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AASCIF
American Association of State Compensation Insurance Funds

FOLLOW US ON:

PRESIDENT'S MESSAGE

Hello all,

Many AASCIF members recently attended the annual CEO, Law, and National Issues Conference in Washington, D.C. This was an important opportunity for us to share the latest updates about the legal, legislative, and regulatory landscapes in our states, and to get ideas from our counterpart funds to apply in our own backyards. We also had an amazing lineup of speakers, including former director of the CIA, John Brennan, political commentator Charlie Cook, and news savant Chuck Todd. We also got to experience baseball's opening day at the Nats stadium.

We're all facing the same business challenges, which is why meetings like the CEO, Law, and National Issues Conference and this summer's Annual Conference are so important for AASCIF members.

In fact, registration for the 2022 Annual Conference is now open. If you haven't registered yet, please visit: https://community.aascif.org/conf2022/home and check out all the exciting keynote sessions, track-specific breakout sessions, and, of course, tours of beautiful Big Sky.

I know our colleagues at Montana State Fund have planned something special, and I look forward to connecting with you all there.

Jason Clark, President & CEO, CompSource Mutual Insurance Company
AASCIF President

FEATURES From AASCIF

ALIGNING YOUR COMMITMENTS WITH YOUR ACTIONS

Submitted by the AASCIF Communications Committee

We talked with **Jamie Villareal-Bassett, director of diversity, equity, and inclusion at Pinnacol Assurance**, about the importance of a clear vision, defined commitments, and "critical friends" when making diversity, equity, and inclusion efforts a strategic focus.

Can you give some background on Pinnacol's diversity, equity, and inclusion efforts (DEI) and how they gained momentum?

In 2020, Pinnacol began to acknowledge the issues of racial injustice in the community and within the organization. As a leader in Colorado and in the business community that emphasizes a culture of caring, we needed to prioritize meaningful action over symbolic gestures. One of the first actions was to ask outside DEI practitioners to assess the organization's current state and learn how employees viewed DEI practices at Pinnacol. This assessment began with a confidential online survey, focus groups, and validating the results, including opportunities to do better. Pinnacol leaders mobilized key stakeholders, including C-suite executives, and formed the DEI Advisory Council, which was charged with embedding Pinnacol's DEI vision and commitments throughout the organization. Later, a director of diversity was hired to lead and accelerate DEI practices throughout the organization.

What should organizations consider as they assess their current state in terms of diversity, equity, and inclusion?

Assessing and understanding employee perceptions, experiences, and needs related to diversity, equity, and inclusion is critical. You have to know where you're starting from to ensure your next steps are intentionally aligned with the needs of team members. Below are some questions you can ask to help guide the development of an anonymous employee survey.

- How equitable are your opportunities for growth and advancement? Are there barriers in your hiring and promotion processes?
- Can you identify racial and gender disparities in leadership?
- Are there disparities between the experiences of individuals with varying social identities?
- Who feels like they belong? Who doesn't?
- How comfortable is your organization with differences?
- Does your organization reflect the community you serve?
- Does your company assess pay for equity?

After gathering information, what might be the next steps for an organization?

Start with being intentional and defining—in partnership with stakeholders from across the organization—what you want to achieve. We started with what we realized was an informal commitment to diversity, but realized we needed to implement a strategic focus with defined outcomes. To be inclusive and develop inclusive leaders requires a strategy—and this strategy needs to be prioritized as much as any other business strategy.

The DEI Advisory Council was created, consisting of leaders and team members from throughout the organization. The charge by leadership was to use their voice, share their experiences, and help Pinnacol know better, do better, and be better. Then leaders created space for these team members to share where they had experienced inequities and identify systems or processes where they saw opportunities, giving them the tools, resources, and time to take action. The AC also articulated our vision and the five key commitments that guide our DEI strategy.

What is that vision?

Together, we can lead a revolution in caring by:

- Inspiring our community as a role model for racial equity.
- Creating a culture of inclusion that deeply values differences.
- Embodying the diversity of the businesses and communities we serve.

DEI VISION

We love who you are.
You make us who we are.

Together, we can lead a revolution in caring by:

What are the five commitments?

As an organization, we commit to do the following:

- Create systems of equity for all team members.
- Improve racial diversity across the organization.
- Improve the racial diversity of our leadership teams.
- Create a culture where everyone experiences belonging and inclusion.
- Improve business system diversity.

What does it look like to empower an advisory committee to take action?

Allow team members to do the job you asked them to do. Give them the tools, resources and support they need and they will rise to the challenge. Our Advisory Council members are champions of change and contribute to improvements in policies, processes, and practices. We have worked hard to be intentional and ensure our DEI efforts are embedded across the organization. Our DEI-AC members are key partners in improving the following key areas:

- **Talent systems:** Identify and eliminate bias in our talent development system, succession planning, recruiting, hiring, onboarding, and retention.
- **Culture:** Build a culture at Pinnacol that deeply values differences and ensures high levels of trust and inclusion for all team members. Work to eliminate any disparities that might exist.
- **Business ecosystem:** We want our participation in the community and our role as a business leader to align with our DEI commitments. That includes our supplier diversity program, as well as our environmental, social, and governance efforts.

Our Advisory Council members are truth-tellers who are committed to learning and to mentoring others in the organization. They educate others and create the space for meaningful conversations.

How do you overcome some of the challenges organizations might face when doing this work? What do you tell those who worry about getting it wrong?

One of my favorite quotes by writer and civil rights activist James Baldwin is this: "Not everything that is faced can be changed, but nothing can be changed until it is faced."

Create a brave space rather than a safe space by having the bravery to do the hard things and to hold difficult conversations, including acknowledging that there is work to be done and you may not have all the answers.

Ask for other perspectives. Not everyone is starting from the same place or with one shared understanding, so we have to meet people where they are and deepen the conversations. Provide opportunities to listen to each other while ensuring the burdens of vulnerability aren't placed solely on those with marginalized identities.

Be mindful of ensuring that your efforts to be inclusive are not unintentionally contributing to exclusion. Like in many other areas of our professional lives, we have to be willing to expand our aperture, try new things, let our ego go, and do the hard uncomfortable things. True growth happens when we move through the difficulties and come out on the other side.

Why are transparency and accountability so often mentioned as part of DEI work?

Transparency leads to greater accountability, and I encourage organizations doing this work to find opportunities to connect with each other and share where people really are. Find an accountability company or organization where you can regularly share ideas, updates, progress, and lessons learned. Ask those companies and colleagues to be "critical friends" that

can challenge you when needed in order to help you achieve the impact you hope to have.

Pinnacol is accountable to our employees, board of directors, and other stakeholders. In addition, as a charter member of organizations such as Prosper Colorado, Colorado Companies Uniting Against Racism, and Colorado Inclusive Economy, we are collaborating with other organizations committed to making Colorado more equitable and inclusive. Sharing information invites others to be our critical partners in this work.

Remember to do this work in partnership with others. DEI efforts aren't sustainable if they're undertaken by just a few people in your organization or by your organization alone. Deciding collectively versus prescriptively or unilaterally makes for greater impact.

How do you measure the results of your efforts?

This work requires stamina and a commitment to long-term, continuous improvement, and you might use tools similar to those used for measuring other long-term objectives, including:

- Pulse polls that measure whether the team members in your organization feel included, valued, and able to trust leaders.
- A dashboard that measures how your organization reflects the surrounding community and those it supports.
- Defined goals related to how you want inclusivity in your organization to look three months, six months, a year, and five years from now. What gets measured gets done.
- Ask if your messages about DEI align with your actions as an organization.

What actions can be taken by individuals to bring meaningful change to their organizations related to diversity, equity and inclusion?

We can all ask ourselves how our identities impact our decision-making and how we show up for others. This practice of "accelerated awareness" invites you to ask these questions:

- What are my identities, and how are they affecting what I see, hear, feel, and do?
- Is what I'm saying and consciously thinking in alignment with my actions? I believe in equity, diversity, and inclusion. Are my actions matching my beliefs? How do I know?
- Is my intent in alignment with my impact?
- Am I seeing the whole picture or staying within society's stereotypes?
- Am I valuing differences or staying comfortable with what I know?

Finally, what advice would you give to those who want to learn to be more inclusive at work?

Ask yourself who you're inviting to the conversation and if anyone is missing. Are you making decisions about people and perspectives that aren't represented or making assumptions about the identities that frame another person's experience? Value and uplift difference; see differences as being as much of an asset as commonalities.

Jamie Villarreal-Bassett is the director of diversity, equity, and inclusion at Pinnacol Assurance. An experienced and engaging facilitator, Villarreal-Bassett is passionate about empowering leaders to put inclusion strategies into action. Previously, she worked with Denver Public Schools to advance their mission of culturally responsive education, and she has also run her own consulting business, assisting Colorado employers with developing their long-term DEI strategies.

CHIROPRACTIC CARE FOR WORKERS WITH LOW BACK PAIN

By Sebastian Negrusa, Ph.D., and Dongchun Wang, Workers Compensation Research Institute

Submitted by the AASCIF Claims Committee

The Workers Compensation Research Institute recently completed a study[1] of the use of chiropractic care for low back pain claims in workers' compensation. The study showed the substantial variation in use of chiropractic care across states and how outcomes of chiropractic care for low back pain claims compared to similar claims receiving physical medicine from non-chiropractic providers.

Chiropractors frequently participate in the delivery of physical medicine, which is a non-invasive, non-pharmacological treatment option recommended by most treatment guidelines for musculoskeletal conditions, including low back pain (LBP).[2] Chiropractors also establish a diagnosis and formulate a treatment plan that usually focuses on spinal manipulation and other manual therapy services, and may include exercise, patient education, and nutrition.

