AASCIFNEWS

SUMMER ISSUE | 2024

WHAT'S INSIDE

AASCIF
American Association of State Compensation Insurance Funds

PRESIDENT'S MESSAGE

Hello AASCIF Community,

As soon as I finish writing this message, I will begin packing for this year's annual AASCIF conference, being held in Providence, Rhode Island. As this will reach you after, I hope to have seen many of you there!

Our host, Beacon Mutual, has put together a wonderful conference agenda and I am looking forward to reconnecting with colleagues from across the country and learning from each of our member organizations.

My term as ASSCIF president will come to an end this year, and while I will continue to be engaged in different capacities for years to come, I want to take this opportunity to thank all of you for the opportunity to serve as your president and once again share how proud and fortunate I am to be a part of the AASCIF community. We play a critical role in helping all our workers' compensation systems perform for every stakeholder, and we make a difference, both as individual state funds and as a national community.

Vern Steiner
President, AASCIF & California State Compensation Insurance Fund

FEATURES From AASCIF

TALENT RISK: EXPLORING SOLUTIONS THROUGH WORKER WELL-BEING PROGRAMS

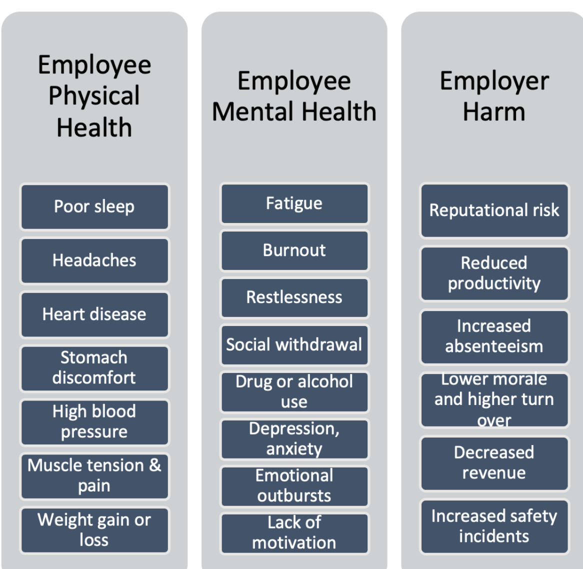
By: Beth Vandehey, Tiffany Uranga, Kambria Dumesnil

Submitted by the AASCIF ERM Committee

Is talent management a top risk in your organization? Is this risk affecting your ability to achieve business objectives and strategic goals?

Talent management challenges not only disrupt operations and have a financial impact but may also erode the foundation of a productive and innovative workforce. While businesses often emphasize monetary solutions, an alternative approach involves integrating well-being and safety programs within the psychosocial work environment.

The World Health Organization (WHO) defines psychosocial work environment (also referred to as workplace stressors) as the organization of work and the organizational culture. Similar to physical hazards in the workplace, the psychosocial workplace environment can also pose risks. For example, factors like workplace conflict or long work hours create stress. This in turn can negatively impact employee mental and physical well-being and organizations, as shown in the image below.



Source: Office of the Surgeon General

As organizations consider their approach to the psychosocial work environment, they must balance the risk of doing nothing—which could lead to inability to reach strategic goals—with the risk of taking action.

The Risk of Inaction

Research shows that 83% of US workers[1] suffer from work-related stress. Ignoring workplace stressors often exacerbates significant talent management related risks.

1. Higher Absenteeism.

   The American Institute of Stress estimates that nearly 60% of work absenteeism is caused by stress[2]. Absenteeism is a pattern of employees missing work without a good reason and can impact your organization's performance.

2. Decreased Productivity & Innovation.

   Stressed employees are less likely to perform well, leading to missed deadlines, lower quality work, and overall poor performance. A negative culture also makes it hard to build a collaborative and innovative workplace.

3. Recruitment & Retention Challenges.

   Workplace psychosocial stressors are often strong predictors of turnover. Many employees leave their jobs due to work-related stress and a lack of work life balance. Ignoring psychosocial stressors could also create a reputational risk for your organization. Companies perceived as neglecting worker well-being may find it increasingly difficult to attract and retain top talent.

By considering the psychosocial work environment, organizations have the opportunity to address employee mental and physical health, operational vitality, and competitiveness.

The Risk of Action

While addressing workplace well-being can help mitigate talent management risks, these initiatives come with their own set of challenges.

1. Measuring Outcomes:

   Well-being outcomes are often hard to quantify. Without clear metrics, it is hard to determine if the program is working, and there's a risk that the money spent might not yield the desired results. Establishing accountability and clear measurements with questions like "are we attracting more applicants?" helps inform decisions about funding well-being initiatives.

2. Change Management Needs:

   Worker well-being initiatives can face resistance from both employees and management. Some employees might be skeptical or reluctant to change their routines. Similarly, management might worry about the costs and disruptions. By addressing doubts, involving employees, and demonstrating the potential benefits, organizations can foster a supportive environment for the new programs.

3. Legal and Privacy Considerations:

   Some solutions, such as employee well-being programs, could pose risks related to the collection of sensitive health data and the need for regulatory compliance. Storing sensitive information could also increase the risk of data breaches and harm employees and expose organizations to liability. Organizations can mitigate these risks through transparency, legal counsel, and regular audits.

4. Financial and resource investment

   Workplace well-being initiatives often come with a financial cost. In addition, these initiatives may bring additional FTE needs and training costs to ensure employees and supervisors understand, support, and engage with the programs. Organizations may need to analyze their budget to consider upfront and long-term costs associated with onboarding and maintaining programs.

5. Diversity of Need:

   When addressing workplace well being, there is a need to develop solutions that meet the workforce's diverse needs. In other words, the complexity of the workforce requires that organization consider how employees may view and respond to conflict, stress, and other factors, based on their race, culture, background, socioeconomic status, and more. This highlights the risk of not having an individualized approach and the possibility of amplifying issues with a one-size-fits-all program. Organizations can discuss these challenges with worker well-being companies to determine what will meet their needs. By considering these issues, your organization can make informed decisions about implementing worker well-being initiatives, balancing potential benefits and risks.

Return on Investment

According to the WHO, for every $1 spent on ordinary mental health concerns, employers see a $4 return in productivity gains[3]. The premise is, when employees feel engaged, motivated, and satisfied with their jobs, they are more likely to perform at their best. This increased productivity can translate into better overall performance and help the organization achieve its strategic goals.

However, not all initiatives produce the desired results. In a 2019 study examining warehouse workers and the impact of a workplace wellness program that focused primarily on physical health, it yielded surprising results. Contrary to expectations, the study found no significant differences in workplace outcomes after 18 months of implementing the wellness program.[4] In comparison to employees who were in the control group, the difference amounted to .1% for absenteeism and work performance.

Workplace wellness programs like this are a common solution, but not the only one. As part of a 2016 study, GAP, Inc. implemented an initiative to stabilize work schedules. This included tactics like eliminating on-call shifts, allowing shift swaps without managerial approval, and providing schedules two weeks in advance. This led to a 5% increase in productivity an estimated $2.9 million in increased revenue.[5]

In light of these contrasting findings, organizations should weigh the potential benefits of solutions against the costs, ensuring that their initiatives align with both employee needs and organizational objectives and culture.

Getting Started

As a first step to understanding psychosocial stressors, organizations can evaluate their workplace. Some options include:

1. NIOSH WellBQ
2. CDC Worksite Health ScoreCard
3. Health Risk Calculator for Workers' Compensation Costs

Once organizations identify their unique psychosocial stressors, they can consider whether these should be addressed, and which solutions would be most appropriate.

