

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - REGULAR SESSION

SELECT COMMITTEE ON WORKERS' COMPENSATION

Call to Order: By CHAIRMAN CHASE HIBBARD, on January 18, 1993,
at 3:20 p.m.

ROLL CALL

Members Present:

Rep. Chase Hibbard, Chairman (R)
Rep. Jerry Driscoll, Vice Chairman (D)
Rep. Steve Benedict (R)
Rep. Ernest Bergsagel (R)
Rep. Vicki Cocchiarella (D)
Rep. David Ewer (D)

Members Excused: None

Members Absent: None

Staff Present: Paul Verdon, Legislative Council
Evy Hendrickson, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing: HB 13
Executive Action: None

HEARING ON HB 13

Opening Statement by Sponsor:

REP. STEVE BENEDICT, House District 64, Hamilton, sponsor of HB 13, appeared on behalf of the Joint Select Committee on Workers' Comp Interim Committee which had been meeting over the last two years. HB 13 was introduced at the unanimous request of the Legislative Interim Committee on Workers' Compensation of which he was vice chairman.

REP. BENEDICT said the general purpose of the legislation was to return the State Fund to a status similar to that provided by the 1989 Legislature so that it could operate more like a private insurance company. The 1989 Legislature created the State Fund and as a private insurance carrier transferred the Workers' Comp regulatory functions to the Department of Labor. During a special session of the legislature in May 1990, only five months

after the new fund was created, the legislature effectively nullified the 1989 legislation and directed the State Fund to operate like a state agency.

He explained the three major components of HB 13. The bill would remove the State Fund from the requirements of the Montana Administrative Procedures Act (MAPA). No other insurance company or state fund has been subject to these requirements. There would be no need for the State Fund to follow MAPA requirements which can hinder an insurance operation. The State Fund rates would be subject to review by the insurance commissioner's office if the bill should be adopted.

He said the bill would also subject the State Fund to essentially the same supervision and review exercised by the insurance commissioner on private carriers. This independent scrutiny would include review by the insurance commissioner in two major areas: rates and the financial condition of the fund. The bill, with amendments, would allow the legislature, Governor Racicot, and the State Fund Board to retain an oversight responsibility because the insurance commissioner's office would be required to report its findings to all three of these entities regarding rates and financial condition of the fund.

The bill would give the State Fund more flexibility in setting its own budget in order to react to the changing needs of complex problems faced in the insurance business. The bill would allow the legislature to retain an oversight responsibility because of the 15% cap on expenditures and the requirement placed on the board to report on its financial status not only to the legislature, but the Governor and the insurance commissioner.

In summary, he said the State Fund must be allowed to operate as nearly as possible like a private carrier and still provide outside review and oversight. He believed the bill accomplished that and urged the committee's support. He said there were proposed amendments to the bill and copies of those amendments were provided to the committee.

Nancy Butler, General Counsel for the State Fund, explained where the amendments would be in the bill and how they would affect the bill. She explained the amendments in the order they were given and the reason for each one. EXHIBIT 1

Questions From Committee Members and Responses:

REP. EWER indicated he had no questions but it would take some time to digest the proposed amendments.

CHAIRMAN HIBBARD said he was confused as to the amendment on pages 7 and 8 where it referred to the National Council on Compensation Insurance (NCCI) and rate setting. He asked Ms. Butler to clarify that again.

Ms. Butler referred to Title 33, the insurance code, and said it generally didn't apply to the State Fund but there was a provision in Title 33 that required the State Fund to belong to a rating organization. They felt that it need not be in this statute because it was already in another statute. Therefore, it would not hurt to delete it initially, but they thought in order to clarify the fact that the State Fund did intend to be a member of a rating organization they would put it back in.

CHAIRMAN HIBBARD asked how many rating organizations there are. MS. Butler replied there was just one to her knowledge.

REP. EWER asked what the role of the legislative auditor would be if this bill should become law.

CHAIRMAN HIBBARD said, if questions referred to the amendments, it would be appropriate to ask them at this time. If they were not pertinent specifically to amendments, the committee should hear the rest of the testimony, hear the proponents and opponents and then ask questions. CHAIRMAN HIBBARD asked if there were any other questions related to the amendments. There were not.

Proponents' Testimony:

Pat Sweeney, representing the State Fund, said the State Fund supported HB 13 and the amendments as submitted by REP. BENEDICT. This bill would generally revise the areas regarding the operation, administration and control of the State Fund; he discussed each area. EXHIBIT 2

Tom Harrison, Chairman of the State Fund Board of Directors, said he didn't want to repeat the testimony of Ms. Butler and Mr. Sweeney but mentioned a couple of practical considerations as far as the day-to-day operations and attempts to direct the fund. For example, in the past year the board of directors had been interested in moving toward some type of advance premium. They didn't have within their budgetary constraints any more money in contracted services so this could not be done at this time.

He said there was some inconsistency in flexibility when they tried to make advancements and changes on multiple fronts and then run into obstructions. They want more safety people at this particular time, but the FTE aren't available. They'd like more claim examiners until they get caught up, but they can't do that. They don't have FTE set by the budgetary process, and they can't get past that. That creates a lot of barriers; if they want this addressed as an operational business, they have to have the ability to do that without jumping through the myriad of hoops contained in the state budgetary process.

He thought the amendments were good amendments, good changes that would allow the board to address these problems in a timely fashion with the amount of money necessary to meet the problem at

the time and not to have to address unnecessary technical matters when in a competitive business like the insurance business.

Paul Svrcek, Immediate Past Chairman of the Interim Committee on Workers' Compensation, said the reasons to support the bill had been adequately illustrated. The puzzle of workers' compensation contains many pieces, some of which have been discussed. One important one restores the authority and flexibility needed to allow more effective and responsive management of the State Fund.

He said, as **Mr. Sweeney** indicated, the bill gives the State Fund the time to build up required reserves. If they were required to come under the reserve requirements immediately, they would be out of compliance with the law the day they opened their doors. He said he would have preferred to have given the insurance commissioner more teeth than is presently contemplated in this bill -- such as the ability to shut the State Fund down if it is out of compliance with the law, just as the commissioner is allowed to do with any other insurance operation.

He was confident that if the insurance commissioner shut the State Fund down, the legislature would be back in session quite quickly to deal with it in whatever way needed. Unfortunately, that option was not palatable to a majority of the interim committee members so it was not included in the bill.

George Wood, Executive Secretary of the Montana Self Insurers Association, testified that the Association strongly endorsed the concept of a business-operated, actuarially sound State Fund. The bill itself presented some problems to them but some of them had been answered by the amendments. He said he was still confused as to whether this entity is a state agency or not.

He had a suggestion concerning the surplus requirements. The insurance commissioner would report to the legislature and the Governor that they were progressing towards the surplus that the bill required. He would like to see the situation split so that a surplus of 10% be required by 1996 and the 25% by 2003 so there would be some steps along the way to indicate whether or not they were meeting their goals.

Jacqueline Lenmark, the American Insurance Association (AIA), said the State Fund was exempted from most other requirements that private carriers must meet when regulated by the insurance commissioner, including the premium caps, recording requirements including investment requirements, surplus and reserve requirements and the ability to liquidate if the company is insolvent.

She said she had stated her concern regarding the politicization of the ratemaking process and the consequent possible result in suppression or continued rating inadequacy. She was concerned that, without some sort of enforcement within the insurance commissioner's power, this would be a further disincentive for the re-entry of private carriers into Montana's market or for

continued withdrawal from Montana's workers' compensation market.

She said the other area of danger that was a major concern for AIA with this proposed bill was the suggestion that the State Fund could withdraw from NCCI and that was probably their most serious concern with the bill as proposed.

She stated the State Fund had approximately 80% of the total market share in Montana, including the State Fund Plan 2, private carriers and self insurers. While the State Fund should be relying upon the information provided by NCCI as the basis for adequate rating, NCCI also relies on the market experience of the State Fund and, in turn, the private carriers rely upon that information in setting and filing their rates with the insurance commissioner.

If the State Fund was permitted to withdraw from NCCI, or make that unilateral decision, NCCI would be deprived of that data and consequently would have to look to other states to develop Montana rates. If there was not sufficient credible data within other neighboring or similar states, they'd have to go to national experience to develop the primary rates.

She said the possibility of a regional ratemaking organization had been raised but it was just a possibility. She wondered whether there would be full participation by all insurers in that organization or would be it be an organization just for state funds. The AIA suggested that the State Fund be required to remain within the NCCI for the time being. If a regional organization should appear on the horizon, the legislature could revisit the appropriateness of that decision.

James Tutwiler, representing the Montana Chamber of Commerce, said the Montana Chamber of Commerce supported the bill and the concept of what the bill attempted to do.

He said there was a general perception among businesses in Montana that workers' compensation in the state was not working very well. In fact, when they look back on the history, beginning in the 1980's, the debt had raised the old fund liabilities reserve over \$400 million and the new fund was struggling with an early deficit approaching \$50 million.

He believed the bill offered the prospect of moving management of workers' compensation into a new direction. In other words, the bill had the potential to lay the ground work to dramatically impact how the State Fund was managed. He thought it important that employers don't have confidence that business as usual will serve business and the economy in Montana well.

The perception they had on this bill was that perhaps in this session the administration, this committee, and the State Fund itself may well consider legislation that would increase the State Fund's ability to look at privatization or contracted

services. He thought this had possibilities and the bill would seem to give the State Fund managers the capability to do that.

He summarized his testimony by stating their support of the provision regarding MAPA, the provisions that pertain to the Association's office and particularly the measure that had to do with flexibility and budgeting. His only concern at this point was they hoped the committee would take a close look at the 15% premium for administrative costs - that is the right direction in which to go.

Don Allen, on behalf of the Coalition of Workers' Compensation System Improvement, said that following one of their committee meetings pertaining to changes in the administrative actions which could make a difference in the future of the State Fund and workers' comp itself in the state, they endorsed this bill as part of their recommendations. However, he said they could not view this bill as anywhere close to an overall answer.

As far as the bill goes, it still comes back to the responsibility and accountability of management both from a management and fiscal standpoint. He said they had not had a chance to review the amendments.

The bottom line of the coalition, which was made up of a broad spectrum of employers, workers, organizations and associations, was to see improvements in the system that would make a difference in the future. The coalition wanted changes this year and not next year. They were hopeful that the bill could become part of the mix of things that could be done to move the state forward in the workers' comp situation.

Riley Johnson, representing the National Federation of Independent Business (NFIB), said they supported the intent of the bill and also agreed on a number of the amendments being offered dealing with increment increases.

He reported on NFIB's survey and said they very much favored privatization. They also supported privatization of certain functions such as claims and supported the fund being placed under the insurance commissioner; however, to what extent this should happen was another question. He said he had heard some words called "new direction" in the fund but had heard that before. If anyone looked at the front page of a number of papers that morning, they saw one more example of what was happening to the small businesses of this state. They are leaving. He said he couldn't begin to tell how many people and how many members of NFIB had left.

He expressed the hope that the committee would take its charge seriously. If there is going to be a new direction with the fund, it should be done right and done finally. Their members could not survive continuous 65% increases in a year and half.

Keith Olson, Executive Director of Montana Logging Association (MLA), said his association represented over 600 independent logging contractors in Montana, the vast majority of which were State Fund insurers. The current appropriations process restricts the State Fund's ability to provide three essential services: safety, claims management audit and points. HB 13 addresses these limitations and they support the bill.

Informational Testimony:

Mark O'Keefe, State Auditor and Commissioner of Insurance for the State of Montana, presented written testimony. EXHIBIT 3

Robert Olsen, Montana Hospital Association, presented written testimony. EXHIBIT 4

CHAIRMAN HIBBARD asked Mr. Olsen if he was an opponent. Mr. Olsen said he was not taking an official position and just wanted his comments registered.

Opponents' Testimony:

Mona Jamison, representing the Montana Chapter of Physical Therapy Association, said the bill contained no teeth and no accountability. Addressing the section which would transfer the authority to the insurance commissioner, she said she was surprised the auditor did not come straight out and object to the bill. She believed what the bill would do is give him all the political heat and no power. It would also present to the public the delusion that something was going to be accomplished and, in essence, nothing would be.

She also was shocked to hear proponents of taking the State Fund totally out of MAPA. The purpose of the Montana Administrative Procedure Act, as it relates to rules, is public input. It gives a voice to the citizens -- be they employers, employees or providers -- as to a proposal's impact. The implication, she said, is the public doesn't have the wherewithal to understand it, so why even bother. She said the benefit of MAPA is that it is state government's opportunity to let the public know they are part of the system.

She said Mr. Sweeney testified that, since the insurance commissioner could supervise and review aspects of the fund, MAPA's rates were not needed and asked that the committee be aware of that argument. Review is different than public input. Ms. Jamison said the way this bill was structured, the authority, or lack of authority, given to the insurance commissioner was entirely different than the public having the right to comment on what was being proposed.

She asked the committee not to give the State Fund the best of

both worlds: treat them as a private entity but be there to bail them out.

Ms. Jamison said that, before the bill is adopted -- and obviously the momentum is there because all the affected parties are here -- the committee must understand the purpose of MAPA. To take the State Fund out of MAPA and disenfranchise the public would probably be the worst thing that could happen in this bill. She said if every other agency in state government can comply with MAPA, so can the State Fund. The six-month ruling is not all that tedious.

Rose Hughes, Executive Director of Montana Health Care Association, appeared as an opponent and submitted informational testimony. EXHIBIT 5

Ms. Hughes said she was not appearing before the committee to ask for lower rates or to even deal with how high the rates were or what that problem was. She said she was there to ask for continued input into a process that's costing them a great amount of money and said they were especially concerned with the provision to remove the State Fund from the provisions of MAPA because that provides the interested parties with the only possible way to have some input about how rates are set. The general methodology of MAPA would allow employers a reasonable expectation of fair treatment.

Ms. Jamison said people who were concerned were told the State Fund was removed from MAPA because it would receive accountability under the insurance commissioner. The insurance commissioner said that would not happen. She was concerned this bill would give little accountability.

CHAIRMAN HIBBARD recessed the hearing at 4:45 p.m. for 10 minutes.

Meeting reconvened at 4:55 p.m.

CHAIRMAN HIBBARD asked if there were questions for Mr. O'Keefe.

REP. DRISCOLL stated that USF&G and CIGNA were still writing workers' compensation in the state and asked Mr. O'Keefe what his office did with those companies.

Mr. O'Keefe responded that, if REP. DRISCOLL wanted to know exactly what they do, he would have the people who do the examinations explain that and introduced Jim Borchardt, chief examiner for the state.

REP. DRISCOLL restated the question for Mr. Borchardt.

Jim Borchardt stated they regulate them like any other insurer. They have to file an annual statement each year, pay premium taxes, and meet minimum financial standards which are so low that

virtually anyone can at the present time. They have to file rates and forms. If those requirements were done improperly, they would be subject to certain sanctions and penalties.

REP. DRISCOLL said that Glacier General was selling workers' comp for the State of Montana and the auditor at that time shut them down. He asked why they were shut down.

Mr. Borchardt replied it was primarily because the company had sold approximately 800 mortgage guarantee insurance policies, an area in which they had no expertise. It turned out that virtually the entire number were fraudulent or at least highly questionable because there was a claim on every one. That involved a huge amount of money, tens of millions of dollars. It was the primary reason that Glacier General went down.

REP. DRISCOLL asked Mr. Borchardt to provide the committee with what they do with private workers' comp insurance companies and what the difference is between that and what this bill says they should do with the State Fund.

Mr. Borchardt said first of all would be examination. All insurers, whether domestic or foreign (if from any other state) are subject to examination. With virtually all foreign insurers they defer to the examinations done by the insurance department in the other state rather than doing it themselves. They simply don't have the resources to do over 1400 companies.

With domestic insurers they would examine in the area of rates - whatever rates a company wished to use they could go ahead and use them, but they would have to file the rates with his office. At that point, their actuary would take a look at the rates to see if they were either inadequate, excessive or unfairly discriminatory. If the actuary found some problems in those areas, he would likely go back to the company and tell them he objected to a part of their 114. At that point the insurer would have to decide whether to comply or object. If they wished to object, they could call a hearing and go through the rest of the legal process, i.e., going to court if they so chose. If they decided to comply, they would make amendments in their refiling and at that point they would presumably be approved.

REP. DRISCOLL said he didn't understand the difference between what was proposed in the bill and what the insurance commissioner did for the other insurance companies with the exception of the reserve.

Mr. Borchardt said, as he understood the amendment that the State Fund brought in with regard to rates, his office could evaluate those rates. If they found them inadequate, they would simply report that to the Governor and the legislature. With a regular private insurer, if they object to the inadequate rates, his office tells them they can't use them. That was the primary difference and there were, at least at the present time according

to their actuary's analysis, some significant differences between those rates filed by the NCCI which his office had approved and those rates used by the State Fund which are considerably lower.

CHAIRMAN HIBBARD asked **Mr. O'Keefe** if he wanted to comment.

Mr. O'Keefe stated that **Mr. Borchardt** had responded as far as the technical end. What had been taken away from the state auditor in this proposal had to do with part 13-332, Sub-Section 13. (see Section 13) It would give the right for the insurance commissioner to go in, if need be, and essentially become the CEO of workers' comp but he stated he personally would not like to do that.

He said the rates are what they must increase in order to achieve the proper reserves. Right now the bill says there would be a percentage surplus in eight or ten years, but it didn't tell anyone how to do it. As a rehabilitator, the insurance commissioner's office is in the business of telling people how to do it and there was nothing like that in this bill.

Ms Jamison responded to a question from **REP. DRISCOLL** concerning rulemaking and said she was not in a position to address the specificity or the validity of those rules but had a comment about rules in general. She said if they were necessary, it's the legislature that gives every agency their rulemaking authority, and without that authority no agency in state government can adopt rules. MAPA says that the legislature has given an agency the authority to adopt rules and then asks for public input.