We looked at claims[3] with payments to chiropractors for physical medicine services paid under workers' compensation and found substantial interstate variation in the prevalence of chiropractic care across 28 study states.[4]

As shown in Figure 1, in 10 states with the lowest prevalence of chiropractic care, only 1–2% of LBP claims received chiropractic care. Michigan and Nevada were close to these 10 states with rates of 2.1% and 3.7%, respectively. The percentage of LBP claims that received chiropractic care was between 5% and 34% in the remaining 16 of the 28 study states.

We observed a lower use of chiropractic care in states where employers have control over the selection of providers (left panel of Figure 1). Importantly, chiropractors are not in short supply in those states, as shown by the orange line in Figure 1, which indicates the number of chiropractors per 100,000 of population in each state. When employers and insurers are given control over the selection of providers, they may hesitate to choose chiropractors due to concerns of cost-effectiveness. Several studies suggested that chiropractic care contributed to the rapid growth of medical costs in the early 1990s. This in turn triggered workers' compensation reforms that limited chiropractic care (Eccleston and Yeager, 1997; Murphy et al., 2019). This might also be one of the reasons why in workers' compensation there is a lower overall prevalence of chiropractic care for LBP cases compared to the general health system.[5]

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[1]This article is based on findings from our forthcoming publication, *Chiropractic Care for Workers with Low Back Pain*, by Dongchun Wang, Kathryn L. Mueller, Donald R. Murphy and Randall D. Lea.

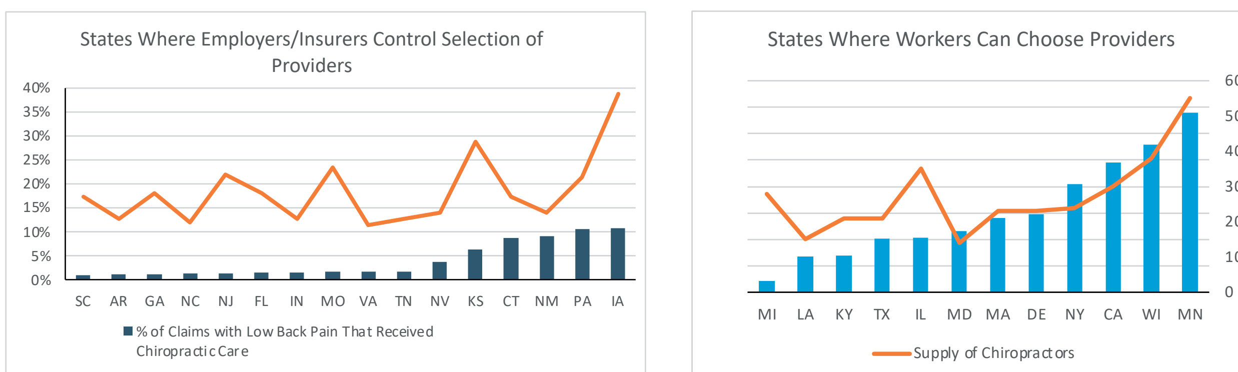
[2]Opioid prescribing guidelines also recommend physical medicine treatments as the first-line of treatment before prescribing opioids.

[3]We used data from the WCRI Detailed Benchmark/Evaluation database on non-surgical low back pain claims that had injuries occurring between October 1, 2015 and September 30, 2017, with detailed medical data and benefit payment data covering the first 18 months after the date of injury.

[4]The 28 states are Arkansas, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New Mexico, New York, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and Wisconsin.

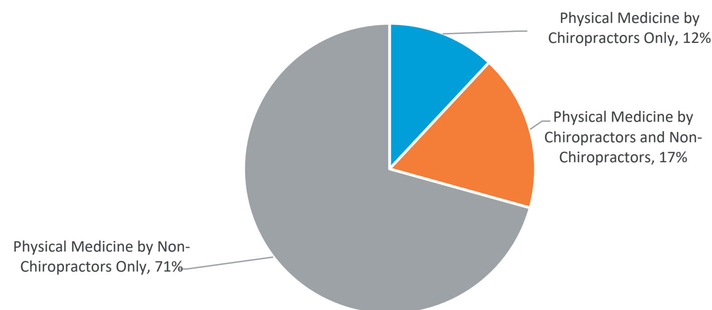
[5]Beliveau et al. (2017) find that the median use of chiropractic care at 12 months after a non-occupational back pain injury was 31 percent, which is substantially higher than in most of our study states.

FIGURE 1



Physical medicine care can be provided by chiropractors exclusively, non-chiropractors exclusively, or in a combined physical medicine care model with physical medicine care delivered both by chiropractors and non-chiropractic physical medicine providers, mainly physical therapists. Figure 2 shows the breakdown of the treatment combinations for the LBP claims we analyzed.

Figure 2 Physical Medicine Treatment Combinations for Low Back Pain Claims



Note: Nonsurgical low back pain claims with physical medicine, injuries occurring from October 1, 2015, to September 30, 2017, first 18 months medical treatment up to March 31, 2019. Pooled data of 16 states.

The 12% of LBP claims with physical medicine provided only by chiropractors (the gold slice of the pie chart) divide into two groups—those where the chiropractor provided both physical medicine services and evaluation and management services, and those where the chiropractors provided only the physical medicine services. In the latter group, evaluation and management services were provided by medical and osteopathic doctors, nurse practitioners, or physician assistants.

We analyzed these two subgroups of chiropractic exclusive physical medicine claims, comparing a number of claim outcomes (medical costs, medical utilization, indemnity benefits paid, the duration of temporary disability, and other outcomes) associated with chiropractic care with outcomes from similar LBP claims where physical medicine care was provided only by non-chiropractors. Our rich data and the use of several statistical approaches allowed us to compare similar claims with and without chiropractic services. We cannot generalize our results to all LBP claims with physical medicine care, as we excluded from the analysis a large number of non-chiropractic-only physical medicine claims that were not similar to chiropractic exclusive physical medicine claims.

When we looked at the claims exclusively managed by chiropractors (including providing evaluation and management services), we found that the average medical costs per claim were 47% lower than that for the comparable non-chiropractic physical medicine claims. These claims also had lower indemnity payments per claim and shorter temporary disability durations by 35% and 26%, respectively (Table 1).

Table 1 Estimated Differences Between Claims Exclusively Managed by Chiropractors and Comparable Non-Chiropractic Physical Medicine Claims

	Exclusive Chiropractic Care	Matched Non-Chiropractic Physical Medicine (Subset 1)	% Difference
Medical Costs per Claim	$1,491	$2,794	- 47%*
Indemnity Payments per Claim	$809	$1,250	- 35%*
Temporary Disability Duration in Weeks per Claim	1.4	1.9	- 26%*

Note: Subset 1 includes claims managed exclusively by chiropractors.
** Indicates statistical significance at the 5% level.*

Comparing the chiropractic-only physical medicine services (i.e., those where only chiropractors provided physical medicine treatments, but other medical providers were involved in the management of the claims) with the non-chiropractic physical medicine claims, the average medical cost per claim was similar between the two groups. However, the average claim that received chiropractic-only physical medicine services had a lower average indemnity cost per claim and a shorter temporary disability duration (Table 2).

Table 2 Estimated Differences Between Chiropractic-Only Physical Medicine Claims and Comparable Non-Chiropractic Physical Medicine Claims

	Chiropractic-Only Physical Medicine	Matched Non-Chiropractic Physical Medicine (Subset 2)	% Difference
Medical Costs per Claim	$3,170	$3,117	2%
Indemnity Payments per Claim	$2,500	$3,019	- 17%*
Temporary Disability Duration in Weeks per Claim	3.3	4.0	- 17%*

*Note: Subset 2 includes claims where only chiropractors provided physical medicine treatments, but other medical providers were involved in claim management. * Indicates statistical significance at the 5% level.*

The results of our analysis offer insights into the relationship between chiropractic care and the outcomes considered.

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FEDERAL DECRIMINALIZATION OF MARIJUANA AND ITS IMPACT ON WORKERS' COMPENSATION

By Scott M. Brown, Esq., Kentucky Employers' Mutual Insurance

Submitted by the AASCIF Law Committee

Federal decriminalization is not hard to imagine. While the two major political parties struggle to find common ground, this seems to be a topic that both parties would back at the federal level—for very different reasons. Maybe you don't see it, but let me explain. Democrats argue for decriminalization for a variety of reasons: its disparate impact along the lines of race and socio-economics, the stigma of a criminal conviction and its impact on employability, incarceration reform, alternative medical treatment, etc.

Meanwhile, Republicans would seem to want to support decriminalization for one very simple reason: states' rights. If the people of a state, or their duly elected representatives, have voted to legalize marijuana (to one degree or another) who is the federal government to tell that state, and those voters, that they are not free to make that choice?

It's not a short list. It's not even close, according to Forbes magazine:[1]

> Marijuana, medical or recreational, is legal in: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Hawaii, Illinois, Louisiana (not yet in effect), Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota,[2] Utah, Vermont, Virginia, Washington, Washington D.C., and West Virginia.
>
> Cannabis products with low THC and high cannabinoids (cannabis products) are legal in: Georgia, Indiana, Iowa, Kentucky, North Carolina, South Carolina, Tennessee, Texas, Wisconsin, and Wyoming.
>
> Marijuana and cannabis products are illegal in: Idaho,[3] Kansas,[4] and Nebraska.

This seems particularly problematic for the federal government as 70% of the entire population of the United States lives in an area where marijuana has been legalized at the state level.[5] Another 26% of the population lives in an area where cannabis products are legal. Only 2% of the U.S. population live in a state where marijuana and cannabis products are illegal. The trend continues toward legalization at the state level. Meanwhile, the issue of legalization, or at least deferring to each state, continues to gain traction at the federal level.

