wages paid by all employers
23 covered by the Alaska Employment Security Act by (2) the average
24 monthly employment reported by those employers for the same period and
25 dividing the result by 52.

26 * Sec. 47. AS 23.30.175(c) is repealed and reenacted to read:

27 (c) The following rules apply to recipients who do not reside in
28 Alaska:

29 (1) The weekly rate of compensation shall be calculated

1 using the recipient's average weekly wage times the ratio of the aver-
2 age weekly wage of the jurisdiction in which the recipient resides to
3 the average weekly wage of Alaska. The rate is based on the average
4 weekly wages in effect when the recipient leaves Alaska and shall be
5 adjusted annually upon publication of the average weekly wages for all
6 jurisdictions.

7 (2) The calculation required by this subsection does not
8 apply if

9 (A) the average weekly wage of the recipient and the
10 resulting compensation rate is determined under AS 23.30.220(2) by
11 use of wages earned in jurisdictions other than Alaska; or

12 (B) the absence of the recipient is for medical or
13 rehabilitation services not reasonably available in Alaska.

14 (3) Application of this subsection may not result in a
15 reduction of the weekly compensation rate to less than \$65 a week
16 except as provided in (a) of this section.

17 * Sec. 48. AS 23.30.190(20) is amended to read:

18 (20) in all other cases in this class of disability the
19 compensation is $66\frac{2}{3}$ percent of the difference between his average
20 weekly wages and his wage-earning capacity after the injury in the same
21 employment or otherwise, payable during the continuance of the partial
22 disability, but subject to reconsideration of the degree of the impair-
23 ment by the board on its own motion or upon application of a party in
24 interest; [WHENEVER THE BOARD DETERMINES THAT IT IS IN THE INTEREST OF
25 JUSTICE, THE LIABILITY OF THE EMPLOYER FOR COMPENSATION, OR ANY PART OF
26 IT AS DETERMINED BY THE BOARD, MAY BE DISCHARGED BY THE PAYMENT OF A
27 LUMP SUM;]

28 * Sec. 49. AS 23.30.191 is repealed and reenacted to read:

29 Sec. 23.30.191. EXPENSES FOR REHABILITATING INJURED EMPLOYEES.

1 An employee, who, as a result of injury, is or may be expected to be
2 totally or partially incapacitated for his normal occupation and who,
3 under the direction of the Department of Labor, is being rehabilitated
4 to engage in a remunerative occupation, may receive compensation neces-
5 sary for his rehabilitation of ~~not less than 50 percent and not more~~
6 ~~than 66-2/3 percent of his average weekly wage~~ *subject to the maximum*
7 *payable under AS 23.30.175.*
* Sec. 50. AS 23.30.210(b) is amended to read:

8 (b) At any time after death, or after 30 days subsequent to the
9 date of injury, the employer and the employee or the beneficiary or
10 beneficiaries, as the case may be, have the right to reach an agreement
11 in regard to a claim for injury or death under this chapter [HEREUNDER]
12 in accordance with the applicable schedule [HEREOF], but a memorandum
13 of the agreement in a form prescribed by the board shall be filed with
14 the board. Otherwise, the agreement is void for any purpose. If
15 approved by the board, the agreement is enforceable the same as an
16 order or award of the board and discharges the liability of the employer
17 for the benefits [COMPENSATION] notwithstanding the provisions of
18 [AS 23.30.130,] AS 23.30.160 [,] and AS 23.30.245(b) [AS 23.30.245].
19 The agreement shall be approved by the board only when the terms conform
20 to the provisions of this chapter and, if it involves or is likely to
21 involve permanent disability, the board may require an impartial medical
22 examination and a hearing in order to determine whether or not to
23 approve the agreement. The board may approve lump-sum settlements when
24 it appears to be to the best interest of the employee or beneficiary or
25 beneficiaries.

26 * Sec. 51. AS 23.30.215(a)(1) is amended to read:

27 (1) reasonable and necessary funeral expenses not exceeding
28 \$2,500; the commissioner by regulation shall annually adjust this limit
29 to reflect increased expenses resulting from inflation [\$1,000];

1 * Sec. 52. AS 23.30.235 is amended to read:

2 Sec. 23.30.235. CASES IN WHICH NO BENEFITS ARE [COMPENSATION IS]
3 PAYABLE. No benefits [COMPENSATION] may be paid if the injury was
4 occasioned solely by the intoxication of the employee or by the wilful
5 intention of the employee to injure or kill himself or another.

6 * Sec. 53. AS 23.30.245 is amended to read:

7 Sec. 23.30.245. INVALID AGREEMENTS. (a) An agreement by an
8 employee to pay a portion of the premium paid by his employer to a
9 carrier or to contribute to a benefit fund or department maintained by
10 the employer for the purpose of providing benefits [COMPENSATION OR
11 MEDICAL SERVICES AND SUPPLIES] as required by this chapter is not
12 valid. An employer who makes a deduction for this purpose from the pay
13 of an employee entitled to the benefits of this chapter is guilty of a
14 misdemeanor and upon conviction is punishable by a fine of not more
15 than \$1,000.

16 (b) An agreement by an employee to waive his right to benefits
17 [COMPENSATION] under this chapter is not valid.

18 * Sec. 54. AS 23.30.250 is amended to read:

19 Sec. 23.30.250. PENALTY FOR MISREPRESENTATION. A person who wil-
20 fully makes a false or misleading statement or representation for the
21 purpose of obtaining a benefit or payment under this chapter is guilty
22 of theft as defined in AS 11.46.100(3) and is punishable as provided in
23 AS 11.46.120 - 11.46.150 [A MISDEMEANOR, AND UPON CONVICTION IS PUNISH-
24 ABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRISONMENT FOR NOT MORE
25 THAN ONE YEAR, OR BY BOTH].

26 * Sec. 55. AS 23.30.255 is amended to read:

27 Sec. 23.30.255. PENALTY FOR FAILURE TO PAY BENEFITS [COMPENSA-
28 TION]. (a) An employer required to secure the payment of benefits
29 [COMPENSATION] under this chapter who fails to do so is guilty of a

1 misdemeanor and upon conviction is punishable by a fine of not more
2 than \$1,000, or by imprisonment for not more than one year, or by both.
3 If the employer is a corporation, its president, secretary, and trea-
4 surer are also severally liable to the fine or imprisonment provided in
5 this section for the failure of the corporation to secure the payment
6 of benefits [COMPENSATION]. The president, secretary, and treasurer are
7 severally personally liable, jointly with the corporation, for the
8 benefits [COMPENSATION] or other benefit which accrues under this
9 chapter in respect to an injury which happens to an employee of the
10 corporation while it has failed to secure the payment of benefits
11 [COMPENSATION] as required by AS 23.30.075.

12 (b) An employer who knowingly transfers, sells, encumbers,
13 assigns, or in any manner disposes of, conceals, secretes, or destroys
14 any of his property after one of his employees has been injured within
15 the scope of this chapter, with intent to avoid the payment of benefits
16 [COMPENSATION] under this chapter to the employee or his dependents, is
17 guilty of a misdemeanor, and upon conviction is punishable by a fine of
18 not more than \$1,000, or by imprisonment for not more than one year, or
19 by both. If the employer is a corporation, its president, secretary,
20 and treasurer are also severally liable to the penalty of imprisonment
21 as well as jointly liable with the corporation for the fine.

22 (c) This section does not affect any other liability of the
23 employer under this chapter.

24 * Sec. 56. AS 23.30.260 is amended to read:

25 Sec. 23.30.260. PENALTY FOR RECEIVING UNAPPROVED FEES AND SOLICIT-
26 ING. A person is guilty of a misdemeanor, and upon conviction is
27 punishable for each offense by a fine of not more than \$1,000, or by
28 imprisonment for not more than one year, or by both, if he

29 (1) receives a fee, other consideration, or a gratuity on

1 account of services rendered in respect to a claim, unless the con-
2 sideration or gratuity is approved by the board or the court; or

3 (2) makes it a business to solicit employment for a lawyer
4 or for himself in respect to a claim or award for benefits [COMPENSA-
5 TION].

6 * Sec. 57. AS 23.30 is amended by adding a new section to read:

7 Sec. 23.30.263. UNLAWFUL EMPLOYMENT PRACTICE. It is unlawful for
8 an employer to discharge or otherwise discriminate against an employee
9 because he has filed a claim for workers' compensation benefits under
10 this chapter.

11 * Sec. 58. AS 23.30.265(9) is amended to read:

12 (9) "death" as a basis for a right to benefits [COMPENSATION]
13 means only death resulting from an injury;

14 * Sec. 59. AS 23.30.265(19) is amended to read:

15 (19) "self-insurer" means an employer who, instead of insur-
16 ing his liability under this chapter as it provides, elects to pay
17 directly the ^{benefits} [compensation] provided for, and who has furnished to the
18 director of insurance [BOARD] satisfactory proof of his financial
19 ability to make the direct payments and has been issued a self-insur-
20 ance certificate;

21 * Sec. 60. AS 23.30.265(20) is amended to read:

22 (20) "wages" means the money rate at which the service ren-
23 dered is recompensed under the contract of hiring [IN FORCE AT THE TIME
24 OF THE INJURY,] and includes the reasonable value to the employee of
25 board, rent, housing, lodging, or similar advantage received from the
26 employer, and gratuities received in the course of employment from
27 others than the employer;

28 * Sec. 61. AS 23.30.265 is amended by adding a new paragraph to read:

29 (28) "benefits" means compensation and medical and ~~other~~

1 related benefits.

2 * Sec. 62. AS 23.30.005(k), 23.30.095(g), 23.30.125(b), 23.30.155(g),
3 23.30.175(d), (e), and (f) are repealed.

