



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

July 2023



Allan L. McVey
Insurance Commissioner





STATE OF WEST VIRGINIA
Offices of the Insurance Commissioner

Allan L. McVey
Insurance Commissioner

July 27, 2023

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 2023 is hereby submitted in accordance Chapter 33, Article 2, Section 21A, of the Code of West Virginia. An Executive Summary immediately follows this memorandum.

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

Respectfully submitted,

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



STATE AGENCY WORKERS' COMPENSATION (SAWC) PROGRAM EXECUTIVE SUMMARY

As the State Agency Workers' Compensation Program (SAWC) entered its thirteenth policy year in 2023, the program has had some volatility but, in general, continues to experience a positive trend with decreased frequency and severity of claims and losses. The program currently includes more than 100 agencies, boards and commissions with over 900 locations across our state. It is estimated that approximately 25,000 public employees are covered under this consolidated policy.

As the plan administrator, the West Virginia Offices of the Insurance Commissioner (WVOIC) continually monitors and evaluates loss trends and exposures to determine if they are being properly addressed as well as makes safety recommendations to help mitigate workplace injuries. Zurich Insurance Company was the SAWC policy coverage provider from October 2011 through June 2017. Effective July 1, 2017, the SAWC policy transitioned to the Encova Insurance Group (formerly BrickStreet Mutual Insurance Company). Encova continues to be the current coverage provider.

SAFETY AND RETURN TO WORK INITIATIVES

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

- Establishing safety committees
- Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- Incident and accident investigation training
- Defensive drivers' training
- Developing Emergency Action Plans
- Workplace violence training
- Enhanced patient observation by using cameras to reduce workplace violence
- Industrial hygiene studies were completed to address noise and air quality
- Industrial hygiene survey was completed related to airborne contaminants
- BRIM and OIC site visits to agencies to discuss strategies for reducing Motor Vehicle Accidents
- COVID-19 prevention training
- Personal protective equipment training
- Hazardous material training

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 the follow-up reports were evaluated, safety resources were 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 - 2022) safety teams as well as the SAWC 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
2021	163
2022	160
Total	1,506

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 and is considering expanding its safety department.
- **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.

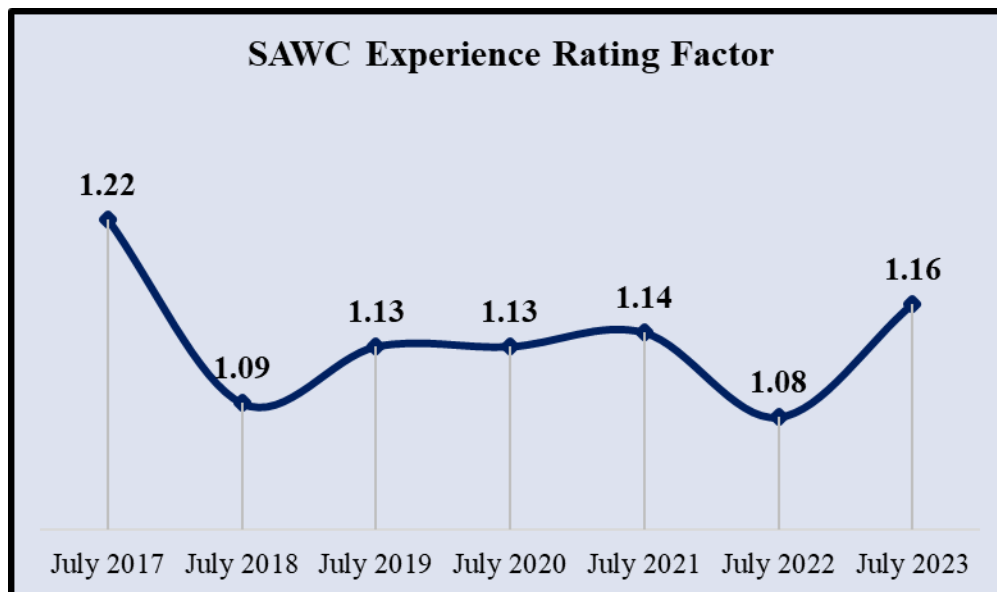
SAWC EXPERIENCE RATING FACTOR (EMOD)

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

The experience is cyclical but the variability from 2018 to current has less dispersion and is more consistent or flat in trend analysis than in prior years. The OIC is monitoring the emod trends and is working with Encova to ensure the safety of all state employees is the number one priority.

