AASCIFNEWS

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WHAT'S INSIDE

AASCIF
American Association of State Compensation Insurance Funds

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PRESIDENT'S MESSAGE

Hello AASCIF community and welcome to 2024!

When I stop to consider all that each of our member organizations accomplished in 2023, the changes we have both navigated and driven, the economic growth we have supported, the injuries we have prevented and the injured workers and families we have helped—I can't help but be grateful to be a part of this purpose driven community and to have the opportunity to work with so many people who care deeply about making our workers' compensation systems better for workers and businesses across the territories we serve.

I am also grateful for the natural opportunity the new year brings to pause and examine what else we can do to drive even more impact for our stakeholders. Every January we get the gift of looking at our world with a fresh perspective and considering new possibilities. While change does not wait on the turning of seasons, and it certainly isn't confined to what we imagine at the beginning of each new year, the new year does give us an opportunity to choose some change—to plan how we can make an even better impact.

I am confident that many of you are taking the opportunity the new year presents to think about what else we can do to help our respective workers' compensation systems work even better. And later this month, representatives from across the many AASCIF member organization will get together to plan our committee work for the year. I have had the opportunity to observe and participate in this process over the last few years and I have been struck by the teamwork. We ask a number of high performing, high potential people from across our organizations to work together on AASCIF's plan for the upcoming year, and year after year I observe an incredible level of collaboration, responsibility, and respect for each other.

Not too long ago I had one of those "AHA!" moments. I watched a TED Talk that suggested the key to successful teams was not having the best individually productive people on a team, not having a bunch of really smart people on the team, and not having a high total IQ for the team. Instead, it was social connection and helpful attitudes. With that insight, it became obvious to me why AASCIF works as an organization! I'm convinced we have more than our share of smart and high performing individuals, but what really helps us click is that we all share the same helpful purpose, we exist to help each other fulfill that purpose more effectively than we would individually, and we feel connected to each other because of our shared purpose and cultures of helpfulness.

I am looking forward to seeing AASCIF's helpful spirit in action over the course of 2024.

Vern Steiner, President & CEO of the State Compensation Insurance Fund

FEATURES From AASCIF

UNLOCKING PRECISION: PROPENSITY SCORE MATCHING TECHNIQUES IN THE WORKERS' COMPENSATION INSURANCE INDUSTRY

Submitted by Sriraman Srinivasan, Analytics Committee

Business Analytics Expert, Beacon Mutual Insurance Company

As you may already know, the New York Times (NYT) filed a lawsuit against OpenAI and Microsoft, alleging massive copyright infringements. As Generative AI industry continues to mature, I am optimistic that we will find good solutions to these problems. Like you, I am excited to see how technological advancements continue to make an impact in the coming year. Now that I have your attention, let us completely pivot away from this topic and discuss a key statistical technique in the world of research and analysis. Have you ever found yourself in a situation where you needed to evaluate an intervention? The effect of nurse case management on claims or loss prevention services, maybe? If yes, I really hope that you benefit from this article on Propensity Score Matching Techniques and its applications in many facets of workers' compensation.

The workers' compensation insurance industry serves a pivotal role in providing financial protection to employees in the face of work-related injuries or illnesses. As the landscape of workers' compensation continues to evolve, insurance companies are using advanced statistical techniques to refine their risk assessment and claims management strategies. One such powerful tool used is propensity score matching (PSM). This statistical method allows enhanced precision in evaluations, leading to more accurate predictions and better-informed decisions. So, what is it exactly? Let us dive in.

Understanding Propensity Score Matching:

Propensity score matching is a statistical technique that aims to estimate the causal effect of a treatment, intervention, or exposure by balancing observed covariates between treated and untreated groups. In the context of workers' compensation insurance, the "treatment" might represent a specific claim or set of claims, while the "untreated" group comprises similar cases that did not result in a claim or had different outcomes.

Key Steps in Propensity Score Matching:

1. Identifying Covariates:

   Covariates are variables that may influence both the likelihood of a claim and the outcome of interest. These can include factors such as age, gender, occupation, pre-existing health conditions, and workplace environment. To ensure a thorough matching process, we need to identify a comprehensive set of covariates that capture the nuances of the insured population.

2. Calculating Propensity Scores:

   The propensity score is the probability of receiving the treatment (in this case, filing a workers' compensation claim or involvement of a nurse case manager in a claim) given the observed covariates. Logistic regression is a commonly used method to estimate propensity scores, where the outcome variable is the treatment status, and the covariates serve as predictors. The propensity score essentially summarizes the covariate information into a single variable, facilitating the matching process.

3. Matching Treated and Untreated Cases:

   Various matching algorithms can be employed to pair treated and untreated cases with similar or identical propensity scores. Common matching techniques include nearest-neighbor matching and kernel matching. The objective is to create balanced groups, ensuring that the treated and untreated groups are comparable in terms of observed covariates.

4. Assessing Balance:

   After the matching process, it is crucial to assess the balance of covariates between the treated and untreated groups. Statistical tests and visualizations can help confirm that the groups are now comparable. Achieving balance ensures that any observed differences in outcomes can be more confidently attributed to the treatment rather than to confounding variables.

Benefits of Propensity Score Matching in Workers' Compensation Insurance:

1. Reduced Selection Bias:

One of the primary advantages of propensity score matching is its ability to mitigate selection bias. Selection bias occurs when there are systematic differences in observable or unobservable characteristics between the treated and untreated groups. By creating balanced groups through propensity score matching, we can more accurately attribute outcomes to the treatment, leading to more reliable conclusions.

2. Improved Predictive Modeling:

   Enhancing precision in estimating the impact of various factors allows insurers to develop more accurate predictive models for claims outcomes. With a clearer understanding of the factors influencing the likelihood and severity of workers' compensation claims, insurers can refine their underwriting models, leading to more accurate premium rate setting and reserve calculations.

3. Optimized Resource Allocation:

   Propensity score matching enables insurers to allocate resources more efficiently. By identifying comparable groups, we can adjust reserve amounts for specific claims based on the predicted outcomes. This targeted approach to resource allocation can lead to cost savings and improved efficiency in claims management.

4. Informed Decision-Making:

   The use of propensity score matching empowers insurers to make data-driven decisions. Insurers can leverage the insights gained from propensity score matching to inform various aspects of decision-making, from claims management strategies to risk assessment protocols. Informed decision-making, grounded in robust statistical analysis, contributes to overall organizational success.

5. Enhanced Fairness in Premium Setting:

   Workers' compensation premiums are typically influenced by the perceived risk associated with various occupations and industries. Propensity score matching allows insurers to more accurately assess the true risk profile of different groups, leading to fairer premium setting. This not only benefits the insured parties but also contributes to a more equitable and sustainable insurance market.