She said rulemaking is really a mini-legislative process; she was sure no legislator on the committee would ever suggest that the public did not have the right to testify on bills. In fact, many votes have been changed as a result of public input and that would be a validity of the administrative level also.

REP. DRISCOLL asked **Ms. Jamison** if she had ever seen an agency change any rules after public input. **Ms. Jamison** answered that the Department of Health had done that in the health care area and in the environmental area. The Board of Investments had done it with rules where people have submitted written comments. She said some agencies are far less fearful than others of receiving input. They look at it as a tool. Other agencies look at it as a weapon - that the public is out to get them. She suggested when an agency makes the transition, that input would be helpful. The process becomes easier. The public is not their foe, the public is their friend. When the public comes to testify, whether legislators like the testimony or not, it does improve the process.

CHAIRMAN HIBBARD told **Ms. Jamison** that one of the problems, as he understood it, was the unnecessary public hearings and the unnecessary cumbersomeness in trying to set rates in response to

a marked situation. He said there was some fear that the administrative process might get in the way of that. It was not totally clear to him from the testimony whether it would or not. He said he heard that the setting of the rule would require public input, but the actual rate setting probably would not and asked Ms. Jamison to clarify that for him.

Ms. Jamison stated there was probably someone who was better at addressing that but the way she understood the rules of the State Compensation Mutual Insurance Fund was, one of the chapters was called "premium rates" and that seemed to list how things were calculated and the methodologies that were used or would be used as opposed to the actual establishment of the rates. She said it appeared that the most recent rules were June 30, 1992, and that was the only date she saw in terms of the rules, at least for the last biennium. Maybe there had been other numerous rulemaking hearings, but what she was suggesting was a lot of other agencies go through numerous rulemaking processes also.

CHAIRMAN HIBBARD asked someone from the State Fund to state the advantages of being exempted from MAPA or the disadvantages in remaining under that umbrella.

Ms. Butler said there were several reasons why the State Fund shouldn't be subject to MAPA. The first reason, as indicated earlier, was they are an insurance company essentially and no other insurance company or state fund in the country that she was aware of, was subject to a MAPA requirement.

They put their process in rule form but this prevents the board from adapting quickly to changes if a change in the process is indicated. They are in the process of amending their rules which will be effective July 1, 1993. She had to start with the board late last year on any amendments that might be necessary to that process so they would be in place and effective when the ratemaking decision was made in approximately April or May. This was so they could give sufficient notice to policyholders for the rates prior to July 1, 1993. But if something in the data needed to be changed in the process, based on what the actuary found when he started his process in late February, it would be too late.

She said those were primary reasons why it would be difficult for state funds and insurance companies to be subject to the administrative procedure process. She also corrected a statement made that they were not subject to public participation - that is in current statute. She said Mr. Sweeny testified they would be subject to public participation. So, when the board was involved in the rate setting process, the public could come and comment on this as the board was dealing with it.

CHAIRMAN HIBBARD said Ms. Butler told them that perhaps it was public scrutiny in the actual rate setting process and it would be cumbersome and something that normally insurance companies

were not subjected to in setting rates. However, they had heard from Ms. Jamison that perhaps that wasn't the case and said he was confused.

Ms. Jamison said to a certain extent it's like beauty. Whether or not it's cumbersome would be in the eyes of the beholder and related to who was trying to get where and how fast. The MAPA provision doesn't have to do with the establishment of rates.

She said there was an underlying assumption that MAPA should not apply as they were a private insurance company. She said they were not a private insurance company. They were still talking about a public debt but she said she would be willing to go along with that if, in fact, that's what they were and they didn't have the benefit of state protection and probably state bail out.

Ms. Jamison said it's easy to say that because if they were private, they're right, MAPA should not apply but that would be a matter of judgement. She asked what the connections of the Fund were with the government and believed that was the fundamental question. If they were private, then MAPA need not and should not apply.

Ms. Jamison said Mr. Sweeney had already testified and felt sure the minutes would indicate he had said they were a state agency. She said they are a state agency and that was a decision the committee would have to make. She suggested that they couldn't have it both ways.

REP. EWER said the State Fund had asserted that it could not react quickly enough for what needed to be done and he acknowledged that they were a state agency but he also suggested that their mission was very different from any other state agency. He believed if they were the only ones to set the rate, shouldn't the public have the right to have some say in that process given the taxpayer probably would ultimately be on the hook.

REP. DRISCOLL asked Ms. Jamison if the State Fund could go through this procedure and simply adopt the rules saying that anytime the actuary tells them the rates are inadequate they could raise them. They would tell them no one would receive an increase more than 50% and there would be interim rate increases anytime the actuary told them they should do so. Could they have a hearing on that rule and adopt it even if the public said no?

Ms. Jamison said they could still adopt the rule even if the public didn't like what they were doing; however, they would have to explain why they did not accept their comments.

REP. EWER asked if their rules require them to notify those 27,000 policyholders that there was going to be a rate increase or they were considering a rate increase.

Mr. Sweeney said they notify their policyholders 30 days prior to each rate increase. So, for a July 1 increase they would notify their policyholders by the end of May of the perspective rates in their individual class codes.

REP. EWER said he realized that was very expensive and from his experience that may not be necessary. He said as he interpreted the rule notice, if it was in the paper, it would be up to the public. If they were interested in the subject, it would be up to them to follow this.

Mr. Sweeney said maybe he could clarify that for REP. EWER. They notify their policyholders of their forthcoming rate increase by individual class code so the policyholder would have an idea what he would be paying in the forthcoming quarters for his coverage with the State Fund.

Ms. Jamison said under the Montana Administrative Procedure Act they would be required to publish their notice of intent to adopt rules in the Montana Administrative Register which would be considered effective notice to the parties affected. She then referred to page 7 of the bill pertaining to MAPA.

Closing by Sponsor:

REP. BENEDICT said the bill had received an excellent hearing, and appreciated all the input from those testifying. If somebody could come up with a better scenario about how the state insurance commissioner could be involved, he said he would be very interested. The reason the insurance commissioner was included in the bill was to give the public, employers and employees some assurance there was somebody watching over the State Fund and not just the board of directors.

REP. BENEDICT said somebody had mentioned that NCCI should be put back into the bill and he had no problem with that. If it proved to hinder private carriers in their ability to write business in the state, then it would be no problem to reinsert NCCI. They were trying to get away from tying the fund to NCCI forever in statute. If people would be more comfortable putting NCCI back in, he would be more than happy to do that.

In the matter of incremental reserves, one of the proponents from the self insurers wanted to see the reserves raise again with fairly fast increments. In fact, REP. BENEDICT thought it was 35% to 40% within about three years or two and one half years by 1996. He felt there was a problem with that and a more gradual phase would be beneficial to the employers in the state.

He said if they put together a good package of reforms, which he was confident they would do during the session, it would still be four or five years before the actuaries would give credit for what had been done. In the meantime, those premium rate

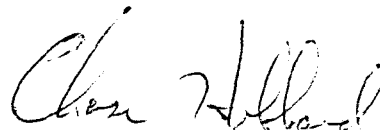
increases would still take effect.

He said there were some valid concerns about MAPA but the State Fund is not like any other state agency. It's not like a private insurance carrier, it's not like anything else in existence, it's a state fund and we've got to keep it in mind. He said there was plenty of opportunity for public input in the process. Rules are not adopted in the State Fund without some form of public comment. This bill would not remove any of that process; it would not make the fund a secret organization, contrary to the testimony of one of the opponents. That particular opponent said it was surprising to see the business community behind this particular bill. As a business man, REP. BENEDICT said it was not surprising to him, and he didn't think it would be surprising to anyone running a business that they have to make critical decisions and move on those decisions without the encumbrance of waiting for up to six months for some rules. They have to be able to make corrections and make them fast, especially in such a volatile business as insurance. He said private insurers write business in the state and nobody asked them to come in and become a part of MAPA. They do the same exact thing as the State Fund and that's write insurance. The State Fund doesn't administer a body of law as other state agencies do. They administer an insurance company and are completely different from other state agencies and he didn't think they should be subjected to the MAPA requirements.

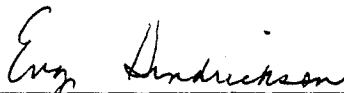
CHAIRMAN HIBBARD said no executive action would be taken on the bill. He informed the committee they would be hearing from people from Oregon and from a physician talking about medical fraud and abuses from the standpoint of a practicing physician.

ADJOURNMENT

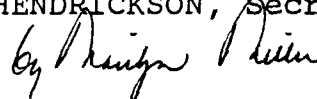
Adjournment: 6:10 p.m.



REP. CHASE HIBBARD, Chairman



EVY HENDRICKSON, Secretary



CH/ev

Amendments to House Bill No. 13
First Reading Copy

Requested by Representative Benedict
For the Select Committee on Workers' Compensation

Prepared by Paul Verdon
January 13, 1993

1. Title, line 12.
Following: "17-7-502,"
Insert: "18-8-103,"
Strike: "39-71-2314,"
2. Title, line 14.
Strike: "AN"
Strike: "DATE"
Insert: "DATES"
3. Page 2, line 12.
Page 5, line 6 and line 9
Page 6, line 4
Strike: "mutual"
4. Page 5, line 21.
Following: "insurer"
Insert: ", except the state compensation insurance fund as
provided for in Title 39, chapter 71, part 23,"
5. Page 6, line 9.
Following: "governor"
Strike: "and"
Insert: ", "
Following: "legislature"
Insert: ", and the board of directors of the state compensation
insurance fund"
6. Page 6, lines 10 through 23
Strike: section 3 in its entirety
Renumber: subsequent sections
7. Page 8, line 6.
Following: "~~rates.~~"
Insert: "The state fund must be a member of a workers'
compensation rating organization and may use the
classifications of employment adopted by a workers'
compensation rating organization and corresponding rates as
a basis for setting its own rates."
8. Page 11, line 2.
Following: "carry"
Insert: "the estimated cost of"

9. Page 11, lines 5 and 6.

Following: "July 1," on line 5

Strike: the remainder of line 5 through "standards" on line 6

Insert: "2003, a surplus of 25% of annual premium"

10. Page 11, line 7.

Following: line 6

Insert: "

Section 7. Section 18-8-103, MCA, is amended to read:

"18-8-103. Exemptions. This part does not apply to employment of:

(1) registered professional engineers, surveyors, real estate appraisers, or registered architects;

(2) physicians, dentists, or other medical, dental, or health care providers;

(3) expert witnesses hired for use in litigation, hearings officers hired in rulemaking and contested case proceedings under the Montana Administrative Procedure Act, or attorneys as specified by executive order of the governor;

(4) consulting actuaries to the public retirement boards or the state compensation insurance fund; or

(5) private consultants employed by the student associations of the university system with money raised from student activity fees designated for use by those student associations."

Renumber: subsequent sections

11. Page 11, line 8.

Strike: "The"

Insert: "In addition to the examination of the state fund in compliance with 33-1-401, the"

12. Page 11, line 10.

Strike: "or any rate changes"

13. Page 11, lines 11 through 14.

Following: "discriminatory." on line 11

Strike: the remainder of line 11 through "insurer" on line 14

Insert: "If, as provided in 33-16-205, the insurance commissioner determines that state fund rates are excessive, inadequate, or unfairly discriminatory and would be subject to an order prohibiting use of the rates if it were a private insurer, the commissioner shall report those findings to the governor, the legislature, and the board of directors of the state fund"

14. Page 11, line 20.

Strike: "that"

Insert: "as otherwise provided by law, and"

15. Page 12, line 2.

Strike: "budget"

Insert: "administrative expenditures"

16. Page 12, line 3.

Following: "of the"
Insert: "earned"

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17. Page 12, lines 3 and 4.
Following: "annual" on line 3
Strike: "employer premiums"
Insert: "premium of the prior fiscal year"

18. Page 12, line 6.
Strike: "reserve"
Insert: "financial"

19. Page 12, line 7.
Strike: "prepared by the state fund's actuary"
Following: "governor"
Insert: ", to the insurance commissioner,"

20. Page 12, line 10.
Strike: "resources and"
Insert: "estimated"

21. Page 12, line 11.
Following: "fund"
Insert: "as determined by an independent actuary"

22. Page 12, line 23, through page 13, line 1.
Following: "(b)" on page 12, line 23
Strike: the remainder of line 23 through page 13, line 1 in their
entirety
Insert: "All funds deposited in the state fund"

23. Page 15, line 2.
Following: line 1
Insert: NEW SECTION. Section 12. Name change -- directions to
code commissioner. Wherever the name "state compensation
mutual insurance fund", meaning the fund established in 39-
71-2313, appears in the Montana Code Annotated or in
legislation enacted by the 1993 legislature, the code
commissioner is directed to change the name to "state
compensation insurance fund".

NEW SECTION. Section 13. {standard} Severability. If a
part of [this act] is invalid, all valid parts that are
severable from the invalid part remain in effect. If a part
of [this act] is invalid in one or more of its applications,
the part remains in effect in all valid applications that
are severable from the invalid applications.

Renumber: subsequent sections

24. Page 15, lines 4 and 7.
Strike: "7 through"
Insert: "6, 8, and"

25. Page 15, line 8.
Strike: "date. [This act] is"

Insert: "dates. (1) [Section 9 and this section] are effective on passage and approval, and [section 9] applies to the budget for fiscal year 1994.
(2) [Sections 1 through 8 and 10 through 14] are"

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Pat Evers
State Fund

TESTIMONY IN SUPPORT OF
HOUSE BILL 13

EXHIBIT 2
DATE 1-18-93
HB 13

The State Fund supports H.B. 13 and the amendments to H.B. 13.

The bill generally revises the areas regarding the operation, administration and control of the State Fund and I will discuss each of the areas in detail.

Montana Administrative Procedure Act (MAPA)

The first area for your consideration is the removal of the State Fund from the requirements in MAPA. In the 1989 session, the Legislature set up the State Fund to operate as a private insurance carrier and in the 1990 Special Session the Legislature effectively nullified the original 1989 Act and in addition placed the State Fund under MAPA, particularly for the procedures used in its ratemaking process.

As I will discuss later, this bill places the State Fund under the supervision and review of the Insurance Commissioner for ratemaking purposes similar to private insurance companies. Therefore, there is no need to include the ratemaking process under rulemaking procedures.

No other insurance company, nor to the best of our knowledge no other state fund operates under statutes which requires the ratemaking process to be set forth in rules adopted under MAPA.

The MAPA requirements do not make sense when we are operating an insurance business. The MAPA requirements can in fact hinder an insurance operation because of the complexity of the ratemaking process and the ability to file lawsuits alleging a failure to meet every possible contingency, which could place the fund in financial jeopardy.

This bill does not remove the statutory requirements for public participation in governmental operations, statutory standards of conduct, public records and the Legislative Audit Act.

The State Fund Board of Directors needs to be responsive to the policyholders and their concerns but the rates must be established through the use of an independent actuary so as to cover the estimated losses of the fund. Once the oversight by the Insurance Commissioner's Office is in place, little of anything constructive is accomplished by trying to include in rules the entire complex and complicated processes, procedures, formulas, and factors which go into the rate determinations. Factors and conditions change and the Board must be able to react without the concern of amending or adopting rules in order to fulfill their statutory rate requirements.

Insurance Commissioner Supervision and Review

This bill subjects the State Fund to similar requirements as other insurance companies. The insurance commissioner's supervision is basically the same as contemplated by the 1989 legislation.

The specific exemptions from the regulation of insurers are as follows:

1. 33-2-515. Section 515 references limits on discounts on reserves for the annual report. The State Fund because of its nature as a state fund, discounts reserves, currently at 6%. Discounting

reserves provides for the future value of money and is one of the methods used by state funds to not retain excessive premium paid by their policyholders.

2. 33-2- Part 7. Exempt from part 7 - Reports Fees and Taxes. This part deals with taxes and license fees and as the State Fund is the insurer of last resort and a state agency, they should not be subject to a premium tax.

3. 33-2 Part 8. This part deals with investments and since the State Fund investments are controlled by the Board of Investments just like other state entities, there is no need to impose the requirements in the insurance statutes.

4. 33-2- Part 13. This part deals with the rehabilitation and liquidation powers of the insurance commissioner as I will discuss later in this testimony. This bill will direct the insurance commissioner to review the financial condition of the fund and report annually to the Governor, Legislature, and the Board of Directors if the State Fund would be subject to their provisions if it were a private insurer.

As this legislation places the State Fund under the insurance commissioner's supervision, I would like to discuss the two main areas where the commissioner will provide an independent third party review.

First is the annual examination of the affairs, transactions, accounts, records and assets of the State Fund. Once the annual examination is completed, the insurance commissioner is to report to the Governor, Legislature, and the Board of Directors, if it is determined that if the State Fund were a private insurer, it would be subject to the liquidation, supervision, and rehabilitation provisions of the insurance code. As the State Fund is legislatively created as an insurer, is the insurer of last resort, and covers approximately 27,000 policyholders in this state; the Legislature should have the option of determining how the State Fund should be dealt with in a supervision, liquidation, or rehabilitation situation. Secondly, the insurance commissioner will be responsible for annually reviewing the rates of the State Fund. If it should be found by the insurance commissioner that the State Fund premium rates are excessive, inadequate or unfairly discriminatory and the State Fund would be subject to an order prohibiting use of the rates if it were a private insurer, the insurance commissioner is to report those findings to the Governor, the Legislature and the Board of Directors of the State Fund. This is the same review that a private insurer would be subject to. However, since the State Fund is the insurer of last resort for the majority of the State of Montana's employers, the expertise of the Board of Directors in consultation with its independent actuary, and by the authority directly conferred on the Board by the Legislature to manage the State Fund, should be deferred to in the setting of rates. From a practical stand point it is our understanding the insurance commissioner and the State Fund would review any rate questions first to determine if a report is necessary.