The chart below shows the experience rating factor progression throughout the SAWC Program for the most recent policy years.



The aggregate policy emod is shown in the preceding chart and individual agency emods are calculated to allocate the premium by the risk and loss experience for each participating state agency in the SAWC program.

For the July 2023 policy, the individual agency emods summary is as follows:

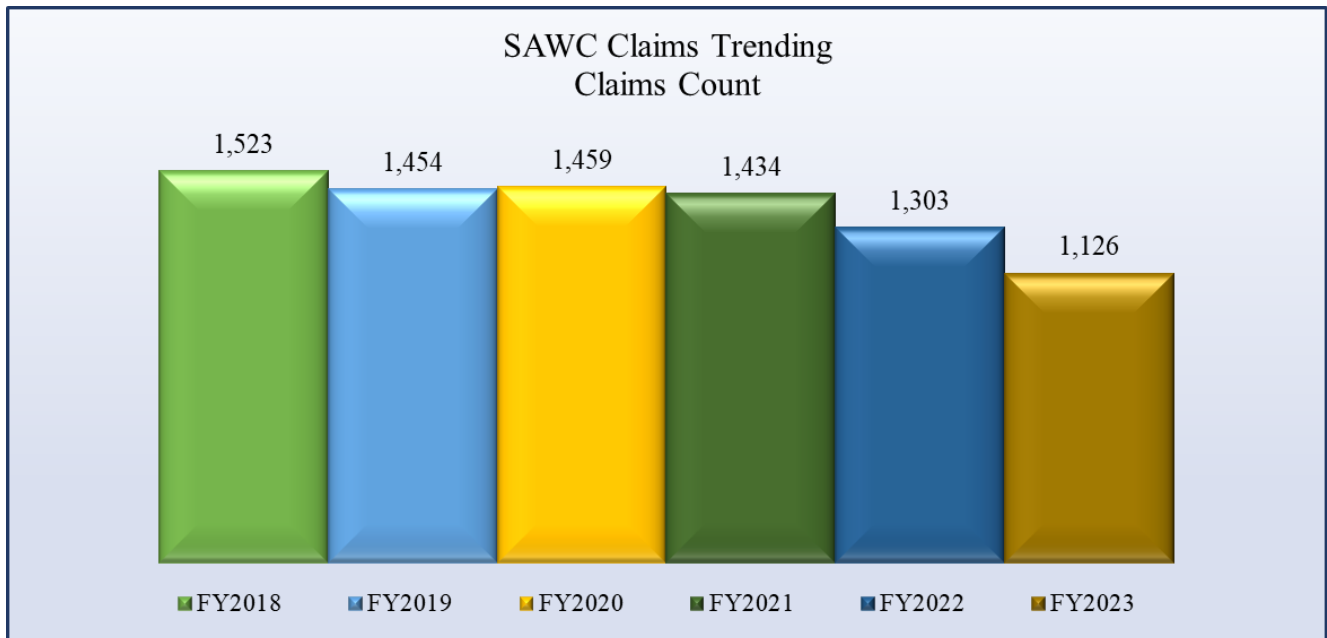
Emod Range	Agency Count
Less than 1.00	33
Equal to 1.00	52
Greater than 1.00	15

The agencies with the lowest emods are the Governor’s Office (0.53) and the Department of Environmental Protection (0.56). The agencies with the highest emods are Mildred Mitchell Bateman Hospital (2.48) and Regional Jail Authority (1.93).