6. Improved Claims Management:

   Propensity score matching can provide valuable insights into the factors influencing the severity and duration of workers' compensation claims. This information is instrumental in developing targeted interventions and rehabilitation programs to facilitate the timely and successful return of injured workers to the workforce.

Challenges and Considerations:

While propensity score matching offers substantial benefits, its successful implementation requires careful consideration of certain challenges:

1. Data Quality and Availability:

   - The effectiveness of propensity score matching depends on the quality and availability of data. Insurers need access to comprehensive and accurate data on covariates to ensure a robust matching process.

2. Selection of Covariates:

   - Choosing the right covariates is a critical decision in propensity score matching. Insurers must carefully consider which variables are relevant and likely to impact both the treatment assignment and the outcomes of interest.

3. Assumption of Conditional Independence:

   - Propensity score matching relies on the assumption of conditional independence, meaning that the treatment assignment is independent of the potential outcomes given the propensity score. While statistical tests can help assess this assumption, it is essential to interpret the results with caution.

4. Model Specification:

   - The choice of the model used to estimate propensity scores is crucial. Misspecification of the model can lead to biased estimates. Sensitivity analyses can help assess the robustness of the results to different model specifications.

Propensity score matching techniques are proving to be an invaluable tool in research and analysis. By addressing selection bias and creating balanced groups, we can enhance the precision of the analysis carried out, leading to more accurate predictions and better-informed decisions. The benefits of propensity score matching extend across various aspects of insurance operations, from premium setting and reserve calculations to resource allocation and claims management.

As the industry continues to embrace more advanced analytics, I believe that propensity score matching stands out as a powerful and versatile tool in optimizing risk assessment and claims management processes, ultimately contributing to a more efficient and equitable workers' compensation insurance landscape.

TOP RISKS FOR 2024

by AASCIF ERM Committee Members

Have you seen the new Netflix movie, *Leave the World Behind?* Among many social issues, the movie broaches a cautionary tale around our relationship with technology. There is a reason this message is hitting home for so many. As the characters played by Ethan Hawk and Julia Roberts witness remotely controlled Teslas crash into one another, and Mahershala Ali ponders the likelihood of an international security cyber breach and take-over, it leaves us wondering how close we might be to including a similar apocalyptic cataclysm in our scenario analysis.

With the success of this blockbuster, it is no wonder that when we surveyed the members of the AASCIF (American Association of State Compensation Insurance Funds) ERM (Enterprise Risk Management) Committee, the top risk on our minds was cyber security.

The Risk Landscape

As the landscape of insurance and workers' compensation insurance ebbs and flows, evaluating emerging risks and mitigating clear and present dangers is paramount for insurance company management teams.

As we step into 2024, the workers' compensation industry faces many challenges that call for a best-in-class risk management process that incorporates identification, assessment, response, monitoring, and reporting.

Balancing risk and opportunity is the key to successful navigation of all threats on the risk radar from technological disruptions to changing regulatory environments. In this article we will present some of the critical factors that leaders in the workers' compensation industry will need to navigate.

Survey Results

In polling the members of the AASCIF ERM Committee, we put together a top five risk list for both current and emerging risks for our stakeholders to consider. We've also provided secondary lists of risks we considered as we surveyed the landscape.

Top Five Risks for 2024

Rank	Risk
1	Cyber security
2	Talent management
3	Regulatory environment
4	Vendor management
5	Investments

Based on AASCIF ERM Committee Member Survey
See below for detailed description of risks

Other Current Risks

Other current risks identified, in no particular order of importance, include: operational inefficiencies, increase in competition, pricing and adverse selection, adverse impact from worker's compensation court decisions, distribution, interruption disintermediation or error, inadequate reinsurance, timely and effective communication, internal fraud and unethical behavior, adverse claim reserve development, use of artificial intelligence, technical debt, keeping up with customer preferences, speed of innovation, uncertainty in the economy, medical inflation, reliance on cloud hosted data and systems, and inadequate data governance.

2024 Emerging Risks

An emerging risk can be a net new risk to an organization, but it's often a known risk for which an organization wants to gain a better understanding. Below are the top emerging risks for your consideration as you monitor the landscape for 2024 and beyond.

Top Emerging Risks Beyond 2024 (AASCIF Member Survey)

Rank	Risk
1	Artificial Intelligence
2	Inflation and Medical Inflation
3	Data and Analytics
4	Cost of Mental Health Claims
5	Access to Medical Care

Based on AASCIF ERM Committee Member Survey
See below for detailed description of risks

Other Emerging Risks

Additional emerging risks identified included: pandemics, privacy laws, critical infrastructure failures, workforce population decline, environmental, social, and governance (ESG) issues, rate changes, Insurtech, remote Workers, unforeseen recessionary and economic changes, impacts and single payor for health care.

What Others Are Saying

For some context on our risk assessment, we looked at Protiviti's 2024 Top Risks Survey that identifies key issues for board and c-suite members.

According to the survey 58% of executives identify economic conditions as a top risk for 2024, 90% cited cyber threats as a long-term top risk, and 61% indicate that attracting and retaining talent is a top risk looking ahead over the next decade. We have seen comparable results in other industry top risk lists across industry news resources.

www.protiviti.com/us-en/survey/executive-perspectives-top-risks

Our response

While cybersecurity experts say that it is unlikely that hackers could create such large-scale chaos, as displayed in the movie *Leave the World Behind*, cyberattacks can have devastating effects on business. The average cost of a data breach in the U.S. is over $4 million. As workers' comp professionals, we can help our organizations address these challenges, along with managing other key risks by creating a continuous and integrated process to identify and assess risks that pose a threat to our business and strategic objectives.

Risk Descriptions and Drivers for Current Risks

Cyber Security. A clear and present danger in an eternally expanding universe of cyber-attack skills and technologies including AI (Artificial Intelligence), social engineering data, voice, and video tools. Ransomware and theft also carry significant risk for companies.

Talent Management. Attracting and retaining insurance industry talent continues to change. Work from home, technical skills, and workforce dynamics have been changing at a rapid rate since the pandemic of 2019.

Regulatory Environment. Increased risk during the 2024 election year. In addition, gubernatorial elections (and any coattail effects from the presidential election) add volatility to state insurance regulation disruptions and workers' compensation pricing. Implications for data privacy laws and increased costs to comply, social inflation court awards, and the overall cost of regulatory compliance.

Vendor Management. Third-party and fourth-party vulnerabilities present complex relationships and data trails to assess and monitor. This risk is closely related to cyber security risk as new generations of key systems are hosted in the cloud.

Investments. Appropriate investment portfolios are critical to long-tailed workers' compensation insurers. Investments are the foundation for net income, growth and quality of surplus, and credit rating. Election year dynamics and high levels of US debt could lead to elevated levels of economic volatility in 2024.