WCCA
Position Paper

December 13, 1980

Prepared by
The Workers' Compensation Committee of Alaska (WCCA)

WCCA
POSITION PAPER
ADDENDUM I

GLOSSARY OF TERMS:

DISABILITY: INCAPACITY DUE TO AN INJURY TO EARN THE WAGES WHICH THE EMPLOYEE WAS RECEIVING AT THE TIME OF THE INJURY

PERMANENT TOTAL DISABILITY: A DETERMINATION THAT DUE TO AN INJURY THE EMPLOYEE IS SUFFERING FROM AN IMPAIRMENT WHICH WILL KEEP HIM FROM BEING ABLE TO WORK AGAIN AT REGULAR EMPLOYMENT

PERMANENT PARTIAL DISABILITY: A DETERMINATION MADE AFTER THE CONDITION STABILIZES OF THE EXTENT OF DISABILITY ARISING FROM THE INJURY, USUALLY A SCHEDULED BENEFIT

TEMPORARY TOTAL DISABILITY: INDEMNITY PAYMENTS MADE TO AN INJURED EMPLOYEE FOR THE AMOUNT OF TIME OUT OF WORK DUE TO AN INJURY UNTIL THE CONDITION STABILIZES

COMPROMISE AND RELEASE AGREEMENT: AGREEMENT REACHED BETWEEN INJURED PARTY AND EMPLOYER OVER EXTENT AND DOLLAR VALUE OF THE INJURY, WHICH MUST BE APPROVED BY THE WORKER'S COMPENSATION BOARD, AND CAN RESULT IN A LUMP SUM PAYMENT CLOSING OUT THE INDEMNITY PORTION OF THE CLAIM

AVERAGE WEEKLY WAGE: COMPUTATION OF ALL WAGES EARNED OVER A PREDETERMINED AMOUNT OF TIME, DIVIDED BY THAT NUMBER OF WEEKS

SELF-INSURER: AN EMPLOYER WHO, RATHER THAN PURCHASING INSURANCE, HAS ELECTED TO PAY DIRECTLY THE COMPENSATION REQUIRED AND HAS PROVIDED SUBSTANTIAL PROOF OF HIS ABILITY TO MAKE THE PAYMENTS

SECOND INJURY FUND: FUND SET UP TO COVER DISABILITY AND REHABILITATION COSTS IN CASES WHERE INJURIES OCCUR TO INDIVIDUALS ALREADY DOCUMENTED AS HAVING A PREEXISTING INJURY

NOTE: ON PAGE 4 OF THE WCCA POSITION PAPER, UNDER OFFSETS TO WORKER'S COMPENSATION BENEFITS, SECTION 2, WCCA POSITION, THE FOLLOWING CORRECTION SHOULD BE MADE: THAT THE SUM OF THESE WEEKLY PAYMENTS BE LIMITED TO 100% OF THE WORKER'S TAKE HOME WAGE, WITH THE WORKER'S COMPENSATION BENEFIT BEING PAID FIRST.

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SECTION I: LEGISLATIVE CHANGES

MAXIMUM BENEFITS:

Currently, maximum weekly benefits allowed under Alaska Law (AS 23.30.175) are based upon 66-2/3% of actual wages, but never more than 167% of the average weekly wage in the state. In 1981, the average weekly wage factor will increase to 200%.

This formula does not recognize that workers whose salaries are much higher than the state average weekly wage have considerable discretionary income.

WCCA POSITION: that the following benefit schedule be used in place of the current method of calculating benefits:

1. 66-2/3% of wages up to 150% of the average weekly wage, PLUS,
2. 40% of wages falling between 150% and 200% of the average weekly wage, PLUS,
3. 20% of wages falling between 200% and 300% of the average weekly wage.
4. No benefits for wages in excess of 300% of the average weekly wage.

*effect on
out-of-state?
no*

The following table shows what will happen to benefit payments based upon a \$393 average weekly wage under the current formula using the 200% factor to be applied in 1981. To the right is the benefit payment indicated by the recommended new formula.

WEEKLY WAGE Time of Injury	WEEKLY BENEFIT Existing	WEEKLY BENEFIT Proposed
\$ 200.00	\$133.00	\$133.00
393.00	262.00	262.00
600.00	400.00	397.00

\$ 800.00	\$533.00	\$475.00
1,000.00	667.00	515.00
1,179.00	786.00	550.00

PERMANENT TOTAL DISABILITY:

Based upon medical facts and the worker's occupation, an injured worker may be classified as having a permanent injury. Permanent injuries are then further distinguished as being totally disabling or partially disabling, and long term wage loss benefits are paid accordingly.

Currently a worker can be classified as totally disabled rather than partially disabled in two ways: One (1) Automatically presumes a worker to be totally disabled if he/she loses both or any mix of two hands, arms, feet, legs or eyes, and Two (2), a determination is made of the actual facts of the injury case in question.

Actual case histories show that some workers who have lost the use of two or more limbs can, and have, returned to their former employment successfully.

Maybe WCCA POSITION: that the Alaska Statue (AS 23.30.180) which automatically presumes a worker to be totally disabled be repealed and (second) that an actual case by case determination shall establish the level of disability of the injured. *LP OK*

Continual hassle?

PERMANENT PARTIAL BENEFITS-UNLIMITED

Currently, a worker with a permanent partial injury can collect benefits for an unlimited period of time. This results in a loss to the workforce for workers who can return to some form of work but are not encouraged to do so since benefit payments continue.

WCCA POSITION: that a worker with a permanent partial injury be entitled to benefits for a thirty-six (36) month maximum period. To receive benefits beyond thirty-six (36) months, the worker must qualify for a permanent total disability status, in which case benefits would extend for life.

AVERAGE WEEKLY WAGE CALCULATION

When calculating the wage loss benefit payable to an injured worker, an average weekly wage is determined by finding the highest annual wage earned by the worker in any one of the three years prior to injury and dividing that total by fifty-two (52). As a result, wages earned during a "boom" period over the last three years can significantly increase the wage loss benefit payable to the injured. That benefit may be even greater than the worker's wages at the time of injury.

WCCA POSITION: AS 23.30.220 One (1) be amended to read as follows, "The formula for calculating average weekly wage be the total of the injured worker's preceding years wages (including self-employment wages) divided by fifty-two (52)."

burden of proof

*administratively
impossible
w 2's
etc
? maybe
better
in short
term*

FILING TIME LIMITATIONS

The time limitation (AS 23.30.105) for filing a Workers Compensation Claim in Alaska is as follows:

- A. Within one year after job-related death
- B. Within two years after knowledge of a job-related disability
- C. Within two years after the last compensation payment
- D. No time limit for latent injuries (example-asbestos related cancer).

Those (above listed) limitation are significantly broader than those of other states.

WCCA POSITION:

7. ~~X~~
- A. No change
 - B. No change
 - C. An injured must file within one year after the last compensation payment (for a recurring/disabling injury).
 - D. No change

OFFSETS TO WORKER'S COMPENSATION BENEFITS

Current law allows for duplication of benefits in some instances. Although these situations are rare, the law should be amended to prevent benefit duplications.

7. *Change unemployment law*
If a worker is receiving unemployment benefits and files a worker's compensation claim (for an on-the-job injury), he can legally collect both benefits.

WCCA POSITION: that if worker's compensation benefits are currently being paid, then unemployment benefits should cease. It is the intent of the law that benefits are intended to pay wage loss only for the period of time a worker is unable (due to injury) to work.

- 2) It is possible for an injured worker to collect both sick pay benefits and worker's compensation benefits for a short period of time.

Not matter for state law
WCCA POSITION: that the sum of these weekly payments be limited to 100% of the worker's wage, with the worker's compensation benefit being paid first.

- 3) An injured worker may currently collect retirement benefits to which he/she is entitled in addition to worker's compensation benefits.
- 

WCCA POSITION: that worker's compensation benefits be reduced by the amount being paid in retirement benefits.

CHOICE OF PHYSICIAN

In order to ensure quality medical treatment and to contain costs at the same time, the treating physician should give direction to the injured worker's care. Alaska's liberal policy of free and open choice of physicians sometimes result in duplicate treatment, lack of coordination between treating physicians and specialists, or an occasional "shopping spree" by the injured for the elusive "cure" to pain. A malingering worker may search for a physician who will support his claim to injury.

 With exceptions (which follow), the employer or insurer should be allowed to provide an injured worker with a list of at least two physicians in the geographic area for treatment. These physicians should be specialists (where necessary) based upon the nature of the injury. They should not be selected based upon their fees charges, but on their interest in the industrial injured and desire to provide efficient medical services to return the work to a productive life.

The exceptions to the use of physicians as described above are twofold:

1. If an injured worker has seen a family physician or a physician in the specialty required to treat his injury in the prior twelve (12) months, he may be treated by that physician.
- 

2. If the injured worker is not responding to treatment or is otherwise dissatisfied with the first selected physician, he may choose another physician from a list of three other physicians in the geographical area. This list will also be provided by the employer or insurer.

WCCA POSITION: sufficient change in the law to reflect the preceding statement and/or policies.

PAIN CLINICS

OK In addition to the pain associated with an injury during treatment and healing, pain often persists after complete healing in the form of chronic or "learned" pain behavior. To the worker experiencing such "learned" pain, it is real and often prevents the worker from feeling prepared to return to work.

Pain clinics existent in Alaska have developed techniques for treating such pain. The Worker's Compensation Board and the adjustors of insurers should be encouraged to utilize pain clinics to eliminate any significant extensions of benefit payments period, and costly, time-consuming legal arguments over the preparedness of a worker to return to work.

WCCA POSITION: that the applicable Alaska Statutes be amended to reflect the above position. *Already in practice*

HEARING REPRESENTATIVES

The role of the Worker's Compensation Board is to expedite the resolution of disputes between the injured and employers of their insurers. This system is intended to provide rapid and fair determination on the factual issues being disputed.

It is intended that the Board itself be a point of initial review of disputes and cases can later be appealed to Superior or a higher Court. Often there is no need for either party to be represented by counsel. However, a large per cent of disputes heard by the Board involve attorney representation.

It would be determined that when appearing before the Board the injured needs to be or not to be represented by counsel. The insured should be encouraged not to utilize counsel but rather hearing representatives (trained claims people). In short, a fairness in adequacy of representation should be examined, and procedures at the hearing be established. Better hearing procedures can and should result in a significant expense savings due to reduced attorney costs for both employer or insurer and the injured.

WCCA POSITION: that the appropriate Alaska Statutes be changed to reflect the preceding statements and opinions.