SAWC CLAIMS SUMMARY

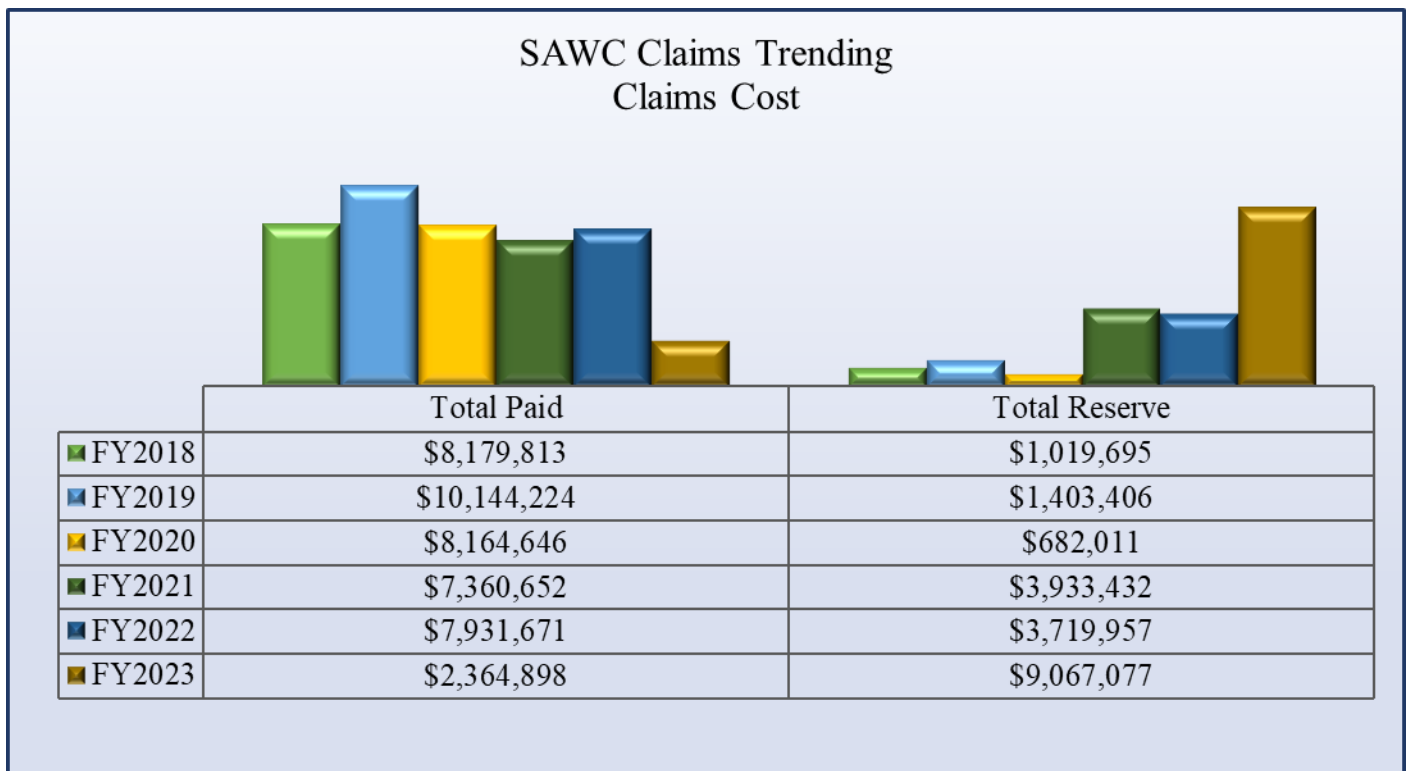
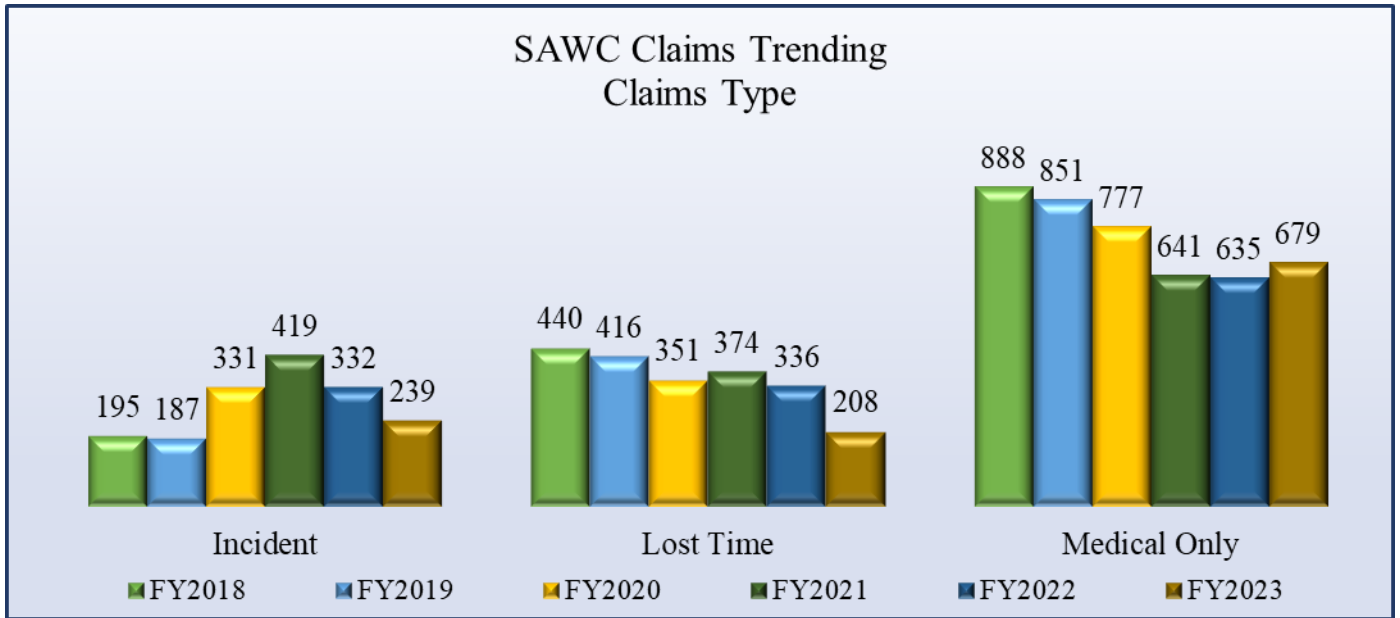
As previously mentioned, Zurich Insurance was the coverage provider for the SAWC program from October 2011 through June 2017. Due to the length of time since policy expiration and lack of access to system data, this report includes only Encova claim information (July 2017 to current) in the data analysis. The SAWC program no longer has any liability for Zurich Insurance claims. As of June 30, 2023, there have been 8,299 SAWC claims submitted to Encova with dates of injury between July 2017 through June 2023.