Conclusion

For organizations facing talent management challenges like burnout, absenteeism, and high turnover rates that impact their long-term strategy, it may be worth considering the psychosocial work environment and risks of action and inaction. By taking these factors into account, organizations can make informed decisions about their risk profile and determine if emphasizing the psychosocial work environment is the right approach.

References:

[1] Mental Health, Brain Health and Substance Use (who.int)

[2] The American Institute of Stress

[3] Workplace Stress - Overview | Occupational Safety and Health Administration (osha.gov)

[4] Effect of a Workplace Wellness Program on Employee Health and Economic Outcomes: A Randomized Clinical Trial | Physical Activity | JAMA | JAMA Network

[5] Office of the Surgeon General - Framework for Workplace Mental Health&Well Being (hhs.gov)

THE NAIC'S NEW BOND DEFINITION AND ITS IMPLICATIONS FOR INSURERS

By Colleen Brown, Investment Consultant – Insurance, and Eryn Bacewich, Senior Investment Consultant - Insurance, Chair of Insurance Strategic Research Team

Submitted by the AASCIF Finance Committee

Overview

In March of 2024, during the Spring National Meeting, the National Association of Insurance Commissioners (NAIC) adopted the new Principals Based Bond Definition (PBBD). The current NAIC definition of a bond is generally broader than that defined by the U.S. Securities and Exchange Commission (SEC), encompassing various types of debt instruments such as loans. However, the new definition, that will be going into effect January 1, 2025, narrows the qualification and requires a bond to meet specific criteria. The revised definition will classify bonds as either an Issuer Credit Obligation (ICO), filed under Schedule D-1-1, or debt of an Asset Backed Security (ABS), filed under Schedule D-1-2. The following explores the definition changes, the potential impacts on insurers' roles and responsibilities, and current challenges with classifying securities under the new definitions.

What is an ICO?

Based on the NAIC's updated definition guidance, an ICO must primarily rely on the general creditworthiness of the issuer, while also ensuring that the role of the operating entity is clear and unambiguous. To support the ICO, there must be direct or indirect recourse to the issuing entity. It is important to note that investments with characteristics resembling equity, ownership interests, or debt instruments with risk/reward profiles similar to equity are not considered an ICO.

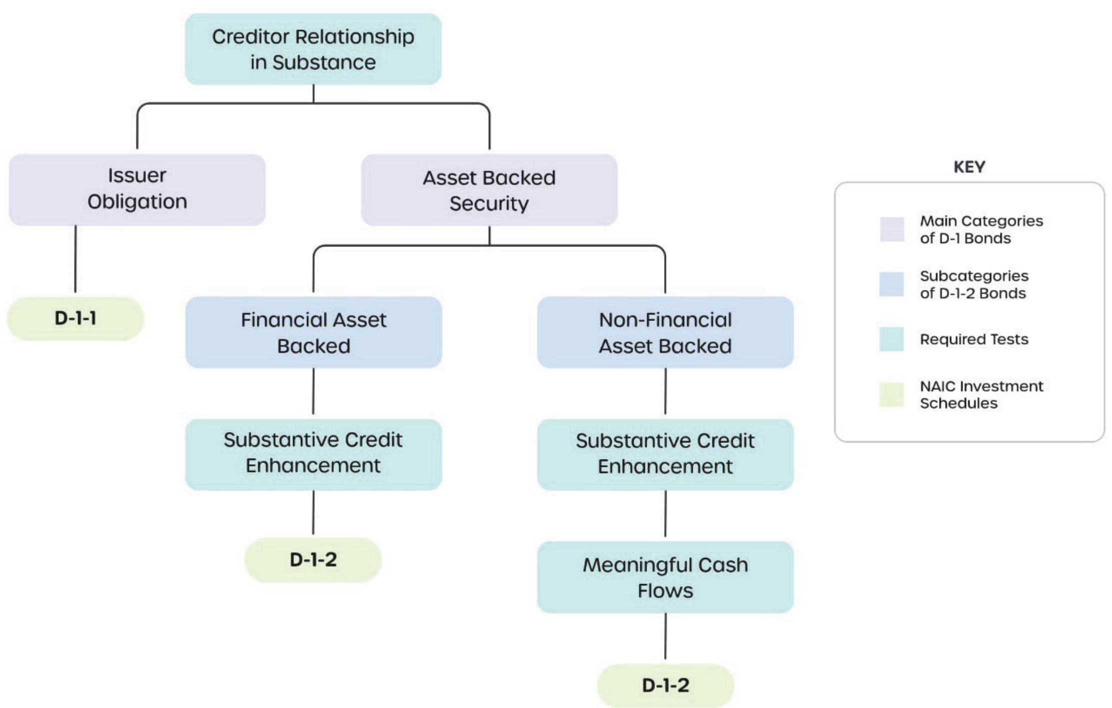
What is an ABS?

The NAIC's new guidance for classifying debt of ABS as a bond is more nuanced. Firstly, the delineation of an ABS rests on the structure's primary purpose of raising debt capital, which would be backed by financial assets or cash-generating non-financial assets owned by the ABS issuer1. The repayment of the ABS is derived from the cash flows associated with the underlying collateral, rather than the operating cash flows of the issuing entity1. Secondly, the holder of a debt security issued by an ABS issuer must be in a different economic position than if they owned the ABS issuer's assets directly in order to qualify as a bond 1. This concept, known as "Substantive Credit Enhancement," is particularly relevant for demonstrating bond qualification for investment-grade tranches given subordinated tranches absorb first losses. Thirdly, ABS backed by cash-generating non-financial assets must meet a "Meaningful Level of Cash Flows" test, which considers contractual cash flows and the price volatility of the underlying asset.

The delineation between an ICO and ABS is nuanced, and the definition and supporting issue paper provide points of reference that help in the precedence process. Business Development Corporations (BDCs), for example, are overseen by the SEC, which places limits on their leverage and, thus, the risk of their direct equity interests. BDCs are singled out and classified as ICOs. Meanwhile CLOs invest in corporate loans with similar characteristics as those invested by BDCs but generally have significantly more leverage and are singled out to be classified as ABS. The nuance is significant, with leverage and the underlying investments alone not determining the classification. Notably, feeder structures and collateral fund obligations (CFOs) are classified as ABS.

The figures below show how best to determine the appropriate schedules for various securities.

