



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

August 2021



James A. Dodrill
Insurance Commissioner





STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

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Insurance Commissioner

August 9, 2021

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

Dear Governor Justice:

The State Agency Workers' Compensation (SAWC) Annual Report for the fiscal year 2021 is hereby submitted in accordance Chapter 33, Article 2, Section 21A, of the Code of West Virginia. An Executive Summary immediately follows this memorandum.

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

Respectfully submitted,

James A. Dodrill
Insurance Commissioner



STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM EXECUTIVE SUMMARY

As the State Agency Workers' Compensation Program (SAWC) enters the eleventh policy year, the program has had some volatility but, in general, continues to experience a positive trend with decreased frequency of claims. The severity of the claims fluctuate year to year but did have an increase in FY2021. The program currently includes more than 100 agencies, boards, and commissions with over 900 locations across our state. It is estimated that approximately 25,000 public employees are covered under this consolidated policy. As the plan administrator, the West Virginia Offices of the Insurance Commissioner (WVOIC) continually monitors and evaluates loss trends and exposures to ensure state agencies are charged adequate rates and premium as well as recommend safety protocols to mitigate workplace injuries and protect our state employees. This report outlines specific portions of the program's administration including safety visits and recommendations, policy experience rating factors, claims trending and summaries, and future focus areas for specific agencies. Zurich Insurance Company was the SAWC policy coverage provider from October 2011 through June 2017. Effective July 1, 2017, the SAWC policy transitioned to the Encova Insurance Group (formerly BrickStreet Mutual Insurance Company).

The SAWC program was greatly impacted by the COVID-19 pandemic during 2020 and 2021. In March 2020, many state employees were sent home to work remotely to reduce the spread of COVID at state offices. There were also many state employees (state hospitals, prisons, DOH) where working remotely was not an option, and they continued to work on site using masks and social distancing to reduce virus spread at their workplaces. The large number of employees who were able to work remotely had a positive impact on the program, since it reduced the risk of workplace injuries. It also helped to reduce some agency premiums since many positions were changed to telecommuting, which is charged a lower rate than their normal "in office" position. Since many employees were working remotely, and staffed offices had no visitation policies, safety and risk management training and site visits were not completed for most of 2020. Zoom, email and conference call assessments and claims discussions continued throughout the pandemic

Agency invoices for SAWC premiums were sent out to the agencies and were paid in a timely manner. There were no interruptions or loss of services to agencies or injured workers from the OIC or Encova, other than physical safety visits. While a COVID-19 claims frequency and severity summary is provided later in this report, it must be noted that the Department of Corrections suffered two (2) fatalities directly attributed to COVID-19. The State mourns the loss of the correctional guards and have ensured the families have received all benefits entitled to them.

As the pandemic lingers, face coverings, physical distancing and quarantine restrictions have been lifted for most, if not all, agencies. With the return of more employees to the workplace and the easing of restrictions, physical safety visits are being scheduled with loss leading agencies. However, at the time of this report, the Delta variant of COVID-19 is becoming more prevalent as cases are once again rising.

SAFETY VISIT SUMMARY

Safety visits and evaluations continue to play an important role in all aspects of the SAWC Program. During the first SAWC policy year (October 2011), all plan members were visited by a safety professional. After the initial visitations to all agencies and follow-up reports were evaluated, it was determined that future safety resources should be focused on agencies with a higher frequency and severity of losses. The table below outlines the number of visits performed by policy year by Zurich (2011 -2016) and Encova (2017 - 2020) safety teams as well as the OIC Program Manager.

Policy Year	Number of Visits
2011	109
2012	102
2013	81
2014	90
2015	93
2016	90
2017	200
2018	173
2019	161
2020	84
Total	1,183

SAFETY AND RETURN TO WORK INITIATIVES

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

- Establishing safety committees
- Using slip resistant shoes to reduce slips, trips and falls
- Implementing an exercise program (stretch and flex) prior to beginning strenuous job duties
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Ergonomic assessments of employees performing repetitive functions
- Providing safety information related to using chain saws, log splitters, lawn mowers, and weed eaters
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- Training on safe lifting techniques