Looking at this state by state is a micro view of the issue. Polling from a macro standpoint reaches a similar result:

> an overwhelming share of U.S. adults (91%) say either that marijuana should be legal for medical and recreational use (60%) or that it should be legal for medical use only (31%). Fewer than one-in-ten (8%) say marijuana should not be legal for use by adults.[6]

It is a matter of when, not if, the federal government concedes the point to the states.

The likely compromise is to amend federal law to provide that if a state or territory legalizes marijuana then it will be legal at the federal level to the same extent. Alternatively, the federal government could simply legalize marijuana but allow states to make their own determination. Regardless of its form or fashion let's, for simplicity's sake, call it the Federal Compromise. If there is a Federal Compromise, what does that mean for state workers' compensation systems?

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[1] https://www.forbes.com/sites/willyakowicz/2022/01/10/where-is-cannabis-legal-a-guide-to-all-50-states/?sh=47a993b2d19b

[2] A referendum resulted in legalization; however the South Dakota Supreme Court found the referendum unconstitutional. Voters then approved a measure to legalize medical marijuana. https://www.thecentersquare.com/south_dakota/legalization-of-recreational-marijuana-in-south-dakota-now-up-to-voters/article_e0ce93b2-9bd0-11ec-83a2-7f50eddd0ece.html#:~:text=South%20Dakota%20voters%20approved%20a,it%20also%20mentioned%20medical%20marijuana.

[3] A law legalizing marijuana was vetoed by the governor in 2015.

[4] A bill to legalize marijuana in Kansas is pending. https://kansasreflector.com/2022/03/16/kansas-senate-launches-effort-to-legalize-medical-marijuana-by-end-of-session/

[5] Populations found at https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html.

[6] https://www.pewresearch.org/fact-tank/2021/04/16/americans-overwhelmingly-say-marijuana-should-be-legal-for-recreational-or-medical-use/

Arguments have been put forth by workers' compensation insurers that they cannot pay, or reimburse, for medical marijuana that has been legalized at the state level because it is illegal under federal law. Different states have come to different conclusions on this issue. The Superior Court of New Jersey found no conflict with federal law and ordered the insurer to reimburse the injured worker for the medical marijuana he procured under state law,[7] as did New Hampshire.[8] Meanwhile, the Arkansas Workers' Compensation Commission found the exact opposite.[9] I don't envy a national carrier trying to navigate these waters. This argument becomes moot if there is a Federal Compromise—if the state allows medical marijuana, then so too does the federal government.

Legalization of marijuana does not mean that workers' compensation will become the payment obligor for universal marijuana. While there are those that sing the praises of marijuana being a miracle treatment for anything and everything, the fact is that there is no scientific research at this juncture to support these grand claims. Granted, this is due to the fact that the federal government has made the drug and the study of it illegal. Time will tell if marijuana really does play a valid role in the treatment of certain conditions.

If a state wants to consider legalization then three safeguards exist to ensure that workers' compensation insurers do not become the payment obligor for marijuana consumption: (a) legalizing recreational marijuana (instead of the guise of medical marijuana), (b) specifying that workers' compensation is excluded from payment/reimbursement for medical marijuana, and (c) treatment guidelines. Let's take these one at a time.

Legalizing Recreational Marijuana. The idea being that people that want to consume marijuana can do so without fear of legal repercussions. It allows states to tax the drug and divert resources to other projects instead of citing, arresting, prosecuting, and imprisoning people for marijuana possession. It's a simpler process to set up versus medical marijuana which requires a state to decide when marijuana is appropriate, in what form or dose, for what conditions, and for what period of time.

Excluding Commercial Payers. In this scenario, marijuana is legal for medical purposes, but it is not covered by insurance (workers' compensation or otherwise). Patients and their medical providers get to make medical choices, but the patient has to pay out of pocket. For example, Florida made medical marijuana available in certain instances, but succinctly stated that marijuana is not reimbursable by workers' compensation.[10]

Treatment Guidelines. Several states, like my home state of Kentucky, have protections in place to ensure that injured workers are getting the correct prescriptions for the correct diagnoses. This would automatically apply if marijuana was legalized and the injured worker tried to get an insurer in Kentucky to approve the same. Kentucky has adopted the Official Disability Guidelines (ODG).

Under the ODG, marijuana is not recommended, in large part because of the dearth of scientific studies to support the use of marijuana for medical treatment. In Kentucky, an injured worker would have to demonstrate: (a) that the options allowable under the ODG have been adequately tried and have failed, (b) clinical rational to support marijuana, or (c) other circumstances that preclude the options allowed under the ODG.[11]

Conclusion

Workers' compensation carriers need to recognize that marijuana legalization of one form or another is supported in almost every state and by most of the population. It's only a matter of time before the federal government allows the states to make their own decisions. Workers' compensation carriers should be proactive and help policymakers make informed decisions to find the option that works best for any particular state.

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[7] *Hager v. M&K Const.*, 247 A.3d 864 (NJ, 2021). The New Jersey law excludes health insurers from having to make any such reimbursement, but another section of the law advises that health insurance does not include workers' compensation. The exclusion to the exclusion lead the court to conclude that New Jersey did not exclude workers' compensation insurers from reimbursing patients for medical marijuana; per their state judiciary neither does federal law.

[8] *Appeal of Andrew Panaggio N.H. Comp Appeals Bd.*, 260 A.3d 825 (NH, 2021) (Reimbursing claimant for medical marijuana is not a violation of federal law when the insurer is ordered by the state to make a reimbursement).

[9] *Jones v. Amercable Corp.;* Claim E120634 (Workers' Compensation Commission, June 17, 2021) (Under existing federal law both the possession and use of marijuana, medicinal or recreational, have been, are, and remain illegal as a Schedule I drug pursuant to the CSA, 21 U.S.C. §§ 801-904. Any act in furtherance of this crime, including by the insurer, is aiding and abetting this crime.).

[10] Fla. Stat. Section 381.986(15) (f) ("Marijuana, as defined in this section, is not reimbursable under chapter 440"). Chapter 440 is their workers' compensation statute.

[11] 803 KAR 25:260, Section 3(8).

OPIOIDS AND PAIN MANAGEMENT TRENDS IN WORKERS' COMPENSATION

By Danielle Quinn, PharmD, WCP

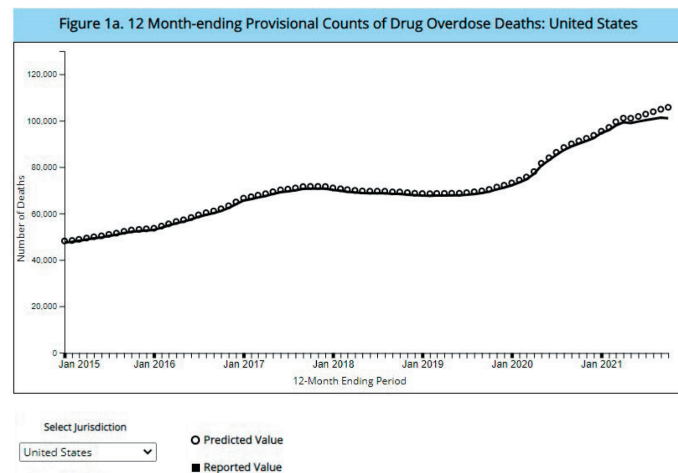
Submitted by the AASCIF Safety and Health Committee

Newsfeeds have been filled with opioid headlines: Overdoses. Deaths. Legislation. Lawsuits. Prescribing guidelines. Dispensing trends. Television series. Awareness about opioids has increased greatly in recent years, but the opioid misuse crisis is far from over, and the approach to pain management continues to evolve significantly. For workers' compensation insurers, understanding the changing landscape can be critical to ensuring both medically effective and cost-effective care for injured workers.

Overdose Deaths Increase As Opioid Prescriptions Decrease

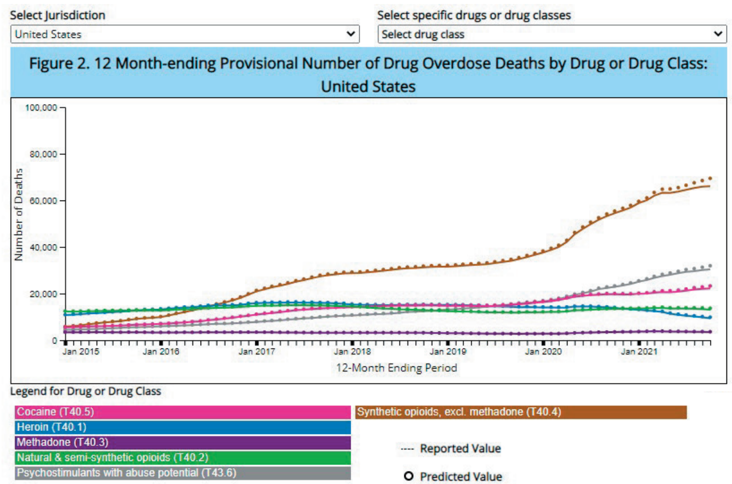
Data helps illustrate important trends related to the opioid epidemic, but this information can be confusing without context. Drug overdose deaths in the United States continue to climb, with a noticeable acceleration correlating with the COVID-19 pandemic, as seen in statistics collected by the Centers for Disease Control and Prevention (CDC) in Figure 1a. While pandemic lockdowns and mandates loosened over time, overdose deaths exceeded 100,000 for the first time ever in 2021.

Figure 1a. 12 Month-ending Provisional Counts of Drug Overdose Deaths: United States



Despite the alarming rise in overdose deaths, opioid prescribing reveals the opposite trend. Legislation passed in several states placed limits on dosage or quantities of opioid fills. Prescription drug monitoring databases gave visibility to controlled drug fill history. Prescribers, health systems, and pharmacies also implemented policies limiting the amount of opioids prescribed and dispensed. Specific to workers' compensation opioid data from 40 states, the National Institute for Occupational Safety and Health (NIOSH) found that the number of claims that include any opioid fills declined from 55% in 2012 to 34% in 2020. NIOSH also found that the amount of opioids prescribed per workers' compensation claim also decreased in most states after accounting for differences in opioid drug type and strength. In a review published by pharmacy benefits manager MyMatrixx, payers saw an overall 45.1% decrease in opioid spend from 2015 to 2019.