Figure 1 – Schedule D Bond Requirements and Placement



For illustrative purposes only. Source: Clearwater Analytics[2]

Figure 2 – Common Examples of Issuer Credit Obligations and Asset Backed Securities

Issuer Credit Obligation Examples Schedule D-1-1	**Asset Backed Security Examples** Schedule D-1-2
U.S. Government Obligations	**Financial Asset-Backed Securities – Self-Liquidating**
Other U.S. Government Securities	Agency Residential Mortgage-Backed Securities - Guaranteed
Non-U.S. Sovereign Jurisdiction Securities	Agency Commercial Mortgage-Backed Securities - Guaranteed
Municipal Bonds – General Obligations	Agency Residential Mortgage-Backed Securities – Not Guaranteed
Municipal Bonds – Special Revenue	Agency Commercial Mortgage-Backed Securities – Not Guaranteed
Project Finance Bonds Issued by Operating Entities (Unaffiliated / Affiliated)	Non-Agency Residential Mortgage-Backed Securities (Unaffiliated / Affiliated)
Corporate Bonds (Unaffiliated / Affiliated)	Non-Agency Commercial Mortgage-Backed Securities (Unaffiliated / Affiliated)
Mandatory Convertible Bonds (Unaffiliated / Affiliated)	Non-Agency – CLOs/CBOs/CDOs (Unaffiliated / Affiliated)
Single Entity Backed Obligations (Unaffiliated / Affiliated)	Other Financial Asset-Backed Securities - Self-Liquidating (Unaffiliated / Affiliated)
SVO-Identified Bond Exchange Traded Funds – Fair Value	**Financial Asset-Backed Securities – Not Self-Liquidating**
SVO-Identified Bond Exchange Traded Funds – Systematic Value	Equity Backed Securities (Unaffiliated/Affiliated)
Bonds Issued from SEC-Registered Business Development Corps, Closed End Funds & REITS (Unaffiliated / Affiliated)	Other Financial Asset Backed Securities – Not Self-Liquidating (Unaffiliated/Affiliated)
	Non-Financial Asset Backed Securities - Practical Expedient
Bank Loans – Issued (Unaffiliated / Affiliated)	Lease-Backed Securities – Practical Expedient (Unaffiliated/Affiliated)
Bank Loans – Acquired (Unaffiliated / Affiliated)	Other Non-Financial Asset-Backed Securities – Practical Expedient (Unaffiliated/Affiliated)
Mortgage Loans that Qualify as SVO-Identified Credit Tenant Loans (Unaffiliated / Affiliated)	**Non-Financial Asset-Backed – Full Analysis**
Certificates of Deposit	Lease-Backed Securities – Full Analysis (Unaffiliated/Affiliated)
Other Issuer Credit Obligations (Unaffiliated / Affiliated)	Other Non-Financial Asset-Backed Securities – Full Analysis (Unaffiliated/Affiliated

For illustrative purposes only. Source: National Association of Insurance Commissioners (NAIC)[1]

Impact on Roles and Responsibilities

Role of the Insurer

The NAIC's updated definition of ICO and ABS has meaningful implications for insurers. Given that ABS and other structured securities are an integral part of an insurance company's strategic asset allocation, insurers will need to adapt their investment process to comply with updated NAIC guidance. Insurers cannot solely rely on software vendors, such as accounting services, to determine classifications as the responsibility of assessment and documentation lies on the filer themselves[3]. Therefore, insurers should build a robust compliance plan that documents the classification process and justification for the final investment schedules. However, this is not to say that insurers should not use resources such as accounting software or their own asset managers to determine the classification of bonds. Asset managers and accounting software/systems are crucial resources needed to aid an insurance company in determining which schedule the investment should reside.

Role of the Asset Manager

Based on conversations with asset managers, reviewing the level of cash flows and credit enhancements is already integrated into the investment selection process of many managers. Managers may require more granular public and non-public data from vendors to enhance their due diligence process to determine which schedule these bonds fall on. Fortunately, this will not materially slow down the investment process for most managers. Asset managers may choose to provide their own assessment accompanied by documentation justifying their rationale; however, there is no requirement that managers need to provide this level of detail to clients. Alternative asset managers, such as managers that create rated note and private ABS structures could be impacted by these changes given that many of these structures have subordinated tranches that now could potentially fall on schedule BA if it does not meet "Substantive Credit Enhancement" or "Meaningful Level of Cash Flows" tests. Asset managers, in conjunction with insurance company investment staff, should review bonds. The bond classification is determined at the time of origination, but the subjective and precedent nature of the process will require time and iteration. Special considerations should be made during a credit event (e.g. deterioration in the underlying collateral of an ABS that limits its ability to support debt payments) and when the NAIC provides additional definition clarity.

Role of the Accounting System

Accounting systems or software are useful tools that can assist in the bond classification process. These systems can help procure data needed to justify schedule placement, use the latest statutory reporting templates, and build in logic to help classify securities systematically. If an insurer already uses an accounting software, it is recommended it be upgraded to support red flagging of possible non-compliance with the revised bond definitions, accompanied by reporting capabilities to assist in the regulatory reviews and disclosures 3. Additionally, automation tools should be implemented to reduce manual errors in classification and reporting3. The investment team should also develop a systematic governance process that periodically reviews and ensures the automation process is accurate.

Common Challenges

Accounting Uplift

The largest challenge many insurers are currently facing is the initial accounting uplift. Insurers will need to gather data required by the NAIC for classification and reporting purposes. However, some of this data, specifically for private ABS, is not publicly available. This is where asset managers and accounting systems can be a helpful resource as they have access to vendors and other third-party data providers to collect this needed information. It is highly encouraged that insurers leverage their asset managers and accounting systems to help evaluate securities within the investment portfolio and determine which schedule these fall on.

Capital Considerations

The reclassification of bonds that fall onto either Schedule D-1-1 or Schedule D-1-2 should have no capital impact in the immediate future as these two schedules currently receive the same capital charges. However, the American Academy of Actuaries is working on a long-term effort to potentially differentiate the capital charge for ABS, initially focusing on CLOs. The greatest immediate potential impact on capital is:

- An asset moving from Schedule D to Schedule BA. There is a potential for subordinated debt and residual tranches in a rated note structure or a private ABS deal that fails either "Meaningful Level of Cash Flows" or "Substantive Credit Enhancement" to be reclassified onto Schedule BA. The asset would, therefore, receive the interim 45% RBC Charge if a Life insurer and 20% if a Health/P&C insurer, with possible revisions made by the Academy.

- Insurers holding the entire vertical stack of a feeder structure (or other ABS). While this test is only applicable to ABS backed by non-financial assets, ABS backed by financial assets that are likely to rely on the sale of underlying investments to make ABS debt payments (e.g., equity interests or refinancing at maturity) will require that other characteristics of the ABS structure mitigate the inherent reliance on the investment valuation risk to justify bond classification.

Thus, asset managers should consider the ongoing evolving capital requirements and their implications when deciding on how a mandate should be structured or which ABS to purchase.

References:

1. NAIC. What to Expect from the NAIC's Principles-Based Bond Updates
2. Clearwater. NAIC's Principles-Based Bond Definition - Implementation Guide
3. Bridgeway Analytics
4. Asset Manager Discussions: AAM, Wellington, PineBridge

TAKING A DEEPER DIVE INTO EMPLOYEE FEEDBACK

By Audrey Dorsey – Chief Administrative Officer at the Washington State Department of Labor & Industries

Submitted by the AASCIF HR Committee

In today's fast-paced work environments, employee well-being and engagement is key for organizational success. Recently, Insurance Services leadership at the Washington State Department of Labor & Industries took a new approach to enhance the division's work environment following insights gleaned from the annual employee survey. With more than 1,200 staff in the Insurance Services division, we decided to conduct focus groups in order to better understand our work culture, what we're doing well, and where we can improve.

To gather diverse perspectives, the fifteen focus groups across the division involved more than 150 staff and supervisors over the fall and winter of 2023. The focus groups revealed key areas for improvement, along with a desire among employees to provide input on various aspects of their work life. Here, we present a summary of findings and actionable recommendations resulting from these collaborative efforts.

Employees and supervisors were asked the following questions during focus group sessions:

1) What is going well?
2) What keeps you from staying engaged, healthy, and best serving your customers?
3) What would you like to see from top leaders?