This bill also requires the State Fund to work toward attaining sufficient surplus so as to stabilize its rates. Our actuary has advised us that due to our initial undercapitalization, we were unable to withstand the normal fluctuations in the insurance business on a year-to-year basis without periodically having a deficit. The bill as amended would require the State Fund to have 25% of their annual premium in surplus funds by the year 2003. This would entail a first year rate increase of approximately 4.3 % based on a 10% increase in premiums until fiscal year 1996 and then no further increase as it is too difficult to predict. The 4.3% increase with all things being equal would remain until a sufficient level of surplus is attained.

Budget

The State Fund operates at this time solely on those monies collected from its policyholders through premium payments to the State Fund. However, the State Fund is a state agency and through the appropriation process is limited to spending for its operation the amounts that the Legislature approves. This bill would allow the Board to set their budget at a maximum of 15% of the previous year's earned annual premium. The budget approved by the Board is required to be sent to the Governor and Legislature for their review. The purpose of the 15% limit is to continue to allow the Legislature to retain oversight of the State Fund's administrative expenditures. This provision of the bill allows the State Fund to adequately staff to handle its claims, underwriting, safety, audit, and other functions and also provide the flexibility to meet operational needs as they arise. Our claims examiners have case loads historically much higher than industry standards, now at 315 per examiner but we would prefer to see caseloads of 225 to 250 per examiner. Through safety efforts, we cannot reach as many employers as we would like to reach and to thereby reduce the number of injuries and minimize those that do occur. The State Fund could bring in additional funding through their audits if they had more staff. In essence, the State Fund needs to spend more money on its operating costs in order to operate more efficiently and provide better service to injured workers and our policyholders. As you can see on the handout (Exhibit B), the State Fund as compared to other state funds spends much less of its premium dollar on administrative costs. In addition, as you can see from work load indicators, the State Fund is staffed below many other state funds.

The maximum of 15% of the premium dollars spent on operation costs would be statutorily appropriated as would the benefits we are statutorily required to pay for injured workers.

See Exhibit B attached.

Other Provisions

In addition, this bill allows the State Fund to belong to the ~~National Council on Compensation Insurance~~ ^{a rating organization}, as it does now but would provide the Fund the flexibility to become a member of other recognized rating organizations. At some point in the future there may be a regional rating organization which might better serve our needs and the State Fund may want to be able to take advantage of such opportunity. This is due to the fact that the state fund and state funds around the country believe we are not getting sufficient benefit as a member of NCCI to warrant the high cost of membership.

The Board, as part of its responsibilities would be required to set rates in consultation with an independent actuary. In the proposed amendments to the bill, is an exemption from the statutes governing procurement of consultants. There is no firm in the State of Montana which currently has casualty actuaries and as you would also note the consulting actuary to the public Retirement Board is also exempt from this provision.

Thank you for your consideration.

SURPLUS GOAL							
33% in 8 years	Rate Load:	6.2%		25% in 8 years	Rate Load:	5.3%	
Fiscal Year	Premium	Surplus		Fiscal Year	Premium	Surplus	
		(\$42,000,000)				(\$42,000,000)	
1993	\$165,000,000	(\$31,770,000)		1993	\$165,000,000	(\$33,255,000)	
1994	\$181,500,000	(\$20,517,000)		1994	\$181,500,000	(\$23,635,500)	
1995	\$199,650,000	(\$8,138,700)		1995	\$199,650,000	(\$13,054,050)	
1996	\$200,000,000	\$4,261,300		1996	\$200,000,000	(\$2,454,050)	
1997	\$200,000,000	\$16,661,300		1997	\$200,000,000	\$8,145,950	
1998	\$200,000,000	\$29,061,300		1998	\$200,000,000	\$18,745,950	
1999	\$200,000,000	\$41,461,300		1999	\$200,000,000	\$29,345,950	
2000	\$200,000,000	\$53,861,300		2000	\$200,000,000	\$39,945,950	
2001	\$200,000,000	\$66,261,300		2001	\$200,000,000	\$50,545,950	
33% in 10 year	Rate Load:	5.1%		25% in 10 year	Rate Load:	4.3%	
Fiscal Year	Premium	Surplus		Fiscal Year	Premium	Surplus	
		(\$42,000,000)				(\$42,000,000)	
1993	\$165,000,000	(\$33,585,000)		1993	\$165,000,000	(\$34,905,000)	
1994	\$181,500,000	(\$24,328,500)		1994	\$181,500,000	(\$27,100,500)	
1995	\$199,650,000	(\$14,146,350)		1995	\$199,650,000	(\$18,515,550)	
1996	\$200,000,000	(\$3,946,350)		1996	\$200,000,000	(\$9,915,550)	
1997	\$200,000,000	\$6,253,650		1997	\$200,000,000	(\$1,315,550)	
1998	\$200,000,000	\$16,453,650		1998	\$200,000,000	\$7,284,450	
1999	\$200,000,000	\$26,653,650		1999	\$200,000,000	\$15,884,450	
2000	\$200,000,000	\$36,853,650		2000	\$200,000,000	\$24,484,450	
2001	\$200,000,000	\$47,053,650		2001	\$200,000,000	\$33,084,450	
2002	\$200,000,000	\$57,253,650		2002	\$200,000,000	\$41,684,450	
2003	\$200,000,000	\$67,453,650		2003	\$200,000,000	\$50,284,450	

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"EXHIBIT A"

EXHIBIT 2

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WORKLOAD INDICATORS 1991

STATE	NUMBER OF POLICIES	NUMBER OF EMPLOYEES	POLICIES PER EMPLOYEE
ARIZONA	42733	701	60.96
CALIFORNIA	259465	5419	47.88
COLORADO	40560	517	78.45
IDAHO	14491	170	85.24
MARYLAND	26508	267	99.28
MICHIGAN	41183	488	84.39
MINNESOTA	6000	153	39.22
MONTANA	26407	216	122.25
NEW YORK	190168	3073	61.88
OKLAHOMA	9215	446	20.66
OREGON	35695	1104	32.33
PENNSYLVANIA	28397	270	105.17
UTAH	24200	165	146.67

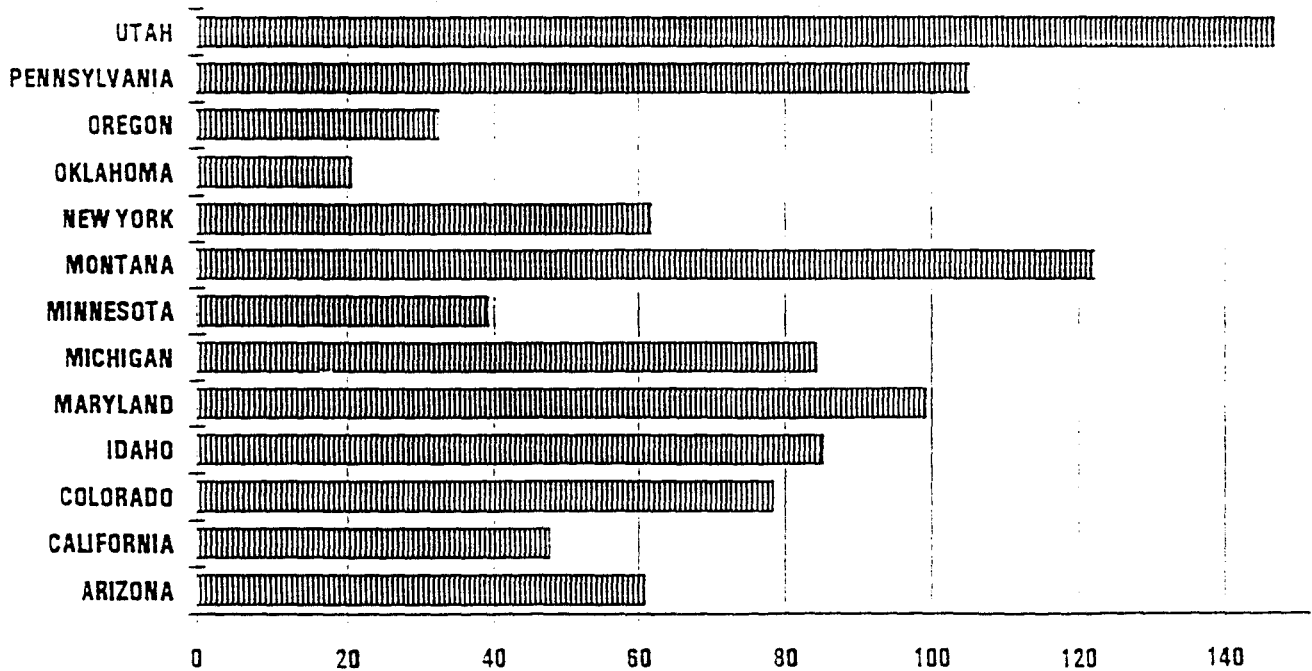


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ANALYSIS EARNED PREMIUM VS EXPENSES			
COMPETITIVE FUNDS 1987-1991			
STATE	EARNED PREMIUM	EXPENSES	PERCENTAGE
ARIZONA	\$1,050,124	\$206,030	19.62%
CALIFORNIA	\$8,731,613	\$1,489,516	17.06%
COLORADO	\$1,194,586	\$156,862	13.13%
IDAHO	\$264,586	\$34,688	13.11%
MARYLAND	\$622,252	\$73,541	11.82%
MICHIGAN	\$806,295	\$252,230	31.28%
MINNESOTA	\$231,336	\$87,042	37.63%
MONTANA	\$440,717	\$46,181	10.48%
NEW YORK	\$4,815,027	\$966,699	20.08%
OKLAHOMA	\$506,981	\$71,571	14.12%
OREGON	\$1,084,748	\$324,164	29.88%
PENNSLYVANIA	\$881,483	\$150,570	17.08%
UTAH	\$386,437	\$62,551	16.19%
Source AASCIF 1992 FACT BOOK			
(In Thousands of Dollars)			

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG.	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
0006	NURSERY WORKERS & DRIVERS	\$30.44	\$30.18	\$23.22	\$17.45	\$19.77	\$15.82	-20%	52%	
0006	FARM/RANCH - ALL EMPLOYEES & DRIVERS	\$19.33	\$16.26	\$16.16	\$12.87	\$14.77	\$16.76	13%	87%	1A
0007	STATE COLLEGE, AGRICULTURAL WORKERS	\$21.43	\$17.21	\$0.00	\$17.21	\$17.21	\$21.43	25%	100%	3B
0008	GARDENING, HAND HOE/THIN SUGAR BEET	\$9.51	\$7.98	\$8.15	\$3.73	\$4.14	\$6.21	50%	65%	
0034	POULTRY/EGG PRODUCER/HATCHERY & DRV	\$23.70	\$17.43	\$13.41	\$16.52	\$16.52	\$24.78	50%	105%	
0036	FLORISTS-CULTIVATE/GARDEN & DRIVERS	\$7.34	\$6.21	\$5.64	\$2.02	\$2.24	\$3.36	50%	46%	
0042	LANDSCAPE GARDENING & DRIVERS	\$17.12	\$18.74	\$19.50	\$9.24	\$9.24	\$12.38	34%	72%	
0050	FARM MACHINERY OP-CONTRACT & DRIVER	\$26.46	\$28.76	\$30.59	\$20.71	\$20.71	\$22.05	6%	83%	
0106	TREE PRUNING, SPRAYING & DRIVERS	\$52.36	\$41.36	\$31.82	\$25.34	\$27.72	\$38.97	41%	74%	
0124	REFORESTATION AND DRIVERS	\$46.59	\$46.27	\$0.00	\$30.05	\$33.87	\$46.59	38%	100%	10D
0251	IRRIGATION WORKS OPERATION & DRIVER	\$19.29	\$17.33	\$15.09	\$10.85	\$12.03	\$12.24	2%	63%	
0917	DOMESTIC SERVICE CONTRACTOR INSIDE	\$12.47	\$14.49	\$14.40	\$6.98	\$7.80	\$11.70	50%	94%	
1005	COAL MINING-SURFACE & DRIVERS	\$7.58	\$8.24	\$5.35	\$1.27	\$1.43	\$2.14	50%	28%	
1016	COAL MINING-UNDERGROUND & DRIVERS	\$11.86	\$11.17	\$10.70	\$16.95	\$19.29	\$18.20	-6%	153%	8
1164	MINING NOC-NOT COAL-UNDERGRND & DRV	\$60.01	\$44.13	\$33.95	\$28.52	\$32.73	\$41.93	28%	70%	
1165	MINING NOC-NOT COAL-SURFACE & DRVS	\$8.17	\$7.00	\$8.53	\$6.22	\$6.22	\$8.29	33%	101%	
1320	OIL OR GAS LEASE OPERATOR	\$8.77	\$6.45	\$5.81	\$5.43	\$6.11	\$6.91	13%	79%	
1322	OIL/GAS WELL-CLEAN OLD WELLS & DRVR	\$62.28	\$48.85	\$32.54	\$29.52	\$33.51	\$38.68	15%	82%	
1438	SMELT SINT REFINING METAL	\$5.98	\$7.97	\$8.60	\$6.04	\$6.43	\$6.63	3%	111%	
1452	ORE MILLING GRAPHITE MFG	\$8.72	\$9.92	\$11.80	\$33.58	\$34.54	\$27.64	-20%	317%	
1463	ASPHALT WORKS, COAL BILLET/BRIG MFG	\$32.50	\$26.00	\$19.41	\$15.05	\$16.91	\$21.11	25%	65%	
1624	QUARRY NOC, SLATE SPLITTING & DRVS	\$27.99	\$21.21	\$21.32	\$19.07	\$19.64	\$24.55	25%	88%	
1642	LIME MFG	\$15.00	\$18.59	\$16.85	\$12.40	\$13.86	\$15.37	11%	102%	
1656	LIME MFG-QUARRY, LIMESTONE-SURFACE	\$23.33	\$17.75	\$18.91	\$16.55	\$18.20	\$25.27	39%	108%	
1699	ROCK WOOL MANUFACTURING	\$8.35	\$6.68	\$6.13	\$6.56	\$7.28	\$7.67	5%	92%	
1701	CEMENT MFG & PLASTER MILL	\$8.71	\$8.98	\$7.77	\$3.86	\$4.29	\$6.43	50%	74%	
1710	STONE CRUSHING-NO QUARRYING-& DRVS	\$25.01	\$23.29	\$22.84	\$9.94	\$11.21	\$14.28	27%	57%	
1747	TALC MILL/EMERY WORKS & DRIVERS	\$7.99	\$6.41	\$6.47	\$8.90	\$9.82	\$14.73	50%	184%	
1803	STONE CUT/POLISH, SLATE MILL & DRVR	\$21.19	\$25.08	\$26.85	\$17.78	\$19.74	\$23.11	17%	109%	
2002	MACARONI MFG	\$19.42	\$20.05	\$14.97	\$9.28	\$10.31	\$14.29	39%	74%	
2003	BAKERY & RT SPVSR, SALES, DRIVERS	\$12.58	\$12.28	\$11.17	\$4.74	\$5.32	\$7.98	50%	63%	
2014	FEED MFG & GRAIN MILLING	\$15.80	\$13.07	\$10.22	\$6.45	\$7.20	\$10.80	50%	68%	
2016	BREAKFAST FOOD MANUFACTURING	\$3.85	\$4.08	\$4.35	\$2.82	\$3.13	\$3.69	18%	96%	
2030	SUGAR MFG - BEET	\$17.57	\$18.90	\$17.93	\$21.54	\$23.91	\$24.20	1%	138%	
2039	ICE CREAM MFG & SALES, DRIVERS	\$11.81	\$12.31	\$11.33	\$8.15	\$8.57	\$10.56	23%	89%	
2041	CONFECTIONERY MFG	\$9.44	\$8.61	\$7.97	\$1.67	\$1.86	\$2.79	50%	30%	
2070	CREAMERY, BUTTER MFG, MILK DLR & DR	\$15.00	\$15.09	\$17.64	\$10.14	\$11.46	\$14.27	25%	95%	