To account for the widening gap between overdose deaths and prescribed opioids, Figure 2 shows a sharp increase due to synthetic opioids, primarily illicit fentanyl. Psychostimulants and cocaine have also contributed to the increase in overdose deaths.



Fewer Opioids, Same Pain at What Cost?

Notable decreases in prescribed opioids do not indicate that injured workers are experiencing less pain. Instead, other therapies, both pharmacologic and not, are being used to control pain. Often multiple modalities are employed. Treatment plans may incorporate physical therapy, chiropractic treatment, spinal cord stimulators, steroid or viscosupplmentation injections. They commonly include a combination of non-abusable pain medications, such as analgesics, anti-inflammatories, muscle relaxants, or neuropathic medications in oral (tablets, capsules) and topical (patches, gels, creams, ointments) formulations, as well as adjunctive therapy (for example, medications for heartburn or nausea caused by the pain medications). Although there are myriad options for addressing pain, there are many examples where the cost of care is not correlated to the amount of relief achieved.

Non-abusable pain medications help to manage pain while avoiding some health and safety risks. In August 2021, the Workers' Compensation Research Institute published its findings on the use of topical analgesics and found it to be a growing and significant cost driver in workers' compensation. While topical pain medications have advantages, such as decreased systemic absorption and side effects compared to oral medications, they may have variable efficacy and their own safety concerns. There are many topical drugs available affordably at retail pharmacies with or without a prescription; however, when private label topicals or compounds are used, they offer little to no therapeutic advantage over other topicals and come with an exponentially higher cost.

In addition to topical products, there are many oral medications, often brand name, with high prices that have affordable generic options in other formulations. For example, some combination products, which combine two or more active ingredients into a single unit to reduce pill burden, can be prescribed separately for a fraction of the cost. In other examples, switching from extended release to immediate release products or tablets to capsules or vice versa of the same medication can generate significant savings. In the case of opioids, drugs available for decades continue to be reformulated with brand only status.

The Future of Pain Management

In February 2022, the CDC released a draft of new guidance on opioid prescribing for the first time since 2016. This new guidance encourages alternatives to opioids and limiting opioids in new patients, but it avoids some of the more specific parameters from six years ago. While the new guidance has yet to be finalized and its effects remain to be seen, the impact of the earlier recommendations were significant. New products and options continue to become available to pain patients with the possibility of new opportunities and challenges for workers' compensation payers. As more states legalize marijuana, its place in therapy will begin to take form. Balancing the safety, efficacy, and cost effectiveness of pain management has been and will continue to be a moving target, and staying on top of the many changes will be instrumental to delivering the best care for injured workers.

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WHAT INSURERS CAN DO NOW TO MONITOR LONG-TERM VALUE

By Penney Frohling and Phil Vermeulen, EY

Submitted by the AASCIF National Issues Committee

The scope and complexity of ESG necessitate a set of purpose-led and pragmatic actions by insurers, including defining metrics.

Environmental, social, and governance (ESG) issues have moved to the forefront of the agenda at a pace far faster than many insurance leaders anticipated, particularly given that we are still very much in the midst of the COVID-19 pandemic. The acceleration has been driven by a "perfect storm" of social issues, market and macroeconomic conditions, environmental threats, and political and regulatory developments.

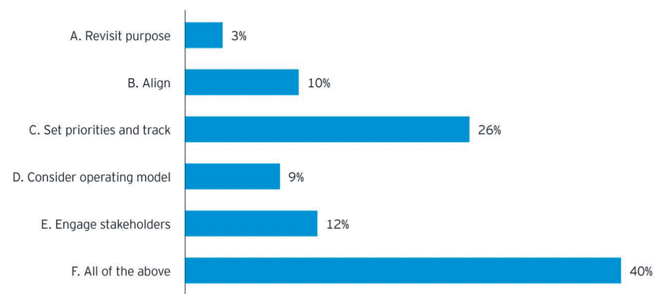
Boards and senior leaders are well aware of the scope and extent of ESG's impact. Even more broadly, they recognize the rising profile of stakeholder capitalism and the increasing expectation that all companies must take a position. Further, they see how the industry's purpose is deeply intertwined with climate risks, physical and financial wellness, economic recovery, and the threat of future pandemics. In combination with the pandemic, ESG is forcing insurers to take action.

The immediate imperative for insurance leaders is to assess the potential impacts of ESG and the new emphasis of stakeholder expectations, including the impact on financial performance, public perception, and the ability to generate value. Only then can insurers determine the breadth and depth of their response. Board and C-suite attention is turning to the pragmatic steps that can and should be taken, to some extent because they sense a growing expectation that they must act.

Because ESG is such a broad topic, a pragmatic approach makes sense to identify and prioritize immediate actions. This article will detail some viable steps forward, based on our interactions with senior insurance leaders and boards. Specifically, it will:

- Outline where insurers are today in their thinking and action plans for ESG
- Quantify the meaning of "long-term"
- Address the need to balance short-term performance targets with longer-term ESG goals (e.g., shifting to a net-zero economy by 2050)
- Define specific metrics insurers can use to measure the impact of ESG policies and track performance relative to peers
- Highlight the usefulness of purpose as a decision-making framework

Senior leaders understand the urgency. Indeed, during a recent EY webinar in March 2021, when asked about urgent actions, C-level insurance executives cited many different actions, from defining priorities to modifying their operating model, all of which are seen as urgent.



This article is primarily focused on the "E" in ESG, though it also touches on social issues—including diversity and inclusion (D&I) and economic inequality. These issues are also critical for leaders and boards to understand, in terms of the significant reputational and financial risks they present. Metrics and disclosures to address these areas are increasingly important (e.g., disclosures on workforce composition by gender, ethnicity, and LGBTQ measures). We are also aware of the importance of governance metrics, which are better established and more widely tracked.

Chapter 1

How Insurers Have Responded to ESG So Far

Insurers have different attitudes to ESG, though many purpose-led efforts have not been recognized.

There is considerable evidence that, in the wake of the COVID-19 pandemic, the insurance sector has lived up to its historical purpose of providing protections against potentially severe risks and threats. The same can be said of its response to last year's social and racial unrest. Insurers expanded their diversity and inclusion programs and made bold statements about their commitments to equality. Several carriers are in the vanguard of implementing ESG strategies, many rooted in the United Nations' Sustainable Development Goals (SDGs).

As noted in Citibank's ESG report of November 2020, insurers are not receiving sufficient credit for the work they've done in these areas. This is to some extent a lingering effect of the ongoing trust deficit that challenges the industry. However, the industry's purpose has been uniquely and seriously tested during the last year. Climate-related risks will similarly test the industry in the years—and potentially decades—to come.

To date, there has been great divergence among insurers in terms of the pace, breadth, and depth of response to climate change and other social issues. Insurers vary in their views on how quickly to unwind exposures to "brown industries" in asset portfolios, accelerate their transition to net-zero emissions, or allocate more assets to renewable energy.

Relative to ESG, we are seeing a variety of approaches among insurers:

- **The All-Ins:** refreshing their corporate purpose and re-orienting their strategies based on the UN SDGs
- **The Skeptics:** questioning whether the industry should be held accountable or forced to fund long-term new renewable projects with unclear paybacks that create risk for policyholders; categorizing public statements on ESG as "greenwashing" or as a shallow public relations exercise
- **The Compliant:** viewing ESG mainly as a compliance exercise and planning to do the bare minimum to stay in the good graces of investors and regulators
- **The Watchers:** adopting a wait-and-see approach and ensuring compliance with stress testing and disclosures, while monitoring employee, investor, competitor, and consumer sentiment to determine whether to invest further time and resources

Generally speaking, boards, CEOs, CROs, CFOs, chief actuaries, and COOs are not fully aligned on their ESG strategies or how deeply they should be embedded into the business. In many cases, there are multiple, standalone initiatives across lines of business and geographies that make it challenging to deliver a consistent, cohesive message to stakeholders. A majority of insurers would benefit from applying a clear, robust, and pragmatic decision-making framework—what to do, in what order, how soon, why, and for what financial benefit. That's true both of ESG and the broader stakeholder capitalism agenda under which it sits.

The challenges are both multi-dimensional and far-reaching. Insurers feel intense pressure to meet the near-term expectations of shareholders, customers, communities, and government to help solve climate change and other social issues (e.g., the retirement savings gap). At the same time, they are having to reposition critical parts of the business and develop entirely new solutions for the future without clear payback or ROI targets.

Chapter 2

Reconciling Long-Term Value and Near-Term Imperatives

The insurance industry has more knowledge of long-term value than any other sector.

One of the most notable aspects of ESG—and stakeholder capitalism—is the objective to extend beyond purely financial metrics to track company performance and value created for a broader group. While insurers have been more focused on long-term value than many other types of firms, cash extraction (in the form of dividends and buybacks) has often been a higher priority than internal investment (e.g., in R&D, technology, and training). Thus, the shift toward a better balance of strictly financial results (reported quarterly and annually) and more holistic and longer-term perspectives of value will be a significant shift. A number of frameworks and efforts to develop metrics for long-term value have emerged, including those from the EY-led Embankment Project for Inclusive Capitalism (pdf) (EPIC) and the World Economic Forum's International Business Council (WEF-IBC).