The questions were designed to help identify key themes of success, engagement barriers, and desired leadership attributes. The sessions provided invaluable insights into the division's inner workings. Several strengths and positive attributes emerged, including commendable leadership practices, a culture of care and support, and meaningful interpersonal connections among team members. However, areas requiring attention were also identified, such as the need to strengthen vertical relationships, foster social connections, promote positive leadership, and enhance mechanisms for gathering employee input.

All the staff, supervisors, and managers were invited to take part in a "Cast Your Vote" survey where they selected their three top priorities that came from the focus groups, along with ideas for improvement in each of those areas. Survey options included:

- **Increasing face-to-face time for meaningful connection between leaders and staff in the hybrid work model.** For example, create an annual (hybrid) division-wide staff meeting with time to connect over food, discuss business needs, and explore learning opportunities.
- **Investing in a culture of positive leadership.** For example, recognize positive leadership by establishing a "Leader of the Month" program. Staff would submit nominations to executive leadership.
- **Creating more opportunities to gather and use your input on improvements that support stronger inclusion.** For example, create an "Insurance Services Q&A portal" to facilitate two-way communication between staff and executive leaders.
- **Finding ways to reduce burnout.** For example, educate all leaders/supervisors on how to mitigate burnout in their areas.
- **Increasing efficiency in the hiring process.** For example, work with Human Resources to map out the hiring process and make improvements.

Executive leadership is taking action on the top three priorities that came from the voting results: create more opportunities to gather and use staff input, reduce burnout, and improve the hiring process. Several interventions are in progress, including an online question and answer portal that creates a direct channel for staff to communicate with their executive leaders. Workshops are being developed to help leaders create a work environment that empowers employees to navigate and rise above burnout. And we are collaborating with Human Resources to clarify and streamline the hiring process so there is less confusion and fewer delays in the process. We'll continue to gauge our success by monitoring trends in the annual employee survey, and through the Q&A Portal.

In navigating the complexities of modern work environments, fostering a culture of trust, engagement, and well-being is essential for organizational vitality. By prioritizing employee feedback and implementing targeted interventions, Insurance Services hopes to cultivate a workplace where every individual can thrive and contribute meaningfully to our workers' compensation system. Through sustained commitment and collaborative action, our journey towards a positive work culture continues, guided by a shared vision of excellence and empowerment. When we foster a more positive work culture, we are better able to focus on one of our key goals: helping injured workers heal and return to work.

REMOTE AND HYBRID WORK MODELS IMPACT ON PRODUCTIVITY AND CULTURE

By Paul Sonnenschein, Director of Digital Solutions at SAIF Corporation

Submitted by the AASCIF IT Committee

It's been over four years now since the onset of the pandemic, and the AASCIF IT Subcommittee brought focus to how various State Fund organizations handled the changes brought on by the pandemic.

Some organizations have formal policies regarding remote and hybrid options for employees, while others are much less formal. Some organizations have established KPI's (key performance indicators) to monitor progress made compared to various objectives established; in some cases, these are related to productivity impacts of hybrid and remote work (e.g. Texas Mutual), while in other instances they are established against other kinds of operational goals, not directly tied to work models (e.g. Chesapeake.) In the case of Texas Mutual, it has found that remote and hybrid work has not negatively impacted productivity.

At Washington L&I, a detailed "telework" policy was published in early 2021, replacing one that had been in place since 2017, outlining the goals and implementation approaches to remote and hybrid work, with detailed policies relating to requesting telework by employees; approval and management of those requests by managers and supervisors; best practices for employees who telework all or part of their work week; and detailed policies regarding both in-office and at-home equipment made available for employees who work different percentages of their time remote, segmented by quartile.

At Beacon Mutual, like most State Fund organizations represented by the IT Subcommittee, the business goal of the Flexible Work Arrangement policies is to enhance work/life balance and accommodate the changing landscape of work arrangements, with employee satisfaction and performance, and overall productivity as the key success metrics. Beacon outlines various forms of Flexible Work Arrangements—including flex-time, Compressed Work Week, Occasional Flex Time, and Hybrid/Remote—as models that are accommodated in order to achieve both employee satisfaction and business related goals. While not all employees may be eligible for Flexible Work Arrangements, all situations are unique and are considered on a case-by-case basis, based on requests from employees, and under managers' and supervisors' discretion,

What follows is a "deep dive" into what transpired at SAIF: changes that transpired immediately at the onset of the pandemic, what transitioned after the end of the pandemic, and how SAIF is managing productivity and the impact of remote and hybrid work going forward.

Impact of the Pandemic

Before the pandemic, SAIF had a general telecommuting policy which enabled most employees to work three days in the office and two days from home, though for some positions, only one (or no) remote days were allowed. The days of the week that employees worked remotely were their choice, Mondays and Fridays were the days most selected to be away from the office. Employees used their own furniture and equipment at home and utilized their laptops or had remote desktop connections to computers in the office.

In mid-March of 2020, like most companies, SAIF closed its offices and sent its employees home to work full time, except for a small core of essential onsite staff. Though it was unknown how long this period would last, SAIF ensured that Microsoft Teams was enabled for all employees, as well as Zoom, Mural and other digital technologies to enable remote work and collaboration.

SAIF formed an enterprise-wide task force to lay the foundation for the return to office. It also financed a Worker Safety Fund in Oregon, to enable qualified policyholders to apply for funds for reimbursement of safety-related materials.

SAIF responded to the pandemic with multiple approaches to safety for employees in its offices. Guidelines for social distancing and the wearing of masks were put into place, and work surface and shared workspace cleaning was done rigorously. The company monitored CDC requirements, guidelines from state and federal OHSA, as well as recommendations from Oregon Health Authority. In addition, a rigorous process was created for granting access to the company's offices, and a mandate for vaccines was established.

As the pandemic started to wind down, concurrent with a change in executive leadership, the decision was made to allow most employees who were able to work from home to do so full-time. Eventually mask and vaccine mandates were lifted.

SAIF's hybrid work approach was employee-centric. If the employee's position accommodated remote work, and if an employee wanted to work remotely full-time they could, or they could work as many days from home and in the office as they wanted. In addition, the schedules could vary week to week. This decision truly made SAIF flexible for employees to work where they wanted to within the state, constrained primarily by positions that needed to be on-site, or, on occasion, requirements by managers to attend in person meetings. (Restrictions did apply to employees who wanted to work for extended periods outside of Oregon, related mostly to tax, benefit and workers' compensation regulations in other states.)

Changes After the Pandemic

As the pandemic slowly receded, SAIF decided to continue to allow employees to work remotely if they chose. New policies and procedures had to be developed to support hybrid work for the long term.

Three new categories were developed for job classification: the "flexible" category applied to most of the staff and were those jobs that could perform their work from home as they had during the pandemic, coming into the office when they choose to. "Field" employees required specific work in the field with policyholders and injured workers. And "essential on-site" employees have jobs that could not be performed remotely. This last group was the smallest and was mainly made up of employees in our corporate services division.

Employees were given the option to elect where they wanted their equipment and furniture, either home or office. For 73% of employees, the choice was to set up home offices. The corporate services division facilitated the distribution of both technology and furniture. Hoteling space was set up to enable employees to reserve workspaces when in the office, though because of very low occupancy rates, the need for hoteling bookings is very low. SAIF is now studying its use of space more holistically and is considering various options for managing its offices long term, particularly at its headquarters building, which went through a major renovation that completed in 2018.

Other new practices were established including new processes for hiring and managing job changes, expense reimbursement, management on in-office services (mail, campus security, fleet), among many others.