Operational Inefficiencies. Inefficient processes can lead to unexpected cost increases and have a negative impact on productivity, error rates, reputation risk, and overall business sustainability. Examples include inefficient claims processing that leads to delays in providing claim benefits to injured workers. Rectifying operational inefficiencies requires a coordinated effort that includes process improvements, new and upgraded systems and data, and employee training.

Increased Competition. A significant risk for mono-line carriers. A meaningful loss of market share could create negative implications for staffing, pricing, and finances leading to a reduction in surplus.

Pricing and Adverse Selection. Inability to adequately assess and contain claims, expenses, and contingencies related to premiums creates a significant financial impact.

Distribution. Interruption or disintermediation of distribution may lead to loss of market share and capital.

Potential threats include regulatory changes and technological advancements that disrupt traditional distribution channels.

Workers Compensation Court Decisions. Social inflation and the related significant financial impact of increasing large claim payouts from workers' compensation companies. Claims costs rise when legal remedies are employed to dispute and challenge claims.

Risk Descriptions and Drivers for Current Risks

Artificial Intelligence (AI). Regulatory, legal, and reputational risk balanced with opportunities and staying competitive by continued integration of artificial intelligence into the operations of workers' compensation insurance companies. AI algorithms may contain inherent biases from the data set used to train and calibrate them causing discriminatory outcomes in claims processing, underwriting decisions, and overall risk assessment.

Inflation and Medical Inflation. Higher claims costs versus fixed premiums. Claims and medical treatments and procedures take place soon and long-term. Competitive pressures top price business now can lead to liability mismatch if inflation is significantly more than anticipated.

Data & Analytics. An increased focus and implementation of complex data and analytics will require upskilling employees with expert data analytics capabilities.

Mental Health Claims. Difficulty in linking workplace causation makes mental health claims complex and more likely to include legal costs. Mental health claims can also involve long-term and ongoing treatment plans which lead to higher claim costs and longer open claims versus physical injuries.

Access to Medical Care. Limited and delayed access to medical care for injured workers will increase the costs (and length) of claims. Delayed treatment can have a negative effect on health outcomes. Legal remedies may lead to complaints, reputation risk, and increased costs for claims that involve limited access to medical care.

Rate Changes. State specific. Regulatory and political risks.

Insurtech. Technical debt for established workers' compensation insurers is a negative factor in their ability to keep up with efficiencies found in insurtech competition from these "born digital" competitors.

Climate Change. Costs of defining, modeling, and data to assess climate change impacts. Extreme weather events, such as heatwaves and storms can increase the likelihood of workplace injuries and illnesses.

Remote Workers. The requirement to cover out of state workers may be mandated by the courts. The added state employment tax and workers' compensation coverage expense for companies hiring workers outside of their jurisdictions.

Recession and Economy. Recessions generally reduce employment levels as businesses reduce their workforces to compensate for less demand for their products and services. Lower employment leads to less premium for workers' compensation insurance companies.

INNOVATIONS IN WORKERS' COMPENSATION

By Stonybrook Capital

Submitted by Policyholder Services/Underwriting Committee

A combination of advancements in technology, regulatory changes, and evolving workplace norms have resulted in a shift in how the $54.1B workers' compensation industry safeguards both employees and their employers in the event of an accident or injury. These innovations include the adoption of wearables to monitor workplace safety, identification of high-risk claims and cost reduction opportunities, and streamlining claims management and processing.

Wearables for Workplace Safety

Connected devices play a crucial role in facilitating real-time monitoring of workplace conditions, enabling proactive injury prevention to identify movements likely to result in injury. Companies like StrongArm Technologies offer an end-to-end safety management system which encompasses a wearable device (hardware) with a SaaS dashboard with advanced analytics and insights. The growing adoption of wearable technology monitoring physical activities, posture, and environmental conditions (light, temperature) have enhanced accident prevention measures, but require substantial up-front investment and time and require a long road to demonstrating ROI for insurance partners. Other companies in the wearable device space like Kinetic have pivoted towards building an MGA as their primary monetization strategy.

Outside of traditional insurance focused solutions in the space, movement health companies like Sparta Science deliver standardized, objective movement metrics to help organizations screen their workforce and inform return to work decisions, reducing injuries and claims.

Identification of High-Risk Claims and Cost Reduction Opportunities

Big data analytics can be a force multiplier for claims departments, helping provide early warning of potential high-cost claims as they develop and directing resources and attention accordingly, as well as identifying opportunities for savings on treatment and litigation. Companies like Clara Analytics, GradientAI, EvolutionIQ, and Charlee.ai have harnessed large claims data sets to build models to surveil for potential high-cost claims and litigation, helping guide claims professionals to situations where their attention is most needed, and in some cases providing guidance on reserves. For example, Maine Employers Mutual Insurance Co. (MEMIC) leverages Gradient AI to enhance their claims management outcomes via its ClaimsBenchmarking and Total Incurred Prediction solutions. Using the ClaimsBenchmarking tool, insurers are able to identify trends and outliers within their claims data, enabling them to refine their decision-making process and improve reserve management. The Total Incurred Prediction solution predicts the future cost of each case, enabling claims managers to set reserves within a certain range based on these predictions.

Claims Management and Processing

Previously labor-intensive tasks like validating and managing the claims process can be made more efficient and data driven through process automation and digital networks serving the whole industry. Companies like HiMarley, used by state workers' compensation funds like Louisiana Workers' Compensation Corporation and Chesapeake Employers Insurance, are focused on improving customer engagement and claims processing by offering injured workers a faster, more convenient way to communicate with their insurance provider via text. Others like Zenjuries and Stream are enhancing end-to-end claims process from initial injury reporting, document review, adjuster communication, employee doctor visits, wellness checks, and claim resolution.

"In the past 25 years, predictive analytics has reshaped claims management. Today, with the introduction of large language models (LLMs) like those powering Chat-GPT, we're taking a big leap forward. LLM-powered platforms not only identify risk, but can help actively intervene in managing them. Our technology processes the vast array of documents in WC - over 100 million every year - and automates tasks such as drafting document summaries, reviewing bills, and making informed Utilization Review decisions. This technological leap allows adjusters to concentrate on strategic planning and engagement with injured workers, enhancing the human touch in our industry. Our focus is on optimizing the paperwork, ensuring adjusters can devote their time to where it matters most." said Eric Yen, Co-Founder & CEO of Stream.

Trends Across the Insurtech Market

While insurtech funding has dropped significantly from its 2021 highs ($41.7B globally across 2,249 deals), companies enabling change across the value chain are seeing more success over the past few years. The $42.0B may seem outrageous in quantum, but if you consider the size of the global insurance market at ~$6.0T, R&D spend of <10bps may actually be considered reasonable – especially when you start to think about the growth and momentum across many segments of insurtech.