EXTRAORDINARY CONSTRUCTION

The development of the Trans Alaska Pipeline System resulted in a tremendous increase in the number of workers in the state. In addition, wages paid to many workers were much higher than those previously paid. Worker's Compensation claims costs for pipeline development injuries were much higher than for other work-related injuries in Alaska during 1977 and 1978. The cost of all pipeline injuries included in loss experience data supplied to the Division of Insurance for company premium rate purposes drove the cost of all insurance for all Alaska employers to a new high.

If another extraordinary construction project (Alaska-Canada Gas Pipeline or the Capitol Relocation) occurs in the future, the Division of Insurance should segregate the actual premiums

and losses of this (these) project from other Alaska experience. This will allow other employers in the state a fair rate from which to pay benefits to the injured worker.

yes.
WCCA POSITION: that the applicable Alaska Statutes be amended to reflect the above position.

SECTION II: ADMINISTRATIVE CHANGES

COMPROMISE AND RELEASE AGREEMENTS

A permanently and totally disabled worker will receive wage loss benefits and medical expense payments on a continuing basis unless the worker and the employer or insurer agree to a compromise and release agreement in a lump sum payment in lieu of weekly wage loss benefits.

Currently, compromise and release agreements are not permitted on the future medical expense portion of benefits.

WCCA POSITION: that such agreements be allowed on medical expenses with approval of the Worker Compensation Board to ensure that the settlement amount is in the best interest of the injured worker.

PHYSICIANS' FEES

Physicians treating injured workers often incur additional costs to provide employers or insurers with written reports on the treatment given. These costs are passed on as additional fees which is appropriate and equitable. However, there are not adequate means of limitation on the many fees charged by different physicians for the identical services.

WCCA POSITION: that the Division of Worker's Compensation accumulate and publish "average or customary" fees charged for specific treatments by physicians. This publication should be used to evaluate the propriety of fees charged for worker's compensation injuries.

hold

DELAYS IN HEARINGS AND RULINGS

The Division of Worker's Compensation has not been provided a sufficient budget to staff the Board sufficiently to expedite hearings and rulings. As a result, a worker can be without income for extended period of time until the backlog before the Board is cleared. Disputes between workers and employers or insurers over benefits must be resolved quickly to prevent any undue hardship.

WCCA POSITION: that the Division of Worker's Compensation should be funded to hire additional qualified (as needed) hearing officers to expedite decisions. ~~It is further recommended~~ that initial hearings should be conducted by one hearing officer and that appeals should be presented to the entire Board in a timely manner.

ND - stop us if down

BROCHURE

OK

Small employers and most workers within the state do not have a clear understanding of the benefits and responsibilities accruing from the Worker's Compensation Laws in Alaska. This is true in almost all other states as well.

for the

The State of California has addressed this problem by developing an easy-to-read brochure for workers describing the benefit plans, claim filing procedures, grievances and differences with insurers. Although voluntary, insurers have provided these brochures to insured employers for distribution to workers.

yes

WCCA POSITION: developing and distributing such a brochure (voluntary) in Alaska will improve the knowledge of workers

also for employers

jointly written¹⁰⁻ w/ Div W Comp Insurance

regarding the benefits and procedures applicable under Alaska Worker's Compensation Laws. This should result in reduced hearings to resolve compensation disputes and also reduce the need for attorneys costs on behalf of injured workers unsure of certain legal rights. *OK*

SELF INSURANCE

Self-insurance is a legitimate means for a large organization to provide benefits to injured workers directly from the assets of the company or corporation rather than purchasing insurance coverage from an insurer. The Worker's Compensation Division is granted the authority to approve self-insurance plans but lacks the staff and technical knowledge necessary to evaluate the ability of a self-insured organization to absorb the cost of claims. Without appropriate evaluation, there is a substantial risk that an organization will not be able to fulfill its financial responsibilities to the injured. *OK*

D, ✓ ins
WCCA POSITION: that the Worker's Compensation Division develop a unit to monitor activity and effectively regulate self-insured organization to ensure that injured workers will receive all benefits due them. *✓*

CASH FLOW PROGRAMS

A Cash Flow Program is an alternative to self-insurance enabling the large employer to reimburse the insurer for all claims costs whenever those costs are paid. Re-insurance is usually purchased for costs exceeding a specific amount, (usually \$100,000.00 or more) on any one claim.

Under this concept, premiums are not paid to the insurer until after the claims payments have been made. The employer (by irrevocable bond or bank letter of credit) is generally required to guarantee payment of premiums when due.

*copy handle
administery*
Currently, the State of Alaska does not allow premiums receivable (under Cash Flow Programs) to be included in the assets of an insurer.

OK
WCCA POSITION: that the Division of Insurance develop regulations which will allow Cash Flow Programs to be utilized as outlined above by large employers and insurers.

HEALTH CARE INSURERS

Large employers must administer plans for health and disability insurance through Health Care Insurers. Worker's Compensation on the other hand, is administered through Casualty Insurers. Large employers may also utilize self-insurance plans.

Employers are not presently permitted to utilize Health Care Insurance for the purchase of Worker's Compensation insurance. Although there is not assurance that cost savings may result from combining health and disability insurance and Worker's Compensation insurance into a single plan with one insurer, employers should be allowed an opportunity to pursue such combined insurance plans.

OK
WCCA POSITION: that the Division of Insurance develop regulations permitting coverage as outlined above on a combined basis.

ACCIDENT YEAR STATISTICS

The National Council on Compensation Insurance (NCCI) is a

statistics gathering organization licensed by the Division of Insurance. NCCI computes Worker's Compensation costs in Alaska and proposes premium rate levels for each of the (approximately) five hundred (500) classifications of work activity. Each insurer is required to submit its Worker's Compensation data for Alaska to the organization on a timely schedule.

The NCCI currently uses two methods to record and analyze Worker's Compensation experience:

- A. POLICY YEAR DATA: using this method, premiums and cumulative losses attributable to claims occurring during a particular policy year are then collected (over time) to provide indications of necessary rate changes.
- B. CALENDAR YEAR DATA: using this method, premiums collected and claims costs incurred during a calendar year are reviewed to provide indications of necessary rate changes.

Policy year data is considered more accurate than calendar year data. Calendar year data however, requires a period of at least eighteen (18) months for an accurate picture of loss payout, (for a twelve (12) month period). Claims remaining open after eighteen (18) months must continue to be reported by insurers for each year they remain active.

In 1977, a study conducted by order of Legislative Affairs Agency recommended that a third method of analyzing experience be used, the accident year method. Experience in other states shows that the accident year method is more accurate than the calendar year data and more recent than policy year data.

de
WCCA POSITION: that the Division of Insurance direct the NCCI to accumulate accident year data and to utilize this data for premium rate level analysis in lieu of any other method.

SAFETY GROUPS

Employer trade associations can reduce their insurance costs through the effective use of safety groups. Under the Safety Group Concept, employers may purchase needed insurance through one insurer and receive a portion of the profit as returnable premiums or dividends should the experience warrant same. In the event the group has been unprofitable for the insurer, additional charges would result. The Trade Association would aid in monitoring and promoting safety programs for member employers to reduce costs through fewer or less serious injuries.

Safety Groups are more common in other states, and have been a benefit to the consumer insurance market.

No. 12/9/85
WCCA POSITION: that industry Trade Groups investigate and explore opportunities for Safety Group Programs more fully for use in Alaska.

ASSIGNED RISK POOL SERVICING CARRIERS

Good
Currently, insurers who act as servicing carriers for the assigned risk pool are paid 37.5% of assigned risk premium for the expense of handling assigned risk accounts. Rates developed for voluntary risks, however, reflect an allowance of 31.6% of premiums.

WCCA POSITION: that the Division of Insurance reduce the expense allowance for assigned risk pool servicing carriers to the per cent allowed for expenses for voluntary risks; currently 31.6% of premiums.

SECTION III: SECOND INJURY FUND

SECOND INJURY FUND

The term "second injury" classifies a worker's injury as the result of a pre-existing impairment from a prior work-related injury.

A Second Injury Fund exists in Alaska to pay the benefits for second injuries after a period of one hundred four (104) weeks. The funds to pay these benefits are contributed by insurers and for each permanent partial injury benefit paid (for second injury), an additional eight per cent (8%) surcharge is paid into the Second Injury Fund.

The purpose of the Fund is to encourage the hiring of previously disabled workers by funding the long term costs of a second injury, should it occur.

Review by claims adjustment personnel and Second Injury Fund Management, indicates some question as to the ability of the fund to pay potential claims.

WCCA POSITION: that rather than increasing the surcharge which in turn increases premium rates, general fund revenues should be utilized for anticipated costs which exceed current surcharge premium levels. NO

MEDICAL EXPENSES UNDER SECOND INJURY FUND

Currently only wage loss payments are covered by the Second Injury Fund. However, there is no clear evidence as to the reason for non-inclusion of medical expenses to be paid from the fund.

X WCCA POSITION: that medical expenses be covered by the Second Injury Fund for any claims which otherwise meet the criteria for Second Injury Fund Payment.

SECOND INJURY FUND, FIRST INJURY PROOF

In order to use the Second Injury Fund, an employer or insurer is required to show written evidence of a prior injury before the second injury occurs. This results in additional costs to screen, document and preserve the medical history of all injured workers.

X WCCA POSITION: that the employer or insurer not be required to prove written documentation preceding the second injury. If the above can prove the existence of a prior injury at any time before or after the second injury, then use of the Second Injury Fund shall be allowed.

LUMP SUM SETTLEMENT FROM SECOND INJURY FUND

X WCCA POSITION: that the Second Injury Fund be allowed and be properly funded to make lump sum reimbursements to any carrier or employer who provides a lump sum payment to an injured worker, this to include self-insured as well.

SECTION ANALYSIS - AS23.30.155(n)

This proposed amendment would authorize the Board to award a lump sum for all types of compensation whenever it determines that it is in the best interest of the employee and does not cause substantial hardship to the employer.

Currently, the Board may only award lump sums for unscheduled permanent partial disability under AS23.30.190(20). There is no authority to award lump sums on the other disability types or death benefits, except through a compromise and release agreement. This places the employee or beneficiary at a particular disadvantage in that under the terms of an agreement all future compensation for temporary total, temporary partial, permanent partial or permanent total disabilities are waived, and, in many instances, the lump sum is reduced to present value. This severely restricts the options of the employee or beneficiary who may feel it is in the best interests to settle the claim in a lump sum, but may only do so through a compromise and release.