- Fire prevention and fire safety training
- Using floor scrubbers with degreasers to reduce slips, trips, and falls
- Repairing flooring to decrease the number of slips, trips, and falls
- Workplace violence training
- Enhanced patient observation by using cameras to reduce workplace violence
- Industrial hygiene studies were completed to address noise and air quality
- Industrial hygiene survey was completed related to airborne contaminants
- BRIM and OIC site visits to agencies to discuss strategies for reducing Motor Vehicle Accidents (MVA)
- COVID-19 prevention training

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

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

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

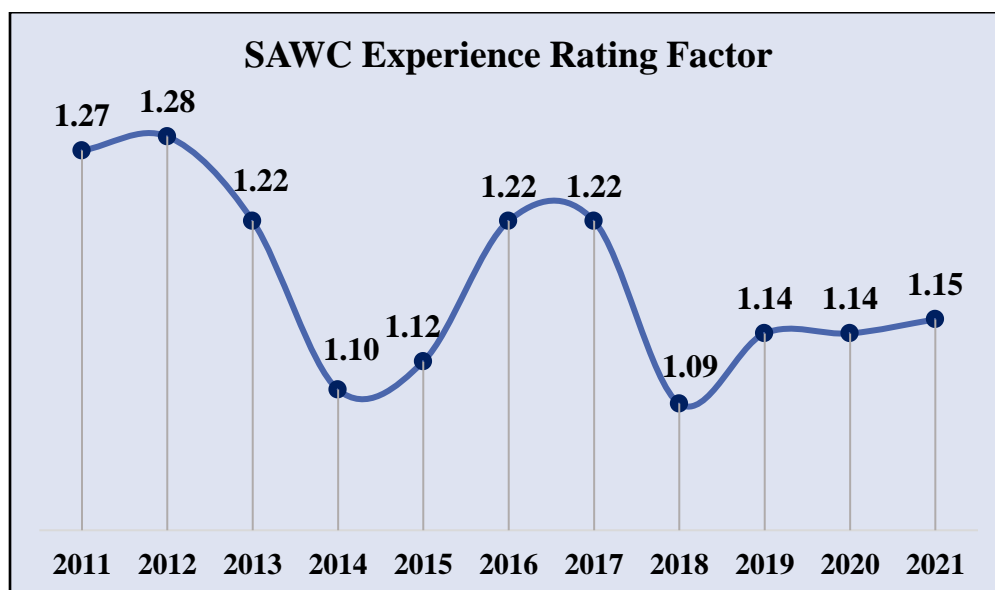
SAWC EXPERIENCE RATING FACTOR (EMOD)

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

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

Through the hard work of agencies and WVOIC employees, the SAWC Program emod has decreased from 1.27 on the July 2011 policy to 1.15 for the July 2021 policy. The emod increase from the July 2014 policy includes the claim and loss effects from the 2012 derecho and 2012 Superstorm Sandy as well as several fatal claims and severe motor vehicle accidents. The experience is cyclical but the variability from 2018 to current has less dispersion and is more consistent or flat in trend analysis. We are monitoring the emod increases of the latest policies and are working with Encova to ensure the safety of all state employees is the number one priority.