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BOARD 71.1.XLS

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
2081	SLAUGHTERING	\$23.28	\$24.01	\$25.00	\$11.78	\$11.78	\$14.62	24%	83%	
2089	PACKING HOUSE	\$20.45	\$19.53	\$19.71	\$14.22	\$15.85	\$23.77	50%	116%	
2095	MEAT PRODUCTS/SAUSAGE MFG	\$23.20	\$19.13	\$18.82	\$10.52	\$11.82	\$17.73	50%	76%	
2105	FRUIT PACKING	\$17.15	\$17.75	\$19.49	\$23.19	\$25.74	\$25.21	-2%	147%	
2111	CANNERIES N.O.C.	\$12.32	\$10.67	\$9.84	\$6.06	\$6.06	\$9.09	50%	74%	
2112	FRUIT EVAPORATING OR PRESERVING	\$16.56	\$19.18	\$22.83	\$14.55	\$16.15	\$18.66	16%	113%	
2121	BREWERY/MALT HOUSE & DRIVERS	\$8.75	\$8.58	\$8.06	\$4.67	\$5.19	\$7.23	39%	83%	
2130	ALCOHOL MFG/SPIRITOUS LIQUOR DISTIL	\$12.52	\$15.82	\$17.68	\$13.20	\$14.66	\$17.02	16%	136%	
2131	SPIRITOUS LIQUOR BOTTLING	\$8.44	\$7.16	\$6.73	\$2.83	\$3.15	\$4.70	49%	56%	
2143	FRUIT JUICE MFG & WINERY	\$15.93	\$17.72	\$18.50	\$7.99	\$8.87	\$12.45	40%	78%	
2150	ICE MFG	\$25.85	\$28.74	\$27.49	\$4.99	\$5.56	\$8.34	50%	32%	
2156	BOTTLING-NOT CARBONATED/SPIRITOUS	\$13.58	\$12.94	\$11.70	\$11.67	\$12.96	\$14.09	9%	104%	
2157	BOTTLING NOC/CARBONATED BEV MFG NOC	\$11.03	\$9.21	\$9.27	\$4.38	\$4.38	\$5.71	30%	52%	
2286	WOOL SPIN/WEAVE & YARN MFG	\$9.29	\$9.17	\$8.73	\$5.29	\$5.87	\$7.41	26%	80%	
2362	GLOVE/MITTEN/KNIT GOODS MFG NOC	\$8.33	\$7.66	\$6.15	\$3.71	\$4.12	\$5.60	36%	67%	
2380	CORDAGE, NET OR TWINE MFG	\$9.70	\$9.08	\$6.78	\$4.49	\$5.03	\$6.07	21%	63%	
2388	EMBROIDERY MFG	\$7.81	\$7.92	\$8.15	\$2.89	\$3.21	\$4.81	50%	62%	
2501	CLOTHING MFG	\$10.34	\$9.24	\$7.34	\$6.57	\$7.36	\$9.19	25%	89%	
2503	DRESSMAKING TAILRNG CUST	\$2.30	\$2.27	\$1.83	\$1.19	\$1.32	\$1.73	31%	75%	
2570	MATTRESS OR BOX SPRINGS M	\$14.27	\$14.86	\$15.62	\$5.58	\$6.20	\$9.30	50%	65%	
2576	AWNING TENT MFG SHOP ONLY	\$12.19	\$11.13	\$9.70	\$3.95	\$4.40	\$6.60	50%	54%	
2578	BAG/SACK MFG/RENOVATE	\$14.19	\$12.76	\$12.76	\$9.60	\$10.66	\$15.99	50%	113%	
2585	LAUNDRY DRY CLEANING CA	\$16.11	\$12.89	\$9.62	\$10.56	\$10.93	\$14.97	37%	93%	
2586	CLEANING DYEING INCL SALE	\$6.81	\$5.45	\$4.41	\$3.35	\$3.70	\$5.33	44%	78%	
2587	TOWEL & TOILET SPLY CO	\$6.59	\$7.12	\$8.89	\$12.16	\$13.50	\$12.51	-7%	190%	
2589	LAUNDRY & DRY CLEANING RE	\$7.17	\$7.09	\$7.84	\$4.30	\$4.82	\$7.00	45%	98%	
2600	FUR MANUFACTURING	\$7.68	\$7.58	\$7.07	\$5.72	\$6.37	\$7.43	17%	97%	
2623	TANNING LEATHER MFG WOOL	\$17.12	\$15.59	\$14.48	\$6.87	\$7.63	\$10.89	43%	64%	
2670	GLOVE MANUFACTURING	\$7.96	\$6.75	\$5.24	\$2.43	\$2.69	\$4.03	50%	51%	
2683	BAG MANUFACTURING	\$11.13	\$9.19	\$8.09	\$7.26	\$8.18	\$12.09	48%	109%	
2688	LEATHER GOODS MFG NOC	\$10.14	\$9.95	\$10.18	\$9.79	\$10.91	\$12.76	17%	126%	
2702	LOGGING LUMBERING INCLUDI	\$84.62	\$79.50	\$74.40	\$37.73	\$43.30	\$45.71	6%	54%	
2703	LOGGING-EQUIPMENT MAINT	\$18.21	\$16.22	\$16.15	\$5.72	\$5.72	\$8.58	50%	47%	
2710	SAW MILLS	\$33.58	\$36.36	\$28.08	\$44.63	\$51.22	\$40.98	-20%	122%	
2714	VENEER MFG	\$10.90	\$13.67	\$14.79	\$6.45	\$7.17	\$9.85	37%	90%	
2727	LOG HAULING-ALL OPERATION	\$26.49	\$23.06	\$27.85	\$11.80	\$13.54	\$20.31	50%	77%	
2731	PLANING MOULDING MILLS NP	\$18.93	\$20.26	\$19.68	\$17.95	\$18.23	\$14.59	-20%	77%	

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
2736	PENCIL STOCK MANUFACTURING	\$16.80	\$15.87	\$14.05	\$10.17	\$11.28	\$15.54	38%	93%	
2759	BOX OR BOX SHOOS MANUFAC	\$20.53	\$21.38	\$20.72	\$10.58	\$10.93	\$14.24	30%	69%	
2780	SHOE - PATTERN-MAKING	\$6.41	\$5.16	\$4.58	\$4.42	\$4.81	\$5.95	21%	93%	
2802	CARPENTRY SHOP ONLY EXCL	\$17.97	\$18.03	\$19.08	\$13.29	\$15.01	\$14.73	-2%	82%	
2812	CABINET WORKS WITH POWER	\$13.45	\$14.49	\$16.08	\$8.60	\$9.31	\$10.85	17%	81%	
2835	BRUSH OR BROOM MFG ASSEMB	\$10.15	\$8.94	\$7.34	\$5.51	\$6.11	\$7.52	23%	74%	
2841	BRUSH HANDLE, SHADE ROLL.	\$30.46	\$26.81	\$19.61	\$23.28	\$23.28	\$27.14	17%	89%	
2881	CABINET WRKS NO PWR DRIVE	\$10.64	\$9.77	\$8.88	\$5.23	\$5.83	\$8.74	50%	82%	
2883	FURNITURE MFG WOOD NOC AS	\$20.03	\$18.03	\$18.68	\$12.89	\$12.89	\$14.87	14%	73%	
2915	VEENEER PRODUCTS MFG - VEENEER MFG	\$7.89	\$7.22	\$5.90	\$4.44	\$4.44	\$6.66	50%	84%	
2916	VEENEER PRODUCTS MFG	\$16.42	\$14.70	\$13.59		\$11.03	\$13.24	20%	81%	
2923	MUSICAL INSTRUMENT MFG	\$8.28	\$7.88	\$7.39	\$3.42	\$3.79	\$5.42	43%	65%	
2942	PENCIL PENHOLDER OR CRAVO	\$6.15	\$6.62	\$7.45	\$2.60	\$2.89	\$4.33	50%	70%	
2960	TIE POST POLE YARDS WOOD	\$38.17	\$32.15	\$32.81	\$20.48	\$23.25	\$25.46	10%	67%	
3030	IRON OR STEEL WORKS SHOP	\$22.88	\$24.81	\$25.62	\$12.52	\$13.02	\$14.88	14%	65%	
3040	IRON WORKS SHOP ORNAM NOT	\$20.89	\$20.42	\$17.89	\$8.34	\$9.26	\$13.67	48%	65%	
3064	SIGN MFG METAL	\$21.79	\$21.64	\$16.15	\$12.78	\$12.78	\$19.17	50%	88%	
3066	SHEET METAL WORK-SHOP,ETC	\$19.55	\$21.06	\$16.94	\$15.24	\$17.11	\$16.05	-6%	82%	
3076	FIREPROOF EQUIPMENT MFG	\$11.12	\$14.02	\$16.69	\$7.02	\$7.02	\$9.72	38%	87%	
3081	FOUNDRIES IRON NOC	\$18.58	\$21.16	\$25.19	\$14.59	\$15.33	\$17.64	15%	95%	
3085	FOUNDRIES NON FERROUS MET	\$18.12	\$16.77	\$14.59	\$2.86	\$3.18	\$4.77	50%	26%	
3111	BLACKSMITHING NPD	\$20.02	\$16.02	\$11.96	\$10.67	\$10.67	\$16.00	50%	80%	
3113	TOOL MFG NOC NOT DROP OR	\$7.89	\$7.34	\$6.03	\$4.68	\$5.23	\$7.06	35%	89%	
3114	TOOLS MFG NOC MACHINE OR	\$10.21	\$10.04	\$8.86	\$7.76	\$8.61	\$9.76	13%	96%	
3122	CUTLERY MANUFACTURING NOC	\$10.70	\$12.38	\$12.74	\$7.87	\$8.78	\$11.67	33%	109%	
3126	TOOL MANUFACTURING	\$13.26	\$11.33	\$10.43	\$8.37	\$9.29	\$10.70	15%	81%	
3146	HARDWARE, HORSE SHOE & SKATE MFG.	\$10.11	\$9.87	\$9.90		\$7.40	\$8.79	19%	87%	
3169	STOVE MANUFACTURING	\$11.75	\$10.31	\$8.69	\$6.20	\$6.88	\$8.54	24%	73%	
3179	ELECTRICAL APPARATUS MFG	\$5.78	\$5.45	\$5.33	\$3.22	\$3.59	\$4.05	13%	70%	
3180	ELECTRIC OR GAS LIGHTING FIXTU	\$11.98	\$10.71	\$10.21	\$4.53	\$5.04	\$7.33	45%	61%	
3257	WIRE GOODS MFG	\$12.45	\$11.17	\$10.28	\$8.61	\$9.56	\$10.85	13%	87%	
3315	BRASS/CARTRIDGE MFG	\$10.27	\$8.74	\$8.45	\$6.35	\$7.05	\$8.43	20%	82%	
3336	TYPE FOUNDRIES	\$10.45	\$11.05	\$8.79	\$6.26	\$7.02	\$10.53	50%	101%	
3365	WELDING OR CUTTING NOC IN	\$28.30	\$28.98	\$22.57	\$10.79	\$10.79	\$14.34	33%	51%	
3372	ELECTROPLATING NPD	\$14.09	\$13.48	\$12.09	\$6.48	\$7.22	\$9.85	36%	70%	
3383	JEWELRY MFG	\$6.94	\$6.84	\$6.86	\$2.41	\$2.67	\$4.00	50%	58%	
3400	METAL GOODS MFG	\$13.97	\$16.09	\$17.29	\$9.97	\$10.42	\$13.11	26%	84%	

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WB 13

BOARD717.XLS

Code	Description	NCCI			SF RATES EFFECTIVE:				% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92				
3507	AGRICULTURAL MACHINERY MF	\$12.44	\$11.00	\$8.45	\$6.07	\$6.81	\$10.21	50%	82%		
3548	PRINTING MACHINE MFG	\$6.26	\$5.43	\$4.86	\$3.52	\$3.93	\$5.37	37%	86%		
3559	CONFECTION MAHINCE MFG	\$13.12	\$11.63	\$10.97	\$9.29	\$10.31	\$11.56	12%	88%		
3574	ADDING MACHINE,GAS METER	\$2.74	\$2.79	\$2.72	\$1.83	\$2.04	\$2.57	26%	94%		
3612	ENGINE & PUMP MFG NOC	\$6.66	\$6.78	\$6.69	\$3.26	\$3.62	\$5.11	41%	77%		
3620	BOILERMAKING TANK BLDG	\$26.56	\$21.25	\$15.86	\$14.42	\$14.42	\$21.63	50%	81%		
3629	PRECISION MACHINE PARTS MFG.	\$6.35	\$6.29	\$5.68		\$4.53	\$5.46	21%	86%		
3632	MACHINE SHOPS N O C	\$11.08	\$11.07	\$10.06	\$6.25	\$7.15	\$10.01	40%	90%		
3634	AUTOMATIC SPRINKLER HEAD	\$7.73	\$7.28	\$6.09	\$2.26	\$2.51	\$3.76	50%	49%		
3643	ELECTRIC POWER OR TRANSMI	\$6.69	\$6.18	\$6.38	\$4.10	\$4.55	\$5.49	21%	82%		
3648	AUTOMOTIVE LIGHTING MANUF	\$8.24	\$7.81	\$7.05	\$2.29	\$2.54	\$3.81	50%	46%		
3681	ELEC CORD SET RADIO OR IG	\$4.29	\$3.73	\$3.37	\$0.98	\$1.10	\$1.65	50%	38%		
3685	INSTRUMENT MFG N O C	\$3.98	\$4.08	\$4.38	\$4.16	\$4.66	\$5.00	7%	126%		
3719	OIL STILL ERECTION OR REP	\$41.03	\$44.59	\$47.43	\$65.86	\$73.10	\$69.71	-5%	170%		
3724	MILLWRIGHT WORK NOC INC D	\$33.99	\$27.69	\$29.45	\$13.20	\$15.15	\$13.52	-11%	40%		
3726	BOILER SCALING NPD	\$46.59	\$32.81	\$22.79	\$26.82	\$26.82	\$43.45	62%	93%		
3807	AUTOMOBILE RADIATOR MFG N	\$9.04	\$9.84	\$10.13	\$7.09	\$7.87	\$9.18	17%	102%		
3808	AUTOMOBILE, CARRIAGE OR WAGON	\$11.82	\$10.42	\$7.78	\$4.25	\$4.72	\$6.95	47%	59%		
3821	AUTOMOBILE DISMANTLING IN	\$20.66	\$17.50	\$0.00	\$15.64	\$17.50	\$20.66	18%	100%	2	
3824	AUTOMOBILE BODY MFG N O C	\$14.87	\$15.42	\$15.13	\$6.55	\$7.24	\$10.16	40%	88%		
3830	AIRPLANE MFG	\$3.94	\$3.95	\$3.80	\$3.47	\$3.86	\$4.51	17%	114%		
3865	BABY CARRIAGE BICYCLE M	\$12.51	\$10.60	\$10.44	\$5.17	\$5.74	\$7.98	39%	64%		
3881	CAR MANUFACTURING - RAILROAD -	\$16.97	\$12.94	\$0.00	\$11.66	\$12.94	\$16.97	31%	100%	2	
4000	SAND & GRAVEL DIGGING INC	\$21.04	\$16.53	\$14.10	\$7.86	\$8.87	\$11.67	32%	55%		
4021	BRICK OR CLAY PRODUCTS MF	\$17.06	\$17.49	\$16.50	\$12.99	\$14.42	\$16.57	15%	97%		
4024	REFRACTORY PRODUCTS & BRICK MF	\$25.49	\$32.45	\$30.74	\$9.61	\$10.67	\$16.00	50%	63%		
4034	CONCRETE PRODUCTS MFG SHO	\$26.82	\$28.80	\$26.72	\$14.48	\$16.31	\$20.98	29%	78%		
4036	PLASTER MIXING AND DRIVERS	\$13.31	\$11.13	\$8.34	\$3.92	\$4.35	\$6.52	50%	49%		
4038	DRESS FORM MFG PAIER MACH	\$9.74	\$7.82	\$8.32	\$6.90	\$7.67	\$8.38	9%	86%		
4053	POTTERY/TERRA COTTA MFG	\$9.82	\$7.86	\$7.08	\$5.33	\$5.92	\$7.02	19%	71%		
4061	POTTERIES GLZD PRCLNWARE	\$23.20	\$21.29	\$16.95	\$6.85	\$7.64	\$11.46	50%	49%		
4112	RADIO AND TELEVISION TUBE	\$4.58	\$4.22	\$3.15	\$2.79	\$3.10	\$3.71	20%	81%		
4130	GLASS MERCHANTS	\$13.83	\$12.01	\$10.34	\$5.18	\$5.78	\$8.00	38%	58%		
4131	MIRROR MFG	\$15.25	\$12.20	\$11.40		\$8.80	\$10.61	21%	70%		
4133	CATHEDRAL OR ART GLASS WI	\$13.22	\$10.58	\$7.90	\$2.98	\$3.31	\$4.96	50%	38%		
4150	OPTICAL GOOD MFG N O C	\$3.47	\$3.45	\$3.12	\$1.81	\$2.01	\$2.64	31%	76%		
4206	PULP MFG GROUND WOOD PROC	\$16.58	\$16.89	\$15.94	\$18.57	\$20.63	\$21.41	4%	129%		