The Board also questions the appropriateness of having the authority to approve lump sum settlements through an agreement process, while unable to do so through the hearing process.

SECOND INJURY FUND
Budget Request FY 82

Administrative Costs:

Personnel, Travel, Supplies & Contractural	182.4
A.G.'s Office	26.7

Grants & Claims:

Benefits to individuals (Voc Rehab)	589.5
Claims (Reimbursement)	765.4

TOTAL	1,564.0
-------	---------

SCOMM

33.19

Benefits subcomm

11/21 Ike Waldrop **NECA (IBEW)**

"Buckhouse" rule - employer liable for off-j-b injury

Modernize it. If employer sends employee - exc/
Ave, Inv, Frig, Ktn - "Remote" covered 24-hr/day

→ Benefits during rehab } Accident - injured worker
wouldn't have been. If not on premises & off
hours.

~~11/21~~ Jack Thompson -

→ Rehab benefits

→ Burial expense

→ Subtract sick leave

→ Occupational disease

HHealth - some deductible.

problem w/ assignment of insurance benefit

maximum - gap w/ unlimited

NCCI only if "purity of rate
calculations"

Ask insurance cos to give examples

Kentucky approach - Basis for derivation & Specifically -

Fixed wkly, hourly, yearly

problem - 3 yr average

Current not equitable - won't hire if had high wages

→ Council State Gov'ts recommendations

False claim - midemeanor →

CARRIER
E

26 000

500

Avg wklly wage is basis

NET WAGE

Fixed { weekly = ANW

monthly = Mo x 12 / 52

year = / 52

day/hr/output = most favorable wages during 13 wks of

52. If < 13 wks → amt would have earned in 13 wks.

If cannot be fixed = usual wage.

→ If seasonal = $\frac{1}{50}$ total earned in preceding 12 calendar mos.

use unemployment benefits as part of total earned

Present 175% in January 200%

too high. current 370/wk would be 750/wk
= 3000/mo tax free

2nd cap → Not more than 150% last 3 yrs AVG

Block report → $\frac{2}{3}$

weekly wages	Existing method	proposed method
200	200	133
393	262	262
600	400	397
800	533	475
1000	667	515
1179 +	786	550

7% FICA

Shouldn't take home more than wages
Subtract payments made

CO-CHAIRMEN
SENATOR
TERRY STIMSON
REPRESENTATIVE
BRIAN ROGERS



MAILING ADDRESS
1024 WEST 6TH AVENUE
ANCHORAGE, ALASKA 99501

Worker's Compensation Study Commission

October 30, 1980

Senator Terry Stimson, Co-Chairman
Workers' Compensation Study Commission
1024 West Sixth Ave.
Anchorage, AK 99501

Attention: Licia Piceno

Dear Terry:

This letter is to advise you of my travel and interviewing schedule for the Workers' Compensation Study Commission. As you recall, the Commission substituted California for Florida, Washington state for Oregon and added in Longshoremen's and Harbor Workers' Compensation Act coverage. Accordingly, I have worked out my interview schedule. I'll hit some of the high points and contact points here:

Nov. 5-7 California

- Nov. 5, Workers' Compensation Insurance Rating Bureau, Industrial Indemnity
- Nov. 6, Division of Industrial Accidents
- Nov. 7, California Workers' Compensation Institute

CONTACT: c/o Gary W. Jensen
247 Fourth St.
Oakland, CA 94607

Nov. 10-11 Minnesota

- Nov. 10, Minnesota Workers' Compensation Study Commission
- Nov. 11, open

CONTACT: c/o Senator Steve Keefe, Chairman
(Assistant Majority Whip)
301 State Capitol
St. Paul, Minnesota 55155
tel. 612/296-4190

Nov. 12-14 Wisconsin

- Nov. 12, Milwaukee: Wis. Workers' Comp Insur. Rating Bureau, NAIC
- Nov. 13, Workers' Compensation Division, Federated Rural Electric Insurance Corp.

CONTACT: c/o P. Russell
306 N. Brooks
Madison, WI 53715

Nov. 19-21 Washington, DC

- Nov. 19, James R. Cochrane, Federal Insurance Agency
Dick Fink, Div. of State Workers' Comp Standards, ESA, USDL

Stimson/Fineberg
October 30, 1980
Page Two

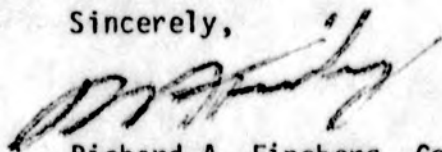
CONTACT: c/o Senner
125 11th St., NE
Washington, DC 20002

Nov. 24-25 Washington State
-- Nov. 24, Zee Jackson, USDL (LSHWA rehab)
-- Nov. 25, open

Note: These are major interviews scheduled at this point. Additional contacts have been made and interviews arranged. Additional tentative interviews scheduled as well.

I will be checking in with Licia weekly, or after each state, where possible. In some cases this will not be possible because I will be travelling at night. You will notice that 13 interview days are scheduled. I anticipate that I will be spending at least one full day in Washington, DC and one-half day in Washington State on personal affairs, thus bringing me within the contract-specified 11 days paid interviewing time. Additional comp interviewing, if time and schedule permits, will not be billed to the commission. I will similarly adjust travel per-diem downward from state standard to carry out the mission within the proposed budget.

Sincerely,



Richard A. Fineberg, Consultant
Box 81835 - College Sta.
Fairbanks, Alaska 99708

MEMORANDUM

TO: Senator Terry Stinson
Representative Brian Rogers

FROM: Bob Williams

RE: Progress Report - Insurance Sub-Committee

DATE: November 14, 1980

Summary

This report has been prepared as an update on the activities and preliminary recommendations by the Insurance Sub-Committee of the Worker's Comp Study Commission. Briefly, the Sub-Committee has recommended that four suggestions be written into draft bill form. These suggestions are: (1) that licensing of self-insurers be transferred from the Division of Worker's Compensation to the Division of Insurance, (2) that carriers be given the opportunity to write deductible policies for worker's comp, (3) that restrictions be lessened for employers wishing to purchase group policies, and (4) that a limited form of "File and Use" rating be used to promote competitive pricing.

In addition, the Sub-Committee has requested that Blue Cross consider the feasibility of writing worker's comp insurance. We are awaiting their response.

The fact should be stressed that these are preliminary recommendations. The only action made by the Sub-Committee was to draft legislation. The Sub-Committee has not passed these bills out. The Committee decided that examining draft legislation

would enable them to understand the mechanics of the approaches that had been discussed in a conceptual manner.

Activities of the Insurance Sub-Committee

The Insurance Sub-Committee was formed at the September 20 meeting of the Commission in Fairbanks. At that meeting, the Commission heard testimony that very little competition existed in the worker's compensation insurance market, by virtue of a very rigid method of insurance rate regulation.

Insurers writing worker's compensation and other lines of casualty insurance are regulated under AS 21.39. Chapter 39 of the Insurance Code requires that insurers make filings with the Division of Insurance for every manual, minimum, class rate, rating schedule or rating plan and each modification of them which it proposes to use. That filing becomes effective after 15 days, or an extension for another 15 days, unless disapproved by the Director. An insurer may meet its filing obligation by becoming a member of, or subscriber to, a licensed rating organization. This type of insurance rate regulation is called "prior approval".

If an insurer is a member of, or subscriber to, a rating organization, that insurer must adhere to the filings made by the rating organization on its behalf, or file a deviation. Deviations from the rate filed by a rating organization must be in accordance with AS 21.39.070. In the case of workmen's compensation, all

Progress Report
Page Three

insurers writing comp in this state are members of the National Council on Compensation Insurance (NCCI). The NCCI is a licensed rating bureau, and has been since the issuance of Order 76-1 by the Director of Insurance.

At the Fairbanks meeting, the Commission also heard testimony that insurers writing worker's comp are not actively filing deviations. That deviations are an important component of competition is stated in a September 5, 1980 letter from Thomas W. Jenkins of the Illinois Department of Insurance. Mr. Jenkins states:

"Mr. William Bailey, Chairman of the Advisory Committee, has suggested we must look beyond the mere fact that rates are being made in concert and determine what actual effect that has had on competition. It is his opinion that, if rates are not being used, evidenced by substantial deviations, then ratemaking does not have an anticompetitive effect." (See Letter from Thomas W. Jenkins, Special Counsel, Illinois Department of Insurance, To: All State Insurance Commissioners, September 5, 1980.

The plain fact is that in Alaska, the NCCI rates are being used, and there are very few deviations.

The Commission also heard testimony stating that the NCCI actively opposes the filing of deviations by their member

companies. In a June 16, 1976 letter to the Division of Insurance regarding a downward deviation filed by Industrial Indemnity, they state:

"The National Council, as you know, takes position that the only permissible deviations under the Alaska Insurance Law, are uniform deviations. See, March 25, 1976 letter to your attention relative to independent filing for Loggers Association by Alaska Pacific Insurance Company.

The Industrial Indemnity Company of Alaska is a member of the National Council, and as such must adhere to National Council's filings under the Alaska Insurance Law, Section 21.39.070, which reads in part, 'Each member of or subscriber to a rating organization shall adhere to the filings made on behalf by the rating organization . . .'" (See, Letter from Donald T. De Carlo, National Council on Compensation Insurance, to Richard L. Block, Director of Insurance, June 16, 1976.)

The Council's position was subsequently explained to the Commission. The NCCI was not objecting to the fact that the

filing deviation reduced the rate, but rather that the filing did not conform to their interpretation of the Alaska Insurance Code. The Division of Insurance approved the filing after some modifications, but the incident points to one clear fact: The system of regulation is rigid and not conducive to flexible pricing or to competition.

At the conclusion of the Fairbanks meeting, Commission member Mr. Tom O'Keefe requested that the NCCI be invited to testify. And, in Anchorage on October 16, 1980 they did. However, prior to that meeting, the Sub-Committee met with two insurance industry officials, Mr. Tom Conneely, Vice President for Western Operations for the Alliance of American Insurers, and Mr. Bill Molman, Special Counsel for the American Insurance Association. The Alliance of American Insurers or the "Alliance" and the American Insurance Association (AIA) are the two major insurance trade associations for the industry and operate on the industry's behalf, countrywide.