Solutions with high upfront costs (i.e IoT) or underwriting-focused innovations have struggled given the longer Troad to demonstrating ROI. On the other hand, claims technology, digital distribution, and the automation of other back-office technologies have seen strong growth in adoption. The tightening fundraising and reinsurance market has led to a wave of closures and has forced companies (both new and old) to seek strong economics and profitable underwriting models.

"While there are numerous promising new tech-enabled entrants into the workers comp market, they face formidable competition both from monolines and large multi-line incumbents for whom workers comp is just one facet of a comprehensive commercial insurance program," said Matt Perlman, Partner at IA Capital, the longest tenured and tied for the most active insurtech-focused investor with Munich Re according to FT Partners' Q3 2023 Insurtech Insights. *"Generating outsized investment returns requires truly proprietary distribution and/or underwriting capabilities to avoid commoditization" Matt added.*

It's hard to talk about innovations in workers' compensation insurance without discussing distribution, an area that has garnered a lot of the attention and venture capital money. In the first wave of insurtech distribution companies, digitalization has been a means with which to streamline and simplify the insurance purchasing experience. Companies like Pie Insurance have innovated across the value chain to provide a digital-first, tailored solution for small businesses. Other distribution companies including Embroker, Glow, Huckleberry (acquired by Paychex), NEXT Insurance and Foundershield have similarly created digital-focused customer experiences to offer more choices and affordable insurance options for SMBs.

The newest wave of distribution-focused companies in the WC insurtech space have focused on understanding risk at the source. These companies have improved their visibility in the risk profiles of SMBs and often provide risk-based pricing by leveraging big data, AI/ML, and predictive analytics. One such example is CompScience, an MGA and SaaS company, which provides an intelligent safety platform to analyze existing security footage and continuously identify risk, while providing mitigation guidance. Similarly, Insurate leverages its proprietary risk scoring, underwriting, and pricing platform to better assess workers compensation risk for industries with medium to high hazard risk profiles, particularly blue collar work.

"The first wave of Insurtech companies by and large were focused on streamlining distribution and better quote-to-bind experiences, but this only represents the top 30% of the insurance value stack. We are among a second wave of companies focused on "the other" 70%. Our focus is on the bundling of active risk management solutions into the workers' comp policy. By providing transparency into existing workplace risks and mitigating those risks, we can improve loss ratios and drive profitability across a book of business." said Josh Butler, Founder & CEO of CompScience

While the current economic climate has led to a natural selection of the most viable companies and emergence of some leaders in specific categories of the insurance value chain, adoption is still in the nascent stages. The industry is focused on strengthening its technology infrastructure and reducing technical debt, which has led to faster adoption of new technologies like generative AI.

About Stonybrook Capital

Stonybrook Capital is a global investment banking and reinsurance broking firm, with headquarters in New York City and offices in London, that focuses exclusively on the insurance and reinsurance industry. The Firm was founded in 2012 and was ranked #2 behind Goldman Sachs in the S&P advisory league tables for 2022.

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NAVIGATING THE AI LANDSCAPE IN WORKERS COMPENSATION: PRESENT DAY CHALLENGES AND CONSIDERATIONS

By Matthew Huestis, Application Development Manager, Chesapeake Employers

Submitted by the IT Committee

You may be thinking "Another article about Artificial Intelligence!?" An abundance of opinions are flooding the digital space, ranging from the urgency of embracing AI, to ominous predictions of its impending dominance. Regardless of our sentiments, the consensus is that we must do what we can to prepare for it in our professional and personal lives.

In the insurance industry several potential advantages have been cited for process improvement and some carriers have moved forward with AI implementations. The intent of this article is to focus on the shortcomings of AI for insurance carriers at present followed by recommendations for immediate action.

The definition of Artificial intelligence per Britannica: "artificial intelligence (AI), the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings." This is a broad area of computer science dedicated to completing tasks or making decisions that may be complex in nature, not to be confused with predictive analytics which is not new to the insurance industry.

With the arrival of ChatGPT in 2022, the world was introduced to a new form of AI: Large Language Models (LLMs) and the tools for interacting with them known as Generative Pre-trained Transformers, or GPTs. AI leveraging LLMs has gained our industry's attention for its potential to gain efficiencies especially in underwriting and claims when it comes to pricing, risk analysis, fraud detection, reserve setting, and more.

There are two human decision-making functions critical to the insurance industry that AI does not currently excel at by many accounts:

1. Empathy and sympathy: Computers lack emotion. Decisions about insurance coverages, prices, or claims can significantly impact people's lives. Leaving these decisions entirely to an algorithm, which lacks accountability, empathy, and the ability to make ethical judgments can be problematic, especially in high complexity scenarios. Humans working in Claims and Underwriting need to at least have oversight of these processes to assure that decisions are made responsibly.
2. Creative problem solving: AI is very good at decisioning and problem solving when its underlying data sets contain the same or similar problems and decisions. If it does not have any data to fall back on to solve a new or unique problem (in other words, it has not yet been trained on said problem), it lacks the type of intelligence that humans rely on to solve the problem in a new or unconventional way. In other words, it is going to have a more difficult time thinking outside the box. In one study I came across, researchers conducted a two-stage experiment to compare AI's abilities to that of children ages 3-7, as well as several adults. The first stage was to provide text descriptions of common objects, and the second was to use those objects to solve problems they are not intended to be used for. The researchers concluded that the AI models performed similarly to humans in the first stage but fell notably short in the second: Artificial Intelligence Systems Excel at Imitation, but Not Innovation

Moreover, insurance professionals often find themselves in a position of having to rely on both empathy and creativity to maintain an acceptable level of customer service. This can involve compromising on the pricing of a policy to satisfy the needs of the carrier and the producer, and most of all the insured. Or perhaps an automated cancellation process must be overridden temporarily due to a compromise between the insured and the carrier, in the case it is likely that an AI model would make the same decision as the in-place automation which is to cancel the policy. Empathy is a critical need in healthcare, therefore when handling claims, empathy often plays a part in decisioning. Beyond these scenarios, Insurance is complex and frequently presents unique scenarios that need to be dealt with by human experts with years of experience in the industry. AI may take a "one-size-fits-all" approach and fall short when working through these complex scenarios.

Another consideration is the carrier's investment required to do all that is required to successfully implement AI solutions, including but not limited to:

- Software, infrastructure, and data licensing
- Implementation costs (consulting, staffing, project management)
- Organizational change and training

Most carriers are already leveraging data mining, predictive modeling, and automation to support functions like straightthrough policy issuance, claims reserving, and others, many will find the return on investment for new and robust AI solutions may be too far in the future to move forward now. "Technology in search of a problem" is often not successful.