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H13 13

BOARD/17.XLS

Code	Description	NCCI	NCCI	NCCI	SF RATES EFFECTIVE:			% CHG	% NCCI	Foot
		FY 93	FY 92	FY 91	07/91	01/92	07/92			Note
4239	PAPER MFG	\$8.63	\$9.09	\$8.91	\$8.38	\$9.32	\$10.65	14%	123%	
4244	CORRUGATED OR FIBER BOARD CONT	\$10.67	\$12.34	\$10.94	\$5.56	\$6.17	\$8.79	42%	82%	
4263	FIBER GOODS	\$15.27	\$16.29	\$14.28	\$8.11	\$9.00	\$11.76	31%	77%	
4279	PAPERGOODS & MATCH MFG	\$9.79	\$9.41	\$7.93	\$5.30	\$5.91	\$8.86	50%	91%	
4289	LITHOGRAPHING PRINTING	\$6.04	\$5.73	\$5.59	\$3.15	\$3.55	\$3.95	11%	65%	
4304	NEWSPAPER PUBLISHING	\$9.60	\$8.84	\$8.12	\$2.61	\$2.91	\$4.36	50%	45%	
4307	BOOKBINDING	\$7.99	\$7.39	\$6.34	\$1.17	\$1.30	\$1.95	50%	24%	
4351	PHOTO ENGRAVING	\$2.58	\$2.07	\$1.93	\$0.81	\$0.90	\$1.35	50%	52%	
4352	ENGRAVING	\$6.54	\$5.57	\$4.16	\$0.98	\$0.98	\$1.47	50%	22%	
4361	PHOTOGRAPHERS ALL EMP INC	\$3.21	\$2.88	\$2.85	\$1.26	\$1.40	\$2.10	50%	65%	
4410	RUBBER GOODS MFG NOC	\$11.32	\$11.25	\$9.78	\$12.93	\$12.93	\$19.39	50%	171%	
4452	RUB PLASTIC BONE PRODS BO	\$19.99	\$18.02	\$13.97	\$14.79	\$16.29	\$17.78	9%	89%	
4484	R P AND B PROD PLASTICS M	\$14.56	\$13.94	\$13.01	\$15.76	\$17.62	\$18.00	2%	124%	
4511	ANALYTICAL CHEM ASSAYING	\$4.21	\$4.37	\$5.18	\$2.78	\$3.04	\$4.40	45%	105%	
4557	INK, CANDLE, MUCILAGE, PASTE	\$8.97	\$8.42	\$7.42	\$3.47	\$3.85	\$5.77	50%	64%	
4558	PAINT MFG	\$8.56	\$7.92	\$7.88	\$2.00	\$2.22	\$3.33	50%	39%	
4583	FERTILIZER MANUFACTURING	\$16.31	\$14.06	\$11.04	\$5.65	\$6.31	\$9.46	50%	58%	
4635	ACETYLENE GAS MFG	\$10.86	\$8.88	\$8.99	\$6.45	\$6.45	\$9.67	50%	89%	
4665	RENDERING WORKS N O C NO	\$30.45	\$30.82	\$31.76	\$17.10	\$18.98	\$24.33	28%	80%	
4683	LARD REFINING	\$9.03	\$9.32	\$8.18	\$6.09	\$6.76	\$8.17	21%	90%	
4692	DENTAL LABORATORIES	\$1.99	\$1.69	\$1.66	\$0.51	\$0.57	\$0.85	49%	43%	
4693	PHARMACEUTICAL OR SURGICA	\$5.11	\$4.32	\$3.80	\$1.54	\$1.71	\$2.56	50%	50%	
4720	SOAP OR SYNTHETIC DETERGE	\$7.78	\$6.75	\$6.34	\$3.65	\$4.06	\$5.57	37%	72%	
4740	OIL REFINING, GAS RECOVER	\$9.09	\$7.88	\$9.08	\$4.05	\$4.47	\$5.50	23%	81%	
4773	EXPLOSIVES OR AMMUNITION MFG	\$31.58	\$31.58	\$29.88	\$38.00	\$42.18	\$42.12	0%	133%	
4774	SMOKELESS POWDER MFG - SINGLE	\$23.06	\$23.06	\$21.82	\$27.09	\$30.06	\$30.20	0%	131%	
4775	EXPLO/AMMO MFG CASE/CARTRIDGE	\$18.74	\$18.74	\$17.73	\$27.39	\$30.40	\$29.29	-4%	156%	
4777	EXPLOSIVES/BLASTING AGTS	\$19.33	\$15.47	\$11.55	\$12.90	\$14.32	\$15.84	11%	82%	
4803	CHEMICAL AND DYESTUFF	\$10.74	\$9.58	\$29.74	\$11.03	\$12.33	\$14.65	19%	136%	9
4815	CHEMICAL AND DYESTUFF RAT	\$8.60	\$7.84	\$7.20	\$3.68	\$4.12	\$5.98	45%	70%	9
4823	CHEMICAL MFG	\$7.64	\$6.82	\$5.18	\$0.93	\$1.03	\$1.54	50%	20%	9
4825	DRUG, MEDICINE, DISTILLATION	\$3.01	\$3.23	\$3.48	\$3.69	\$4.12	\$4.16	1%	138%	
4902	FISHING ROD, HARNESS, SPTG GDS	\$7.57	\$6.06	\$4.73	\$6.11	\$6.85	\$8.88	30%	117%	
5020	CEILING INST-SUSP ACC GRID TYP	\$25.64	\$22.78	\$20.95	\$6.85	\$7.62	\$11.46	50%	45%	
5022	MASONRY N O C	\$80.80	\$66.87	\$46.44	\$36.86	\$38.13	\$43.04	13%	53%	
5037	PAINTING METAL BRIDGES	\$152.58	\$114.84	\$88.62	\$19.86	\$22.04	\$34.09	55%	22%	
5040	IRON OR STEEL ERECTION FR	\$132.01	\$143.48	\$152.63	\$92.62	#####	\$157.66	52%	119%	

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H613

BOARD 17.XLS

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
5057	IRON OR STEEL ERECTION NO	\$84.62	\$82.45	\$65.24	\$42.86	\$47.95	\$60.82	26%	72%	
5059	IRON STEEL ERECT FRAME ST	\$118.03	\$101.84	\$75.80	\$61.31	\$84.68	\$90.44	40%	77%	
5069	IRON STEEL ERECT DWELLING	\$165.20	\$138.98	\$107.57	\$69.92	\$77.61	\$103.70	34%	63%	
5086	IR STL ERECT PREFAB ST BL	\$120.19	\$88.04	\$0.00	\$88.04	\$88.04	\$120.19	37%	100%	4E
5102	DOOR DR FRAM SASH ERECT M	\$28.03	\$24.49	\$19.49	\$7.98	\$8.86	\$13.37	51%	48%	
5146	FURN FIXTURE INSTALLIN OF	\$19.32	\$15.49	\$12.96	\$3.48	\$3.89	\$6.02	55%	31%	
5160	ELEVATOR ERECTION OR REPA	\$17.89	\$14.97	\$12.59	\$6.33	\$7.03	\$10.40	48%	58%	
5183	PLUMBING NOC STEAM PIPE	\$23.65	\$18.66	\$17.72	\$9.53	\$10.21	\$12.05	18%	51%	
5188	AUTOMATIC SPRINKLER INSTA	\$20.54	\$16.40	\$11.39	\$6.67	\$7.45	\$10.41	40%	51%	
5190	ELECTRICAL WIRING WITHIN	\$14.91	\$12.50	\$8.84	\$6.10	\$6.98	\$7.30	5%	49%	
5191	OFC MCH OR APPLNCE INSTAL	\$3.22	\$3.51	\$3.61	\$2.59	\$2.90	\$3.23	11%	100%	
5192	VEND COIN OPER MCH INSTAL	\$13.61	\$10.80	\$8.34	\$4.77	\$4.86	\$6.45	33%	47%	
5213	CONCRETE CONST-GUNITING	\$38.25	\$26.94	\$28.65	\$17.54	\$17.63	\$22.08	25%	58%	
5215	CONCRETE WK NOT MONO CON	\$29.84	\$29.80	\$23.58	\$17.54	\$17.63	\$22.08	25%	74%	
5221	CON CEMENT WK FLRS DRWYS	\$29.36	\$21.80	\$18.96	\$17.54	\$17.63	\$22.08	25%	75%	
5222	CONCRETE CONST-BRIDGES	\$57.49	\$62.48	\$43.39	\$29.25	\$32.38	\$40.85	26%	71%	
5223	SWIMMING POOL CONST - NOT IRON/STL	\$27.17	\$21.53	\$17.75	\$11.54	\$12.81	\$16.66	30%	61%	
5348	MARBLE OR STONE SETTING I	\$17.89	\$14.92	\$12.43	\$3.88	\$4.31	\$6.49	51%	36%	
5403	CARPENTRY NOC, OIL RIG ER	\$48.23	\$41.04	\$35.89	\$20.89	\$23.98	\$33.22	39%	69%	
5437	CARPENTRY INSTALL CABINET	\$24.28	\$18.89	\$13.12	\$7.52	\$7.52	\$11.47	53%	47%	
5443	LATHING INCL DRIVERS NO M	\$29.84	\$31.76	\$24.20	\$14.17	\$15.75	\$22.92	46%	77%	
5445	WALLBOARD INSTALL WITHIN	\$32.97	\$33.65	\$30.91	\$18.30	\$20.25	\$28.19	39%	86%	
5462	GLAZIERS AWAY FROM SHOP I	\$29.77	\$22.60	\$15.70	\$10.91	\$11.98	\$16.79	40%	56%	
5474	PAINTING PAPER HANGING NO	\$43.70	\$45.10	\$38.31	\$21.67	\$23.62	\$28.89	22%	66%	
5479	INSULATION WORK INCLUDING	\$30.79	\$32.08	\$27.52	\$15.97	\$15.97	\$21.98	38%	71%	
5480	PLASTERING N O C INCL DRI	\$35.67	\$30.90	\$25.41	\$13.25	\$14.71	\$21.85	49%	61%	
5491	PAPER HANGING AND DRIVERS	\$16.76	\$12.87	\$10.17	\$9.21	\$10.22	\$11.97	17%	71%	
5506	ST ROAD CONSTRA PAV REPAV	\$41.18	\$33.17	\$25.22	\$17.53	\$20.12	\$19.48	-3%	47%	
5507	ST ROAD CONSTR CL RT WAY	\$31.95	\$29.83	\$24.04	\$14.89	\$17.09	\$25.78	51%	81%	
5508	ST ROAD CONSTR ROCK EXCA	\$41.74	\$29.40	\$27.57	\$14.97	\$14.97	\$22.45	50%	54%	
5511	ROAD CONST-FOREST ACCESS	\$52.23	\$56.77	\$39.43	\$27.68	\$31.77	\$25.42	-20%	49%	
5538	METAL CEILING WALL COV IN	\$19.63	\$20.32	\$19.22	\$8.97	\$10.12	\$8.10	-20%	41%	
5551	ROOFING ALL KINDS INCLUDI	\$82.57	\$61.15	\$42.47	\$39.72	\$42.78	\$58.29	36%	71%	
5566	CONTRACTORS EXECUTIVE SUP	\$6.90	\$5.86	\$4.68	\$1.50	\$1.50	\$2.25	50%	33%	
5565	CARPENTRY CONST OF DETACH	\$28.56	\$23.57	\$19.72	\$14.28	\$16.08	\$19.35	20%	68%	
5551	CARPENTRY CONST OF DWLGS	\$40.73	\$28.69	\$19.93	\$14.28	\$16.08	\$19.35	20%	48%	
5703	BLDGS RAISG MOVEG ALL OPE	\$83.74	\$73.71	\$65.12	\$41.51	\$46.31	\$65.53	42%	78%	

Code	Description	NCCI	NCCI	NCCI	SF RATES EFFECTIVE:				% CHG	% NCCI	Foot
		FY 93	FY 92	FY 91	07/91	01/92	07/92			Note	
5706	SALV REM STORE REC DISTR	\$38.94	\$32.45	\$0.00	\$29.24	\$32.45	\$38.94	20%	100%	2	
5951	SERUM, ANTI-TOXIN MFG AND DRIV	\$4.26	\$5.51	\$5.37	\$3.50	\$3.88	\$5.10	31%	120%		
6003	PILE DRIVING INCLUDING DR	\$69.09	\$63.20	\$49.62	\$25.13	\$27.98	\$43.27	55%	63%		
6006	DIKE JETTY CONST	\$31.51	\$31.43	\$29.47	\$6.15	\$6.83	\$10.24	50%	32%		
6017	DAM OR LOCK CONSTR CONCRE	\$71.34	\$50.24	\$53.44	\$13.57	\$15.06	\$22.76	51%	32%		
6018	DAM OR LOCK CONSTRUCTION	\$30.71	\$33.12	\$26.39	\$20.47	\$22.79	\$32.09	41%	104%		
6045	LEVEE CONSTRUCTION INCLUD	\$38.78	\$31.00	\$23.54	\$11.40	\$12.65	\$18.97	50%	49%		
6204	DRILLING NOC INCL DRIVERS	\$42.34	\$29.82	\$20.71	\$23.09	\$26.41	\$31.04	18%	73%		
6206	OIL GAS WELLS ACIDIZING A	\$18.56	\$13.41	\$10.67	\$7.41	\$8.22	\$10.59	29%	57%		
6213	OIL OR GAS WELLS SPEC TOO	\$24.80	\$19.60	\$19.73	\$30.41	\$33.75	\$31.87	-6%	129%		
6214	OIL OR GAS WELLS PERFOR O	\$27.97	\$22.76	\$17.07	\$3.99	\$4.43	\$6.64	50%	24%		
6216	OIL OR GAS LEASE WORK NOC	\$26.41	\$22.48	\$19.19	\$9.55	\$10.88	\$16.32	50%	62%		
6217	EXCAVATING GRADING OF L	\$33.62	\$33.84	\$25.31	\$16.63	\$18.08	\$23.75	24%	71%		
6229	IRRIGATION OR DRAINAGE SY	\$25.33	\$23.27	\$17.23	\$16.08	\$18.11	\$21.99	21%	87%		
6233	OIL OR GAS PIPE LINE CONS	\$37.27	\$35.95	\$25.31	\$13.67	\$15.24	\$22.92	50%	61%		
6235	OIL/GAS WELL-DRILL OR SHO	\$49.97	\$40.24	\$28.06	\$30.20	\$30.20	\$45.30	50%	91%		
6236	OIL OR GAS WELLS INSTALL	\$90.06	\$89.42	\$73.83	\$33.93	\$37.68	\$56.49	50%	63%		
6237	OIL GAS WELLS INSTRMT LOG	\$13.74	\$11.17	\$8.27	\$3.48	\$3.86	\$5.79	50%	42%		
6251	TUNNELING-NOT PNEUMATIC	\$55.70	\$39.43	\$33.18	\$24.86	\$27.60	\$33.64	22%	60%		
6252	CAISSON, COFFERDAM, SHAFT	\$61.35	\$43.21	\$33.06	\$17.48	\$17.48	\$27.86	59%	45%		
6260	TUNNELING - PNEUMATIC - ALL OP	\$23.24	\$19.37	\$0.00	\$17.45	\$19.37	\$23.24	20%	100%	2	
6306	SEWER CONST ALL OPER INCL	\$27.32	\$26.19	\$24.57	\$14.46	\$15.10	\$19.65	30%	72%		
6319	GAS MAINS OR CONNECTING C	\$24.61	\$23.51	\$19.55	\$14.46	\$15.10	\$19.65	30%	80%		
6326	CONDUIT CONSTRUCTION FOR	\$26.73	\$20.30	\$20.83	\$9.07	\$10.19	\$15.48	52%	58%		
6365	IRRIGATION PIPE INSTALATION &	\$11.75	\$11.61	\$8.94	\$3.65	\$4.05	\$6.11	51%	52%		
6400	FENCE ERECTION NOT FARM I	\$34.96	\$30.83	\$27.55	\$20.15	\$22.56	\$24.96	11%	71%		
6504	FOOD SUNDRIES MFG N O C N	\$12.10	\$11.40	\$9.32	\$15.56	\$17.45	\$19.87	14%	164%		
6834	BOAT BUILDING OR REPAIR	\$16.14	\$14.14	\$13.01	\$5.81	\$6.46	\$9.47	47%	59%		
6836	MARINA & DRIVERS	\$14.20	\$11.88	\$11.46	\$7.49	\$8.32	\$10.24	23%	72%		
7133	RAILROAD OPERATION NOC-ALL EMP	\$14.36	\$10.56	\$11.11	\$7.01	\$7.78	\$9.30	20%	65%		
7219	TRAILER TOWING TRUCKMAN	\$38.34	\$29.48	\$27.48	\$16.65	\$19.11	\$25.01	31%	65%		
7222	TRUCKMEN OIL FIELD EQUIPM	\$34.05	\$28.50	\$33.59	\$25.95	\$25.95	\$28.97	12%	85%		
7230	PARCEL POST TRUCKMEN	\$9.16	\$6.74	\$5.19	\$5.96	\$6.49	\$9.73	50%	106%		
7231	MAIL DELIVERY TRUCKMEN	\$13.62	\$11.10	\$9.43	\$4.90	\$5.46	\$7.89	45%	58%		
7360	FREIGHT HANDLERS N O C	\$22.32	\$21.73	\$22.03	\$13.80	\$14.63	\$16.69	14%	75%		
7362	FREIGHT HANDLERS PACK HAN	\$22.32	\$21.73	\$22.03	\$8.65	\$9.61	\$16.69	74%	75%	18	
7380	DRIVERS CHAUFFEURS HELP	\$9.98	\$10.29	\$12.86	\$3.74	\$3.74	\$5.35	43%	54%		