At the October 16 meeting in Anchorage, a number of issues related to insurance and worker's comp were discussed with Mr. Conneely and Mr. Molman. Among the issues discussed was the question of open competitive rating. It was brought out at the meeting that open competition is a national issue, the effort being spearheaded by the National Association of Insurance Commissioners (NAIC). The NAIC report entitled Report of the National Advisory Committee on Competitive Rating to The National

Association of Insurance Commissioners, prepared by the Advisory Committee on Competitive Rating, May 1980, was distributed to the Sub-Committee and discussed.

That report recommended that state regulators adopt open competitive rating. However, that recommendation included three caveats in the area of worker's compensation. The report states:

1. "Worker's compensation be included in the competitive rating law and not be separately regulated in a law that requires mandatory rating organization membership and/or permits members or subscribers to depart from bureau rates only by deviation;
 2. Worker's compensation insurance rates be subject to a prior filing procedure before they become effective, but not subject to specific prior approval; and
 3. Statistical data for worker's compensation insurance be collected on a uniform basis."
- (See, Report of the National Advisory Committee on Competitive Rating, May 1980, pp. 45-46.)

At the meeting Mr. Conneely indicated that his organization was firm in their opposition to any form of competitive rating. Mr. Molman's association took no position on the issue.

Members to the AIA are split, and the association has not yet determined their position.

The following day, October 8, the Committee met again. At this meeting they decided to look into four major areas. These were: (1) establishment of a state fund, (2) requiring that investment income be included in the ratemaking formula, (3) opening the system up to competitive pricing, and (4) examining the feasibility of health insurers writing worker's compensation. Other issues the Committee examined were group insurance and self-insurance.

On October 16, 1980, the full Commission met and heard testimony from the National Council, as requested by Mr. O'Keefe in Fairbanks. Their prepared presentation outlined the basics of insurance ratemaking. The talk was technical and at time confusing. However, one point was brought out: Small employers, those who do not generate a large premium, are discriminately placed in the assigned risk pool, and are automatically charged an 8% penalty.

That afternoon the Commission heard from Oregon's Insurance Commissioner, W. W. Fritz. Commissioner Fritz's testimony centered on a piece of legislation he had requested Governor Victor Atiyeh's Task Force on Worker's Compensation to introduce. That bill, entitled "A Bill For An Act Relating to File and Use Insurance Rates, LC 786-H, 09/08/80", opened Worker's compensation to competitive pricing forces. It prohibited any rating organization from filing, on the behalf of

its members, a rate that included the company's overhead costs or profit allowance. Under the bill, Bureau filings could cover only the "pure premium" or the amounts the company needs to pay claim losses. This means that companies would have to add on their own expense allowance, or in other words, compete.

Commissioner Fritz prefaced his remarks before the Commission by stating that the insurance industry operated as a "cartel". He concluded by stating that competition, as allowed in his proposal, would have a "salutory" effect on insurance rates.

It was at the next meeting, October 27, 1980, that the Sub-Committee made a motion to draft the four pieces of legislation. The Sub-Committee also discussed the insolvency of the Second Injury Fund. The Second Injury Fund reimburses employers for disability payments beyond 104 weeks if an employee has a pre-existing impairment.

The fund also provides money for vocational rehabilitation. However, no motion was made on the Second Injury Fund. The position of the Sub-Committee was that the Second Injury Fund be discussed as part of the whole question on vocational rehabilitation.

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MEMORANDUM

TO: Senator Terry Stinson
Representative Brian Rogers

FROM: Bob Williams

RE: Review of "Draft Legislation"

DATE: November 12, 1980

Pursuant to the request made by the Insurance Subcommittee for Worker's Compensation, I have requested legislation be drafted. This memorandum will outline, briefly, those pieces of draft legislation.

The draft legislation covers four specific points. These are: (1) the licensing of self-insurers, (2) eliminating restrictions on employers obtaining group insurance policies, (3) allowing deductible policies for worker's comp, and (4) establishing competitive pricing for worker's compensation.

Self-Insurance

The first work draft, entitled Amendment #1, shifts the responsibility of licensing self-insurers from the Division of Worker's Compensation to the Division of Insurance. That function involves financial and insurance expertise, not available at the Division of Worker's Compensation.

The draft by Mr. Sofo is the same as a work draft prepared by the Division of Worker's Compensation. Requirements

for self-insurers are in A.S. 23.30, the worker's comp law. Those requirements have not changed. The work draft merely changes each reference to the (Board) to the Insurance Commissioner. We have, however, made one addition based on a Minnesota statute. We have added a new section, A.S. 23.30.087, which allows group self-insurance as approved by the Insurance Commissioner.

The specific provisions in the work draft on self-insurance are as follows:

Section 1 repeals A.S. 23.30.005 (f), a requirement that the Board notify the contracting agency of the state, when it revokes a self-insurance certificate.

Section 2 disallows the awarding of state contracts to any person who cannot show proof of self-insurance.

Section 3 grants the authority to any state agency to terminate a contract with any person if they receive notice that the person's worker's comp policy has been cancelled, and grants the agency the right to terminate the policy if the Insurance Commissioner revokes a certificate of self-insurance.

Section 4 requires an employer to maintain insurance for worker's comp or furnish to the Insurance Commissioner proof that he is financially able to self-insure. The Insurance Commissioner may require a bond as security.

Section 5 exempts self-insurers, certificated by the Insurance Commissioner, from filing evidence of compliance with the Board.

Section 6 authorizes group self-insurance under regulations adopted by the Insurance Commissioner. This provision was added by the Sub-Committee, and taken from a Minnesota statute.

Section 7 shifts the responsibility for issuing self-insurance certificates to the Insurance Commissioner. It also reinstates A.S. 23.30.005 (f) repealed in Section 1. The Insurance Commissioner is now directed to notify any state contracting agency regarding verification of any self-insurance certificate.

Section 8 defines "self-insurer" as an employer who has furnished the Insurance Commissioner satisfactory proof of his ability to make payments.

Group Insurance

Amendment #2 amends A.S. 21.36.190 (d), the Fictitious Group Law. This statute prohibits the issuance of group insurance plans to fictitious groups, or groups formed solely for the purpose of obtaining a preferred rate. Sub-section (c) of this section exempts workmen's compensation insurance if the group meets a list of conditions. The proposed amendments remove those conditions, as long as the group is in the same employer rating classification, and receives approval from the Insurance Director.

This amendment allows small employers to unite and obtain a group insurance policy. This has two advantages for the small employer. First, assuming the group can generate enough premium, it would allow them to be taken out of the assigned risk pool. This represents an 8% savings in premiums. Second, if the policy becomes large enough, the group would become eligible for premium discounts. These range from 9.4% for policies over \$1,000 up to 16.3% for policies above \$100,000. (See, Restatement of Worker's Compensation Expense Program, National Council on Compensation Insurance, May 1, 1978).

Section 1 removes the requirement that an association of employers have constitution and bylaws, incorporate a safety program, have preferred characteristics over similar risks written on an individual basis, and be formed for a purpose other than obtaining a group policy.

Deductibles

This section allows carriers to issue deductible policies for worker's compensation. Deductibles are a limited form of self-insurance. Currently, members or subscribers to the NCCI cannot offer deductible policies, because deductibles are not part of the NCCI's filings.

Since worker's compensation is a socially mandated form of insurance, deductibles have to be structured in a special fashion. This is to assure each employee is covered. First, the carrier is responsible for payment on any deductible policy. Second, the carrier has the right to recover the deductible amount from the employer. Third, since

the insurer is responsible for payment, the issuance of that type of policy is at his discretion.

Deductibles offer two advantages: They allow a limited form of self-insurance, thereby reducing premiums, and they provide a strong incentive for an employer to implement a safety program to curtail losses.

Section 1 allows deductible policies under A.S. 23.30.025 an exemption from the requirement that a policy cover the entire compensation for liability.

Section 2 allows the carrier to write deductible policies as approved by the Director of Insurance.

Open Competitive Rating

This section re-regulates insurers writing worker's compensation, and is a significant change. It prohibits filings by any rating organization from including allowances for expenses, taxes, or underwriting profit. In insurance jargon, this means the NCCI would file only the "pure premium". The effect is that insurers would have to actively compete for the expenses and profit portions of the premium. The provisions have been lifted for Commissioner W.W. Fritz's proposal in Oregon.

We have also included a requirement that they report investment income. This too, was taken from the Oregon proposal on competitive rating.

Further, we have drafted a bill, at the request of a Commission member, that exempts the Guaranty Association from

insolvencies arising from open competition for worker's compensation.

Section 1 exempts filings for worker's compensation made by a rating organization from "Prior Approval".

Section 2 prohibits rating organization filings from including provisions for expenses, taxes, or profits.

Section 3 requires that investment income be reported to the Division of Insurance.

Section 4 exempts the Guaranty Association from insolvencies arising out of A.S. 21.39.045.

MEMORANDUM

TO: Bill Berrier
FROM: Senator Terry Stimson
Rep. Brian Rogers
VIA: Bob Williams
DATE: November 2, 1980

Rep. Brian Rogers and Senator Terry Stimson would like you to begin drafting some legislation for the Workmen's Compensation Study Commission.

First, they would like a draft which amends AS 21.36.190(d). As you can see, AS 21.36.190(d) places a number of conditions upon an association of employers which apply for a group insurance plan. We would like to remove all of those restrictions, except the filing procedure under paragraph (4), assuming that the employer group can be rated in one rating classification. So sub-paragraph (d) would read something like;

(d) This section does not apply to workmen's compensation insurance when issued to an association of employers in the same rating classification and which as a group has filed and received approval from the director for the rating program to be applied to the group.

Second, we would like to transfer the responsibility of licensing self-insurers from the Worker's Comp Board, where it now rests, to the Director of Insurance. The provisions for self-insurance are spelled out in AS 23.30.075, AS 23.30.085, and AS 23.30.090 of the Workmens' Comp Act.