Just like fully unmanned and autonomous vehicles will likely not be widely available for years to come, AI is not going to take the insurance industry by storm, take over complex tasks, and cause mass layoffs, in the short term. That said, we need prepare now as we expect technology to evolve at a rapid pace for our customers, our partners, and ourselves as the learning capacity for AI models is only going to increase. I would recommend the following:

- Review, Revise, and where necessary, add corporate policies and procedures regarding AI. Committee members and I have found AI to be useful in completing some of our individual tasks, such as writing generic code, generating standard policies and procedures, summarizing lengthy documents or notes, researching technical concepts or industry trends, and ironically, learning about AI.
- Research industry trends and peer activity - learn about what your competitors are leveraging AI for that is gaining an advantage for them and know what your customers and producers are expecting with regards to AI.
- Develop a long-term, high-level strategy for your carrier's transformation into an AI-enriched set of solutions so that you can hit the ground running when it is time for you to do so.

To prepare for AI, SAIF has formed a corporate working group with executive sponsorship (IT and Legal) to first focus on policies and ideas for innovating with AI. A separate but related group in IT will work on more of a technical roadmap/ strategy and consider the opportunities and risks with AI adoption.

At Chesapeake Employers, we have revised the language regarding the sending, submitting, and uploading of confidential or proprietary information to specifically include public AI and Machine Learning resources. We are also in the beginning stages of establishing governance dedicated to AI.

For those carriers that have just begun to create corporate policy regarding AI, I recommend the following article from the Q3 2023 AASCIF newsletter that goes into detail on the topics of Governance and ethics:

THE ETHICS OF ARTIFICIAL INTELLIGENCE IN WORKERS' COMPENSATION INSURANCE: KEY CONSIDERATIONS FOR ESTABLISHING SUITABLE GOVERNANCE

By Jim Romano, Corporate Risk Office at MEMIC

PREMIUM AUDIT OVERVIEW

A premium audit is an important tool to ensure customers have the proper coverage and are paying the right premium. Although many insureds are understandably not excited by the prospect of a premium audit, state funds strive to make premium audits as painless as possible. Educating agents and insureds during the policy year is one way to avoid surprises at audit time and reduce 'pain' for customers.

For this quarterly newsletter, we asked members of the Underwriting & Policyholder Services committee to share what was happening in the premium audit world in their state. We know that one of the benefits of AASCIF is learning from our colleagues nationwide, so we have collected some trending audit surprises and will share what state funds are doing to try to prevent them.

MEMIC, Julia Gerrity, Manager, Comp As You Go

MEMIC, like many other carriers, has seen significant additional premiums at audit in 2023. These premium increases are attributed both to lags in policy exposure increases, and to businesses not properly anticipating growth after the pandemic. The underwriting department is focused on endorsing audited payrolls so current terms have the appropriate payrolls and premiums.

MEMIC utilizes its Comp-As-You-Go (CAYG) payment plan which provides insight into actual payroll and premiums throughout an insureds policy term. CAYG generates variance reports for underwriters, which identifies accounts where premiums collected are trending higher or lower than estimated premiums. Underwriters process endorsements to increase or decrease payrolls accordingly, which helps minimize audit differences. CAYG collects 35% of the premium in Maine, which accounts for 21% of in-force policies.

From Benjamin Delcourt, Director of Underwriting at MEMIC: "Ease of doing business is a top priority for any insured looking to partner with a workers' compensation carrier, and our CAYG program provides just that. We've seen considerably higher rates of policyholder retention with CAYG as opposed to standard payment plans. This has prompted us to find new ways to grow our CAYG book through relationship building with payroll partners as well as educating our agents and policyholders on the benefits of the program."

HEMIC, Eric England, Underwriting Director

In Hawaii, there are potentially more frequent exposures than other state funds to federal coverages related to ocean and waterway exposures, such as USLH and the often-misunderstood Jones Act. One of the biggest challenges is determining if a worker is exposed under the Jones Act based on whether the worker is on navigable water, their work is taking place on a "vessel", and if the worker is spending 30% or more of their time connected to "the mission of the vessel". As with most federal coverages, the original intention of the coverage has been broadened over time by court cases, including one that determined surfboards, kayaks and other recreational water-sport vessels are now considered "vessels" and in many cases fall under the Jones Act.

For small "mom & pop" operations, the costs associated with Jones Act compliance can be a major burden. At HEMIC, we have been helping to educate agents on these laws to help insureds avoid exposure or properly insure it. The simplest way for some of these companies to avoid exposure is to make sure employees are not spending 30% or more of their time exposed, which is often accomplished by rotating the staff involved in the operations. Since Hawaii has a large tourism industry, we want to make sure these businesses have the knowledge they need to stay compliant with the law and manage costs.

HEMIC has also seen an unexpectedly large number of final audits with additional premiums in 2023. Some of this is driven by segments, such as restaurants and tourism, returning to a fuller scale since Covid, but has been seen in other industries for various reasons. While more premiums generate cash for HEMIC, it causes challenges for budgeting and forecasting. Agents often prefer to leave the current policy payrolls "as is" once the premium audit is completed and push back on endorsing current policies to reflect increased payroll. In response, HEMIC is leaning toward more automatic endorsements on current policies because of this, rather than asking for agent input. This is obviously not a one size fits all solution, since there may be legitimate reasons a business might have an unexpected bump in payroll, but it is important to get the most accurate payroll estimate to avoid audit surprises.

Montana State Fund, Brad Cozzie, Underwriting Manager

In Montana, the premium audit staff has been trying to educate employers to avoid audit surprises. This is especially true when it comes to the insureds' estimated exposure or payroll. One employer strategy for reducing insurance premiums is to under-estimate payrolls at the beginning of the policy term. Taking a bearish approach to exposure estimates makes sense in some scenarios–for instance, during a pandemic—but this strategy is accompanied by the risk of high additional premium charges.

The Montana State Fund provides some strategies to employers to avoid large audit finding, including adjusting estimates midway through the policy term to align with actual payroll, or estimating final annual premiums by applying rates to actual payroll and putting money aside for the final premium charge.

In addition, the Montana State Fund provides education to insureds about the importance of ensuring subcontractors have workers' compensation insurance, including having subcontractors supply certificates to prove coverage. It is a good reminder that a certificate is a snapshot in time and only reflects the active coverage as of the date it was issued; it does not guarantee continued coverage. Because of this, the Montana State Fund encourages employers to hire subcontractors that they trust, monitor expiration dates, and get updated certificate(s) for each job. These strategies can help prevent having any uninsured subcontractor's payroll added to the final audit premium.