At the beginning of the pandemic and with the rise of hybrid and remote work, SAIF expanded its use of messaging and video-conferencing tools such as Teams, Zoom, and collaboration tools such as Whiteboard and Mural. SAIF is now consolidating its tools on the Microsoft platform applications. More recently, the company has equipped conference rooms with Teams-integrated equipment, enabling the interactive use of room whiteboards and multiple screens.

Approaches toward recruitment also changed during the pandemic. For the first time, the company did nationwide searches (except for a handful of states) for certain positions, primarily in IT and Actuarial Services, and allowed for remote in-state recruitment for many other positions. More recently, the recruiting practice has prioritized hybrid in-state, and only if in-state recruiting proves challenging, does SAIF expand to recruiting in other states.

Managing Productivity and Corporate Culture

SAIF continues to provide flexibility for and has no immediate plans to change that policy. Focusing on work/life balance, allowing for work-hour flexibility where possible, reducing commuting time, and creating new ways of connecting remote employees—these continue to be the benefits for SAIF employees.

Through consistent communication, and through both virtual "town hall" meetings and webinars as well as in-person events, SAIF strives to maintain its culture and ensures that its values and mission are well known and communicated broadly and consistently.

The kinds of challenges that some organizations see which impact morale and productivity—employee isolation, weaker social connections among employees due to fewer ad hoc interactions, and inequity in career progression—can be offset by enhancing approaches to employee touchpoints, which is part of SAIF's plan.

Expanding the depth of online and virtual resources to new employee onboarding; building out mentorship programs to accommodate different kinds of relationships that extends beyond new employee onboarding; revamping and expanding the online training resources available to employees—these and other programs have seen new focus and investment to ensure that employees stay connected.

In summary, SAIF can maintain a productive workforce with high morale by allowing most employees to create and maintain a hybrid work schedule. It requires the appropriate technology investments, increased attention to onboarding practices, remote training, enhanced documentation, and above all, communication at the team, division, and enterprise level to ensure that productivity and morale are maintained.

ARTIFICIAL INTELLIGENCE: THE HUMAN ELEMENT

Submitted by Policyholder Services/Underwriting Committee

The arrival of Artificial Intelligence (AI) is mentioned almost daily. We hear about its use in autonomous cars, electronic generation of artistry and most notably smartphones. We have formed a familiarity with terms like language models, big data, and deep learning. At a beginner's level, most of us are starting to understand AI's connection to machine learning, problem-solving and pattern finding programming.

As the presence of AI becomes integrated into our everyday lives, the compelling debate around replacing humans in the workplace becomes a growing concern with many diverse views. AI has the ability to excel when it involves replacing repetitive, and process driven tasks, which is all too familiar in an industry like ours. But how do we ease our team's concerns that they could be replaced and lead with confidence as AI is incorporated into our business practices?

Why AI Can't Replace Humans in the Workplace

Emotional Intelligence: Humans possess emotional intelligence, which allows them to form meaningful connections and empathize with others. AI lacks this ability, making it challenging to replace humans in roles that require emotional understanding and connection with clients.

Data Limitations: AI can only work with the data it receives. When faced with new situations or unforeseen circumstances, AI struggles to adapt. Human reasoning and creativity cannot be easily replicated by machines, especially when dealing with novel scenarios.

Soft Skills: Humans excel in soft skills such as teamwork, effective communication, and collaboration. These skills give humans an advantage over AI, as they are essential for professional success.

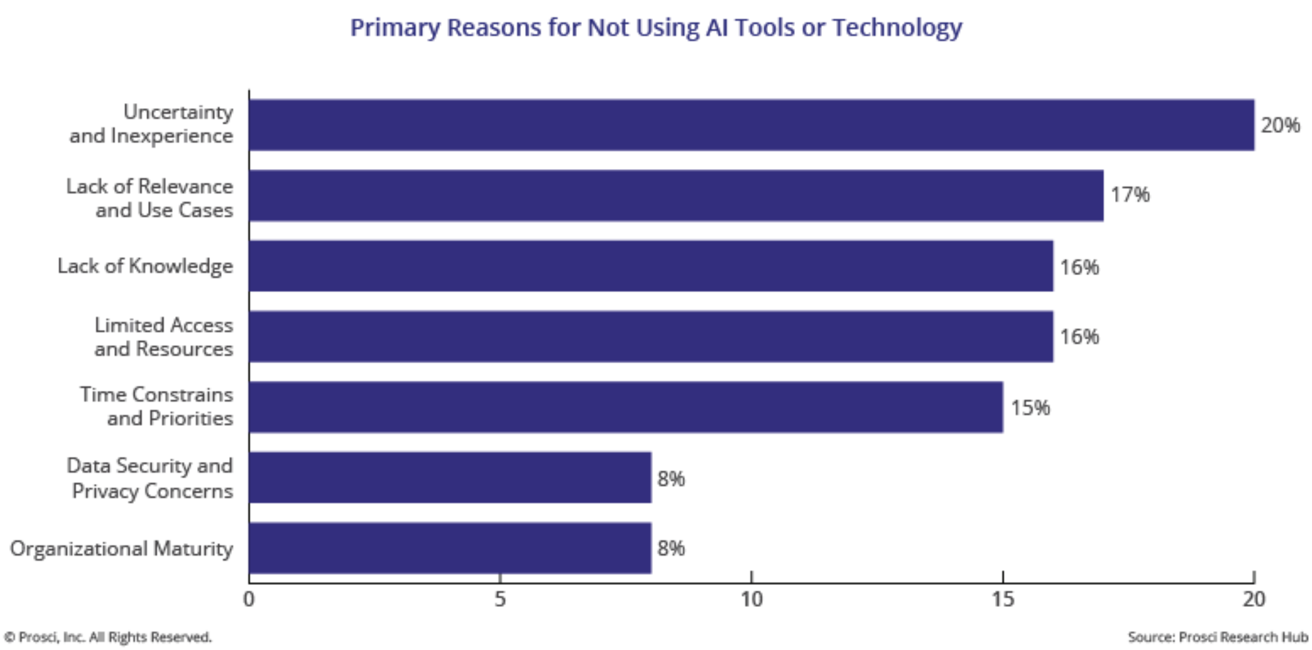
Human Adaptability: Humans quickly adapt to changing environments, learn new skills, and handle complex tasks. AI, on the other hand, is limited by its programming and data inputs.

Social and Emotional Understanding: Humans are better at social and emotional interactions. AI systems lack the depth of understanding required for complex human interactions.

Complementing Technology: Employees ought to view technology as a co-worker and a boost to their abilities, rather than a replacement. AI is meant to complement human work, not replace it entirely.

AI in Change Management: Early Findings, Challenges and Opportunities

Based on Prosci's snapshot of AI study findings in October 2023, 84% of change practitioners surveyed are moderately familiar to very familiar with AI. However, only 48% say they currently use it in their change management work. Those who aren't using AI tools in their work offered several primary reasons:



Preparing for the change of AI

Organizations with a strategic approach that fosters a culture of continuous learning yield the greatest success. This approach is no different in the context of AI. Companies can bridge the gap between AI and human expertise by investing in upskilling and reskilling initiatives, developing flexible online education platforms and encouraging the use of practical tools. These initiatives not only enhance technical skills but also nurture critical thinking, creativity, and emotional intelligence—qualities that remain uniquely human and necessary in an AI-driven world

Reskilling and Upskilling programs

Reskilling involves learning new skills outside of the worker's existing skillset to fill in gaps between current skills and those that will experience technological advancements with emerging job roles. The goal is to understand those skills that are in high demand, and which remain relevant. Collaboration between various departments fosters an understanding of the transferable skills needed in different functions such as problem solving, adaptability and communications.