The charts below represent claims trending analysis by fiscal year:



There are currently 387 (4.7%) open claims while 7,912 (95.3%) are closed claims.

Of the 8,299 total claims reported to Encova 1,703 (20.5%) have resulted in being closed with no payments (incidents); 2,125 (25.6%) are lost time requiring wage replacement benefits and 4,471 (53.9%) are medical only claims requiring medical payments but no lost wage replacements.



As indicated by the trending charts, the SAWC Program realized decreasing frequency over the last few years with an overall 26% decrease from FY2018 to FY2023. However, it is important to keep in mind that a claimant has six (6) months from the date of injury to file a claim so the FY2023 results may be premature as the valuation date and policy expiration date are the same.

The severity continues to be volatile with significant fluctuations. The total paid severity increased dramatically from FY2018 to FY2019 resulting in a 24% increase due to large loss claims. However, in FY2020 the incurred severity (total paid plus total reserve) decreased more than 23% over the FY2019 results even with a slightly higher frequency. Severity again increased in FY2021 due to several large loss claims; two of those claims being fatalities from COVID-19 that total ~\$3M incurred costs. The FY2022 severity increased another 3% from FY2021. FY2023 total incurred is currently valued at \$11.4M, which is in-line with both FY2021 (\$11.3M) and FY2022 (\$11.6M).

Considering only the Encova policy data, there are currently 14 claims in excess of the \$250,000 deductible per claim limit. These 14 claims have a total incurred cost of \$14,406,677 or 22.5% of the aggregate costs of the entire SAWC program.