EXHIBIT 2
DATE 1-18-93

H6 13

BOARD 7.1.XLS

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
7382	AUTO BUS LIVERY TAXI CO A	\$14.67	\$11.80	\$10.46	\$6.25	\$8.27	\$9.26	48%	63%	
7390	BEER OR ALE DEALERS INCLU	\$16.79	\$16.35	\$12.72	\$8.66	\$9.82	\$11.86	21%	71%	
7395	DIVING-MARINE-ALL OPS & DR	\$33.23	\$29.33	\$21.66	\$29.56	\$32.81	\$34.31	5%	103%	
7403	AIRCRAFT OPER SCHED AIRLI	\$4.93	\$5.24	\$5.48	\$3.33	\$3.70	\$4.49	21%	91%	
7405	AIRCRAFT OPER SCHED ALL F	\$2.16	\$1.87	\$1.84	\$7.71	\$8.55	\$7.07	-17%	327%	
7418	AIRCRAFT OPER PATROL ETC	\$17.43	\$17.21	\$19.14	\$5.89	\$6.54	\$9.81	50%	56%	
7419	STATE AIR SEARCH	\$7.05	\$6.53	\$0.00	\$5.88	\$6.53	\$7.05	8%	100%	38
7420	AIRCRAFT OPER DUST SPRAY S	\$30.17	\$32.19	\$33.42	\$20.64	\$22.91	\$27.75	21%	92%	
7421	AIRCRAFT OPER TRANS OF PE	\$8.15	\$7.57	\$8.01	\$4.28	\$4.78	\$6.23	30%	78%	
7422	AIRCRAFT OPER SALES SERVI	\$37.24	\$31.08	\$23.91	\$27.13	\$28.22	\$22.84	-19%	61%	
7423	AIRCRAFT OPER NOC ALL OTH	\$7.35	\$6.01	\$5.45	\$3.23	\$3.61	\$4.76	32%	65%	
7424	STATE AIRCRAFT OPERATION	\$18.94	\$22.42	\$0.00	\$22.42	\$22.42	\$18.94	-16%	100%	38
7425	AIRCRAFT OPER HELICOPTERS	\$37.37	\$34.42	\$0.00	\$31.01	\$34.42	\$37.37	9%	100%	2
7431	AIRCFT OPER PASS OR AIRCA	\$13.87	\$10.20	\$9.60	\$5.54	\$6.15	\$7.95	29%	57%	
7502	GAS CO NATRL GAS ALL OPER	\$6.89	\$5.07	\$5.12	\$1.96	\$2.21	\$2.99	35%	43%	
7515	OIL OR GAS PIPE LINE OPER	\$8.44	\$7.18	\$5.53	\$3.43	\$3.75	\$5.16	38%	81%	
7520	WATERWORKS OPERATION INCL	\$9.21	\$9.52	\$8.62	\$5.19	\$5.40	\$8.10	50%	88%	
7536	CABLE INSTALLATION IN CON	\$14.91	\$12.50	\$8.84	\$1.36	\$1.51	\$7.30	383%	49%	18
7538	ELEC LIGHT/POWER LINE CON	\$42.70	\$33.49	\$23.26	\$18.72	\$21.49	\$17.22	-20%	40%	
7539	ELEC LIGHT OR PWR CO NOC A	\$7.89	\$6.53	\$5.03	\$2.17	\$2.42	\$3.63	50%	46%	
7540	ELEC LIGHT PWR COOPS RURAL	\$8.31	\$6.94	\$5.34	\$2.23	\$2.23	\$3.34	50%	40%	
7580	SEWAGE DISPOSAL PLANT OP & DRIVERS	\$11.18	\$9.93	\$10.49		\$6.46	\$8.10	25%	72%	
7600	TEL OR TEL CO ALL OTHER E	\$6.05	\$4.69	\$3.61	\$2.30	\$2.58	\$3.69	43%	61%	
7601	TEL TEL OR FIRE ALARM LIN	\$61.46	\$58.31	\$51.78	\$23.21	\$26.03	\$39.98	54%	65%	
7605	BURGLAR/FIRE ALARM, REP	\$7.86	\$6.17	\$5.79	\$2.07	\$2.30	\$3.45	50%	44%	
7610	RADIO/TV STATION & MOVIES	\$1.60	\$1.18	\$1.15	\$0.53	\$0.57	\$0.85	49%	53%	
7704	FIREMEN INCLUDING DRIVERS	\$4.35	\$4.07	\$10.19	\$6.41	\$6.41	\$5.91	-8%	136%	58
7720	POLICEMEN OR PATROL AGENC	\$6.38	\$5.88	\$6.94	\$7.81	\$8.37	\$10.29	23%	161%	58
7721	STATE ONLY DISCIPL OFF IN	\$6.40	\$4.27	\$0.00	\$3.76	\$4.27	\$6.40	50%	100%	3A
7722	STATE HIGHWAY PATROL	\$4.64	\$4.57	\$0.00	\$4.57	\$4.57	\$4.64	2%	100%	38
7855	RYW CONST LAY RELAY TRACK	\$34.93	\$28.35	\$24.54	\$11.69	\$13.01	\$19.58	50%	56%	
8001	STORES FLORISTS INCLUDING	\$4.35	\$3.92	\$3.51	\$1.30	\$1.46	\$2.19	50%	50%	
8002	AUTO RENTAL CO INCL DRIVERS	\$6.28	\$4.62	\$4.04	\$1.18	\$1.32	\$1.98	50%	32%	
8006	STORES GROC RET NO HANDL	\$10.06	\$11.48	\$10.88	\$4.95	\$5.65	\$8.16	44%	81%	
8008	STORES CLOTHING WEARING A	\$2.95	\$2.60	\$2.43	\$1.29	\$1.45	\$2.17	50%	74%	
8010	STORES HRDWE WHOLESALE OR	\$4.62	\$5.20	\$4.64	\$2.28	\$2.39	\$2.99	25%	65%	
8013	STOR JEWELRY DIAMOND CUT	\$1.75	\$1.29	\$1.28	\$0.54	\$0.60	\$0.90	50%	51%	

1-18-93

HCS 13

BOARD7.17.XLS

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
8017	STORE: NOCLAUNDRY/SHOE RE	\$3.65	\$3.61	\$3.37	\$1.48	\$1.69	\$1.75	4%	48%	
8018	STORE WHOLESALE OR COMB	\$9.67	\$7.55	\$5.81	\$4.58	\$4.58	\$6.87	50%	71%	
8021	STORES MEAT FISH OR POULT	\$14.78	\$11.97	\$9.88	\$6.22	\$6.97	\$10.45	50%	71%	
8031	STORES MEAT FISH OR POULT	\$17.82	\$13.41	\$11.21	\$12.12	\$12.96	\$15.76	22%	88%	
8032	STORES CLOTH WEAR APP OR	\$7.07	\$6.83	\$6.79	\$2.59	\$2.88	\$4.32	50%	61%	
8033	STORES MEAT GROC PROD COM	\$9.85	\$9.00	\$8.21	\$4.13	\$4.74	\$5.04	6%	51%	
8039	STORES DEPT RETAIL INCL S	\$7.19	\$5.39	\$4.33	\$2.99	\$3.32	\$4.26	28%	59%	
8044	STORES FURNITURE WHOLESAL	\$9.81	\$8.80	\$6.77	\$5.81	\$6.48	\$9.39	45%	96%	
8046	STORES AUTO ACCESS RETAIL	\$6.33	\$4.95	\$3.81	\$2.05	\$2.28	\$3.42	50%	54%	
8047	STORES DRUG STORES WHOLES	\$7.29	\$6.39	\$5.21	\$2.74	\$3.04	\$4.37	44%	60%	
8050	STORES FIVE AND TEN CENT	\$4.25	\$4.19	\$3.61	\$1.66	\$1.85	\$2.77	50%	65%	
8061	GROCERY STORE - CONVENIENCE	\$10.06	\$11.48	\$10.88	\$4.98	\$5.56	\$7.15	29%	71%	10A
8102	BEAN SORTING OR HANDLING	\$14.23	\$11.45	\$10.76	\$5.81	\$5.81	\$8.71	50%	61%	
8103	CLIPPING DLERS TEXTILE FAB	\$13.23	\$12.02	\$10.91	\$2.92	\$3.24	\$4.86	50%	37%	
8105	STORES HIDE OR LEATHER DE	\$29.50	\$23.41	\$18.01	\$4.16	\$4.65	\$6.97	50%	24%	
8106	IRON OR STEEL MERCHANTS I	\$17.19	\$15.03	\$14.83	\$7.82	\$8.74	\$11.79	35%	69%	
8107	CONTRACTORS MACHINERY DEA	\$10.81	\$11.88	\$10.05	\$4.84	\$4.84	\$5.59	15%	52%	
8111	PLMBRS SPLY DLRS NO MFG I	\$10.81	\$8.74	\$7.80	\$3.85	\$4.32	\$6.14	42%	57%	
8116	FARM MACH DLRS ALL OPER I	\$11.75	\$11.01	\$8.94	\$4.91	\$5.21	\$7.16	37%	61%	
8203	ICE HARVESTING & DEALERS	\$17.33	\$18.81	\$16.49	\$4.61	\$5.13	\$7.69	50%	44%	
8204	BLDG MAT YDS SECOND HAND	\$31.80	\$28.53	\$29.61	\$15.39	\$17.08	\$22.14	30%	70%	
8209	VEG PACKING NOT CANNERIES	\$17.55	\$14.94	\$12.11	\$9.49	\$10.54	\$12.81	22%	73%	
8215	HAY GRAIN OR FEED DEALERS	\$14.68	\$13.30	\$14.97	\$11.02	\$12.20	\$15.13	24%	103%	
8227	CONCRETE READY MIX DEALER	\$18.21	\$16.22	\$16.15	\$8.27	\$9.49	\$7.98	-16%	44%	
8232	BLDG MAT DLRS NO SEC HAND	\$16.07	\$12.96	\$12.32	\$8.08	\$9.27	\$11.44	23%	71%	
8233	COAL MERCHANTS INCL LOCAL	\$32.17	\$28.71	\$24.51	\$4.49	\$4.98	\$7.47	50%	23%	
8235	SASH DOOR OR FINISHED MIL	\$14.53	\$11.83	\$11.77	\$9.52	\$10.57	\$12.15	15%	84%	
8263	JUNK DEALERS INCLUDING DR	\$24.21	\$23.64	\$25.62	\$10.87	\$11.36	\$14.60	29%	60%	
8264	BILE DLRS SEC HAND NO COL	\$27.90	\$25.80	\$31.45	\$19.41	\$21.60	\$32.40	50%	116%	
8265	IRON STEEL SCRAP DEALERS	\$37.38	\$38.82	\$38.15	\$20.52	\$23.38	\$29.87	28%	80%	
8279	STABLE BREEDING FARMS/RID	\$56.25	\$51.74	\$59.91	\$37.19	\$41.53	\$49.65	20%	88%	
8280	OUTFITTERS, GUIDES AND DRIVERS	\$28.74	\$29.68	\$0.00	\$26.41	\$29.68	\$28.74	-3%	100%	4A
8288	CTLE DLRS NOT OPER FARM R	\$25.44	\$18.71	\$18.37	\$13.26	\$15.02	\$19.24	28%	76%	
8291	STORAGE WAREHOUSES COLD	\$16.76	\$14.66	\$13.08	\$6.11	\$6.80	\$10.09	48%	60%	
8292	STORAGE WAREHOUSES GENL M	\$18.29	\$15.48	\$15.98	\$12.08	\$12.60	\$17.04	35%	93%	
8293	FURNITURE MOVING INCL STO	\$31.42	\$31.72	\$37.30	\$16.48	\$18.70	\$21.16	13%	67%	
8304	GRAIN ELEVATORS OPER INCL	\$13.36	\$10.82	\$8.55	\$6.92	\$7.69	\$8.97	17%	67%	

1-18-93

H13

BOARD, .XLS

Line	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
350	GASOLINE, OIL OR LPG DEALER	\$13.17	\$9.69	\$7.46	\$4.74	\$5.36	\$8.04	50%	61%	
380	AUTOMOBILE REPAIR	\$11.56	\$13.44	\$12.58	\$6.40	\$6.92	\$7.39	7%	64%	108
381	GASOLINE STATION-RETAIL-SELF S	\$7.35	\$6.78	\$6.66	\$6.52	\$7.31	\$8.76	20%	119%	
385	AUTO BUS LIVERY TAXI CO G	\$12.28	\$11.85	\$12.44	\$3.76	\$4.19	\$6.28	50%	51%	
382	AUTO STORAGE GARAGE PARK	\$8.54	\$7.37	\$6.56	\$3.35	\$3.72	\$5.20	40%	61%	
383	AUTO BODY REPAIRING MTL I	\$9.10	\$7.51	\$8.23	\$4.71	\$5.32	\$7.14	34%	78%	
801	ENGINEERS ARCHITECTS CONS	\$2.95	\$2.25	\$2.38	\$1.13	\$1.28	\$1.91	49%	65%	
806	OIL GAS GEOLOGISTS SCOUTS	\$2.95	\$2.25	\$2.38	\$2.00	\$2.22	\$1.91	-14%	65%	18
806	GEOPHYSICAL EXPLOR SEISMI	\$24.51	\$28.49	\$35.61	\$6.09	\$6.79	\$10.18	50%	42%	
807	GEOPHYSICAL EXPLOR N O C	\$9.98	\$10.29	\$12.86	\$1.79	\$1.99	\$5.35	169%	54%	18
1719	FIELD BONDED WAREHOUSING	\$8.56	\$7.81	\$6.01	\$1.11	\$1.24	\$1.86	50%	22%	
1720	INSP RISKS INSURANCE VALU	\$4.73	\$4.54	\$4.13	\$1.88	\$2.09	\$3.09	48%	65%	
1742	SALESMEN COLLECTORS ADJUS	\$1.63	\$1.36	\$1.29	\$0.71	\$0.72	\$0.78	8%	48%	
1743	MUNICIPAL STATE TRAVEL	\$0.73	\$0.58	\$0.00	\$0.46	\$0.51	\$0.58	14%	79%	5A
1744	STATE HOSPITAL, PROFESSIONAL /	\$0.69	\$0.56	\$0.00	\$0.49	\$0.56	\$0.69	23%	100%	3B
1745	NEWS AGENTS DISTR NOT RET	\$10.43	\$9.23	\$8.85	\$6.94	\$7.73	\$9.71	26%	93%	
1748	AUTO BOAT SALES OR SERV	\$2.78	\$2.05	\$1.58	\$1.66	\$1.75	\$2.31	32%	83%	
1755	LABOR UNIONS ALL EMP INCL	\$3.02	\$2.85	\$2.40	\$2.53	\$2.83	\$3.38	19%	112%	
8800	MAIL OR ADDRESSING CO	\$6.13	\$5.67	\$5.11	\$0.44	\$0.49	\$0.73	49%	12%	
8803	AUDITORS ACCS FACTORY CO	\$0.62	\$0.60	\$0.58	\$0.50	\$0.50	\$0.75	50%	121%	
8810	CLERICAL OFFICE/IB/MUSM	\$0.75	\$0.87	\$0.94	\$0.39	\$0.44	\$0.55	25%	73%	
8811	STATE CLERICAL OFFICE EMPLOYEE	\$0.70	\$0.58	\$0.00	\$0.49	\$0.56	\$0.70	25%	100%	3B
8829	CONVALESCENT NRSNG HOMES A	\$27.86	\$25.69	\$25.80	\$13.11	\$15.05	\$17.99	20%	65%	
8830	MUNICIPAL: NURSING HOME	\$17.99	\$15.05	\$0.00	\$13.11	\$15.05	\$17.99	20%	100%	4B
8831	HOSPITALS VETERINARY INCL	\$4.99	\$4.73	\$5.27	\$3.09	\$3.47	\$4.68	35%	94%	
8832	DENTIST OR PHYSICIAN	\$1.26	\$0.94	\$0.73	\$0.86	\$0.97	\$1.05	8%	83%	
8833	HOSPITALS PROFESSIONAL EM	\$6.52	\$4.80	\$4.28	\$3.73	\$3.94	\$5.02	27%	77%	
8834	STATE ASYL HOSP SP SCHS N	\$16.51	\$11.66	\$0.00	\$11.38	\$11.66	\$16.51	42%	100%	3A
8835	PUBLIC HLTH NURSING ASSOC	\$13.51	\$11.00	\$12.04	\$8.46	\$9.13	\$13.69	50%	101%	
8836	MUNICIPAL HOSP - PROFESSIONAL EMP	\$4.26	\$3.94	\$0.00	\$3.73	\$3.94	\$4.26	8%	100%	4C
8837	CHARITABLE REL ORGN WELFA	\$5.14	\$4.77	\$0.00	\$4.58	\$4.77	\$5.14	8%	100%	2
8838	COMMUNITY SERVICE WORKERS	\$8.58	\$7.00	\$0.00		\$7.00	\$8.58	23%	100%	4D
8888	COLLEGE/SCHOOL/CHURCH	\$0.35	\$0.26	\$0.47	\$0.34	\$0.36	\$0.48	33%	137%	7
8889	STATE COLLEGE, PROFESSIONAL AN	\$0.22	\$0.27	\$0.00	\$0.27	\$0.27	\$0.22	-19%	100%	3B
8901	TELEPHONE TELEGRAPH CO OF	\$0.92	\$0.96	\$1.03	\$0.28	\$0.31	\$0.46	48%	50%	
8914	BUILDINGS OPERATION BY CO	\$13.85	\$16.10	\$16.00	\$6.71	\$7.33	\$8.90	21%	64%	
8915	BUILDINGS OPERATED BY OWN	\$12.74	\$9.37	\$10.12	\$5.59	\$6.39	\$6.06	-5%	48%	

