



Safety News

News for Members of the Contractors Insurance Safety Council — Group 44 Program

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June, 2009

State Fund Files for 15% Rate Hike

State Compensation Insurance Fund announced in late May that it has filed for a 15% rate increase, to take effect July 1.

“The principal driver of the premium increase is medical inflation,” said Chief Executive Officer Jan Frank in a press release.

State Fund said medical treatment costs have increased 16% annually for the past three years, according to the most recent report published by California's Workers Compensation Insurance Rating Bureau.

State Fund said its premium levels have fallen significantly since 2003, and even after this increase, will still be 46% below pre-reform levels.

“We understand the strain that California's businesses are experiencing in the current economic situation,” Frank said. “State Fund offers group discounts, a merit rating plan, and lower-than-average premiums in some classifications and industries. Because of our size and role in the marketplace, State Fund serves as a stabilizing force in the California economy. State Fund is committed to our promise to California. We will continue to maintain our financial strength, our open door policy of providing workers' compensation insurance for any employer who needs it, and to provide gold standard service to our broker community and policyholders.”

Source: State Fund

IN THIS ISSUE

State Fund Files for
15% Rate Hike

Committee Kills Bills to Increase
PD, Simplify Retraining Vouchers

Pilot Program to Help Injured
Workers with Uninsured Employers

and more....

Committee Kills Bills to Increase PD, Simplify Retraining Vouchers

The California Senate Appropriations Committee has effectively killed two bills backed by injured worker advocates that would have doubled permanent disability benefits and created new job-retraining vouchers.

The committee failed to pass SB 773 and SB 3, which means the measures will not meet the deadline to win approval by fiscal committees. Both had been assigned to the Appropriations Committee's “Suspense File,” where bills that have a potential fiscal impact are kept until the committee can act on them en masse, which it did on May 28.

“There's just no money this year, so we were highly selective about what bills came off the Appropriations Suspense File,” said Alicia Trost, spokeswoman for Senate President Darrell Steinberg. “The most important thing about this year is the budget and fixing the General Fund shortfall.”

SB 773, by Dean Florez, (D-Schafter) could have cost the state up to \$100 million in additional permanent disability benefit payments each year, according to a review of the bill by legislative analysts. A similar analysis for SB 3 stated that there is no way to estimate the potential cost of the bill, introduced by Gil Cedillo (D-Los Angeles).

Jesse Cenicerros, president of Voters Injured at Work, said he's disappointed but not completely surprised that the committee blocked passage of the bills. VIAW was the chief sponsor of SB 3.

(COMMITTEE KILLS — continued on page 3)

Pilot Program to Help Injured Workers with Uninsured Employers

The California Division of Workers' Compensation (DWC) is teaming up with a Central Coast community group to launch a pilot program that will help workers injured while employed by uninsured businesses to collect benefits and serve court papers against their former bosses to enforce the state's mandatory coverage laws, the DWC announced last week.

The DWC is launching the program in cooperation with the Watsonville-based Workers' Compensation Enforcement Collaborative (WCEC), which was formed to overcome hurdles faced by injured workers seeking benefits when their employers are illegally uninsured, the DWC said in a press release.

“Bringing DIR's divisions together in partnership with community advocates exponentially increases our effectiveness every step along the way,” said DIR Director John Duncan. “Pooling our resources allows us to better serve injured workers from the moment they walk in the door. At the same time we are helping ensure fraudulent employers face prosecution. It's the best way to keep the playing field level.”

The focus of the Salinas customer service initiative pilot project is to expand existing services to unrepresented injured workers who need help identi-

(PILOT PROGRAM—continued on page 3)

SAFETY... It Pays



CISC Contractors Insurance Safety Council

Group 44 Program

Participating Exchanges

Valley Builders Exchange

Modesto—Chapter 12

Karen Bowden, Executive Director
Phone 209/522-9031

Kern Co. Builders Exchange

Bakersfield—Chapter 16

Phil Field, Executive Manager
Phone 661/324-4921

Southern California

Builders Association

Whittier—Chapter 17

John Troccoli, Insurance Administrator
Phone 909/792-9190

Santa Maria Valley Contractors Association, Santa Maria—Chapter 27/29

Robin Hayhurst, Executive Director
Phone 805/925-1191

San Luis Obispo County Builders Exchange. San Luis Obispo—Chapter 28

Leslie Halls, Executive Director
Phone 805/543-7330

Builders Exchange of Merced Mariposa

Merced—Chapter 30

Bernice Vigil, Manager
Phone 209/722-3612

Santa Barbara

Contractors Association

Santa Barbara—Chapter 32

Karin Perissinotto, Executive Director
Phone 805/884-1100

Tulare Kings Builders Exchange

Visalia—Chapter 38

George Elam, Executive Director
Phone 559/732-4568

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What's Your Plan for National Safety Month?