Upskilling occurs when a worker pursues learning opportunities to expand their existing skillset. The primary focus remains centered around identifying gaps to develop skills. An example of upskilling is shifting the focus of executing daily tasks to learning how to create automation at which point you can develop a new role that involves analyzing the end product created through the newfound technology.

Flexible Online AI Training

Comprehensive lists of resources are available online to assist leaders with the introduction of AI to their teams. As leaders we must develop a plan, path and partnership that aligns with the strategy for the reason and role AI will have within our organization.

The creation of personalized learning experiences will increase awareness and drive alignment for adaptation. When developing a transformative learning platform consider a self-paced learning experience that can accommodate different work schedules and hybrid work environments that are instructor led both virtually and in person. Offering different modalities that include reading materials and webinars with interactive content can reach even the most inexperienced member of your team.

Seamless AI Adoption

It's important for organizations to create effective and comprehensive communication tools that bring awareness of the organization's strategic goals in utilizing AI. You can then begin shifting the understanding of the measurable impacts to individual business units by addressing their needs and challenges. Inviting individuals into the conversation will encourage feelings of empowerment and increase transparency if the adoption of AI is not seamless; fostering an environment of support encourages ongoing collaboration.

Gallup states that twenty-two percent of workers are worried their job will become obsolete because of technology. As leaders it is our responsibility to model a vision of the future to create long-term engagement. As data governance models continue to be authored, specifically those linked directly to the development and engineering of AI tools, we need to remember communication is our greatest partner. Leveraging a key piece of technology will take continuous learning, effective communications, and an understanding of its importance. This is the roadmap to successful integration of AI technology into our business practices while fostering growth and curiosity.

Author's note: Initial drafts of this article were produced using generative AI.

Communication Awards 2024

CALL FOR ENTRIES

AASCIF 2024 COMMUNICATION AWARDS CONTEST

Submit Your Entries by Friday, August 30!

The AASCIF Communication Awards are presented annually to member funds and boards that have addressed communications issues with professional skill, creativity, and resourcefulness. Now's the time to submit your best work for AASCIF's 2024 Communication Awards!

Communication Awards include prizes awarded in eight (8) categories. Each category has prizes for first, second, and third place. Award winners will have the opportunity to showcase their winning entries at the virtual awards showcase on October 30, 2024, at 12:00 Noon EST.

- Open For Submissions Starting – June 25, 2024
- Submission Deadline – August 30, 2024
- Judging Deadline – September 30, 2024
- Awards Event – October 30, 2024, at 12:00 Noon EST

Download the AASCIF Communication Awards Contest Entry Guidelines for details, instructions, and requirements for this year's contest.

Submit your best work! Questions? Contact Michelle Pelletier, AASCIF Communications Committee chair, with any questions about the awards and submitting your entry.

AROUND AASCIF

CALIFORNIA

2023 Dividend

State Compensation Insurance Fund began paying a 10% dividend on July 1 for policies written between January 1, 2023, and December 31, 2023. The dividend equals an approximate $108 million. It is the fifth year in a row that State Fund can declare a dividend.

Safety Equipment Grants

In November 2023, State Fund launched a Safety Equipment Grants Program with a focus on policyholders with employees at risk of falls from heights. To date, State Fund has provided 269 policyholders with funds to purchase safety equipment for more than 2,224 employees working at height. Those policyholders have purchased more than 945 fall protection harnesses, 596 self-retracting lifelines (SLRs), 662 roof anchors, 1,031 ladders and stabilizers, and many other items.

Kids' Chance of California

Kids' Chance of California is one of two strategic alliances for State Fund. Kids' Chance of California provides need-based educational scholarships to the children of California workers who have been fatally or seriously injured on the job.

State Fund continues to be a Platinum Sponsor of the organization. In 2023, State Fund sponsored an employee fall walking challenge committing $1 per mile walked, up to $50,000, for Kids' Chance to use toward 2024 scholarships. Throughout the state, employees laced up their sneakers, showed up, and stepped up to walk a collective 81,984 miles.

Best Places to Work

State Fund has been named one of 2024's 10 Best Places to Work in the Greater Bay Area (500+ employee category) by the Silicon Valley Business Journal and San Francisco Business Times. The survey measures workplace factors that impact employee engagement and satisfaction. Nearly 73% of employees surveyed in the nine Bay Area counties reported they were highly engaged and intend to stay at State Fund.

Annual Report

State Fund released its 2023 annual report. Key financial highlights show:

- Net premiums earned of $1.14 million
- Combined ratio of 83.7%
- Net income of $623 million

COLORADO

Pinnacol Warns Drivers to Exercise Caution as Busy Travel Season Approaches

Summer months are some of the busiest for our roads, further increasing the risk of motor vehicle accidents. According to Pinnacol, motor vehicle accidents are the leading cause of fatalities among workers by a 2:1 margin, suggesting employers across various industries should exercise proactive planning and education to help mitigate the risk of motor vehicle-related accidents. Watch the report from Denver 7.

Pinnacol Assurance Honored With Multiple Stevie® Awards for Company of the Year and Achievement in Customer Satisfaction

Pinnacol was recognized with two prestigious Stevie® Awards as part of the 2024 American Business Awards. The organization is honored in the Company of the Year Insurance-Large and the Customer Achievement categories for its exceptional commitment to customer satisfaction, operational excellence, and altruism. View Pinnacol's awards page.

Pinnacol's One-of-a-Kind Volunteering Program for Injured Workers Surpasses 50K Volunteer Hours at Local Nonprofits

Pinnacol's innovative "return to work" program pairs injured workers with local nonprofits, allowing them "light duty" options that ease them back to work while they heal and support local causes. Since Pinnacol launched the program three years ago, it has helped at least 170 injured workers return to work. These workers volunteered a total of 50,000 hours at 40 locations for local nonprofit organizations. Get more details.

Global Credit Rating Agency Reaffirms Pinnacol's A- Rating

Pinnacol Assurance achieved an AM Best rating of A- (excellent) with a stable outlook. The rating highlights Pinnacol's strong financial position, which enables the organization to provide workers' compensation insurance to more than 50,000 employers in Colorado and serve as the state's "carrier of last resort." Since it began participating in the rating program in 2015, Pinnacol has achieved an A- rating for nine consecutive years. Learn more.

Pinnacol Welcomes New Board Leadership and Members

Pinnacol Assurance announced new leadership and the appointment of new board members that reinforce the organization's dedication to diverse perspectives and strong leadership. The new board composition reflects Pinnacol's commitment to fostering inclusivity and innovation in its strategic decision-making processes. Read more.

LOUISIANA

LWCC Announces 2023 Safest 70 Award Winners

Earlier this spring, LWCC announced the recipients of the 2023 Safest 70 Awards, recognizing outstanding policyholder achievements in workplace safety and risk management. Winners represent businesses and organizations that have demonstrated a commitment to creating safe and healthy work environments for their employees.

Established in 2008, the Safest 70 Awards serve as a testament to LWCC's ongoing dedication to promoting safety excellence across the state. By recognizing policyholders who prioritize the wellbeing of their workforce, LWCC aims to foster a culture of safety that benefits employees, businesses, and communities alike.

"Ensuring the safety of Louisiana's workforce is at the core of LWCC's mission," said Kristin W. Wall, LWCC President and CEO. "The Safest 70 Awards allow us to spotlight those businesses that go above and beyond to protect their employees by developing safer workplaces. Their commitment to safety not only helps reduce risks and accidents, but also helps us forge a safer, more resilient Louisiana for everyone."