Code	Description	NCCI			SF RATES EFFECTIVE:			% CHG	% NCCI	Foot Note
		FY 93	FY 92	FY 91	07/91	01/92	07/92			
9016	AMUSE PARKS EXHIB MUSICA	\$11.19	\$10.49	\$10.93	\$6.52	\$7.24	\$9.09	26%	81%	
9023	BLDGS DWG COMM BY OWNER	\$7.01	\$8.49	\$0.00	\$5.84	\$8.49	\$7.01	8%	100%	4F
9040	HOSPITALS ALL OTHER EMPLO	\$10.43	\$10.44	\$11.53	\$4.95	\$5.68	\$8.06	42%	77%	
9041	MUNICIPAL HOSPITAL - ALL OTHER EMP	\$6.82	\$5.68	\$0.00	\$4.95	\$5.68	\$6.82	20%	100%	4C
9062	HOTEL/MOTEL, CAMP/DUDE RAN	\$10.49	\$11.88	\$11.09	\$6.05	\$6.94	\$8.99	30%	86%	
9060	CLUBS CNTY GOLF FISHING Y	\$6.33	\$6.25	\$6.92	\$3.05	\$3.06	\$4.59	50%	73%	
9061	CLUBS N O C INCL CLERICAL	\$8.10	\$9.41	\$9.76	\$6.10	\$6.10	\$6.45	6%	80%	
9063	EXERCISE/HEALTH OR BATH I	\$3.36	\$3.17	\$3.32	\$2.00	\$2.18	\$2.55	17%	76%	
9079	RESTAURANT, BAR, HOUSEHOLD	\$6.94	\$6.59	\$6.99	\$3.97	\$4.55	\$5.12	13%	74%	
9088	FIREWORKS EXHIBITION INCL	\$35.87	\$30.46	\$0.00	\$27.44	\$30.46	\$35.87	18%	100%	2
9089	BILLIARD HALLS NO BOWLING	\$5.51	\$5.42	\$5.46	\$2.32	\$2.57	\$3.80	48%	69%	
9093	BOWLING LANE	\$4.38	\$4.08	\$5.10	\$4.23	\$4.23	\$4.10	-3%	94%	
9100	COLLEGE/SCHOOL: APPR. TRA	\$2.41	\$2.18	\$0.00	\$1.97	\$2.18	\$2.41	11%	100%	4E
9101	COLLEGES ALL OTHER EMPLOY	\$6.30	\$4.96	\$10.33	\$5.66	\$6.49	\$8.32	28%	132%	7
9102	PARKS N O C ALL EMPLOYEES	\$11.25	\$10.96	\$11.93	\$11.46	\$12.83	\$15.90	24%	141%	
9103	STATE COLLEGE, ALL OTHERS	\$7.13	\$4.89	\$0.00	\$4.84	\$4.89	\$7.13	46%	100%	3B
9104	STATE VO-TECH STUDENTS	\$4.79	\$4.70	\$0.00	\$4.70	\$4.70	\$4.79	2%	100%	3B
9154	THEATRES ALL OTHER EMPS	\$4.42	\$4.24	\$4.14	\$1.28	\$1.43	\$2.14	50%	48%	
9156	THEATRES PLAYERS ENTERTAI	\$4.76	\$4.65	\$3.97	\$3.21	\$3.57	\$4.30	20%	90%	
9178	ATHLETIC TEAM - NON CONT	\$39.47	\$38.39	\$29.87	\$39.73	\$44.31	\$47.88	8%	121%	
9179	ATHLETIC TEAM - CONTACT	\$45.72	\$40.35	\$31.04	\$39.73	\$44.31	\$53.17	20%	116%	
9180	AMUSEMENT PARKS EXHIBITIO	\$26.87	\$31.24	\$25.94	\$16.93	\$16.93	\$14.75	-13%	55%	
9182	ATHL TMS PARKS CARE OPERA	\$9.85	\$9.84	\$7.57	\$1.90	\$2.10	\$3.15	50%	32%	
9186	CARNIVALS CIRCUSES AMUS D	\$50.92	\$48.94	\$60.74	\$30.83	\$34.23	\$44.57	30%	88%	
9220	CEMETERY OPERATIONS INCL	\$13.68	\$12.89	\$13.97	\$6.47	\$7.22	\$9.62	33%	71%	
9402	STREET SEWAGE CLEANING	\$32.61	\$24.14	\$18.57	\$19.34	\$19.65	\$24.08	23%	74%	
9403	GARBAGE ASHES REFUSE COLL	\$26.87	\$20.41	\$24.75	\$18.44	\$20.67	\$20.89	1%	78%	
9404	GARBAGE/REFUSE COLLECTION-MECH	\$13.44	\$10.21	\$12.38	\$14.33	\$14.87	\$15.97	7%	119%	1A
9410	MUNICIPAL TNSP CNTY EMPLO	\$6.79	\$6.00	\$11.46	\$5.13	\$5.13	\$5.37	5%	79%	5B
9411	STATE EMPLOYEES SPECIAL H	\$2.67	\$2.47	\$0.00	\$2.47	\$2.47	\$2.67	8%	100%	3A
9412	STATE ADMINISTRATIVE OR NON-PR	\$3.88	\$4.84	\$0.00	\$4.84	\$4.84	\$3.88	-20%	100%	3B
9420	MUNICIPAL TNSP CNTY STATE	\$6.79	\$5.82	\$12.21	\$7.06	\$7.95	\$8.45	6%	124%	5B
9421	STATE EMPLOYEES SPECIAL H	\$6.72	\$5.97	\$0.00	\$5.20	\$5.97	\$6.72	13%	100%	3A
9422	STATE ALL OTHERS	\$6.50	\$5.83	\$0.00	\$5.83	\$5.83	\$6.50	11%	100%	3B
9424	MUNICIPAL RELIEF WORKERS	\$4.28	\$4.11	\$0.00	\$5.90	\$5.90	\$7.49	27%	175%	6
9426	STATE RELIEF WORKERS	\$3.79	\$3.90	\$0.00	\$3.90	\$3.90	\$3.79	-3%	100%	3B
9501	PAINTING SHOP ONLY INCL D	\$11.19	\$10.28	\$9.36	\$4.15	\$4.62	\$6.93	50%	62%	

BOARD717.XLS

Code	Description	NCCI	NCCI	NCCI	SF RATES EFFECTIVE:			% CHG	% NCCI	Foot
		FY 93	FY 92	FY 91	07/91	01/92	07/92			Note
0505	AUTO PAINTING	\$11.38	\$10.01	\$8.60	\$5.53	\$6.14	\$9.21	50%	81%	
0519	RADIO TV HOUSEHLD APPLI	\$6.87	\$6.62	\$8.27	\$3.71	\$3.96	\$5.01	27%	73%	
0521	HOUSE FURNISHINGS INST DR	\$28.22	\$23.92	\$22.30	\$20.28	\$22.80	\$34.21	50%	121%	
0522	AUTOMOBILE UPHOLSTERING	\$6.07	\$5.53	\$4.57	\$2.92	\$3.25	\$4.87	50%	80%	
0529	CONC TOWER/ELEVATOR INSTALL RE	\$65.63	\$46.77	\$0.00	\$42.14	\$46.77	\$65.63	40%	100%	2
0534	MOBILE CRANE SERVICE	\$38.34	\$29.48	\$27.48	\$26.07	\$29.24	\$29.00	-1%	76%	10C
0545	BILL POSTING INCL DRIVERS	\$54.54	\$56.65	\$60.26	\$4.01	\$4.46	\$6.69	50%	12%	
0549	ADVERTISING-SIGN PAINTING	\$37.50	\$26.77	\$20.11	\$13.50	\$13.50	\$20.25	50%	54%	
0552	SIGN MFG ERECT REPAIR MAI	\$20.53	\$20.01	\$18.87	\$7.55	\$8.45	\$13.02	54%	63%	
0586	BARBER SHOPS BEAUTY PARLO	\$2.57	\$2.57	\$2.35	\$2.04	\$2.28	\$2.77	21%	108%	
0600	TAXIDERMISTS	\$8.00	\$8.21	\$8.26	\$0.84	\$0.93	\$1.39	49%	17%	
0610	MOTION PICTURE (NEW 7/1/92)	\$4.42	\$1.18	\$1.15	\$0.53	\$0.57	\$2.14	275%	48%	10E
0620	FUNERAL DIRECT CREMATORY	\$6.05	\$4.45	\$3.43	\$2.52	\$2.68	\$4.02	50%	66%	
0901	HORSE RACING-LICENSED OWNER, ONER/TR	\$49.65	\$41.53	\$0.00	\$37.19	\$41.53	\$49.65	20%	100%	4C
0903	CHRISTMAS TREE GROWING & HARVESTING	\$30.44	\$30.18	\$23.22	\$17.45	\$19.77	\$26.46	34%	87%	10F
	Percent of NCCI or Other Rate:				58%	65%	70%			

EXHIBIT 2

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DATE 1-18-93
HB 13

Let's all hope leaders recall the last game

Missoulian 1-3-93

Our leaders always talk a good game when they fix the workers compensation system.

Take the last time they fixed it, for example.

They decided to give the state-run program a fresh start — it would be granted a new identity and immunity from prosecution. It was reorganized as a start-up business — essentially debt-free, but with working capital, customers and a near monopoly on certain lines of business.

This new fund would be a "non-profit, independent public corporation." Ray Conger, a prominent Montana expert on workers compensation, was chosen by the governor to be the first chairman of the board. Conger and others stressed the importance of having rates that would be high enough to cover the cost of claims; previously, the state program had gone broke while charging rates that were held down for political reasons. To further protect the soundness of the new fund,



**JIM
LUDWICK**

the plan called for the state insurance commissioner to keep an eye on it — reviewing its rates to make sure they were adequate.

Guess what happened.

Before the reorganization got off the ground, an actuary working for the insurance commissioner was quoted in newspapers throughout Montana, talking about the big increases in rates that would be needed to make the program viable. Days later, the Legislature changed the reform package, removing the insurance commissioner from the picture.

At the same time, the provision stating that the fund would be a "non-profit, independent public corporation" was erased from the statutes.

Conger didn't make it, either. He started talking about the changes that would be needed, and the increases in rates that would be required to make the program legitimate. He was removed. Gov. Stan Stephens cited "philosophical differences" between Conger and others; Conger said the governor asked for his resignation due to complaints that Conger "was going to make so many waves."

But that's not all.

We now know that when the new fund was established, its rates were way too low — just like in the 1980s, when this same practice drove the old fund bankrupt and led to the use of a payroll tax to cover the bills. "Hindsight shows that the rates established for the first year were not adequate," said Patrick Sweeney, the head of the state fund, when we discussed this issue a few weeks ago. Rates have been increased more than 70 percent since the new fund was established, but the fund still is burdened by liabilities that were not adequately supported by the start-up rates, Sweeney said.

So, less than three years after the state-run business got a fresh start, it finished 1992 about \$42 million in the hole. Or, in the words of an actuary who described the situation in a letter that he recently wrote to the board, the new fund would need \$42 million in order to achieve a surplus of zero.

The lofty goal of a surplus of "zero" — which now would cost \$42 million — would not be good enough, said the letter from actuary Martin Lewis. State law suggests that "the fund is required to have an explicit risk margin included in the rates," Lewis said. The risk margin should assure "with some degree of confidence greater than 50 percent" that the fund's income from a given period of time will be enough to cover the losses, he said. In the long run, "the effect of including a risk margin in the rate is to build surplus," Lewis said.

That's because "a target surplus value of zero is virtually certain to result in a deficit for some years. ... It is clear that the fund will continue to post deficits as long as the goal is zero surplus," Lewis said.

In that context, our leaders are returning to the capitol to review their work. And many of them are talking a good game.

Jim Ludwick is the Missoulian's business editor. His column appears each week on the Sunday Business page.

ERD "CHEAT SHEET" OF WORKERS' COMPENSATION TERMS

"OLD FUND"

All claims, payments and liabilities to State Fund claims prior to 7/1/90. On that date the State Fund was split into "old" and "new", and all old claims went into the old category, while all claims after that date are handled by the "new fund".

"NEW FUND"

All claims and activities related to claims filed with the State Compensation Mutual Insurance Fund from 7/1/90 forward.

"UNFUNDED LIABILITY"

The amount of money the State Fund should have, but does not have, to pay all current claims. The unfunded liability is the projected total cost of all claims, minus the assets on hand to pay those claims. Both the old fund and new fund have unfunded liabilities, estimated at \$426 million and \$42 million respectively.

"PLAN 1 or SELF-INSURERS"

Self insurers are those businesses that have been approved by the Employment Relations Division to "self-insure" for workers' compensation. They act as their own insurance companies, paying claims, setting aside reserves for future liabilities, and so on. There are approximately 55 self insured employers.

"PLAN 2"

Private insurance carriers. There are over 200 private insurance companies licensed to "write" workers' compensation insurance in Montana. In actual fact, very few do. Plan 2 carriers are licensed by the insurance commissioner in the State Auditor's Office.

"PLAN 3"

The State Compensation Mutual Insurance Fund, or the "State Fund". Relates to the "old fund" and "new fund" explained above.

"PERMANENT PARTIAL DISABILITY, or PPD"

PPD benefits are paid to workers who have an industrial injury, have reached maximum healing from that injury, but are still limited to some extent by that injury. PPD benefits are paid to these individuals up to a maximum of \$174.50 per week.

"PERMANENT TOTAL DISABILITY, or PTD"

A worker who has an industrial injury, has reached maximum healing, but is still totally disabled, and unable to work. PTD benefits are 66 2/3% of the workers pre injury wage, or up to a maximum amount of \$349.00 per week, whichever is lower.

"TEMPORARY TOTAL DISABILITY, or TTD"

Temporary total benefits are paid to a worker with an industrial injury when that injury prevents the worker from working. Temporary total benefits are 66 2/3% of the worker's pre injury wage, or payable up to \$349.00 per week, whichever is lower.

"TIME LOSS or INDEMNITY"

These terms indicate the benefits associated with lost wages due to a workplace injury.

"MEDICAL BENEFITS"

These benefits represent payment made by the insurer to medical providers for treatment of a worker's injury.

"MANAGED CARE"

A strategy for controlling medical costs related to a workers' compensation claim by "managing" the care a worker receives - attempting to ensure that proper treatment is given, and eliminating unnecessary treatment and cost. Managed care organizations are organizations set up to provide these services to others.

"PALLIATIVE CARE or MAINTENANCE CARE"

These terms indicate the type of medical care given to "maintain" an injured worker at the optimum level of health. It is care to maintain, rather than to improve a medical condition.

"MAXIMUM MEDICAL IMPROVEMENT"

When an injured worker has made as much medical improvement as is possible, he or she has reached maximum medical improvement. MMI is certified by the worker's physician.

"OCCUPATIONAL DISEASE or OD"

Similar definition to injury, but not limited to a single incident or event - rather it is an accumulation of happenings or conditions over more than one work shift that result in disability.

"IMPAIRMENT RATING"

A medical determination of a worker's physical impairment, typically given as a percentage figure.

"LUMP SUM"

Either payments or settlements. A payment that represents the combined amounts of a number of weeks of benefits owing or due; in essence, an agreement to make payments in a "lump" rather than stretched out over time. Always related to indemnity benefits.

NCCI vs State fund rates

Classer w/ > \$10 million payroll.

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Class	Defn	FY89 Payroll (\$ mills)	NCCI Rate	State Fund Select Rate	Percent Differenc
1005	Coal Mining	\$28.2	\$7.58	\$2.25	-70.6%
1165	Mining NCC	\$23.7	\$8.17	\$8.70	6.5%
2702	Logging	\$22.5	\$84.62	\$48.00	-43.3%
2710	Sawmills	\$41.0	\$33.59	\$43.03	28.1%
2731	Molding, Planning	\$10.9	\$18.93	\$15.32	-19.1%
2915	Veneer Mfg.	\$11.8	\$7.69	\$6.99	-11.4%
3632	Machine Shops	\$11.7	\$11.08	\$10.51	-5.1%
4740	Oil Refining	\$21.1	\$9.09	\$5.78	-36.4%
5183	Plumbing	\$17.2	\$23.65	\$12.65	-46.5%
5192	Electrical Wiring	\$13.9	\$14.91	\$7.67	-48.6%
5191	Appliance Instl	\$13.6	\$3.22	\$3.39	5.3%
5403	Carpentry NCC	\$11.9	\$48.23	\$34.88	-27.7%
5506	Road Paving	\$11.3	\$41.18	\$20.45	-50.3%
5507	Road Clearing	\$15.3	\$31.95	\$27.07	-15.3%
5545	Res. Carpentry	\$20.8	\$28.55	\$20.32	-28.9%
6217	Excavation	\$11.1	\$33.62	\$24.94	-25.8%
7219	Trucking NCC	\$50.5	\$38.34	\$26.26	-31.5%
7230	Parcel Delivery	\$15.5	\$9.16	\$10.22	11.6%
7330	Drivers SE	\$23.1	\$9.98	\$5.62	-43.7%
7540	Power Cos	\$11.8	\$8.31	\$3.51	-57.8%
7603	Phone Cos	\$13.4	\$6.05	\$3.87	-36.0%
7610	TV / Radio	\$17.2	\$1.60	\$0.89	-44.4%
8006	Grocery Stores	\$17.8	\$10.06	\$8.57	-14.8%
8008	Clothing Stores	\$27.4	\$2.95	\$2.28	-22.7%
8010	Hardware Stores	\$28.0	\$4.62	\$3.14	-32.6%
8017	Retail NCC	\$60.3	\$3.65	\$1.84	-49.6%
8018	Wholesale NCC	\$21.6	\$9.67	\$7.21	-25.4%
8033	Meat & Grocery	\$49.2	\$9.85	\$5.29	-46.3%
8039	Dept. Stores	\$18.2	\$7.19	\$4.47	-37.8%
8044	Furniture Stores	\$12.6	\$9.81	\$9.86	0.5%
8116	Farm Machinery Dirs	\$10.6	\$11.75	\$7.52	-36.0%
8227	Contractors' Yards	\$10.8	\$18.21	\$8.38	-54.0%
8232	Lumber Yards	\$21.2	\$16.07	\$12.01	-25.3%
8350	Gas Dirs	\$12.3	\$13.17	\$8.44	-35.9%
8380	Auto Repair	\$85.6	\$11.56	\$7.76	-32.9%
8601	Engineers, Architects	\$31.6	\$2.95	\$2.01	-31.9%
8742	Outside Salesmen SE	\$267.4	\$1.63	\$0.82	-49.7%
8748	Auto Salesmen	\$30.3	\$2.78	\$2.43	-12.6%
8810	Clerical SE	\$515.9	\$0.75	\$0.58	-22.7%
8829	Nursing homes	\$37.9	\$27.86	\$18.89	-32.2%
8832	Physicians	\$77.5	\$1.26	\$1.10	-12.7%
8833	Hospitals	\$130.5	\$6.52	\$5.27	-19.2%
8868	Colleges	\$284.8	\$0.66	\$0.50	-24.2%
9015	Bldg Operator/Owners	\$15.3	\$12.74	\$6.36	-50.1%
9040	Hospitals AD	\$26.5	\$10.43	\$8.46	-18.9%
9052	Hotels	\$35.6	\$10.49	\$9.44	-10.0%
9079	Restaurants	\$156.0	\$6.94	\$5.38	-22.5%
9101	Colleges AD	\$43.7	\$11.67	\$8.74	-25.1%
		\$2,445.1			-27.0%