The National Safety Council, which sponsors National Safety Month, says that this month is a time to promote round-the-clock safety and health. This year's event focuses on four themes, each with its own week—teen driving (June 1-7), falls prevention (June 8-14), overexertion (June 15-21), and distracted driving (June 22-28).

While the themes of National Safety Month change from year to year, the reasons behind it—the promotion and improvement of safety and health both inside and outside of the workplace—never change.

Following are a dozen ways you can promote employee safety and health on the job this month—and all year long.

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1. Be a Hazard Detective

Workplace conditions are always changing, so if you let your guard down and take things for granted, a hazard might develop where you least expect it. And you can't assume everything's safe just because employees don't bring hazards to your attention or complain of safety problems. You have to get out there and see for yourself.

Take the time every so often to conduct a walk-through of work areas. Create a checklist of potential hazards and carry it with you on paper or in your head. As you walk around, watch employees working, too. Make sure they're wearing PPE and following safety procedures. Stop and talk for a minute with a few employees to see if anybody's having any problems.

2. Analyze Jobs for Safety's Sake

Every job should be formally analyzed to identify hazards at least once a year. If a different method will eliminate an identified hazard, introduce it. If PPE is required, make sure it's available. And think about housekeeping requirements, too. Sometimes hazards are created as a by-product of a job—combustible scrap and trash creating a fire hazard, for example, or tools left lying around where somebody could trip over them.

3. Emphasize Safety Training

Stress hazards and accident prevention during new employee orientation and follow through in weekly safety meetings, informal toolbox talks, and required training sessions. Answer employees' questions about safety procedures. Give them the skills and information they need to work safely. And don't forget to explain all rules and regulations thoroughly. Rules are less likely to be broken or ignored when employees understand why they were established and

(NATIONAL SAFETY MONTH—continued on page 4)

(PILOT PROGRAM—continued from page 1)

fy the parties responsible for providing them with workers' compensation benefits, and in securing benefits from the Uninsured Employers Benefits Trust Fund (UEBTF) should the responsible parties fail to provide necessary coverage, the division said.

"Getting benefits from this fund can be a complex process, and one that is daunting for people who've already been denied their basic rights," said DWC acting Deputy Administrative Director Destie Overpeck. "We are proud to partner with workers' advocates who recognize the importance of helping individuals with limited resources get the medical and disability benefits they deserve. This is how government should work."

In addition to receiving supplementary training in investigations, beginning June 1, the division's Information and Assistance (I&A) office in Salinas will have access to Workers' Compensation Insurance Rating Bureau (WCIRB) coverage information and enhanced resources. The newly acquired information and resources will enable the I&A officer to identify an employer and determine whether the employer has proper insurance coverage.

Once an employer is accurately identified, the I&A officer will assist workers and make it easier for them to serve court papers against illegally uninsured employers. Besides getting benefits to the injured worker, the desired outcome is that uninsured employers will be systematically reported to the Division of Labor Standards Enforcement, the Department of Insurance, and local district attorney's offices for fraud investigation.

Under California law it is a crime for an employer to not have workers' compensation insurance or permission to be self-insured. Illegally uninsured employers are subject to prosecution, imprisonment, and penalties.

"Those employers identified through this project who have not provided workers' compensation insurance to their employees will be targeted for prosecution to the full extent permitted by law by the Department of Insurance and by the District Attorneys who are participating in the Fraud Commission's anti-fraud program," said Bill Zachry, chairman of the Fraud Assessment Commission.

In addition to the DIR and its divisions, members of the WCEC include the Watsonville Law Center, the Department of Insurance (DOI) Fraud Division, San Francisco, Santa Cruz, and Monterey County Offices of the District Attorney, the Fraud Assessment Commission, Kaiser Permanente, the Commission on Health and Safety and Workers' Compensation (CHSWC), U.C. Berkeley Institute for Research on Labor & Employment, the WCIRB, Salud Para La Gente, Worksafe, La Raza Centro Legal, California Rural Legal Assistance (CRLA)

COMMITTEE KILLS—continued from 1

"I think they are just very serious about the budget," he said.

Still, Ceniceros said SB 3 should have passed because it does not have a serious cost impact and his group was working to win the support of employers for the measure. In addition to creating \$6,000 Supplemental Job Displacement Benefits, the bill would have cleaned up rules that create conflicting notice requirements - changes sought by employers.

Ceniceros said he would have preferred that the Democrat-controlled legislature keep pushing the two bills through the system instead of giving up on them long before the end of the

and the California Applicants' Attorneys Association (CAAA).

DWC will be collecting information during the Salinas "customer service initiative" pilot project to determine whether similar efforts at other I&A offices across the state would be effective.

The WCEC is a statewide collaborative of government and nonprofit agencies committed to eliminating unique barriers faced by agricultural and other low-wage immigrant workers in the workers' compensation system. The overall goal of the collaborative is to improve workers' access to workers' compensation benefits through reporting and enforcement and the development of more effective statewide policies.