We believe long-term value can be viewed as the cumulative outcome of a set of optimized business decisions made daily, quarterly, annually, and over longer timelines, the coherence of which is ensured by a clearly articulated purpose. As the immediate pressure mounts for insurers to communicate a clear position on ESG, they will likely need to define and quantify value preservation. Along with the current operating environment, ESG poses multiple risks to insurers, including climate risks, the risks of transitioning to a greener economy, and the reputational risk associated with the widespread perceptions among regulators, employees, investors, and consumers that insurers are "not doing the right thing."

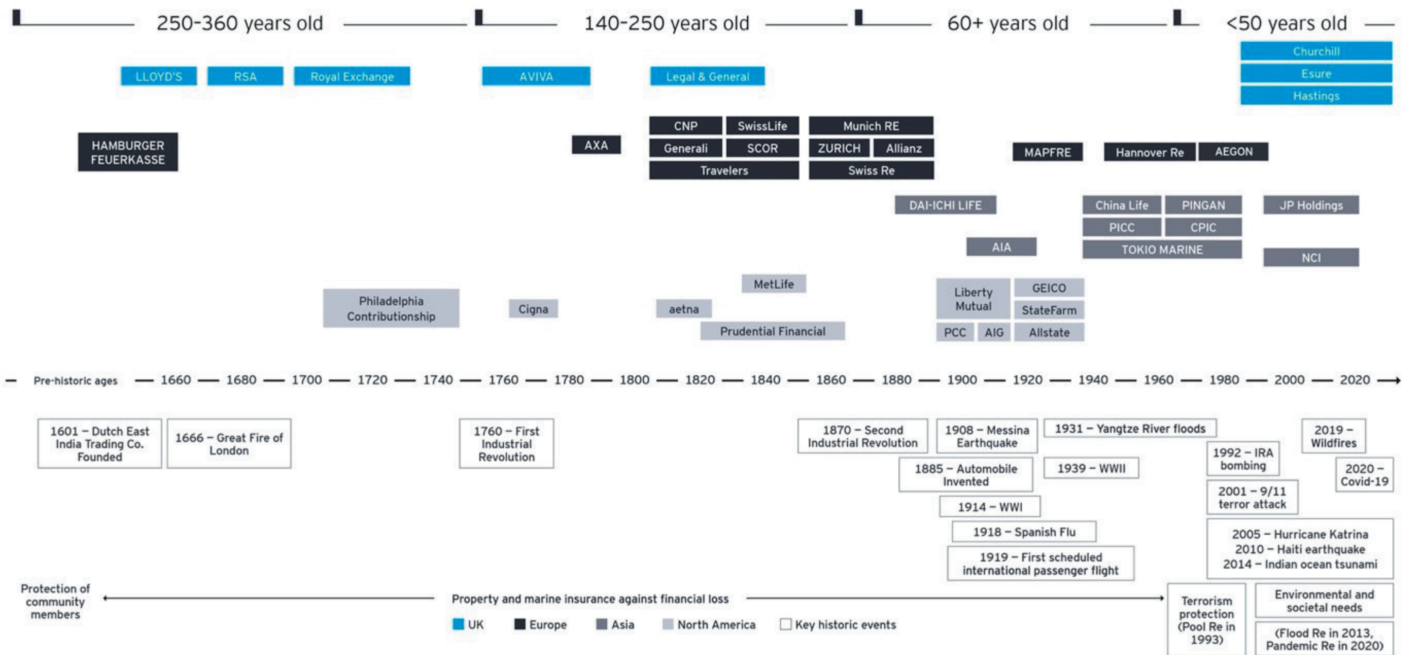
All of these issues raise a fundamental question—what does "long-term" actually mean? EY's perspective is that long-term must be defined generationally, which social scientists typically define as 15–20 years and genealogists as 20–30 years. Given the UN's SDG of a carbon-neutral economy by 2050, we believe 30 years is a solid working benchmark for insurers that need to develop robust ESG plans.

This 30-year time horizon is a short one for a sector that has been around for centuries and has an impressive record of resilience and adaptability as demonstrated below. The insurance

sector has evolved to cover the risks associated with societal progress, environmental disasters, global commerce, and disruptive innovation—from transcontinental shipping to aviation to super-computing—and has created and preserved value at every step along the way.

Insurance has a long history dating back to pre-historical ages, with some insurers in business since the 1600s – this demonstrates the longevity of the industry

Founding time of selected leading insurance companies

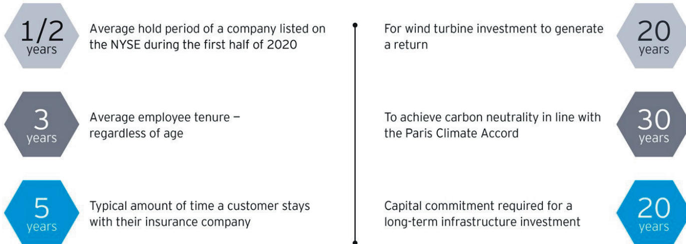


UK Note: Some of the founding dates are for companies that were historically merged to form the current entities, for example RSA's successor was Sun Alliance and former Norwich Insurance merged into Aviva.
Source: Company websites, Capital IQ, EY-Parthenon Analysis; Britannica insurance.

Still, there are many complicating factors in considering how to monitor, measure, and report value over the long-term. There are fundamental contradictions between the behaviors of different stakeholders and the environmental and societal issues that the UN SDGs are seeking to resolve:

- Investors looking for returns in cycles of three to five years
- Employees with brief tenures
- Consumers who are notoriously fickle in seeking a better deal or the next new thing

We don't see these dynamics ever changing. The net-net for insurers, therefore, is that they will need to manage the business and measure value across multiple time horizons to best serve these various stakeholder groups.



The wholesale adoption of long-term value concepts and the adoption of universally accepted metrics will take a considerable amount of time. For the foreseeable future, existing financial metrics will continue to be the primary means of measuring and communicating value creation to investors and other stakeholders.

The default impulse to start measuring everything is understandable but has led to the development of a cottage industry of ESG reporting related to non-financial metrics, in many cases without clear value for insurers. The data challenges are both well understood and daunting. There are too many sources and not enough consistency among them.

The other challenge is that many of the metrics are input-focused, which makes it challenging for boards or investors to measure impacts in the same way they can with financial metrics. Thus, there is a high risk of spending significant time and money on reporting for little to no benefit and with the potential loss of the big picture.

Because of the long-term nature of many of the contracts and risks, insurers arguably have more tools at their disposal currently for the measurement of long-term value than firms in other industries. In our view, therefore, it makes more sense to start with four well-known and broadly accepted financial metrics and refine them to capture the increasing relevance of ESG factors.

Chapter 3

Four Metrics for Tracking the Near-Term Value of ESG Strategies

The right metrics can accurately gauge the impact of ESG strategies and progress toward goals.

As insurers navigate a period of immense change in response to ESG and the need to serve a broader set of stakeholders, we believe the four following metrics reflect some of the most immediate risks associated with climate change and the broader environmental agenda:

1. Total shareholder return (TSR)
2. Brand value
3. Economic net worth (ENW)
4. Return on capital

We believe these four metrics will represent the most accurate and holistic barometers of exposure to climate-related risks and perceptual issues that threaten insurers' value during the next three to 18 months. To reiterate, we believe similar metrics are necessary to model the social and governance dimensions of value creation.

Why do we believe that these are the most sensible metrics to gauge stakeholder views of the industry's approach to ESG in the near term? Primarily because they are:

- Pragmatic and practicable
- Universally accepted
- Already tracked and reported by some insurers
- Often signed off in standard audit procedures

They are also easily decomposed into sub-metrics to enable root-and-branch analyses, support mapping to non-financial metrics, and provide line-of-site to different stakeholder groups. Plus, they accommodate multiple time horizons and diverse stakeholder interests, as well as near-term measures of both value destruction and protection.

Because financial metrics will remain the dominant way of communicating to stakeholders, they will be more easily adoptable. The development of more sophisticated "hybrid" metrics to accurately and credibly correlate ESG to financial performance requires more time. Such metrics will be of limited relevance to insurers, which will be net users of data to make investment and underwriting decisions once standards have been established. This is an iterative process involving many industries.

Total Shareholder Return

This metric incorporates all time horizons—from minutes (e.g., trading volumes, price fluctuations) to years and decades (e.g., the entire duration of an insurer's listing on an exchange). It's also comprehensive in incorporating the long-term growth prospects of a company, its resilience and reputation,

commitment to innovation, ability to address consumer, societal, and environmental issues, and meet governmental regulatory requirements.

One of the most pressing issues for the C-suite currently is the ESG rating that a company is being given by equity analysts. There are significant concerns associated with the inconsistencies in how these ratings are conferred. These concerns are justified due to the potential impact of these ratings on share price and investor appetite (e.g., institutional investors may decline to invest due to new ESG investment policies). Many senior insurance leaders fear that bad or even mediocre ESG ratings will make them look bad relative to their peers and lead to stock price depreciation.

ESG ratings are a critical path for ESG index inclusion (e.g., DJSI, MSCI). Over the past 12 months, flows into "green" funds and ETFs have increased fivefold in the U.K. and other markets. Inclusion in these types of funds typically leads to higher stock prices. Missing out could result in underperformance relative to peers.

As more investors introduce ESG criteria into portfolio management, demand and supply will drive up share prices of the firms that meet the criteria. So, it is highly likely over the short and medium terms that share price performance will become a good measure of how well individual insurers present their ESG credentials and tell their ESG stories.

Over the long term, it is our conviction that firms that make choices to enhance long-term value will also deliver superior returns to investors. Whilst TSR is a good overall indicator, the challenges of decomposing it into sub-metrics are well known. The following three metrics offer some correlation to TSR and are more readily decomposed into underlying drivers.