Ohio BWC, Kendra DePaul, Director of Underwriting

In 2019, the Ohio legislature passed legislation that updated the definition of an employee in the trucking industry. Ohio Revised Code 4123.01 makes it clear that anyone who operates a vehicle for a motor carrier is an employee unless they meet a specific set of criteria. The full set of standards is laid out in the law but below are a few standards that must be met for a driver to be consider a non-employee:

- A driver must own or lease the vehicle. This must be a real lease – and not a lease between the driver and the motor company, a technique which in the past was used to claim a driver was not an employee.
- A driver is responsible for all costs related to the vehicle and controls how the work is to be done.
- Compensation for the driver is based on work performed such as by miles or job, not solely on hours worked.
- A driver is responsible for any economic loss or gain from the arrangement with the carrier.

Ohio Bureau of Workers' Compensation (BWC) has found the changes to the law greatly clarified who is an employee in the trucking industry. Although this law has been on the books since 2019, it has taken some time for BWC to educate the trucking industry of the change. In the next year, BWC plans to audit over 1,000 trucking industry employers. The objective is to reinforce the correct reporting based on the recent law change. When auditing these employers, any changes that are found in relation to the leasing of trucks and contract drivers will be made prospective, meaning instead of billing them back premium, the employer will be educated on the correct reporting of wages needed in the future. Although some employers will be surprised by this change, this approach will get everyone on the same page with proper reporting going forward.

SFM Mutual, Rhonda Wills, VP, Residual Markets

SFM Mutual Insurance works in both the voluntary market and the state assigned risk program. In the latter role, the company performs as the servicing carrier for 75% of the MN Assigned Risk Plan for the state of Minnesota. As a result, SFM works with a wide variety of policyholders, which means a wide variety of premium audit experiences.

Some Recent premium audit surprises in Minnesota have been due to fraud. Simply put, payroll fraud is not just a problem in the construction industry. Home health workers require workers' compensation insurance for licensing, an opportunity for some to engage in payroll fraud. It's not uncommon to see years with zero employees, but certificates taken out between family members. In trucking, furniture moving, and non-emergency medical accounts, companies are taking out policies for employees, most often without their knowledge. The "if any" policy with hundreds of thousands, if not millions in Zelle, Venmo and other money transfers, has become rampant in the construction code arena. One stark example of this was a roofing "if any" policy with over $5M in money transfers during the policy term.

Situations such as these present a dilemma for the auditor and underwriter as far as what to charge for payrolls. The residual market has clear requirements: if a policyholder is unable to present documentation for the large withdrawals every Friday, the underwriter must charge them as payroll. The Fraud Unit is notified of potential fraud and prosecution is possible. The voluntary market does not see these situations as frequently as the residual market, but when they do, they must consider agency relationships, time for policyholder education, and potentially losing a solid performing piece of business. Because it's likely that the use of Zelle, Venmo and other money transfers will continue in the future, it will be important for employers to understand how this impacts workers' compensation premiums.

While each state may have unique challenges with workers compensation premium audits due to government regulations, industry prevalence and trends or geographical locations, it's clear that the more we share information across our segments, the better-informed we will be as carriers and as an industry, and the better we can inform our agency partners and employer customers.

AROUND AASCIF

LOUISIANA

LWCC Donates $20,000 Through Holiday Giving Contest

In January, LWCC announced the donation of $20,000 to three Louisiana-based nonprofits working to elevate the state through the Holiday Giving Contest, an innovative initiative in collaboration with its agent partners. In lieu of a traditional holiday gift, LWCC invited agent partners to nominate state-based nonprofits leading transformational change.

"Through the Holiday Giving Contest, we're able to not only strengthen our relationship with our agent partners, but also empower local nonprofits who are creating meaningful change across the state," said Tensey Pricer, LWCC Agency Relations Manager. "This initiative brings to life the Louisiana Loyal movement, providing funds to organizations equally committed to celebrating and elevating our home state."

To determine the three finalists, LWCC's Agency Council, an advisory group composed of top-performing agents, assessed the nominees based on their philanthropic mission and efforts to better the state. The top three were brought to a public vote, garnering nearly 3,000 total votes, which was used to determine the distribution of the funds. The three nonprofits receiving donations were Gaitway Therapeutic Horsemanship in St. Gabriel, Split Second Foundation in New Orleans, and Upside Downs in Thibodaux.

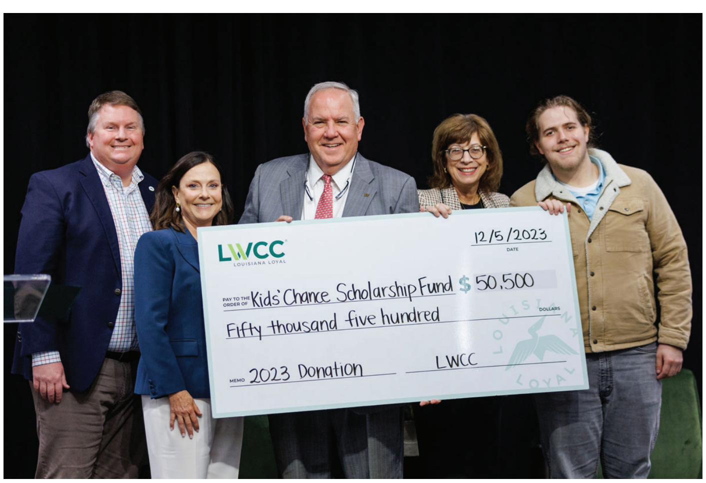
LWCC Speaker Series Featuring Ryan Holiday Raises More Than $50,000 for the Kids' Chance Scholarship Program

Together with its agent and business partners, LWCC donated $50,500 to the Louisiana Bar Foundation (LBF) Kids' Chance Scholarship Program during its annual Speaker Series, featuring bestselling author and stoic philosopher Ryan Holiday.

The Kids' Chance Scholarship Program provides higher education scholarships to dependent children of Louisiana workers who were killed or permanently disabled as a result of a workplace accident. Since 2004, the program has awarded 337 scholarships totaling over $863,000 to help students attend a school of their choice.

"We're delighted to make this donation to Kids' Chance, which has helped so many young Louisianans access higher education," said Kristin Wall, LWCC President and CEO. "Our promise is to be there for Louisiana workers, providing the best possible care when they need it most. This partnership allows us to extend that reach to also support the children of those affected by a workplace accident throughout their learning journey."

Echoing that theme of support, featured speaker Ryan Holiday provided guidance on mastering life's many challenges, reminding attendees what while we cannot control what happens to us, we can control how we respond. By weaving together ancient, timeless wisdom with key messages from his bestselling trilogy of books, Ryan provided a framework for navigating life's complexities.