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



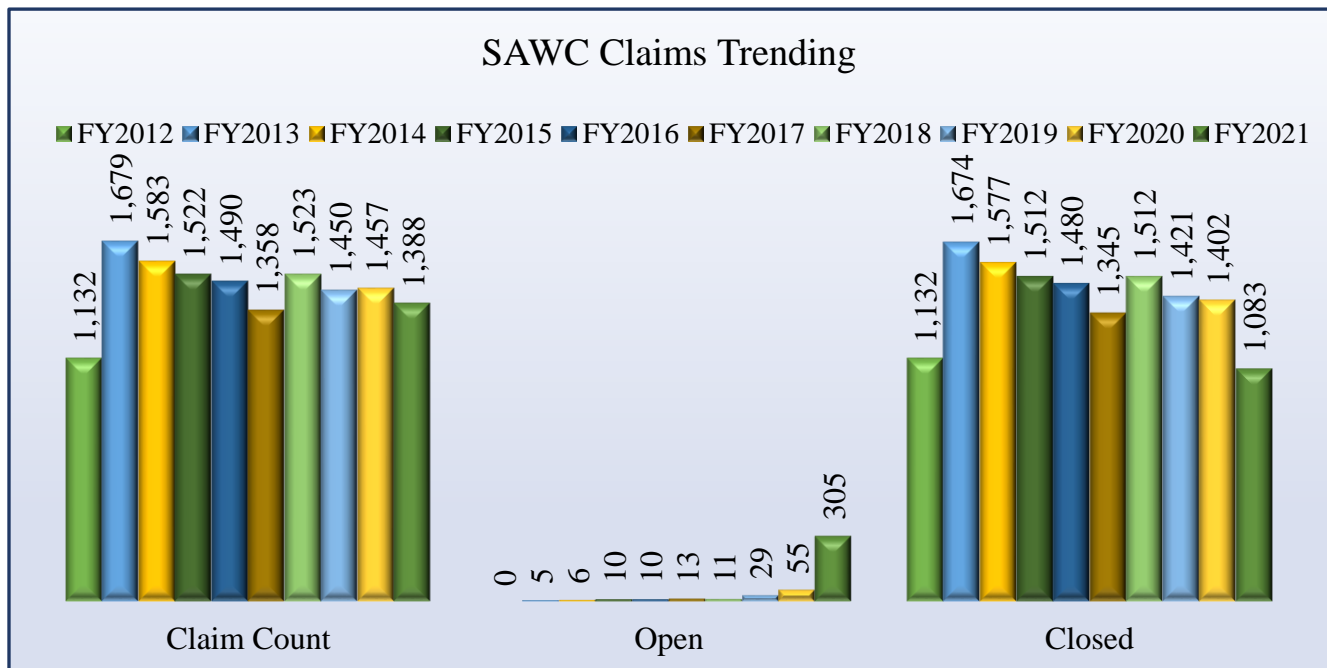
The aggregate policy emod is shown above and individual agency emods are calculated to allocate the premium by the risk and loss experience that each agency provides to the program. For the July 2021 policy, the individual agency emods summary is as follows:

Emod Range	Agency Count
Less than 1.00	26
Equal to 1.00	55
Greater than 1.00	19

The agencies with the lowest emods are the Governor’s Office (0.48), Department of Environmental Protection (0.52) and the Department of Education (0.54). The agencies with the highest emods are Bureau of Juvenile Services (2.16), Regional Jail Authority (2.39) and Mildred Mitchell Bateman Hospital (3.91). The three (3) lowest emods saved the agencies \$209,797 in premium and the three (3) highest emods cost the agencies \$1,682,976 in additional premium.

SAWC CLAIMS SUMMARY

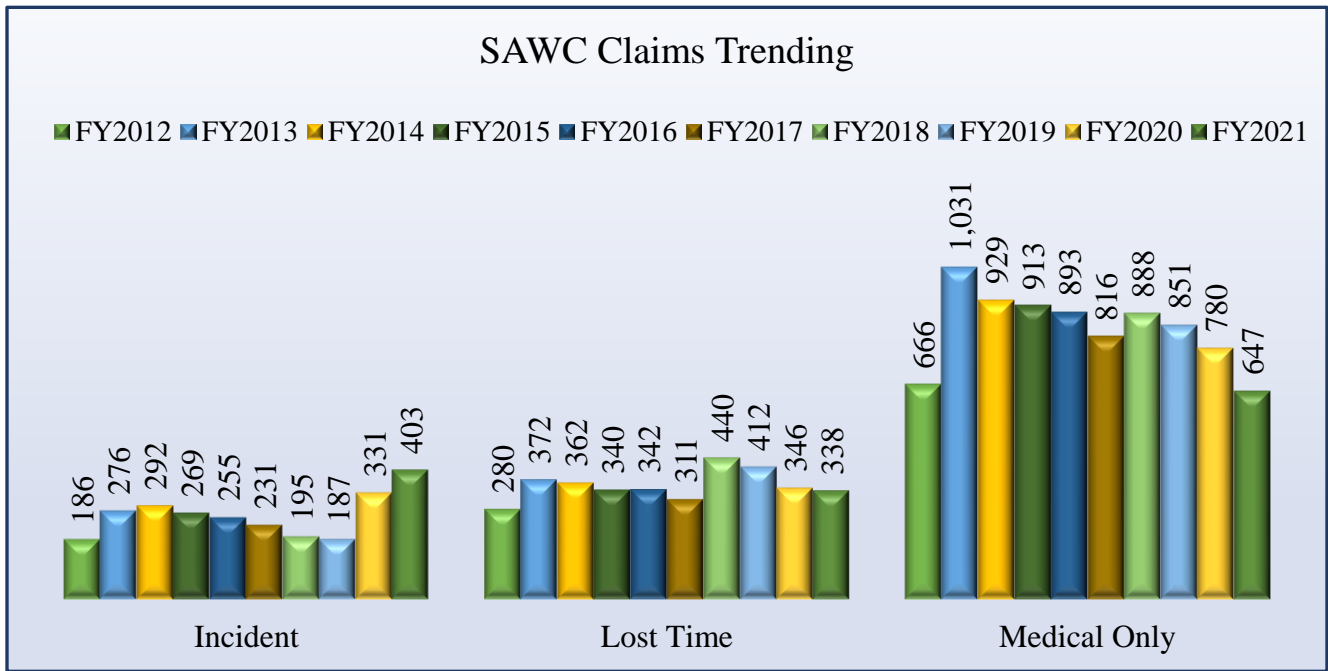
As of June 30, 2021, there have been 8,764 SAWC claims submitted to Zurich with dates of injury between October 2011 and June 2017. There have been 5,818 SAWC claims submitted to Encova with dates of injury between July 2017 and June 2021 for a total SAWC claim count of 14,582. 97% of the claims are closed. The charts below represent claims trending analysis by fiscal year.