Winners must be in good standing with LWCC for five consecutive years and work effectively with the LWCC Safety Services Team. Recognized companies seek ways to proactively improve workplace safety and are also quick to react and respond when potential safety hazards are identified, often in partnership with LWCC's safety experts. Learn more about the 2023 winners here.

LWCC Receives Global Celent Model Insurer Award

LWCC has been recognized by Celent as a winner of its Model Insurer Award for Legacy Modernization. Celent is a global research and advisory firm for the financial services industry.

LWCC was recognized for its efforts to innovate its underwriting, distribution, and submissions processes, which included thoughtfully leveraging technology to improve communications and insights with agent partners; updating and expanding the functionality of its broker portal; and creating a new underwriting workbench to increase the speed and accuracy of underwriting decisions.

"The progress achieved with this initiative exemplifies our commitment to meeting the needs of our stakeholders, with a specific emphasis on our digital transformation," said Kristin W. Wall, President and CEO of LWCC. "Our distinct competitive edge lies in being a forward-thinking mutual insurance partner, deeply rooted in understanding the customer and stakeholder journey. We are grateful to Celent for recognizing our work."

Celent's annual Model Insurer Awards recognize the best practices of technology usage in different areas critical to success in insurance. Nominations are submitted by insurance carriers and undergo a rigorous evaluation process by Celent analysts. Celent judged submissions on three core criteria: demonstrable business benefits of live initiatives; the degree of innovation relative to the industry; and the technology or implementation excellence.

Celebrating Louisiana's Workers through Art

LWCC's office in Baton Rouge underwent an extensive renovation in 2020, which modernized the building with an eye toward aesthetic sustainability. As the organization settled into the new space, it became clear that an opportunity existed to utilize a large empty wall in the lobby to create an artistic extension of our brand that would provide a key point of interest for employees and visitors alike.

Together with the Baton Rouge Gallery and local artist, Michaelene "Mikey" Walsh, LWCC developed a creative concept that would tell a layered story. Through 64 sculpted objects, a nod to the 64 parishes of the state that LWCC provides coverage to, the commission displays stylized tools, work products, and worker figurines that together create a compelling narrative of the state's economy.

Each object in the piece is inspired by the roughly 160,000 workers that LWCC protects through workers' comp coverage, across all industry types. To incorporate our commitment to worker safety, several pieces are safety objects, like the hard hat and the safety tag, and "safety orange" is used as an accent color throughout. Some objects are easily recognizable, while others are obscure and familiar only to those who work with them daily. The commission's many layers are entryways into unique components of LWCC's mission, purpose, and vision.

"When most people think of insurance they think of a commodity, but here at LWCC, we think of relationships," says Seth Irby, LWCC Chief Strategy Officer. Our mission is to better Louisiana one business and one worker at a time. This installation pays homage to the reason we wake up motivated every day – the hard-working people of Louisiana we strive to protect."

To ensure an authentic representation of the business and workers we represent, LWCC engaged stakeholders throughout the research phase of the project. Working groups and a survey to agent partners helped to identify industry sectors. A workshop with LWCC's Safety Consultants uncovered unique safety objects for consideration. Employees were surveyed to solicit objects that would both represent office workers and employees' direct interaction with our stakeholders. Data on LWCC's policyholder industries and Louisiana's economy was combed through, and photos taken at policyholder businesses were analyzed for interesting objects.

Through iterative design, a final composition of objects was installed across a 17-foot by 5-foot expanse on a prominent wall in LWCC's lobby, proudly communicating LWCC's commitment to Louisiana's businesses, workers, and future. Learn more about the installation.

MAINE

MEMIC Awards $30,000 in Scholarships

MEMIC has awarded the 2024 Harvey Picker Horizon Scholarship to Arie and Tagen Decker of Middleport, New York, and Manuela Kalonda of Bridgeport, Connecticut.

Founded in 2001, the Harvey Picker Horizon Scholarship Program supports the children and spouses of workers who have suffered serious work-related injuries. Since its inception, MEMIC has awarded $290,000 in scholarships.

The scholarship program honors the legacy of Harvey Picker, a renowned physicist, educator, philanthropist, and advocate for education. Picker was a key member of Maine's 1992 Blue Ribbon Commission on Workers' Compensation, which led to the formation of MEMIC. He also served as a member of MEMIC's Board of Directors. Learn more about this year's recipients here.

MEMIC Announces 2024 Workforce Partnership Award Winner

The fourth-ever MEMIC Award for Workforce Partnership was presented to Cynthia Murphy, the Senior Program Manager for Coastal Enterprises, Inc. (CEI) located in Brunswick, Maine.

Cynthia was chosen for her outstanding work in creating and managing the Child Care Business Lab and the Child Care Investment Fund. These programs have helped create new jobs while addressing one of the largest obstacles facing Maine business owners and workers: the inability to secure childcare.

Through Cynthia's guidance and support, 32 Child Care Business Lab graduates have launched businesses, creating new jobs and childcare spaces, and empowering parents to pursue their own career opportunities. Her dedication to workforce skill development and community well-being embodies MEMIC's commitment to employment growth and workforce health.

MEMIC Selects CLARA Analytics to Read and Summarize Medical Records With AI

The MEMIC Group has selected CLARA Optics, an AI-powered technology platform developed by CLARA Analytics, to improve medical outcomes for injured workers, streamline claim management processes, and lighten administrative responsibilities for adjusters and nurse case managers.

CLARA Optics uses predictive AI, generative AI (GenAI), and large language models (LLMs) to automate medical records transcription, extract meaningful details, and deliver actionable insights to claims management personnel.

"We anticipate that CLARA Optics will create greater efficiencies across our claim operation," MEMIC Senior Vice President of Claims Matt Harmon said. "Our claim handlers and nurse case managers will now have an easier time extracting important details from the high volume of medical records they receive and review while assisting injured workers and policyholders." Learn more about MEMIC's partnership with CLARA Analytics here.

MARYLAND

Daniel Navarro Promoted to Vice President, Policyholder Services at Chesapeake Employers Insurance

Daniel Navarro, CPCU, CLU, ChFC, WCP, was recently promoted to Vice President of Policyholder Services at Chesapeake Employers' Insurance Company. In this new position, Mr. Navarro oversees the Underwriting, Premium Audit, and Safety Services departments and provides department leaders with strategic direction to ensure the needs of the company's stakeholders are met with the highest standards. Previously, Mr. Navarro was Director of Underwriting Operations for the company.

Prior to joining the company, Mr. Navarro was Vice President of Underwriting at United Heritage Property and Casualty. Previously, he was Vice President of Underwriting at Oklahoma Farm Bureau and worked for State Farm for 22 years where he held various positions in Commercial Underwriting, P&C Field Underwriting, and Loss Control.

Mr. Navarro possesses a bachelor's degree in business administration from Arizona State University. Additionally, he holds the following designations: Chartered Property Casualty Underwriter (CPCU), Certified Life Underwriter (CLU), Chartered Financial Consultant (ChFC), and Workers' Compensation Specialist (WCP).

Tonya Butler Joins Chesapeake Employers Insurance as SVP, Chief People Officer

Chesapeake Employers' Insurance Company welcomes Tonya Butler, SVP, Chief People Officer. A skilled HR leader with over two decades of experience in spearheading innovative employee experiences, Ms. Butler provides executive-level leadership and oversees the development and implementation of the company's people and culture strategies. She is responsible for creating a work environment that is adaptive, inclusive, and growth oriented. She will collaborate with leaders across the company to unleash the company's purposeful force for good by shaping the end-to-end employee experience.