Brand Value

Intangible but measurable, brand value may be the ultimate long-term-value metric, with direct positive correlation to shareholder value. Franchise value functions similarly to brand value. Strong brands are built strategically, with a view to building positive brand equity in the form of positive associations and perceptions (e.g., trust and confidence) among investors, customers, and employees. These attributes translate into positive financial performance on both the top and bottom lines, and via pricing power.

In the insurance sector, brands have typically emphasized perceptions of financial strength, stability, and longevity. ESG principles, including transparency and accountability, that are geared toward a sustainable, long-term perspective can be excellent complements to traditional positioning.

Conversely, brands that don't credibly demonstrate a commitment to a greener economy, diverse workforces, ethical business practices, and a more equitable society may face backlash in public opinion and increased regulatory scrutiny. Decreases in favorability ratings and, ultimately, financial value would likely follow. In other words, damaged brands can make stock prices fall.

Brands are financially valuable to firms precisely because of their value to other stakeholders, including customers, employees, suppliers, and partners. While these are often considered "soft" metrics, they are nevertheless measurable and will become more important to tracking value in the age of ESG.

Economic Net Worth, Including Embedded Value Metrics and Equivalent Regulatory and Accounting Measures

The time horizon of the insurance sector is, by default, long-term, due to the nature of the risks it covers in its policies. Because of the short-term focus of past accounting standards, insurers have for some time been disclosing various non-GAAP measures (including market consistent embedded value and Solvency II Own Funds) to show shareholders their economic net worth (ENW) and ability to create long-term value. With the introduction of IFRS 17 in 2023, investors will also be able to infer a GAAP measure of ENW.

ENW growth over time provides a good barometer on whether a firm is adding to its long-term value or depleting it. However, we are seeing important changes in the risk and return profile on both the asset and liability sides as a result of ESG considerations; therefore, we expect that the approach to evaluation will evolve even further.

On the asset side, particularly for life insurers, the intensifying focus on ESG is creating urgency to rebalance portfolios. There is growing evidence of customer expectations for socially-aware investment policies. In recently awarding a major buy-out deal, the trustees of a major U.K. pension fund took into account ESG policies and how they would best serve pension holders for the next 30 years and beyond. The pressure to comply with regulations and establish policies to secure a positive ESG rating and sustain brand equity and the stock price must also be taken into account. However, changes to the asset portfolio and investment policy will have value creation and value protection impacts that will be felt for the next 10–50 years.

First and foremost, there is the exposure to "brown" sector assets. Insurers must determine their timing and approach to achieve net-zero targets by 2050, and some may choose to move the time horizons forward. A decision must be made as to letting

positions naturally run off vs. making conscious exits. To pick the right course, insurers will need to stress test the future value of these assets. We would expect to see ENW impacted by revised forward-looking assumptions around the risk-adjusted value of brown assets, which would over time penalize the firms that are slowest to transition.

In addition, Mark Carney, former head of the Bank of England and UN Special Envoy on Climate Action and Finance, has prodded the industry by describing its crucial role in allocating investments to fund long-term projects in renewables. Insurers that embrace the role will need deep insights into and confidence about their projected yields and payback timelines. The long-term and illiquid nature of these investments makes them highly suitable for matching long-dated liabilities, a practice often rewarded by ENW frameworks. Firms that embrace the trend and build deep understanding of the risk profiles of these investments will be more effective in demonstrating their contribution to ENW growth.

On the liability side, particularly for property and casualty insurers, we see similar pressure to be more selective on the projects, companies, and industries they choose to underwrite in order to meet their stated net-zero targets. In some cases, these can be binary decisions. A number of firms have already stated publicly their withdrawal from insuring certain risk pools (e.g., thermal coal power stations).

However, in many cases these underwriting decisions will be less clear cut and more flexible tools will be needed. As with the asset side, "brown" clients and industries will have a different insurance risk profile in the future than in the past. "Green" clients and industries will offer new sources of underwriting profit for the firms that can most effectively build an understanding of those risk profiles.

For both assets and liabilities, firms should take stock of the way they measure their current values to reflect the fact that risk profiles and future expectations are changing in response to climate action. They can use this insight to communicate a robust assessment of their current ENW. They should also look to quickly embed new data, assumptions, and valuation techniques related to green assets and liabilities into their ENW frameworks as increasingly useful differentiators relative to long-term value creation.

Return on Capital (ROC)

The capital-intensive nature of the insurance business stems from the need for large reserves against the broad variety of underwritten risks covering a broad spectrum of time horizons (e.g., longevity, mortality, morbidity, and climate-related risks). ROC effectively measures the ability to underwrite, price, and manage risk effectively to generate positive returns.

Many insurers already have sophisticated risk modeling, often mandated by regulatory capital standards, and perform stress tests against key risk factors to ensure they remain adequately capitalized. Risk-based capital requirements are a good indicator of exposure to "tail risks" and the firms able to generate a positive ROC are often the ones best able to price for these risks in their underwriting.

There is growing momentum in the industry to include climate risks (including both physical and transition risks) in insurers' internal capital models. There are also regulatory moves toward climate scenario testing. We expect to see significant evolution as data on climate impacts and exposures evolves, and also expect ROC to become an increasingly important indicator of an insurer's success in managing its exposure.

Chapter 4

Early Days in the Era of ESG and Stakeholder Capitalism

ESG and stakeholder capitalism require near-term action aligned to long-term strategies.

While it's good news that much of what insurers already track—mainly financial metrics—will be useful in measuring long-term value, some dissonance must be managed. After all, the industry's financial metrics have evolved over 100+ years and are well established and generally comparable across carriers. ESG data, on the other hand, is only recently developed and non-standardized across firms. We see the disparity as a reason for the industry to proactively engage in defining the right metrics and providing the right context, rather than taking a minimalist, "tick-the-box" approach.

The COVID-19 pandemic and rising awareness around economic inequality have only accelerated the momentum behind ESG and stakeholder capitalism. These powerful forces will continue to reshape economies for the foreseeable future. While these are not popular management trends, it is still early days, which means insurers will have to navigate through uncertainty, conflicting information, and political shifts.

To be clear, evolving regulatory mandates (e.g., for stress tests and more detailed disclosures) are powerful catalysts for action. However, steps focused on regulatory compliance are not sufficiently strategic for the changing stakes and enormous opportunities

that the ESG and stakeholder capitalism era will present. Many boards feel intensifying pressure "to do something" about ESG. However, many are cautious about getting too far ahead of their peers or out on the leading edge, which could hurt policyholders and shareholders.

It's worth remembering that the insurance industry has adapted to and effectively navigated through many turbulent socioeconomic eras and transformative market disruptions during its many centuries of existence. Thus, we are confident it will emerge stronger through the ESG and stakeholder era. That is not to underestimate the challenges ahead or the reality that not every firm will thrive in the coming period of change. Tomorrow's market-leading insurers will be those that do the necessary and deep strategic thinking and take the right measured actions today.

EY's Krisztina Bakor, Matthew Latham, and Teresa Schrezenmaier contributed to this article.

AROUND AASCIF

COLORADO

Pinnacol Assurance Hires John O'Donnell as New President and CEO

After a nationwide search, Pinnacol Assurance hired John O'Donnell to serve as the company's president and chief executive officer, succeeding Phil Kalin, who retired on March 31.

O'Donnell joined Pinnacol with 30 years of leadership experience. He was most recently an executive vice president at Allstate, serving as the president, Western Territory, and board chair of Allstate Canada, where he was responsible for 27 states and the Canadian company. O'Donnell's other roles at Allstate included senior vice president of agency operations and president and CEO of Allstate Canada.

O'Donnell also served in leadership positions at GMAC, the Walt Disney Company, and Goldman Sachs, following his career as an attack helicopter pilot in the U.S. Marine Corps. He earned an MBA with high honors from the University of Chicago and a bachelor's degree in mathematics from the U.S. Naval Academy.

"I'm thrilled to be joining Pinnacol because it is a unique company with an important mission," said O'Donnell, "and I look forward to helping Pinnacol evolve in order to better meet the changing needs of Colorado employers and workers."

Learn more about John O'Donnell.

Pinnacol Assurance Distributes $50M in General Dividends

For the seventh consecutive year, Pinnacol distributed general dividend checks to its customers, with this year's dividends totaling $50 million. Nearly 95% of Pinnacol policyholders were eligible to receive a dividend—more than 51,000 employers throughout the state. The average 2022 dividend check amount was $974. In addition, Pinnacol lowered rates by an average of 11%. With this year's declaration, Pinnacol has returned more than $370 million in total dividends to Colorado's business community since 2015. That amount equals nearly 9% of premium.

Read more.

In 2021, Pinnacol Found New Ways To Be a Force for Good

In 2021, Pinnacol supported Colorado businesses, workforces, and communities through its compassionate care for injured workers, grant-making, scholarships, volunteerism, and sustainability efforts, and by championing diversity, equity, and inclusion initiatives, including:

- $507,000 in grants to programs in employee health and safety, rehabilitative health, economic vitality, and workforce development.
- $347,150 in scholarships awarded to children of workers injured or killed on the job for the 2021–2022 academic year.
- 1,150 hours of virtual and in-person volunteer activities, including with organizations such as Alzheimer's Association of Colorado and Denver Health's Newborns in Need program.
- $272,528 contributed to local nonprofits, representing Pinnacol employee donations of more than $137,000 that Pinnacol matched as part of its annual giving campaign.
- Caring for the environment by minimizing the organization's footprint while COVID-19 kept the office empty, including completion of xeric landscaping, turning off irrigation systems and appliances, earning a 90 EnergyStar rating for our LEED Gold-certified building, and opening the electric car charging station to the public.
- Pinnacol's DEI Advisory Council and board of directors led the launch of Pinnacol's DEI strategy, championing equitable hiring and promotion practices, and a supplier diversity program. As charter members of Colorado Companies Uniting Against Racism, Colorado Inclusive Economy, and Prosper Colorado, members publicly report their data on key hiring, promotion, and supplier indicators.