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Class	Defn	FY82 Payroll (\$ mills)	NCCI Rate	State Fund Select Rate	Percent Differenc
8810	Clerical SE	\$515.9	\$0.75	\$0.58	-22.7%
8868	Colleges	\$284.8	\$0.65	\$0.50	-24.2%
8742	Outside Salesmen SE	\$267.4	\$1.63	\$0.82	-49.7%
9079	Restaurants	\$155.0	\$6.94	\$5.33	-22.5%
8833	Hospitals	\$130.5	\$6.52	\$5.27	-19.2%
8880	Auto Repair	\$85.6	\$11.56	\$7.76	-32.9%
8832	Physicians	\$77.5	\$1.26	\$1.10	-12.7%
8017	Retail NCC	\$60.3	\$3.65	\$1.84	-49.6%
7219	Trucking NCC	\$50.5	\$33.34	\$26.26	-31.5%
8033	Meat & Grocery	\$49.2	\$9.85	\$5.29	-46.3%
9101	Colleges AO	\$43.7	\$11.67	\$8.74	-25.1%
2710	Sawmills	\$41.0	\$33.58	\$43.03	28.1%
8829	Nursing homes	\$37.9	\$27.85	\$18.89	-32.2%
9052	Hotels	\$35.6	\$10.49	\$9.44	-10.0%
8501	Engineers, Architects	\$31.6	\$2.95	\$2.01	-31.9%
8748	Auto Salesmen	\$30.3	\$2.78	\$2.43	-12.6%
1005	Coal Mining	\$28.2	\$7.58	\$2.25	-70.3%
8010	Hardware Stores	\$28.0	\$4.62	\$3.14	-32.0%
8008	Clothing Stores	\$27.4	\$2.95	\$2.28	-22.7%
9040	Hospitals AO	\$26.5	\$10.43	\$8.46	-18.9%
1165	Mining NCC	\$23.7	\$8.17	\$8.70	6.5%
7380	Drivers SE	\$23.1	\$9.58	\$5.62	-43.7%
2702	Logging	\$22.5	\$84.62	\$48.00	-43.3%
8018	Wholesale NCC	\$21.6	\$9.67	\$7.21	-25.4%
8232	Lumber Yards	\$21.2	\$16.07	\$12.01	-25.3%
4740	Oil Refining	\$21.1	\$9.09	\$5.78	-36.4%
5645	Res. Carpentry	\$20.8	\$28.56	\$20.32	-28.9%
8039	Dept. Stores	\$18.2	\$7.19	\$4.47	-37.6%
8006	Grocery Stores	\$17.8	\$10.06	\$8.57	-14.8%
7610	TV / Radio	\$17.2	\$1.60	\$0.89	-44.4%
5183	Plumbing	\$17.2	\$23.65	\$12.65	-46.5%
7230	Parcel Delivery	\$15.5	\$9.16	\$10.22	11.6%
5507	Road Clearing	\$15.3	\$31.95	\$27.07	-15.3%
9015	Bldg Operator/Owners	\$15.3	\$12.74	\$6.36	-50.1%
5190	Electrical Wiring	\$13.9	\$14.91	\$7.67	-48.6%
5191	Appliance Instl	\$13.6	\$3.22	\$3.39	5.3%
7602	Phone Cos	\$13.4	\$6.05	\$3.87	-36.0%
8044	Furniture Stores	\$12.6	\$9.81	\$9.85	0.5%
8350	Gas Dlrs	\$12.3	\$13.17	\$8.44	-35.9%
5403	Carpentry NCC	\$11.9	\$48.23	\$24.88	-27.7%
7540	Power Cos	\$11.8	\$8.31	\$3.51	-57.6%
2915	Veneer Mfg.	\$11.8	\$7.89	\$5.99	-11.4%
3632	Machine Shops	\$11.7	\$11.08	\$10.51	-5.1%
5506	Road Paving	\$11.3	\$41.18	\$20.45	-50.3%
6217	Excavation	\$11.1	\$33.62	\$24.94	-25.8%
2731	Molding, Planning	\$10.9	\$18.93	\$15.32	-19.1%
8227	Contractors' Yards	\$10.8	\$18.21	\$8.38	-54.0%
8116	Farm Machinery Dlrs	\$10.6	\$11.75	\$7.52	-36.0%
		\$2,446.1			-27.0%

Class	Defn	FY89 Payroll (\$ mills)	NCCI Rate	State Fund Select Rate	Percent Difference
1005	Coal Mining	\$28.2	\$7.58	\$2.25	-70.5%
7540	Power Cos	\$11.8	\$8.31	\$3.51	-57.8%
8227	Contractors' Yards	\$10.8	\$18.21	\$8.39	-54.0%
5506	Road Paving	\$11.3	\$41.18	\$20.45	-50.3%
9015	Bldg Operator/Owners	\$15.3	\$12.74	\$6.36	-50.1%
8742	Outside Salesmen SE	\$267.4	\$1.63	\$0.82	-49.7%
8017	Retail NCC	\$60.3	\$3.65	\$1.84	-49.6%
5190	Electrical Wiring	\$13.9	\$14.91	\$7.67	-49.6%
5183	Plumbing	\$17.2	\$23.65	\$12.65	-46.5%
8033	Meat & Grocery	\$49.2	\$9.85	\$5.29	-46.3%
7610	TV / Radio	\$17.2	\$1.60	\$0.89	-44.4%
7380	Drivers SE	\$23.1	\$9.98	\$5.62	-43.7%
2702	Logging	\$22.5	\$84.62	\$48.60	-43.3%
8039	Dept. Stores	\$18.2	\$7.19	\$4.47	-37.8%
4740	Oil Refining	\$21.1	\$9.09	\$5.78	-36.4%
7603	Phone Cos	\$13.4	\$6.05	\$3.87	-36.0%
8116	Farm Machinery Dirs	\$10.6	\$11.75	\$7.52	-36.0%
8350	Gas Dirs	\$12.3	\$13.17	\$8.44	-35.9%
8380	Auto Repair	\$85.6	\$11.56	\$7.76	-32.9%
8829	Nursing homes	\$37.9	\$27.86	\$18.89	-32.2%
8010	Hardware Stores	\$28.0	\$4.62	\$3.14	-32.0%
8501	Engineers, Architects	\$31.6	\$2.95	\$2.01	-31.9%
7219	Trucking NCC	\$50.5	\$38.34	\$26.26	-31.5%
5645	Res. Carpentry	\$20.8	\$28.56	\$20.32	-28.9%
5403	Carpentry NCC	\$11.9	\$48.23	\$34.88	-27.7%
6217	Excavation	\$11.1	\$33.62	\$24.94	-25.8%
8018	Wholesale NCC	\$21.6	\$9.67	\$7.21	-25.4%
8232	Lumber Yards	\$21.2	\$16.07	\$12.01	-25.3%
9101	Colleges AO	\$43.7	\$11.67	\$8.74	-25.1%
8868	Colleges	\$284.8	\$0.66	\$0.50	-24.2%
8008	Clothing Stores	\$27.4	\$2.95	\$2.28	-22.7%
8310	Clerical SE	\$515.9	\$0.75	\$0.58	-22.7%
9079	Restaurants	\$156.0	\$6.94	\$5.38	-22.5%
8833	Hospitals	\$130.5	\$6.52	\$5.27	-19.2%
2731	Molding, Planning	\$10.9	\$18.93	\$15.32	-19.1%
5040	Hospitals AO	\$26.5	\$10.43	\$8.46	-18.9%
5507	Road Clearing	\$15.3	\$31.95	\$27.07	-15.3%
8006	Grocery Stores	\$17.8	\$10.06	\$8.57	-14.8%
8332	Physicians	\$77.5	\$1.26	\$1.10	-12.7%
8748	Auto Salesmen	\$30.3	\$2.78	\$2.43	-12.6%
2915	Veneer Mfg.	\$11.8	\$7.69	\$6.99	-11.4%
5052	Hotels	\$35.6	\$10.49	\$9.44	-10.0%
3532	Machine Shops	\$11.7	\$11.03	\$10.51	-5.1%
8044	Furniture Stores	\$12.6	\$9.81	\$9.86	0.5%
5191	Appliance Instl	\$13.6	\$3.22	\$3.39	5.3%
1165	Mining NCC	\$23.7	\$8.17	\$8.70	6.5%
7230	Parcel Delivery	\$15.5	\$9.16	\$10.22	11.6%
2710	Sawnills	\$41.0	\$33.58	\$43.03	28.1%

\$2,446.1

-27.0%

STATE AUDITOR
STATE OF MONTANA

EXHIBIT 3
DATE 1-18-93
HB 13

Mark O'Keefe
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

TESTIMONY OF STATE AUDITOR MARK O'KEEFE ON HB 13 BEFORE THE HOUSE
SELECT COMMITTEE ON WORKERS' COMPENSATION, JANUARY 18, 1993

Mr. Chairman, members of the committee, I am Mark O'Keefe, state auditor and insurance commissioner.

We're taking no position on House Bill 13 at this time. The sponsor, Representative Benedict, however, asked that I testify at this hearing to give our view of some of the provisions in the bill. So I'm limiting my testimony to the bill's potential effects on the insurance department and the proposed role of the insurance commissioner in examining the State Compensation Mutual Insurance Fund on a yearly basis.

During my campaign for state auditor, I was asked what the insurance commissioner could do for the workers' compensation insurance problem in Montana. I always said the insurance commissioner, who has statutory authority to supervise, rehabilitate and liquidate insurers, should be part of the work-comp solution, not part of the problem. I told Montanans that if the state insurance commissioner, in the course of his duties of reviewing private insurers, did find solutions that could possibly help solve our work-comp problem, he should pass those recommendations on. So, with this bill, I must ask myself, and the Legislature should do the same: Is this proposal making the insurance commissioner part of the problem or part of the solution? That's the ultimate test.

Here are some issues you ought to think about.

Several sessions ago, lawmakers created the new State Fund to try to run it in an actuarially sound manner and more like a private business. The Legislature even gave the state insurance commissioner the role of reviewing rates to make sure they were adequate. But an actuary working for the commissioner was quoted in newspapers saying big rate increases would be needed to make the new fund financially sound. Lawmakers later removed the insurance commissioner from the new fund's picture.

So this proposal isn't new. Politics has always been a part of the new State Fund. The previous governor, citing "philosophical differences," removed the State Fund's first board chairman after the chairman talked about the changes and rate increases needed for the fund.

The new fund now has an estimated unfunded liability of \$42 million, and the board's actuary and the state fund president have said double-digit rate increases will be needed to put the fund on solid footing. So we're back at ground zero.

House Bill 13 would give the state insurance commissioner authority to examine the state fund on a yearly basis. After reviewing the fund, if the commissioner determines that, if it were a private insurer, it would be subject to supervision, rehabilitation and liquidation, he shall report those findings to the governor and legislature.

The commissioner shall review rates established by the board to determine if they are excessive, inadequate or unfairly discriminatory. The bill says the commissioner will have the same authority over the state fund's rate setting procedures as the commissioner has over private insurers' rate-setting procedures.

The bill excludes the State Fund from parts of Title 33 that deal with reports, fees and taxes; investments; and supervision, rehabilitation and liquidation. The insurance commissioner, then, would just review the fund's rates and report to the Legislature and governor.

Rates, more than likely, will have to go up. That's no surprise.

In fiscal year 1989 for classes with a payroll of \$10 million or more, State Fund premium rates on average were 73 percent of those recommended by the National Council on Compensation Insurance, a national work-comp rating organization.

On July 1, 1992 State Fund rates were about 70% of NCCI recommended rates, having risen from 58 percent of NCCI as of July 1991 and 65 percent of NCCI in January 1992. So the trend in rates is upward and will continue that way until the new fund charges rates to cover liabilities and build adequate reserves.

The State Fund board has raised rates five times since the new fund was created two-and-a-half years ago. There's no secret that rates for the new fund in most classes are low, and that they'll have to be raised to cover liabilities and build a reserve.

Now comes the question: Why are we doing this?

Actuaries never agree. The chances of the State Fund's actuary and the insurance commissioner's actuary agreeing on rates is -- well, you need an actuary to figure out the odds on that one. But they're not good odds.

Finally, I'll talk about cost.

Our analysts say the fiscal note that we provided in the early days of my administration could be on the light side. Their assumptions included a provision for an outside actuary to conduct an annual review of the State Fund's rates at an initial estimate of \$55,000. But they anticipated only one rate review a year.

The trend in the last several years of the new fund has been two rate adjustments per year -- all upward.

Our analysts also contend there is a great probability that we could expect two rate hearings per year at which the State Fund would object to the contracted actuary's findings on rates. These hearings also were not included in our agency's original fiscal note.

The additional annual costs for these extra items are estimated to cost between \$20,000 and \$25,000. Testimony by a contracted actuary would cost between \$5,000 and \$6,000 per

hearing. The additional rate review by the contracted actuary is estimated at \$5,000 to \$10,000. The costs of an outside hearings officer are estimated at \$2,500 per hearing.

So total costs for Fiscal Year '94 would be \$80,000, and \$60,000 for fiscal year '95.

It's this Legislature's decision what they want to do with the State Fund.

From my perspective, though, this bill adds cost and doesn't put me in a position of helping solve the problem. You can make the State Fund private, give me more responsibility in overseeing the fund or take me out of the bill. I don't see the provisions in this bill relating to my office as helping solve the problem.

Thank you.

EXHIBIT 3
DATE 1-18-93
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MONTANA HOSPITAL ASSOCIATION

EXHIBIT 7
DATE 1-18-93
HB 13

1720 NINTH AVENUE • P.O. BOX 5119
HELENA, MT. 59604 • (406) 442-1911

TESTIMONY OF THE MONTANA HOSPITAL ASSOCIATION

HOUSE BILL 13

REVISING WORKER'S COMPENSATION LAW

The Montana Hospital Association supports the Legislative efforts to improve the administration and performance of the State Compensation Mutual Insurance Fund. The unfunded liability is of grave concern to hospitals. Hospitals are a labor intensive industry. Payroll costs represents over one-half of all hospital expense. Hospitals have been subjected to huge increases in premiums and the .28 percent payroll tax. Payments made to hospitals by worker's comp insurers have been essentially frozen at 1986 levels. Still, the unfunded liability grows.

MHA supports the provision in House Bill 13 which places the state fund under the authority of the insurance commissioner.

House Bill 13, however, makes two changes MHA cannot support. While House Bill 13 strives to assist the state fund in operating more like an insurance company, the bill also reduces public access to the state fund. House Bill 13 first proposes to exempt the state fund from the Montana Administrative Procedures Act. This change ends the primary opportunity for public participation and comment on the operation of the state fund. MAPA requires the state fund to publicize their policies and rates, requires the fund to solicit public input and consider their comments prior to taking action. Ending this process is a bad idea.

Montanans are being told they will have to pay some \$600 million in increased premiums and taxes to bail out the state fund. It is the public's right to be involved in how the state fund is operated and how it sets rates. With few exceptions, every state agency is able to propose and adopt rules and policies within the scope of the Montana Administrative Procedures Act.

MHA urges this committee to reject changes in the law which reduce public access to the state fund.

MHA also opposes ending the state fund's relationship to the National Council on Compensation Insurance, or NCCI. MHA believes NCCI provides a reasonable standard for classifying employees and setting insurance premiums. While there may be other similar ways to classify employees and set rates, this bill does not identify them. House Bill 13 appears to say to the state fund, "Do whatever you want".

MHA urges this committee to reject changes to end the relationship with NCCI.

EXHIBIT 5
DATE 1-18-93
HB 13

Rose Hughes
HHS 13 1/18/93

DEPARTMENT OF ADMINISTRATION

CHAPTER 55

STATE COMPENSATION MUTUAL INSURANCE FUND

NOTE: *THESE RULES ARE NOT CURRENTLY IN USE BY THE STATE FUND AS THEY WERE VOIDED BY A DISTRICT COURT DECISION. AS THE DECISION IS ON APPEAL, THE RULES WILL NOT BE REPEALED AT THIS TIME.

Sub-Chapter 1

Organizational Rule

Rule 2.55.101* Organizational Rule

2.55.102 Organizational Rule

Sub-Chapter 2

Open Meetings

Rule 2.55.201* Open Meetings

2.55.202 Policies and Objectives in Providing Citizen Participation in the Operation of the State Compensation Mutual Insurance Fund

2.55.203 Guidelines for Determination of Significant Public Interest

2.55.204 Guidelines for State Fund Programs

2.55.205 Notice and Means for Public Participation

2.55.206 Open Meetings

Sub-Chapter 3

Premium Rates

Rule 2.55.301* Method for Assignment of Classifications of Employments

2.55.302* Calculation of Experience Rates

2.55.303* Calculation of Credibility Weighted Rates

2.55.304* Determination of Aggregate Revenue Requirements

ADMINISTRATIVE RULES OF MONTANA

6/30/92

2-3707

ADMINISTRATION

Rule 2.55.305* Premium Ratesetting

Rules 06 through 08 reserved

2.55.309* Experience Modification Factor

2.55.310* Variable Pricing Within a Classification

Rules 11 through 14 reserved

2.55.315* Volume Discount

2.55.316* Minimum Yearly Premium

Rules 17 through 19 reserved

2.55.320 Method for Assignment of Classifications of Employments

2.55.321 Calculation of Experience Rates

2.55.322 Calculation of Credibility Weighted Rate

2.55.323 Determination of Aggregate Revenue Requirements

2.55.324 Premium Ratesetting

2.55.325 Variable Pricing Within a Classification

2.55.326 Minimum Yearly Premium

2.55.327 Construction Industry Premium Credit Program

Sub-Chapter 4

Premium Modifiers

Rule 2.55.401 Experience Modification Factor

2.55.402 Medical Deductible

2.55.403 Volume Discount

2-3708

6/30/92

ADMINISTRATIVE RULES OF MONTANA

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

WORKERS Comp COMMITTEE H BILL NO. 13
DATE 1-18-93 SPONSOR(S) Benedict

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
PAUL SVRCEK Box 4664, MSB	self	X	
George Wood	mt. Self Insurance Assoc	X	
Robert Olsen	MT Hospital Assoc.		
Mona Jamison	Physical Therapy Assoc.		X
Rob Hughes	MT Health Care Assn		X
Jim Tutwiler	MT CHAMBER	✓	
Don Allen	CWCSF	✓	
KEITH CLARK	MT Logging Assn	✓	
RILEY JOHNSON	NFIB	✓	
Nancy Griffin	Builders Assoc	✓	

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