The table below illustrates the effect of claim frequency and severity on the total cost of claims, utilizing data from July 2017 through June 2023. The lowest incurred cost range accounts for 84.0% of the total claim count but only 5.7% of overall claim costs while the highest cost range accounts for only 0.2% of the total claim count but 22.5% of the overall claim costs. While the greater than \$250,000 incurred claims have more than \$14M in incurred costs, due to the deductible limit and policy structure, the State accepts liability of up to \$3.5M (14 x \$250,000) for those claims while Encova will pay any additional liability above the deductible limit.

Incurred Range	Claim Count	% of Total Claims	Total Incurred	% of Total Incurred
\$0 - \$4,999	6,972	84.0%	\$3,653,541	5.7%
\$5,000 - \$9,999	270	3.3%	\$1,925,877	3.0%
\$10,000 - \$24,999	443	5.3%	\$7,455,800	11.7%
\$25,000 - \$49,999	317	3.8%	\$11,278,412	17.6%
\$50,000 - \$74,999	143	1.7%	\$8,704,448	13.6%
\$75,000 - \$99,999	58	0.7%	\$4,965,304	7.8%
\$100,000 - \$249,999	82	1.0%	\$11,581,424	18.1%
≥\$250,000	14	0.2%	\$14,406,677	22.5%
Total	8,299	100.0%	\$63,971,483	100.0%

LARGE LOSSES AND FATALITIES

As previously reported, the SAWC policy continues to be affected by large loss and fatality claims.

The fourteen (14) claims in excess of the deductible limit are summarized below by accident category and total incurred.

Accident Category	Total Incurred
Motor Vehicle*	\$3,442,392
Pandemic – COVID*	\$1,759,698
Pandemic – COVID*	\$1,170,493
Radiation	\$1,155,935
Motor Vehicle	\$1,081,230
Caught In, Under or Between	\$934,112
Motor Vehicle*	\$863,844
Absorption, Ingestion or Inhalation	\$796,522
Struck or Injured By*	\$746,500
Absorption, Ingestion or Inhalation	\$623,767
Struck or Injured By	\$606,123
Fall, Slip or Trip Injury	\$527,691
Fall, Slip or Trip Injury	\$364,088
Dust Disease - Lungs	\$334,283
14 Claims	\$14,406,677

*Fatalities

There are eight (8) compensable fatalities in the SAWC program. Five (5) of the fatal claims are indicated above in the large loss categories and the remaining three (3) have a total incurred of \$18,291. The accident categories of the fatalities not listed above include COVID, crushing and burns. The OIC is incredibly saddened by the loss of fellow state employees. It is our number one priority to prevent workplace accidents so that each and every state employee goes home safely at the end of each day.

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. Accident prevention efforts have been hindered due to previous COVID-19 restrictions in correctional facilities and employee turnover in state agencies by adversely impacting the implementation of safety programs, initiatives and return-to-work programs.

Major training campaigns will continue throughout 2023 and into 2024 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 FY2023 policies written by Encova, MVAs accounted for 307 of the total 8,299 claims or 3.7% of the overall frequency. Those 307 claims account for \$7,390,656 of the total incurred costs or 11.6% of the overall severity in the SAWC program. The costs paid by BRIM for liability and physical damage of the motor vehicles are unknown.

The SAWC Program will conduct the Annual Conference on October 17, 2023, at Encova Headquarters in Charleston, West Virginia. The information distributed during the conference will be available to all members of the SAWC, even those who do not attend the conference.

PARTICIPATING STATE AGENCIES

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

State Agency Name
DHHR SECRETARY'S OFFICE
DIVISION OF ADMINISTRATIVE SERVICES
DIVISION OF EMERGENCY MANAGEMENT
DIVISION OF FINANCIAL INSTITUTIONS
DIVISION OF FORESTRY
DIVISION OF HIGHWAYS
DIVISION OF JUSTICE AND COMMUNITY SERVICES
DIVISION OF LABOR
DIVISION OF MOTOR VEHICLES
DIVISION OF MULTIMODAL FACILITIES
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