Source: DWC

Contractor Accused of Falsifying Payroll to Save on WC Premiums

Three people who operated a Northern California contracting company that specialized in government building projects were arrested in late May and charged with falsifying payroll records to save on workers' compensation premiums and taxes, the Department of Insurance announced recently.

Investigators arrested Monica Mui Ung, 49, of Alamo; Joey Ruan, 31, of San Leandro; and Tin Wai Wu, 28, of Millbrae. Bail was set at \$535,000 for each suspect, the department said.

Ung owned and operated NBC General Contractors Inc., a general building contracting company. The company focused primarily on public works projects such as El Cerrito City Hall and Piedmont Elementary School, the Insurance Department said. From May 2003 to May 2007, NBC was awarded at least 27 public works projects in Alameda, Contra Costa, San Francisco, San Mateo and Marin counties.

According to insurance fraud investigators, Ung, Ruan and Wu allegedly made intentional and material misrepresentations to their workers' compensation insurance carrier to misclassify the type of work their employees were performing, as well as falsely reporting the hourly wage of more than 70 employees, saving the company a significant amount in workers' compensation premiums.

The alleged false reporting resulted in a total loss of premiums of more than \$1.45 million, the department said.

Additionally, investigators allege that NBC did not pay overtime or sick leave to employees, as required under labor laws. These losses are estimated at \$3.6 million in unpaid wages to 19 employees.

This case is being prosecuted by the Alameda County District Attorney's Office.

Source: California Dept. of Insurance

legislative session.

"As injured workers, we've always been on the chopping block," he said.

Todd McFarren, president of the California Applicants' Attorneys Association, said his organization's lobbyists have put him on notice that any bills that might increase costs are very unlikely to be approved by the Legislature this year.

"I'm not happy about it, but I think it's understandable given the state of affairs," he said.

McFarren said CAAA will work to reintroduce the bills when the Legislature convenes for the second half of its two-year session in January. *Source: WorkCompCentral*

(**NATIONAL SAFETY MONTH** - from page 2)

how they protect workers from injuries and illness.

4. Communicate Frequently

Talk to your people about safety at every opportunity. Use bulletin boards, payroll stuffers, newsletter features, safe worker awards, and so on, to spotlight safety and health concerns. Keep employees up to date on new information that affects their safety. Provide lots of feedback, rewarding safe performance, correcting unsafe behavior, and pointing out areas for improvement. And make sure communication flows both ways. Encourage employees to make safety suggestions, report problems, and ask questions.

5. Be Specific

Generalized statements about working safely are like sound bites—they don't tell you much, and they aren't too helpful. Be specific about what employees have to do (and how to do it) to protect themselves. If you're worried about employees remembering all the details, provide them handouts and job aids like checklists, procedural guidelines, and operating manuals.

6. Team Up for Problem Solving

Set up employee teams to solve safety problems. Let team members gather information, analyze possible causes of safety problems, develop and test solutions, and implement and monitor results. Being part of a safety team makes members feel that they share responsibility for workplace safety. And when other employees see their co-workers getting involved and making the job safer for everyone, they'll want to get in on the action, too.

7. Watch for Changing Attitudes

If you notice employees getting sloppy, careless, or taking risks, put a stop to it right away. Talk one-on-one with the individuals involved. Hold safety meetings to review policies and procedures with all employees. Use the situation as a training opportunity to provide additional information or improve skills. Do whatever it takes to change unsafe attitudes and behavior into positive safety performance.

8. Know the Shape Workers Are In

Be aware of employees' physical condition. For example, a worker who is out of shape is more susceptible to back injuries. A worker returning to work after recovering from a job injury might not be physically up to performing his or her regular job for awhile. Or an employee with a physical disability might need accommodation to safely perform a job. Also be on the lookout for problems like fatigue or illness. Either one can affect performance and place the employee or someone else at risk.

9. Play It Straight

Enforce safety standards uniformly and consistently. Don't allow some employees to get away with bending rules—and expect to enforce them with the rest of your staff. Don't come down on somebody one day for not following a rule and then ignore the same behavior the next day because you're too busy to deal with it. And don't just tell workers that they did something wrong. Explain why it's wrong and how to do it right.

10. Reward Safe Behavior

Most employees want approval and recognition. When they follow safe work practices or make safety suggestions, let them know you're pleased and grateful. When you're busy and under a lot of pressure, it's easy to focus only on the negative things employees do. Make sure they get credit for the good stuff, too.

11. Be Patient and Listen

Maintain an "open door" policy and be accessible to employees. You want them to know they can always come to their supervisors and managers when they have questions or concerns about hazards or safe procedures.

12. Create a "Want-To" Safety Culture

Create a safety culture in your organization in which employees do the safe thing not because they have to, but because they want to—because they want to avoid injuries so that they can go home to their families in one piece at the end of the workday. Help employees see the value in making the safe decisions. Remind them how many safety-related decisions they make every day and how one bad decision is all it takes to get hurt. *Source: BLR's Safety Daily Advisor*

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