Data as of June 30, 2021

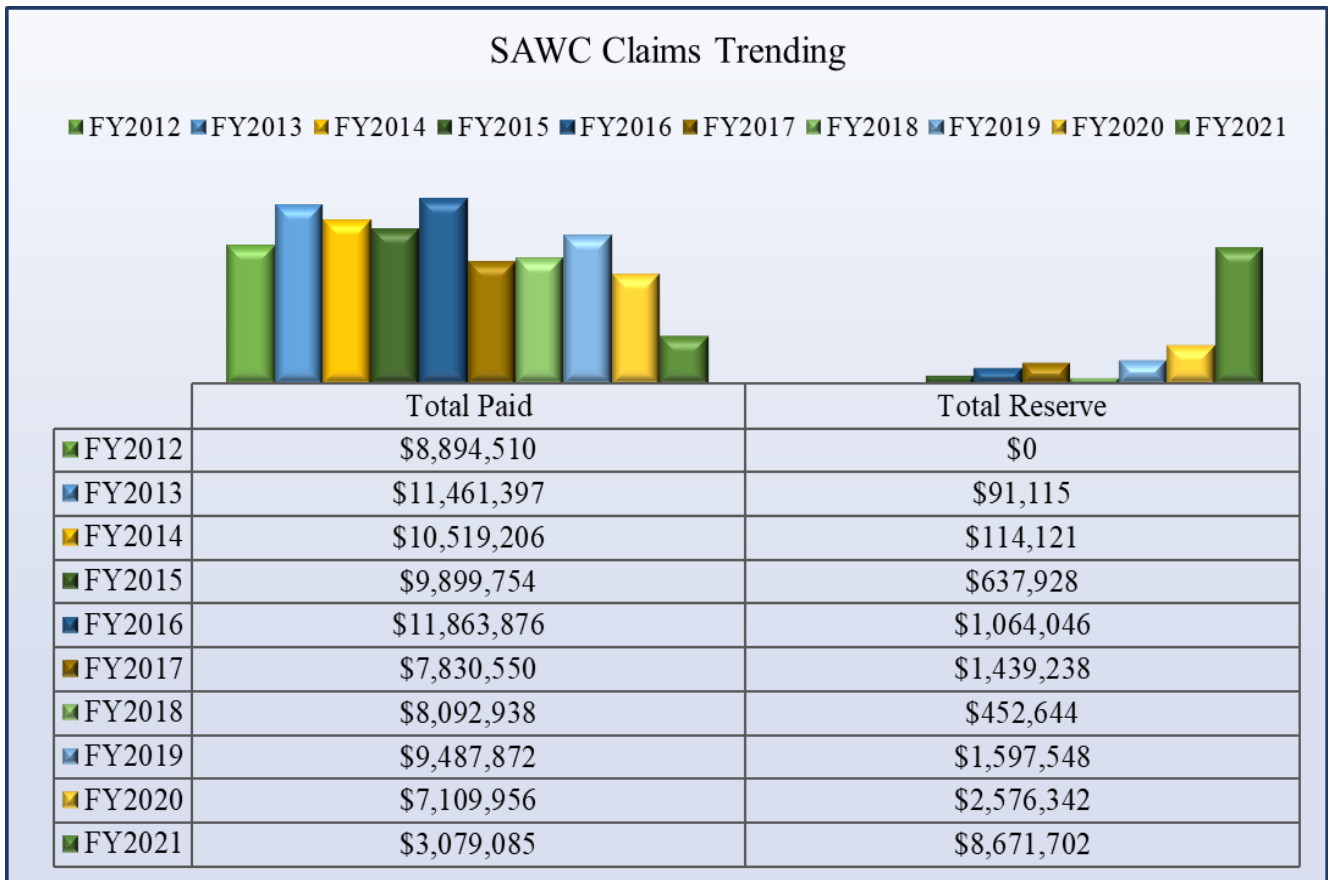
FY2012 from October 2011 – June 2012

Of the 14,582 total SAWC claims 2,625 (18%) have resulted in being closed with no payments (incidents), 3,543 (24%) are lost time (more severe) and 8,414 (58%) are medical payments only (less severe but require medical services).



Data as of June 30, 2021

FY2012 from October 2011 – June 2012



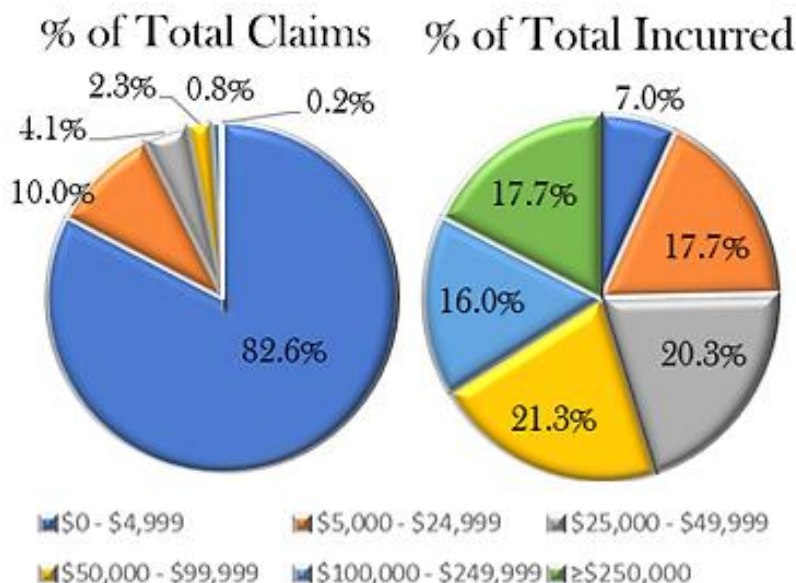
Data as of June 30, 2021

FY2012 from October 2011 – June 2012

As indicated by the trending charts, the SAWC Program realized decreasing frequency from FY2013 through FY2017. However, FY2018 had a 12% frequency increase over FY2017. The frequency declined by 5% in FY2019, remained static for FY2020 and decreased nearly 5% in FY2021. The severity of claims incurred costs (paid plus reserve) continues to be volatile with significant fluctuations. The severity increased dramatically from FY2018 to FY2019 resulting in a 30% increase due to large loss claims. However, in FY2020 the severity decreased more than 12% over the FY2019 results even with a slightly higher frequency. The preliminary FY2021 results show that even with nearly 5% decrease in frequency, the severity is at the highest incurred level since FY2016. While it was expected that frequency would decline in FY2021 due to COVID-19 and fewer employees physically located in the workplace, the severity of the claims is a surprise. Claim review and analysis show that the increased severity is due to two (2) COVID-19 fatalities that have a total incurred of \$2,930,190. Removing those outliers would have resulted in severity levels within the anticipated threshold based on trending models.

To see the effect of the severity of claims, the table and graph below show the frequency and severity by range. The lowest incurred cost range accounts for 82.6% of the total claim count but only 7% of overall claim costs while the largest range accounts for only 0.2% of the total claim count but 17.7% of the overall claim costs. While the greater than \$250,000 range has more than \$18M in incurred costs, due to the deductible limit and policy structure, the State accepts liability of up to \$7M (28 x \$250,000) for those claims while Encova and Zurich will pay any additional liability above the deductible limit.