As a first crack on self-insurance I would like to go with two approaches, or in other words, two drafts. The first would be to leave the requirements and provisions for self-insurance under AS 23.30 intact, and merely transfer the function to the Director of Insurance. The second approach would be to take (Sec. 50. Minnesota Statutes, 1978, Section 176.181, Subdivision 2) which is attached to this memorandum, and use that as a model. The Minnesota law allows employer groups to self-insure, and we feel that this

Memorandum
Page two

is a good idea. Also, we would like to see built into this draft the opportunity for an individual or a group to self-insure all or part of his liability for payment of comp benefits. Please have the draftsmen contact me if there are any questions.

of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money so obtained shall be deposited in the state treasury to the credit of the commissioner of insurance and awards made against any such self-insurer by the commissioner of insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of insurance and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of insurance, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 51. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 5. A political subdivision or association of political subdivisions which is self insured, may be indemnified by the special compensation fund

Ch. 3

71st LEGISLATURE

ing, may demand that the physician be produced for purposes of cross-examination. The signed certificate of a neutral physician is competent evidence of the facts stated therein. The expense of the examination shall be paid as ordered by the commissioner of labor and industry, compensation judge, or the workers' compensation court of appeals.

The commissioner of labor and industry shall develop and maintain a list of neutral physicians available for designation pursuant to this subdivision or section 176.391, subdivision 2.

Sec. 49. Minnesota Statutes 1978, Section 176.179, is amended to read:
176.179 Payments of compensation received in good faith

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division or court of appeals relative to a claim by an injured employee or his survivors, and received in good faith by the employee or his survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a credit against future benefit entitlement; provided, however, that the credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits or death benefits shall not exceed 20 percent of the amount that would otherwise be payable.

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. Compulsory insurance; self-insurers. (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of insurance exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner shall also adopt, pursuant to clause (2)(c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of insurance, any employer may exclude medical, surgical, dental and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations which may be determined by the commissioner of insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of insurance, showing his financial ability to pay the compensation, whereupon by written order the commissioner of insurance may make an exemption as he deems proper. The commissioner of insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of insurance may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of insurance may require the employer to furnish such security the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of insurance shall deposit it with the state treasurer. In the event

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STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A D U M

November 12, 1980

SUBJECT: Worker's Compensation
(Work Order No. 12-0110)

TO: Worker's Compensation Study Commission

FROM: Thomas A. Sofo *TAS*
Legislative Counsel

After conferring with Licia I have decided to send along this short memo with the specific statutory amendments which I have been requested to draft as of this date. Based upon the commission's recommendations, any or none of these amendments can eventually be placed in a longer bill which will cover the area of worker's compensation.

Amendment Number 1 - The amendments contained in the group marked number one are merely directed toward involving the Director of Insurance in the self insurance process available to employers. The term used in the draft is Commissioner of Insurance based on definitions which appear later in AS 23.30. I have also drafted a new section AS 23.30.087 which takes up the only distinctive element of the Minnesota statute which Bob Williams has asked me to review. As you can see AS 23.30.087 deals with the concept of group self insurance.

Amendment Number 2 - This short amendment removes many of the constraints which formerly existed concerning the formation of fictitious groups for insurance purposes.

Amendment Number 3 - The language at this point is directed toward affirmatively authorizing the issuance of worker's compensation insurance policies which contain provisions for deductibles. The reference to AS 21.39.070 has been included in order to make it clear that a carrier who wishes to offer a deductible does not have to make written application for a deviation from the rates which may have been filed by the licensed rating organization. Although I have retained the requirement that the Commissioner of Insurance review such

policies with deductibles in order that they comply with this new statute, I have not required the Commissioner to make a separate finding that the employer is capable of paying such a deductible. It would seem that the self-interest of the insurers would operate as a check on the marketing of such policies to employers who could not in fact afford to pay the deductible. Since the initial payment of the deductible to the employee is to be by the insurer on behalf of the employer, the employee is not in jeopardy of an employer who purchases a policy with a deductible which it is unable to pay. Carriers are not likely to put themselves in the position of advancing the amount of the deductible on behalf of employers who they feel cannot afford to pay the deductible.

TAS:msp

Enclosure

TO: Licia Piceno

FROM: Diane Simonson 

DATE: November 17, 1980

RE: Completion of Contract

I'm enclosing my final time sheet on my contract with the Commission. Hours worked between Oct. 30th and November 8th were spent going back thru the 250 cases used in the claims study to determine which were controverted. Hours worked between Nov. 12th and 14th were dedicated to reviewing the Unit Statistical Plan (at the request of Bob Williams), and putting together additional information on the claims study and work force in 1978. Nov. 15th, I attended the teleconference.

Please feel free to contact me at 364-3542 if the Commission desires further work to be done.

I am sending to your office the raw data sheets used in collecting data for the claims study, the Unit Statistical Plan, and the information requested by Commission member Mr. Croft.

1978 LABOR FORCE

The average size of the civilian labor force in Alaska in 1978 was 161,000. This includes wage or salaried persons, self-employed and agricultural. This figure was obtained from Department of Labor, Research and Analysis. However, this figure does NOT represent an absolute total of the number of persons who worked in the state in 78. The Department of Labor does not have a figure for all persons who might have been employed for seasonal work. This figure is obtained by surveying on certain days of the year. It is as close as they have to the total work force.

A breakdown is given below by month. It ranges from a high of 169,662 persons employed in August to a low of 147,909 in January.

<u>Month</u>	<u>Work Force</u>	<u># injuries</u>
January	147,909	1,581
February	150,627	1,370
March	154,092	1,653
April	158,944	1,623
May	163,990	1,770
June	169,218	1,909
July	168,756	2,144
August	169,662	2,317
September	167,755	1,921
October	164,193	1,866
November	159,622	1,430
December	157,232	1,222

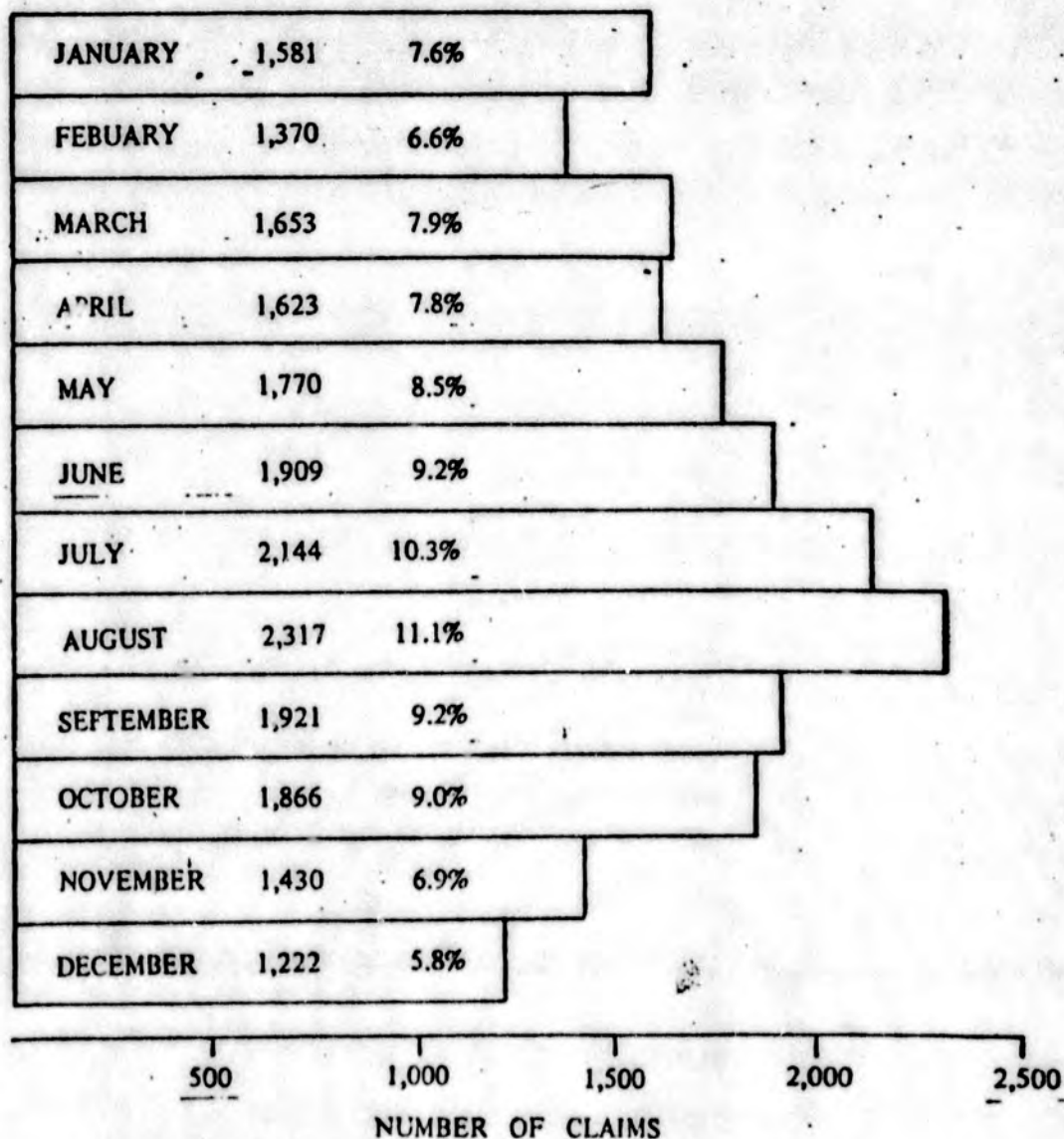
The total number of injuries reported in 1978 was 21,575 (this figure was supplied by the Division of Worker's Compensation). Calculation of the total number injured divided into the average size of the work force shows about 13% of the work force was injured, or about 1 out of every 7.5 workers. However, it must be remembered the work force may have been higher at certain dates.

Research and Analysis has provided the following chart of injuries by month. The total number of injuries is lower than the number

supplied by the Division of Worker's Comp., as the research division has a cut off date for including reported injuries.

In regard to the claims study of 250 cases from 1978, I have not included the number of injuries by month as the cases were selected from monthly listings, and therefore there are approximately the same number for each month.