Learn more about the ways Pinnacol puts care to work.

LOUISIANA

LWCC Announces Dividend of $102 Million

LWCC's board of directors has approved a $102 million dividend for 2021 that will be payable to approximately 20,000 Louisiana businesses and impact over 167,000 workers.

"LWCC has been Louisiana Loyal since opening our doors in 1992. As we commemorate our 30th year of operation, we are proud of the work we have done, together with our agent partners, to celebrate and elevate Louisiana through both our core business functions and innovative new initiatives," said Kristin W. Wall, LWCC's president and CEO. "The dividend program has allowed us to put over $1.1 billion dollars back in the hands of Louisiana businesses, allowing them to invest in their company and employees, therefore elevating our great state."

Over the last 19 years, LWCC has declared $1.13 billion in dividends. A study completed by Dr. James Richardson, alumni professor of economics and public administration at LSU, showcases the significant economic impact of the dividend program. Through 2021, it is estimated that the dividend program has supported 17,840 jobs across Louisiana. The 2021 dividend is anticipated to support 1,683 jobs. Through our dividend program, the company has been able to support Louisiana businesses since 2003.

LWCC Leading the Way With LEED Certification

LWCC's purpose to help Louisiana thrive was reinforced as the organization's office recently became a Silver LEED (Leadership in Energy and Environmental Design) certified building, recognized by the U.S. Green Building Council. LEED certification is a global symbol of sustainability achievement and leadership. A LEED certification assesses all the main areas of impact that buildings have on people, the surrounding community, and the planet, and provides a measurable framework to help buildings save money, improve efficiency, lower carbon emissions, and create healthier places for people.

LWCC was able to achieve silver level certification through various features that were strategically implemented to support occupant health and indoor environmental quality. Atriums at varying levels provide a staircase from floor to floor, encouraging employee movement. A heating, cooling, and ventilation system upgrade reduced energy usage while bringing in fresh air at a much higher rate than what is considered standard and does not recirculate air within the building. This has become a critical feature through the current pandemic, increasing the amounts of fresh, clean air in the building.

The designation reinvigorates our Louisiana Loyal movement as we continue to find new and exciting ways to celebrate and elevate our home state. Moving forward, LWCC hopes to be the catalyst for an increased interest in sustainability by leading as an example for other businesses across the state.

MARYLAND

Chesapeake Employers Declares $15 Million Corporate Dividend for 2023

The board of directors of Chesapeake Employers' Insurance Company is pleased to declare $15 million in corporate dividends for calendar year 2023 to qualifying policyholders based on their safety performance. This is in addition to the $15 million corporate dividend the company declared for 2022 and the $10 million dividend for each calendar year 2018 through 2021. In total, Chesapeake Employers will have issued $70 million in corporate dividends through 2023.

The dividends are possible due to Chesapeake Employers' financial performance. The latest dividend will be awarded to qualifying policyholders for their 2022 performance with payment beginning May 1, 2023. "Many of the Maryland employers that we insure share in our mission of championing workplace safety and strive to keep their employees safe on the job," said Tom Phelan, CEO of Chesapeake Employers Insurance. "We are proud to support our safety-conscious policyholders and to reward them with a corporate dividend." Dividends are based on performance and are not guaranteed. The corporate dividend was approved by the Maryland Insurance Administration.

Tom Phelan, CEO of Chesapeake Employers Insurance

MINNESOTA

SFM Leaders Receive Promotions

SFM recently promoted several of the organization's leaders to the role of vice president.

According to Senior Vice President & Chief Business Officer Steve Sandilla, they have all exhibited exceptional leadership skills and demonstrated 100% commitment to their teams. Year after year, each of them has led their teams and managed their business units to produce consistently excellent results.

Dennis Logstrom has been promoted to vice president of small business.

Logstrom has led the Small Business Accounts Team since 2005.

"Under Dennis' oversight, the Small Business Team has seen tremendous growth in premium, policy count, and state expansion," said Sandilla. "He is the epitome of a team player, always willing to help when needed."

Debra Zorn has been promoted to vice president of regional business. Zorn has led the Middle Market North/Metro Accounts Team since 2016.

"The North/Metro Accounts Team has seen excellent growth and continues to manage our two largest agency partners under Deb's leadership," said Sandilla. "The team has had a lot of new faces since 2016 and Deb has worked tirelessly to make sure the SFM culture runs through the North/Metro Accounts Team. She doesn't hesitate to challenge the status quo and always looks for ways SFM can improve."

Mark Arrington has been promoted to vice president of regional business. Arrington has led the Middle Market South/Metro Accounts Team since 2005.

"During this time, the South/Metro Accounts Team has also seen good growth and has led our expansion into South Dakota under Arrington's direction," said Sandilla. "Mark also has oversight of one of our top three agency partners. He continues to lead by example and is always looking for ways that he and his team can exceed customer expectations."

Nick Marino has been promoted to vice president of regional business. Marino has led the Wisconsin Business Team since 2008.

"Wisconsin is SFM's second largest state and continues to be a very challenging and competitive workers' compensation market," said Sandilla. "Under Nick's leadership, the team has profitably grown SFM's premium and policy count, relying on exceptional customer service. He has created an environment that promotes ideas and innovation that has led to several successful niche business opportunities and growth for SFM."

Shawn Miner has been promoted to vice president of regional business. Miner has led the Iowa/Nebraska Team since 2013.

"The Iowa/Nebraska Team has continued to be a growth engine for SFM," said Sandilla. "Shawn also successfully led our expansion into Kansas. Because of the business growth, the team has had to add several new employees, all while maintaining a very high level of service under his leadership. He is the definition of a servant leader and knows what it takes to build a winning team."

Congratulations to these exemplary leaders on their well-deserved promotions.

Dennis Longstrom

Debra Zorn

Mark Arrington

Nick Marino

Shawn Miner

Hunter Named VP, Claims

SFM recently promoted Sarah Hunter to vice president, claims, succeeding the retiring Meg Kasting.

"Sarah's legal expertise and commitment to maintaining our high level of claims service will make her a great asset to our company and its policyholders," said SFM Senior Vice President and Chief Operating Officer Dave Kaiser. "Sarah has already demonstrated leadership in areas of critical importance to the company, and we're excited to promote her to this broader role."

Hunter joined SFM in 2018 as staff counsel with SFM's in-house law firm. During her time with SFM, she has represented employers in cases involving litigated claims and led the company's internal COVID-19 response efforts. She previously worked in private practice as a defense attorney in workers' compensation cases.

Sarah Hunter

As vice president, claims, Hunter will oversee claim policies, education, and regulatory compliance, as well as the Special Investigations/Subrogation Unit and Medical Services.

"I'm looking forward to playing a leadership role in SFM's proactive approach to claim handling," Hunter said. "Our focus on collaboration among claims, legal, and medical professionals, and doing the right thing for all parties involved helps us uphold our commitment to excellent service."

SFM's Financial Strength Rating of A- (Excellent) Reaffirmed by AM Best

SFM Mutual Insurance Co. announced that its Financial Strength Rating of "A- (Excellent)" and Long-Term Issuer Credit Rating of "a-" have been reaffirmed by AM Best Rating Services, Inc.

AM Best issued this affirmation based on its assessment of SFM's balance sheet strength, as well as its operating performance, business profile, innovation, and enterprise risk management. Prior to publicly disclosing this affirmation, AM Best conducted a detailed analysis of SFM's finances and operations.

"Our annual review with AM Best gives us the opportunity to share our company's story with experts from the largest credit rating agency in the world," said SFM President and CEO Terry Miller. "We view their rating as an important indicator of SFM's long-term financial strength and stability."

MONTANA

Montana State Fund Hires New President and CEO

Montana State Fund (MSF), the state's largest and leading workers' compensation insurance company, has announced the hiring of Holly O'Dell. Holly will be the fourth president and CEO, and the first woman to hold the position, in the history of the current Montana State Fund.

Outgoing President and CEO Laurence Hubbard announced his retirement in January after nearly 33 years with the company—19 years as CEO. The MSF board of directors subsequently launched a nationwide search led by a national search firm and conducted by an independent human resources consultant. The search yielded more than 100 candidates, ultimately leading to the selection of Ms. O'Dell.

Holly comes to MSF from Oregon's SAIF Corporation, a sister state fund, where she has spent the last 17 years. Holly earned a B.S. in Nursing from Oregon Health Sciences University, where she graduated as a registered nurse and spent five years working with low-income women in the women's unit at the Marion County Health Department, working full time while in law school. In 2006, Holly graduated from Lewis and Clark College School of Law with a Juris Doctorate.

During her time with the SAIF Corporation, Ms. O'Dell served as a legal intern, a trial attorney, an appellate attorney, a managing attorney, and most recently as the vice president of strategic and legal services and general counsel. She has continued her studies and graduated from the Wharton School at the University of Pennsylvania with a Master of Business Administration (MBA) in 2018.

Holly enjoys volunteering and had the opportunity to serve as a nurse treating COVID patients during the height of the pandemic.

MSF Board Chairman Richard Miltenberger had the following to say about the hiring of Ms. O'Dell: "Holly is an extremely well qualified, well credentialed, and highly recommended selection to lead Montana State Fund into the future. On behalf of the board of directors, we could not be more thrilled to welcome Holly to Montana."

Outgoing President and CEO Laurence Hubbard added: "In the extensive search to find the next CEO, the board found a very accomplished leader. I congratulate Holly on her selection and look forward to working with her in the weeks and months to come to ensure a smooth transition for our staff, our policyholders, and injured workers."