Pictured L to R: Matt Richards, LWCC AVP, Deputy General Council; Kristin Wall, LWCC President & CEO; the Honorable John C. Davidson, (Ret.), Vice President of the Louisiana Bar Foundation; Laura Sewell, Acting Executive Director of the Louisiana Bar Foundation; Derek Trouard, former Kid's Chance Scholar

MARYLAND

Chesapeake Employers Reduces Rates in 2024, Lowers Rates 37% Over Past Decade

Chesapeake Employers' Insurance Company is again lowering its rates for businesses around the state. Effective April 1, 2024, the company will lower its overall net rates by 4%, further easing workers' compensation insurance expenses on Maryland's business owners. This rate decrease totals a 37% rate reduction over the past nine years. Chesapeake Employers' rates are subject to approval from the Maryland Insurance Administration.

"We are committed to helping Maryland businesses thrive and supporting employers and their workers throughout the state," said Mark Isakson, CEO of Chesapeake Employers Insurance. "Reducing our rates is just one way we can help lower the cost of doing business in our state during a difficult period of rising borrowing costs and inflation."

Chesapeake Employers Insurance Declares $50 Million in Dividends, 4% Net Rate Decrease

(TOWSON, Md.) — Chesapeake Employers' Insurance Company's Board of Directors declared $50 million in dividends to qualifying policyholders based on the company's outstanding financial performance. The company also announced it will reduce overall net rates by 4%, effective April 1, 2024.

Dividends Increase for 2024

Chesapeake Employers will increase corporate dividends for 2024 by $35 million, bringing the total to $50 million. In 2023, the board declared $15 million in corporate dividends for 2024.

Rates Decrease for 2024

Effective April 1, 2024, the company will lower its overall net rates by 4%, further easing workers' compensation insurance expenses on Maryland's business owners.

"Increasing dividends and reducing rates are a direct reflection of our policyholders' commitment to the wellbeing of Maryland's workers," explained Mark Isakson, CEO of Chesapeake Employers Insurance. "In 2023, Chesapeake Employers' financial performance exceeded expectations as we experienced favorable underwriting results and investment income. Our Board of Directors is pleased to increase our dividend to help support Maryland businesses, their employees, and the Maryland economy during a difficult period of rising borrowing costs and inflation."

This marks the seventh consecutive year that the company is declaring dividends for its customers. In all, Chesapeake Employers will have returned a total of $120 million to Maryland employers.

In 2023, nearly 80% of the company's policyholders qualified for a corporate dividend.

The increased dividend will be awarded to qualifying policyholders with payment beginning July 1, 2024. Dividends are based on performance and are not guaranteed. The corporate dividend was approved by the Maryland Insurance Administration.

NEW MEXICO

It Starts at the Top

Facilitating connections between employees and leaders, including our CEO, Kellie Mixon, is yet another significant avenue through which New Mexico Mutual fosters employee engagement, especially because so many follow a hybrid work schedule. Each month, new team members are invited to a special breakfast with Mixon to learn about the business, herself, and how they can get involved within the company.

Throughout the year, all employees are invited to connect with Kellie and other leaders within the company while they learn more about the business. During "Coffee with Kellie," employees enjoy breakfast and coffee while Kellie interviews leaders about their work and fields questions from employees.

At "Kickin' it with Kellie" afternoon meet-ups, employees take a break, socialize, and hear about new initiatives and programs. Both events include a virtual component so employees working remotely can attend. They're a success! Of the company's almost 140 employees, around 100 attend each event.

And that's just the start. New Mexico Mutual has more employee engagement programs in the works for 2024!

End of the Year Success

New Mexico Mutual was honored with the prestigious Company of the Year Award from the Big I of New Mexico (formally Independent Insurance Agents of New Mexico) at the end of 2023.

We are pleased to share that our long-standing A- rating from A.M. Best reaffirms not only our commitment to excellence but also highlights our continued financial strength and stability.

These recognitions are a testament to the outstanding commitment and exceptional service that the employees of New Mexico Mutual have consistently demonstrated in the field of workers' compensation insurance.

NORTH DAKOTA

Unveiling the 'Serve and Protect Reimbursement' Initiative

North Dakota Workforce Safety & Insurance (WSI) launched a new program that will assist employers in offsetting the cost of routine medical exams for full-time firefighters and law enforcement officers. Under ND law, certain conditions for law enforcement and full-time paid firefighters are presumed compensable, including conditions caused by heart disease, hypertension, and lung or respiratory disease. The goal of this program is to help prevent these types of injuries or conditions from occurring.

Routine medical exams help ensure employees are physically and mentally fit to safely perform their essential functions, however the exams can be costly to employers. This program highlights the importance of the invaluable service of those who risk their lives to keep North Dakota safe.

Active employers in good standing are eligible for reimbursement up to $250 per employee for routine medical exams. The medical exam schedule is based on continuous years of service as a paid, full-time firefighter or law enforcement officer regardless of where the service occurred.

"Workforce Safety & Insurance is committed to ensuring North Dakota workplaces are free from preventable injuries and accidents," WSI Director Art Thompson said. "By partnering with employers on this program, we are not only fulfilling that commitment but also safeguarding those who serve and protect the citizens of North Dakota."

Although this program is relatively new, WSI has reimbursed $11,000 to qualifying employers since September 2023. Coming into 2024 the focus is to ensure employers are taking advantage of this program so everyone can go home safe and healthy. For more information, visit www.workforcesafety.com/safety/serve-protect-reimbursement-program.

OREGON

A Five-Step Approach to Worker Well-Being

SAIF, in collaboration with the Center for Work, Health, and Well-being at the Harvard T.H. Chan School of Public Health, has created a simple five-step approach that merges safety, health, and well-being through organizational, environmental, and individual perspectives to provide an integrated set of solutions.

Liz Hill, Total Worker Health adviser at SAIF, says the process is designed to be useful to all types and sizes of businesses.

"The Center developed strong evidence-based guidelines for organizations to implement worker well-being policies and practices. There's great stuff in them. They were also a little overwhelming. Together we adapted them to something that is more easily applied in all workplaces," Hill says.

Hill says it's crucial to begin the process with an exploration of your business and to engage workers by asking questions from the very beginning.

"Your employees are going to be the biggest help in identifying opportunities and priorities," Hill says.

From there, you can hit the ground running.

1. **Identify |** Build a strong team with clear direction and leadership support to positively impact workplace well-being.
2. **Engage |** Engage your workforce and provide opportunities to share experiences, perspectives, and ideas for improvement of their working conditions.
3. **Design |** What are you going to do, how will you do it, and what will success look like?
4. **Action |** Do the things you've planned. What has worked well in the past? What possible barriers have not been addressed? Start small, stay focused, and make sure to track your progress.
5. **Review |** Review your work and the lessons you've learned so you can continue to improve.

You can learn all about the five steps, watch trainings and videos, and download materials at saif.com/5easysteps. The resources are also available in Spanish.

2024 Policyholder Calendar Spotlights Things Grown in Oregon

From the temperate foothills of the Willamette Valley to the rolling plains of the eastern part of the state, Oregon's agricultural industry leans into innovation while standing on time-tested tradition to provide for its communities.