WORK INJURIES AND ILLNESSES
BY MONTH OF OCCURRENCE
ALASKA 1978



NOTE: Total claims = 20,806

NOTE: Data includes all reported cases which occurred during 1978

Additional information derived from the Claims Study

AVERAGE WEEKLY COMPENSATION RATE \$300
(this average was obtained from
those cases where claimants average
weekly wage was known, 176 cases)

AVERAGE TIME COMPENSATED FOR 48 days
(this figure was available on
234 of the cases)

AVERAGE TOTAL PAYMENT(comp & medical) \$4156
(available of 235 cases)

**PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT**

November 14, 1980

UNIT STATISTICAL PLAN (USP)

The National Council on Compensation Insurance requires carriers to submit experience on each policy thru the USP. Carriers are required to submit a report for each policy 18 months after the effective date, or no later than 20 months after the effective date. These are detailed reports which are used by the Council primarily for 1) ratemaking, and 2) to determine experience modification, severity and frequency.

The purpose of reviewing the information included in the USP was to determine if a copy of these reports should be sent to the Division of Worker's Compensation so that all or part of this information could be used in their information handling system, which is now in the planning stage and is to be implemented in Jan. of 1982.

Don Kock, Division of Insurance supplied the copy of the instructions and illustrations of the USP. He explained the reporting procedures and purpose of the plan. Jackie McClintock and Diane Prissandra (Admin Officer, Division of Worker's Comp) were consulted on this matter. After careful scrutiny of the information included in the USP, it was determined that it would not be feasible to include this information in the Info Handling system for the following reasons:

- 1) By the time the report is submitted, the information on the activity of each policy is at least 18 months old, and claims reported via this report would already be in the system.
- 2) The National Council of Compensation Insurance allows this info to be reported on magnetic tape. This would present a problem in that the Division's System would have to be compatible to the NCCI's system, and would add programming costs.
- 3) The main purpose of these reports is to determine ratemaking and experience modification. These are areas of concern to the Division of Insurance more than to the Division of Worker's Comp.
- 4) The submitting of these reports to the DWC would add a tremendous flow of paper work. An alternative is to update the Final reports submitted by the carrier so that the carrier is reporting to the Division only once, with adequate and up to date information.

National Council Workmen's Compensation Unit Statistical Plan Manual

Instructions for the preparation and filing of experience on policies becoming effective on or after June 1, 1977 for first reports; June 1, 1976, second reports; June 1, 1975, third reports; June 1, 1974, fourth reports; and June 1, 1973, fifth reports. These instructions supersede all previous instructions issued by the National Council.

**National Council on Compensation Insurance
One Penn Plaza
New York, N.Y. 10001**

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INTRODUCTION

1. This Plan contains the necessary instructions for the reporting of experience on the direct business written by the carrier for workmen's compensation, voluntary compensation and employers' liability insurance in all jurisdictions in the United States where private carriers are permitted to write workmen's compensation insurance, except: California, Delaware, Massachusetts, New Jersey, New York, Pennsylvania and Texas. This Plan does not apply to states where there is a monopolistic state fund (Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming). Instructions for the reporting of experience for Texas may be obtained from the Texas State Board of Insurance and the reporting of experience for the other states from the Independent Bureaus.

2. The instructions set forth in this Plan are applicable to the reporting of all experience developed by policies issued to become effective on or after June 1, 1977 for first reports; June 1, 1976, second reports; June 1, 1975, third reports; June 1, 1974, fourth reports; and June 1, 1973, fifth reports. These instructions supersede all previous instructions issued by the National Council.

3. Whenever a change is made in these instructions, the appropriate page will be reprinted and the change will be identified by a star (★) in the outer margin of the reprinted page. The effective date of the reprint will be shown at the top of the page and the edition of the original page which has been reprinted will be shown at the bottom of the page.

4. The instructions contained in the body of this Plan are applicable to the reporting of experience for each jurisdiction to which this Plan applies, except for the special requirements for individual states as shown on the state exception sheets included in this Plan.

5. The standard reporting procedures contained in this Plan may be modified by a carrier to conform to its own recording methods provided that such alternative reporting procedures: (a) yield all of the information required under the standard procedures of this Plan and (b) have received prior approval by the National Council on Compensation Insurance as an acceptable alternative reporting procedure.

**PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.**

ILLUSTRATION 2 — Sheet 1 — First Report requiring accompanying Individual Reports; Experience Rated Risk.

Note the treatment of the experience modification on Lines A, B, C and the grouping of the eight closed medical only claims. Groupings must be made by loss coverage as well as injury type and class code.

Note that since this carrier is entitled to a "stock" discount, Code 0063 has been entered as the premium discount code. "Non-stock" discounts are to be denoted by Code 0064.

REPORT 1	POLICY NUMBER WC 54321	STATE Any	STATE NO. 55	CARRIER X.Y.Z. Insurance Co.	CARRIER NO. 499	CARD SERIAL NO. 712	ADM FILE NO. Blank																																																																																																																																																																																																
EFFECTIVE DATE 06-01-77	EXPIRATION DATE 05-31-78	INSURED P.A.Z. Industries Corp. (Address Optional)																																																																																																																																																																																																					
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0 open
1 closed

10 month
period

ILLUSTRATION 2 — Sheet 2 — Individual Claim Report; Pension; Permanent Total Disability.

The present value of the specific indemnity must be determined through use of the Pension Table II of Section IV of this Manual. Supplementary Tables must also be used when applicable.

CLASS CODE 2014	EFFECTIVE DATE 06-01-77	REPORT 1	DATE OF VALUATION 12-01-78	INJ. 2	PENSION CLAIMS Any	STATE 55	ADM FILE NO. Blank
POLICY NUMBER WC 54321		CARRIER NAME X.Y.Z. Ins.		CARRIER NO. 499	CLAIM NO. 46122	CARD SERIAL NO. 712	AGE AT ACC. DATE 40
INSURED P.A.Z. Industries Corp.				INJ. AT 1ST REPORT 2	AVG. WEEKLY WAGE 200.00	LOSS COV 11	ACCIDENT DATE 07-12-77
WORKER'S NAME J. Jones				OCCUPATION Miller		DATE OF DEATH —	
CAUSE OF ACCIDENT Caught in Machinery							
INJURY DESCRIPTION CODE 3013	DATE CLAIM FILED 07-14-77	SEX 1	MARITAL STATUS 2	EMPLOYMENT STATUS AT DATE CLAIM FILED 3			
BENEFICIARIES							
PRIMARY 1	DATE OF BIRTH 10-01-37	AGE 41	REASON FOR TERMINATION OF BENEFITS				
OTHER							
REMARKS							
CALCULATIONS: Annual Benefit $52 \times 133.33 = 6,933$ Present Value from table II = 18,808 Present Value future payments = 130,396							
1. INDEMNITY PAID TO VALUATION DATE (EXCLUDING TEMPORARY TOTAL SHOWN IN LINE 3)						9,657	
2. PRESENT VALUE OF FUTURE INDEMNITY PAYMENTS						130,396	
3. TEMPORARY TOTAL INCURRED						None	
4. FUNERAL ALLOWANCE IF APPLICABLE						—	
5. TOTAL INDEMNITY INCURRED (1) + (2) + (3) + (4)						140,053	
6. VOCATIONAL REHABILITATION COSTS INCURRED (EXCLUDED IN LINE 5)						XX	
7. MEDICAL - PRIMARY		AMOUNT PAID TO VALUATION DATE		6,000		TOTAL MEDICAL	
						13,000	

*AT DATE OF VALUATION (TERMINATION IF APPLICABLE)

FORM 23-77

ILLUSTRATION 2 — Sheet 3 — Individual Claim Report; Other than Pension; Permanent Partial Disability; Subrogation

CLASS CODE	EFFECTIVE DATE REPORT	DATE OF VALUATION	INJ.	CLAIMS OTHER THAN PENSION	STATE	STATE NO.	ADM. FILE
2003	06-01-77	12-01-78	9	Any	Any	55	Leave Blank
POLICY NUMBER	CARRIER NAME	CARRIER NO.	CLAIM NO.	CARD SERIAL NO.	AGE AT ACC. DATE		
WC 54321	X.Y.Z. Ins.	499	46096	712	50		
INSURED	WORKER'S NAME	1ST REPORT	AVG. WEEKLY WAGE	LOSS COV.	ACCIDENT DATE		
P.A.Z. Industries Corp.	J. Smith	9	200	18	07-26-77		
CAUSE OF ACCIDENT	Continuous lifting of large bags of flour						
INJURY DESCRIPTION CODE	DATE CLAIM FILED	PER	MARITAL STATUS	EMPLOYMENT STATUS AT DATE CLAIM FILED			
8041	08-03-77	1	1	1			
SPECIFIC OCCUPATIONAL DISEASE							
INSTRUCTIONS							
Line (A) Enter as specific indemnity the permanent partial scheduled or non-scheduled award showing the percentage of disability, the member involved and the total weeks payable in Columns 2, 3 and 4 respectively.							
Line (B) Enter here all total disability incurred, whether permanent or temporary, including any temporary total incurred in conjunction with permanent partial awards.							
Line (C) Enter any other indemnity incurred as allowed under Section IV of the Unit Statistical Plan.							
Line (E) Enter the vocational rehabilitation costs incurred which are included in line (D).							
Column 5 The total incurred loss is the total of all paid and outstanding reserves.							

1	2	3	4	5
KIND OF PAYMENT	PERCENT DISABILITY	MEMBER INVOLVED	TOTAL WEEKS PAYABLE	TOTAL INCURRED LOSSES
(A) SPECIFIC INDEMNITY	40%	Arm	240	8,500
(B) TOTAL DISABILITY	XXX	XXX		
(C) ALL OTHER	XXX	XXX	26	1,500
(D) TOTAL INDEMNITY (A)+(B)+(C)	XXX	XXX	XX	10,000
(E) VOCATIONAL REHABILITATION COSTS	XXX	XXX		X
(F) MEDICAL	XXX	XXX	XX	3,000
AMOUNT PAID TO VALUATION DATE: INDEMNITY				3,465
MEDICAL				1,035
REMARKS Partially Subrogated				

SUBROGATION REPORTING

	TOTAL	INDEMNITY	PERCENT OF TOTAL	MEDICAL	PERCENT OF TOTAL
Gross Incurred Costs*	11,000	10,000	77%	1,000	23%
Subrogation Received	9,000				
Cash Recovery**					
Future Credit***					
Gross Recovery	9,000				
Claim Expense	500				
Net Recovery	8,500				
Net Cost****	4,500	1,465	77%	1,035	23%

- * Value of the claim had there been no recovery.
 ** Cash Recovery should include the actual gross cash received.
 *** Future Credits are the credits against outstanding payments that would otherwise have had to be made if there were no subrogation recovery.
 **** This credit can not exceed the amount of the outstanding payments.
 The division of the Net cost between Indemnity and Medical is to be shown on the accompanying Unit Report.