"To a person, everyone has been warm, welcoming, and open throughout this process," said Holly O'Dell. "I recognize the value of and commitment to injured workers and our policyholders and I am deeply dedicated to the level of excellence MSF prides itself on. I look forward to building on the legacy and successes achieved by the current leadership team and staff and I look forward to furthering the efforts to make Montana a safer and healthier place to live, work, and do business."

Ms. O'Dell concludes her work in Oregon in May and will join the MSF team in Helena shortly thereafter.

An A in Safety—Montana State Fund Awards Academic Scholarships

Growing up in Nigeria, Sadiq Inuwa witnessed first-hand the absence of workplace safety in his country.

"It is normal to see workers using bamboo sticks as their scaffold and ladders made out of wood. I have seen workers get covered in cement all day long without thinking about potential cement burns. The government does not have agencies dedicated to workers' safety and this makes all sorts of violations slide."

And, as an intern at an oil company in Colorado, he heard about an oil rig worker who lost his finger. These events piqued his curiosity to enter the safety field. Today, Sadiq attends Montana Tech, majoring in Occupational Safety & Health. This passion for safety is paying off.

Sadiq is one of 20 college students who were awarded a $4,000 academic scholarship through Montana State Fund's Growing a Safer Montana initiative. The program aims to educate young workers about the importance of workplace safety before they enter the workforce. Since the program's start in 2018, 87 students majoring in the safety and trade fields have received the competitive academic scholarships totaling $309,500.

Sadiq explained that his scholarship makes it possible for him to carry out his dream to one day lead a company's safety team.

"I want to learn and experience as much as I can in the safety industry and give that knowledge back to workers in the USA, my homeland Nigeria, and the world at large."

Growing a Culture of Safety

Agriculture is a critical sector of Montana's economy. This is especially true in rural areas of the state. However, the risks for injury or death in this industry are real. To address these dangers, MSF created an ag-specific webpage on our safety focused website safemt.com. The page includes a video and a number of valuable tools and resources to help ag producers grow a culture of safety.

MSF launched a media campaign on Montana's largest ag radio network to promote the site. The campaign began in mid-April and runs through July.

MSF Lowers Rates

The MSF board of directors recently filed a 3% average rate decrease with the Commissioner of Securities and Insurance. Once approved, the rates will be effective for new and renewal policies beginning July 1, 2022.

With this rate reduction, MSF average rates are now 54.1% lower than in 2006, the year of the last rate increase, and are at their lowest level in the history of the current state fund—dating back to July 1990.

MSF President and CEO Laurence Hubbard had the following to say about the news: "Our board understands Montana businesses value predictable and stable workers' compensation rates. As Montana businesses continue to improve workplace safety, we are committed to ensuring our rates reflect these improvements."

OREGON

Introducing Our New VP of Underwriting

On March 1, Todd Graneto became SAIF's new vice president of premium audit and underwriting.

He came to SAIF in 2016 as a financial strategist before becoming the controller in July of 2017. In all, he has 25 years of experience in the insurance industry, including financial planning, pricing, reporting, and analysis.

Todd is a collaborative and caring leader, and his talent for building relationships and his knowledge of the industry will serve SAIF well.

Todd holds an MBA from Portland State University and a bachelor's degree in business administration from Southern Oregon University. Before he joined SAIF, he served as the vice president of finance for Health Net, a Fortune 500 company.

Customer Experience Project

Customer experience (CX) is about the customer's journey with an organization and every step along that journey. The CX field of research emerged in the early 2000s as companies began moving to a diverse mix of customer service tools.

Since then, our customers have also become a lot more diverse. For SAIF, that means a wider array of policyholders and ever-changing mix of industries. And Oregon workplaces have greater ethnic diversity, more Spanish-language preferred workers, more LGBTQIA+ people, and a changing mix of generations.

We've hired two CX directors: one for policyholders and one for workers. Their role is to create a strategic vision for our customers' journeys and work with teams across the company to make that vision a reality.

Breaking the Bias

Each year on March 8 we celebrate International Women's Day as an opportunity to highlight women's contributions to society and raise awareness about the fight for gender equality. This year's global theme was "Breaking the Bias."

In honor of the day, SAIF took the opportunity to introduce employees to our new VP of HR, Sharifa Gomez. Sharifa posted an essay on the SAIF intranet titled, "How I break the bias: being my authentic, multicultural self."

She spoke about being thoughtful with her everyday language, building relationships with all colleagues, and remaining committed to learning and deepening her own understanding. She encouraged employees to share their own commitments to breaking bias.

VP Kathy Gehring to Retire

It's hard to believe it's been more than 30 years since Kathy Gehring joined SAIF as a general office clerk. She retires June 1 as the VP of the claims division.

"To say it has been an amazing journey definitely doesn't do it justice," Kathy said in her announcement to SAIF employees. "I have had the honor to work with so many incredible people…and I am so impressed by the commitment you all have to take care of the people who depend on us every single day. We make a difference in people's lives, and I know that will continue."

Kathy will continue in her role as a working retiree through the end of 2022. During that time, she'll be focusing on customer and employee experience, technology enhancements, and a calm transition to the person who will fill her position next.

We wish Kathy the happiest of semi-retirements!

12 Months of Safety

In January, our Communication and Design Team rolled out a new, yearlong campaign for policyholders focused on 12 months of safety tips.

The first week of each month, we send an email newsletter to policyholders highlighting a general safety tip or topic.

The idea stemmed from data analysis. The team regularly looks at how communications are performing across SAIF's platforms, including saif.com, the intranet, and social media.

They discovered that an article from 2019, "12 months of safety tips," was our most visited article in 2021—more than 12,500 people visited the page. To our surprise, most weren't from Oregon.

Our content strategists updated the page to be less Oregon-focused and make sure those visitors are getting what they need. Given the popularity of the general safety content, we decided to also tailor it to our policyholders via email.

SASKATCHEWAN

WorkSafe Saskatchewan Fatalities and Serious Injuries Strategy

There continues to be a consistent number of serious injuries and fatalities that are accepted by the Saskatchewan Workers' Compensation Board (WCB). There were 2,304 serious injuries accepted by the WCB in 2020. That number represented 12.84% of all accepted claims in that year and accounted for approximately 75% of claim costs.

Three years ago, WorkSafe Saskatchewan—the partnership between the WCB and the Ministry of Labour Relations and Workplace Safety—launched the Fatalities and Serious Injuries Strategy. The focus of the strategy is to prioritize and address the high-risk industries, occupations, and tasks within those industries that are resulting in fatality and serious injury claims.

WorkSafe's focus is in the following eight areas:

- asbestos exposures
- work-related motor vehicle crashes
- firefighter cancer exposures
- falls from heights (construction industry)
- healthcare
- transportation
- first responders (psychological injuries)
- manufacturing (specifically hand injuries)

Because of the focused work in these areas by industry leaders, employers, workers, and stakeholders over the past three years, WorkSafe saw some significant improvements. Asbestos exposure awareness in the province improved to 33% from 19%, work-related motor vehicle crashes reduced by 25%, and firefighter cancer controls improved by 100%. Falls from heights injuries reduced by 19%, serious injuries in transportation decreased by 3%, psychological durations reduced by 17%, and serious injuries in manufacturing decreased by 8%. In the healthcare industry, serious injuries increased by 5%.

This three-year (2019–2021) strategy is being extended for five more years and WorkSafe is reaching out to stakeholders within the province to participate in the development of the next version. Government, employers, foreign workers, indigenous community, and labour have all been part of the consultation process.

More information on the strategy can be found at worksafesask.ca/prevention/serious-injuries-and-fatalities.

Slips, Trips, and Falls

Slips, trips, and falls are the second leading cause of serious workplace injuries in Saskatchewan. In 2021, Saskatchewan recorded 3,453 total injuries due to slips, trips, and falls.

"What many people don't realize is that a slip, trip, or fall can have a lifetime impact on an injured worker and their employer," says Kevin Mooney, the WCB's vice president of prevention and employer services. "One incident can lead to multiple injuries, including broken bones and concussions, even death. The results can be quite devastating."

WorkSafe's slips, trips, and falls marketing campaign highlights the seriousness and potentially life-altering injuries that can occur from slips, trips, and falls. The campaign, which has been running in Saskatchewan since 2021, focuses on different scenarios that could lead to serious and long-term injuries.

Among slips, trips, and falls in Saskatchewan, the number one cause of workplace injuries is falls to a floor, walkway, or other surface. The top five industries in the province that record the most slips, trips, and falls are health care, transportation, community and social services, municipal government (cities, towns, and villages), and schools (elementary and secondary).

"We analyzed the data that came in from claims resulting from slips, trips, and falls and as part of this campaign, we highlighted some potentially high-risk areas," Mooney states. "We trust that as a result of this campaign, workers and employers will take added safety precautions, even in places like parking lots, office buildings, stairways, and warehouses where the risks may seem fairly low."

Visit the WorkSafe website to check out the section on slips, trips, and falls at worksafesask.ca/prevention/slips-trips-falls for information, tips, and resources.

Saskatchewan WCB Welcomes Two Additional Part-Time Board Members

The Saskatchewan Workers' Compensation Board (WCB) is pleased to welcome two additional part-time board members in 2022. Judy Henley and Jack Brodsky join the WCB's current full-time board members—chair Gord Dobrowolsky, worker representative Garry Hamblin, and employer representative Larry Flowers.

“We are so pleased to welcome Judy and Jack to the WCB’s board,” says Dobrowolsky. “Their knowledge and expertise will be a great asset to our organization, and in turn will benefit our customers, the workers and employers of Saskatchewan.”

Henley has a wealth of experience in local, provincial, and national leadership roles, while Brodsky brings an extensive background in construction, leadership, sports, and community service.

All board members are appointed by the provincial government. The board members ensure a strong governance framework for the WCB by providing strategic direction to leadership and effective oversight of financial and operational performance.