The businesses and organizations featured in SAIF's 2024 calendar all continue to write the story of Oregon agriculture—from developing new products to meet the changing needs of its communities to embracing safety innovations that make sure all workers can go home safely at the end of the day.

SAIF has over a century of dedication to the safety and health of all those working in the industry. For nearly 30 years, our annual agricultural safety seminars have built on that commitment. These seminars, along with our ongoing conversation with agricultural owners and workers, align with our vision to make Oregon the safest and healthiest place to work.

We will be celebrating the companies featured in the calendar over the next year at saif.com/stories.

SAIF Employee Elected to Insurance Collection Executive Board

Credit underwriter Lisa Carnahan has been elected as the newest board member for the Insurance Collection Executive (ICE) Association. ICE is an industry organization dedicated to supporting the insurance collection professional and the insurance industry.

Lisa has worked in billing and collections at SAIF for seven years, as a credit analyst and, since January 2022, as a credit underwriter.

SASKATCHEWAN

Saskatchewan WCB selects Sapiens to Transform Its Core Workers' Compensation System

As part of the Saskatchewan Workers' Compensation Board (WCB)'s Business Transformation Program, the WCB has selected Sapiens' CoreSuite for Workers Compensation, DigitalSuite and Intelligence to transform the WCB's legacy core systems with a modern, integrated platform for efficient service delivery.

The Saskatchewan WCB is looking to meet customers' evolving needs by replacing its core workers compensation systems to increase operational efficiency through automated workflows and work management.

The WCB's selection of CoreSuite for Workers Compensation was prompted by its easily configurable, out-of-the box functionality and proven, purpose-built solution for workers' compensation. The WCB chose Sapiens for their expertise in the workers' compensation industry and focus on the customer experience. The phased implementation will occur over three years beginning with the WCB's employer accounts system (policy/billing), followed by its claims and case management system in phase two.

"Sapiens provides an optimized, integrated platform coupled with the right people and a proven track record in successful implementations and ongoing support," said WCB CEO Phillip Germain. "Sapiens understands the business of workers' compensation and provides a solution along with industry best practices to enable us to successfully transform our organization to meet our customers where they are today and long into the future."

A modern open architecture platform that is easy to deploy and maintain, Sapiens' CoreSuite for Workers Compensation creates new ways to improve collaboration and reduce time to market, offering greater value to end-users. DigitalSuite offers a unified, omni-channel experience that customers expect, and Sapiens' Intelligence is an integrated solution that produces actionable insights to maximize the value of data for smarter decision making.

For more information on Sapiens, visit sapiens.com.

Amendments Introduced to *The Workers' Compensation Act* Will Provide Increased Cancer Coverage for Firefighters

In the fall of 2023, the Saskatchewan government introduced amendments to *The Workers' Compensation Act, 2013* (the Act) that will see presumptive coverage for six new types of cancer. This will bring the presumptive coverage to 22 types of cancer; the most of any Canadian jurisdiction.

This coverage would include:

- primary site penile cancer;
- primary site pancreatic cancer;
- primary site thyroid cancer;
- primary site soft tissue sarcoma;
- primary site mesothelioma; and
- primary site laryngeal cancer.

Each work day, as firefighters keep Saskatchewan communities safe, they are at risk of exposure to occupational disease. Further coverage for these six new types of cancers will help firefighters and their families.

Other amendments introduced to the Act include:

- Changing the definition of worker to remove executive officers and include secondary and post-secondary students in recognized programs as well as the ability to add other categories of workers in the regulations;
- Amending the privacy provisions to: (1) mirror The Health Information Protection Act; (2) provide for administrative penalties if a privacy breach occurs; and (3) simplify the process for releasing information during reconsideration or review of a decision on compensation claims;
- Requiring all appeal tribunal decisions with rationale to be published;
- Covering the expenses associated with transporting a deceased worker's body to the usual residence outside Canada;
- Providing compensation to a worker's dependent children when the worker passes away from a non-work-related injury while on compensation no matter the length of time on compensation;

- Simplifying the medical review panel process;
- Increasing the permanent functional impairment award over a four-year period and indexing afterward; and
- Indexing the independence allowance.

Through these amendments, the WCB's legislation will meet the needs of Saskatchewan workers and employers, as well as their families.

WASHINGTON

Outdoor Workers Gain Year-Round Protections from Dangerous Wildfire Smoke

The Washington State Department of Labor & Industries has filed permanent wildfire smoke rules, which take effect Jan. 15. Washington, Oregon, and California are now the only states with permanent rules regulating most outdoor workers' exposure to the particles in wildfire smoke, which is one of the fastest-growing pollutants.

Smoke from wildfires contains fine particles that can reach the deepest parts of the lungs, causing serious health problems. It is particularly dangerous for people who work outdoor jobs like construction, agriculture, and certain other industries.

The rules require employers to be prepared for the impact wildfire smoke will have on their workers by creating a response plan, providing training to employees, monitoring smoke levels, implementing a two-way communications system, and making sure employees have access to prompt medical attention.

Employers are also required to take specific action any time the amount of dangerous material in the air, known as particulate matter or current PM2.5, rises above a certain level. Employers can use indexes like the NowCast Air Quality Index (AQI) to track air quality. As air quality gets worse, employers must provide increasing protections to keep workers safe and healthy.

Updated Rules Will increase Safety for Petroleum Workers

The Washington State Department of Labor & Industries (L&I) has filed a formal update to workplace safety rules designed to prevent catastrophic events, like the deadly Tesoro (2010) and the Equilon (1998) refinery explosions, from happening again.

The updated rules govern the way workplaces handle dangerous chemicals, what's known as process safety management (PSM). The updates focus specifically on petroleum refineries, and the updated rules will take effect Dec. 27, 2024.

"Refineries have to proactively eliminate and reduce risk—not just react," said Craig Blackwood, assistant director for L&I's Division of Occupational Safety and Health. "It has been decades since these rules were updated, and we know the capability of the industry to make these safety changes has improved during that time, so our rules needed to improve as well."

L&I Programs Team-Up for Unique Logging Safety Event "in the Woods"

Team members from the Washington State Department of Labor & Industries (L&I) Logger Safety Initiative, Employer Services Outreach, and other L&I programs gamely met in the middle of the forest recently to tell logging workers and employers about the advantages of collaborating with L&I.

The L&I team participated in the Pacific Logging Congress 9th Live In-Woods Show at Weyerhaeuser's Vail Tree Farm in Rainier, Washington last fall.

L&I has been working to improve safety in the logging industry and reduce the frequency and severity of injuries in the industry's risk class. The Logger Safety Initiative offers employers up to a 20 percent discount on their workers' compensation insurance rates for keeping their workers safe and working.