Form 24-77

ILLUSTRATION 3 — Sheet 1 — First Report requiring two unit cards.

In this illustration it is assumed that more than one set of rates and more than one experience modification applies during the policy period.

Note that it is necessary to use more than one unit card to report the experience. The first line on the exposure side shows the dates of the initial period. The exposure and premium side of the card gives the information by classification and the experience modification for the initial period only. The effective and expiration dates shown are for the entire policy period.

Note that the risk totals for the entire policy period are shown on the second card. Note the special card serial numbering and the inclusion of the interstate I.D. number.

REPORT 1	POLICY NUMBER MC 4444	STATE Any	STATE 55	CARRIER Any Insurance Co.	CARRIER NO. 999	CARD SERIAL NO. 123	ADM. FILE NO. Leave Blank			
EFFECTIVE DATE 07-01-77	EXPIRATION DATE 06-30-78	INSURED P.D.Q. Refining Co. (Address Optional)								
COND X										
910654321										
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	INCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	INCUR. LOSSER	LOSS COV.	CAT. NO.
		07-01-77 to 08-31-77			15000	07-22-77	4740	79,950	900	0 11
					15001	08-02-77	4740	9,000	3,000	0 11
11	4740	110,486	1.67	4,055	15002	09-25-77	4740	1,500	250	0 11
11	8742	75,008	.68	360	15003	10-09-77	4740	350	150	1 11
11	8810	12,850	.22	28	15004	12-18-77	4740	760	160	1 11
					15005	03-07-78	4740	1,000	100	0 11
					15006	04-10-78	8810	650	150	1 11
					15007	06-02-78	8742	2,500	1,000	0 11
					15008	06-28-78	8742	500	10	1 11
A - TOTAL SUBJECT PREMIUM				4,443						
B - EXPERIENCE MODIFICATION				1.080						
C - TOTAL MODIFIED PREMIUM (A) X (B)				4,798						
D										
E										
F										
G										
TOTALS										
STD				XXX						
OTHER				XXX						
DISC				XXX						
PREMIUM DISCOUNT				XXX						
TOTALS										
FORM 512 - 10 (10-77)										

ILLUSTRATION 3 — Sheet 2 — First Report requiring two unit cards.

REPORT 1	POLICY NUMBER MC 4444	STATE Any	STATE 55	CARRIER Any Insurance Co.	CARRIER NO. 999	CARD SERIAL NO. 123-2	ADM. FILE NO. Leave Blank			
EFFECTIVE DATE 07-01-77	EXPIRATION DATE 06-30-78	INSURED P.D.Q. Refining Co. (Address Optional)								
COND X										
910654321										
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	CLAIM NUMBER	INCIDENT DATE OR NO. OF CLAIMS	CLASS CODE	INCUR. LOSSER	LOSS COV.	CAT. NO.
		09-01-77 to 06-30-78								
11	4740	1,129,040	3.36	37,936						
11	8742	880,950	.57	5,021						
11	8810	175,010	.24	420						
A - TOTAL SUBJECT PREMIUM				43,377						
B - EXPERIENCE MODIFICATION				1.160						
C - TOTAL MODIFIED PREMIUM (A) X (B)				50,317						
D										
E										
F										
G										
TOTALS										
STD				2,383,344	XXX	55,115				
OTHER				XXX	XXX					
DISC				XXX	XXX					
PREMIUM DISCOUNT				XXX	(1,087)					
TOTALS					51	XXX	95,810	6,610	XXX	XXX
FORM 512 - 10 (10-77)										

ILLUSTRATION 3 — Sheet 3 — Exposure Correction Report

In this instance a classification reassignment has been assumed. Exposure correction cards revising each of the original unit cards are necessary.

Note that the exposure correction cards carry their own series of card serial numbers. Only the second revised unit card carries the risk totals.

REPORT C-1	POLICY NUMBER WC 4444	STATE Any	STATE NO. 55	CARRIER Any Insurance Co.	CARRIER NO. 999	REVISED CARD SERIAL NO. 25	ADM. FILE NO. Leave Blank		
EFFECTIVE DATE 07-01-77	TERM 06-30-78	INSURED P.D.Q. Refining Company (Address Optional)		ORG. CARD SERIAL NO. 123					
COND. X		910654321		123					
PREVIOUSLY REPORTED				REVISED					
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM
11	8742	75,008	.48	360	11	4740	185,494	3.67	6,808
11	4740	110,486	3.67	4,055					
A - TOTAL SUBJECT PREMIUM				4,443	A - TOTAL SUBJECT PREMIUM				6,836
B - EXPERIENCE MODIFICATION				1.080	B - EXPERIENCE MODIFICATION				1.080
C - TOTAL MODIFIED PREMIUM (A) X (B)				4,798	C - TOTAL MODIFIED PREMIUM (A) X (B)				7,383
D					D				
E					E				
F					F				
G					G				
H - TOTAL PREMIUM				4,798	H - TOTAL PREMIUM				7,383
I - TOTAL PREMIUM				4,798	I - TOTAL PREMIUM				7,383
J - TOTAL PREMIUM				4,798	J - TOTAL PREMIUM				7,383
K - TOTAL PREMIUM				4,798	K - TOTAL PREMIUM				7,383
L - TOTAL PREMIUM				4,798	L - TOTAL PREMIUM				7,383
M - TOTAL PREMIUM				4,798	M - TOTAL PREMIUM				7,383
N - TOTAL PREMIUM				4,798	N - TOTAL PREMIUM				7,383
O - TOTAL PREMIUM				4,798	O - TOTAL PREMIUM				7,383
P - TOTAL PREMIUM				4,798	P - TOTAL PREMIUM				7,383
Q - TOTAL PREMIUM				4,798	Q - TOTAL PREMIUM				7,383
R - TOTAL PREMIUM				4,798	R - TOTAL PREMIUM				7,383
S - TOTAL PREMIUM				4,798	S - TOTAL PREMIUM				7,383
T - TOTAL PREMIUM				4,798	T - TOTAL PREMIUM				7,383
U - TOTAL PREMIUM				4,798	U - TOTAL PREMIUM				7,383
V - TOTAL PREMIUM				4,798	V - TOTAL PREMIUM				7,383
W - TOTAL PREMIUM				4,798	W - TOTAL PREMIUM				7,383
X - TOTAL PREMIUM				4,798	X - TOTAL PREMIUM				7,383
Y - TOTAL PREMIUM				4,798	Y - TOTAL PREMIUM				7,383
Z - TOTAL PREMIUM				4,798	Z - TOTAL PREMIUM				7,383

ILLUSTRATION 3 — Sheet 4 — Exposure Correction Report

REPORT C-1	POLICY NUMBER WC 4444	STATE Any	STATE NO. 55	CARRIER Any Insurance Co.	CARRIER NO. 999	REVISED CARD SERIAL NO. 25-2	ADM. FILE NO. Leave Blank		
EFFECTIVE DATE 07-01-77	TERM 06-30-78	INSURED P.D.Q. Refining Co. (Address Optional)		ORG. CARD SERIAL NO. 123					
COND. X		910654321		123					
PREVIOUSLY REPORTED				REVISED					
EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM	EXP. COV.	CLASS CODE	EXPOSURE	MANUAL RATE	PREMIUM
11	4740	1,129,040	3.36	37,936	11	4740	2,009,990	3.36	67,536
11	8742	880,950	.57	5,021					
A - TOTAL SUBJECT PREMIUM				43,377	A - TOTAL SUBJECT PREMIUM				67,956
B - EXPERIENCE MODIFICATION				1.160	B - EXPERIENCE MODIFICATION				1.160
C - TOTAL MODIFIED PREMIUM (A) X (B)				50,317	C - TOTAL MODIFIED PREMIUM (A) X (B)				78,829
D					D				
E					E				
F					F				
G					G				
H - TOTAL PREMIUM				55,115	H - TOTAL PREMIUM				86,212
I - TOTAL PREMIUM				55,115	I - TOTAL PREMIUM				86,212
J - TOTAL PREMIUM				55,115	J - TOTAL PREMIUM				86,212
K - TOTAL PREMIUM				55,115	K - TOTAL PREMIUM				86,212
L - TOTAL PREMIUM				55,115	L - TOTAL PREMIUM				86,212
M - TOTAL PREMIUM				55,115	M - TOTAL PREMIUM				86,212
N - TOTAL PREMIUM				55,115	N - TOTAL PREMIUM				86,212
O - TOTAL PREMIUM				55,115	O - TOTAL PREMIUM				86,212
P - TOTAL PREMIUM				55,115	P - TOTAL PREMIUM				86,212
Q - TOTAL PREMIUM				55,115	Q - TOTAL PREMIUM				86,212
R - TOTAL PREMIUM				55,115	R - TOTAL PREMIUM				86,212
S - TOTAL PREMIUM				55,115	S - TOTAL PREMIUM				86,212
T - TOTAL PREMIUM				55,115	T - TOTAL PREMIUM				86,212
U - TOTAL PREMIUM				55,115	U - TOTAL PREMIUM				86,212
V - TOTAL PREMIUM				55,115	V - TOTAL PREMIUM				86,212
W - TOTAL PREMIUM				55,115	W - TOTAL PREMIUM				86,212
X - TOTAL PREMIUM				55,115	X - TOTAL PREMIUM				86,212
Y - TOTAL PREMIUM				55,115	Y - TOTAL PREMIUM				86,212
Z - TOTAL PREMIUM				55,115	Z - TOTAL PREMIUM				86,212