Incurring Range	Claim Count	% of Total Claims	Total Incurred	% of Total Incurred
\$0 - \$4,999	12,047	82.6%	\$7,291,083	7.0%
\$5,000 - \$24,999	1,460	10.0%	\$18,601,312	17.7%
\$25,000 - \$49,999	598	4.1%	\$21,326,164	20.3%
\$50,000 - \$99,999	332	2.3%	\$22,377,827	21.3%
\$100,000 - \$249,999	117	0.8%	\$16,746,295	16.0%
≥\$250,000	28	0.2%	\$18,541,148	17.7%



Further claims analysis of the SAWC Program shows there are 31 employees with seven (7) or more claims each between October 2011 and June 2021. The total incurred claims cost for these multiple claimants is \$1,094,100. A claimant review is below:

- Three employees have 11 claims each for a total incurred cost of \$90,819
- Two employees have 10 claims each for a total incurred cost of \$204,650
- Three employees have nine claims each for a total incurred cost of \$199,955
- Five employees have eight claims for a total incurred cost of \$20,023
- 18 employees have seven claims each for a total incurred cost of \$578,653

COVID-19 IMPACT

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

A table showing the agencies frequency and severity of reported COVID-19 cases is provided below.

Agency	Claim Count	Incurred
ALCOHOL BEVERAGE CONTROL ADMINISTRATION	2	\$0
DEPARTMENT OF CORRECTIONS	1	\$1,170,493
DEPARTMENT OF HEALTH AND HUMAN RESOURCES	18	\$0
DIVISION OF HIGHWAYS	2	\$7,500
HOPEMONT HOSPITAL	22	\$0
JACKIE WITHROW HOSPITAL	1	\$0
LAKIN STATE HOSPITAL	20	\$0
MILDRED MITCHELL BATEMAN HOSPITAL	67	\$0
REGIONAL JAIL & CORRECTIONAL FACILITY	4	\$1,759,698
WELCH EMERGENCY HOSPITAL	44	\$0
WILLIAM R SHARPE JR HOSPITAL	3	\$0
Total	184	\$2,937,690

Of the 184 total claims reported, 175 (95%) were incidents, six (6) were indemnity (lost wages) claims and three (3) were medical only claims. Seven (7) of the 184 were denied due to no coverage (contract workers) or no known exposures in the workplace. The large incurred values were two (2) fatal claims of correctional officers within the Department of Corrections and Rehabilitation cabinet.

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

Lastly, from a premium standpoint, telecommuting was beneficial to state agencies. The telecommuting rate on the current SAWC policy is \$0.03 per \$100.00 of payroll and there was approximately \$71.5M in the class. The clerical rate is \$0.09. While we cannot know with certainty what classes the wages would have been reported under if not telecommuting, we can say that because the rate is lower than clerical and if all the wages had been reported as clerical, premium savings may be as much as \$250,000. Some agencies saved 10% or more in premium from pre-COVID-19 calculations.

CONCLUSION

The SAWC Program has a complex workforce doing tasks that at times place employees in danger. Our employees are our greatest asset, and their safety is of the utmost importance. Safety policies and procedures have been developed for employees to follow to minimize these risks. Efforts have been made in all agencies to ensure that policies and procedures are in place and are being followed by all employees to prevent workplace injuries. This task has been hindered due to COVID-19 and employee turnover in State agencies by adversely impacting implementation of safety programs, initiatives and return-to-work programs.

Major training campaigns will continue throughout 2021 for motor vehicle accident (MVA) prevention strategies, defensive driving training, Return-to-Work Implementation, workplace violence, sprain, and strain reduction as well as fall prevention.

The OIC has partnered with BRIM in a shared services approach to provide motor vehicle accident prevention techniques and strategies to agencies with a goal of reducing the frequency and severity of MVAs. For the FY2018 through FY2021 policies written by Encova, MVAs accounted for 173 of the total 5,818 claims or ~3.0% of the claims frequency. Those 173 claims accounted for \$1,879,795 of the total \$41,068,087 incurred costs or ~4.6% of the claims severity.

The SAWC Program was not able to host a 2020 annual conference for in-person attendance but did work with Encova to provide agencies with a video recorded presentation outlining the state of the program and encouraging safe workplace practices while observing all COVID-19 precautions. The SAWC also will not be able to host a 2021 annual conference for in-person attendance due to uncertainty in COVID-19 trends because of the Delta variant surges.

PARTICIPATING STATE AGENCIES

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

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

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