Prior to joining Chesapeake Employers, Ms. Butler was Vice President of People at Cybrary, a cybersecurity and IT training company located in Riverdale, Md. Her experience extends to CPower, an energy management company, where she was Senior Director of People and Culture. She also worked at Everyday Health, a wellness company, as a Senior HR Manager.

Ms. Butler possesses a bachelor's degree in HR Management from the University of Maryland, and she is a certified HR professional with a SHRM-CP certification. Actively involved in the HR community, she is a board member of the Society of Human Resource Management Howard County Chapter. She also serves as a board member for Bernadette's House.

MINNESOTA

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 rating based on several factors, including its assessment of SFM's balance sheet strength, as well as its operating performance, business profile, innovation and enterprise risk management. Before publicly disclosing this affirmation, AM Best conducted a thorough analysis of SFM's finances and operations.

"Our annual review with AM Best gives us the opportunity to share our company's story, and commitment to customer service, with experts from the global authority in credit ratings for the insurance industry," said SFM President and CEO Terry Miller. "We view this annual rating as an important indicator of SFM's long-term financial strength and stability."

NEW MEXICO

New Mexico Mutual Celebrates 5th Consecutive Top Workplaces Win

New Mexico Mutual has won Albuquerque Journal's Top Workplaces award for the 5th year in a row. 110 employees were invited to take the Energage survey and 88 responded (80%). New Mexico Mutual achieved an overall engagement score of 83%. This is a significant increase from 2022 when the overall engagement score was 54%. Survey feedback is reviewed by department leaders, and they work internally to address all responses, which has helped increase the score. Employees provided positive responses for the following statements:

- There is good interdepartmental cooperation at New Mexico Mutual.
- New Mexico Mutual operates by strong values.
- Executive Team and Directors understand what's really happening at New Mexico Mutual.
- I feel well-informed about important decisions at New Mexico Mutual.
- My manager helps me learn and grow.

Integrion Group, New Mexico Mutual's subsidiary, was also awarded by Albuquerque Journal as a Top Workplace for the 2nd year in a row and had an 87% response rate from employees.

Employee engagement has been a continuous focus for New Mexico Mutual as the company works to retain employees by creating specialized internal events held throughout the year. Events include, Wellness at Work activities, lunch and learns, Coffee with Kellie sessions (department learning hosted by the President & CEO), Values focused pop up events, volunteer time off (VTO), and more.

Words used by employees to best describe New Mexico Mutual.

NEW YORK

Claim App Has Over 12,000 Downloads Since Launch

The New York State Insurance Fund (NYSIF) has expanded its NYSIF Claim mobile app to its short-term disability (DB) and paid family leave (PFL) claimants, allowing users to access real-time information about DB and PFL claims. The NYSIF Claim mobile app was designed to provide instant access to essential information about workers' claims and benefit payments. The app is free and available for all employees covered by NYSIF's workers' compensation, disability and paid family leave policies.

"NYSIF is deeply dedicated to improving injured workers' lives," said NYSIF Executive Director and CEO Gaurav Vasisht. "The launch of our claim mobile app strongly reflects that commitment, and today we are pleased to expand its capacity to include workers with short-term disability and paid family leave claims."

Designed based on extensive data analysis of the most common inquiries, the new app enables NYSIF DB and PFL claimants to easily access their claim number and status, case manager contact information, benefit payment dates and amounts, as well as opt in to notifications about claim payments and important dates. The app also provides claimants with the ability to email or call their case manager and to sign up to receive benefit payments by direct deposit.

Disability and paid family leave claimants can download the free NYSIF Claim Mobile App by searching NYSIF Claim in their app stores (available for both iOS and Android devices). The app is one of the few apps exclusively created and designed for disability claimants.

As more customer interaction with companies moves to mobile devices, NYSIF's new app will facilitate these exchanges while continuing to support current means of communications with claimants. NYSIF has determined approximately 86% of its claimants have access to smart phones and expects this to help injured workers better manage their claims. NYSIF will continue unveiling new online and technical solutions to help injured workers and their families.

During National Small Business Month, Governor Hochul Highlights Commitment To Supporting New York's Business Community

Governor Kathy Hochul celebrated National Small Business Month, which occurs in May, by highlighting New York State's unwavering support for its small business community. As part of the state's celebration, Governor Hochul launched new programs to expand support for New York's small businesses, including a $6 million Innovation Matching Grants Program to drive innovation at small businesses and a suite of programming to support nearly 100,000 businesses insured by the New York State Insurance Fund. In addition, the Governor announced a new milestone as processing times for New York's minority- and women-owned business certification reached a historic new low. Together, these announcements build on the Governor's vision to providing small businesses with the resources and support that they need to thrive.

"Small businesses are part of the core of New York State's communities", Governor Hochul said. "Through signature economic development programs, we are making sure small businesses in every corner of the state can compete, grow and thrive. We are building a modern 21st century economy and it could not be done without New York's small business community, which is the backbone of our economy."

Empire State Development President CEO & Commissioner Hope Knight said, "We're excited to celebrate National Small Business Month with programs and services that help drive growth and innovation for small businesses looking to thrive in New York. Under Governor Hochul's leadership we are continuing to make New York State the most small-business-friendly state in the nation."

New York State Department of Labor Commissioner Roberta Reardon said, "Small businesses not only drive our local economies but they are the heartbeats of our communities, offering unique services and providing vital employment opportunities. At the DOL, we're committed to supporting these essential pillars of economic strength. From offering customized solutions that meet diverse business needs to facilitating access to funding and technical assistance, we empower small businesses to thrive and expand their potential."

NYSIF Executive Director and CEO Gaurav Vasisht said, "We are committed to providing tailored solutions for the distinct needs of all businesses across New York State. This package of programs is designed specifically to support small businesses and we are dedicated to helping them protect their employees." For more information on this and other programs, visit nysif.com.

Governor Hochul Launches First-In-The-Nation Climate Action Pilot Program To Help New York Hospitals Achieve Net-Zero Carbon Emissions By 2050

Governor Kathy Hochul launched a first-in-the-nation, voluntary climate action pilot program for hospitals, focused on improving worker health and safety while addressing the harmful impacts of climate change on the environment. The program provides premium credits of up to $1 million to New York State Insurance Fund-insured hospitals that pledge to achieve net zero greenhouse gas emissions by 2050 and enhance their resilience to extreme weather events, helping mitigate the climate-related hazards that contribute to steep increases in workplace injuries and illnesses. The pilot builds on Governor Hochul's commitment to building a greener, more sustainable future for New Yorkers, as well as recent investments secured in the FY 2025 Enacted Budget to advance the Governor's climate agenda.

"New York is taking action to maintain our status as a global leader in the fight against climate change," Governor Hochul said. "This pilot program will incentivize hospitals to reduce their environmental impact and create a safer and healthier New York. From leveraging our insurance policies to transformative investments in this year's budget, we are using every tool at our disposal to build a greener, more sustainable future for all New Yorkers."

NYSIF Executive Director and CEO Gaurav Vasisht said, "The health care sector is at the frontlines of the global climate crisis, confronting its public health impacts and system disruptions while contributing significantly to greenhouse gas emissions. With 2023 the hottest year on record, and as extreme heat contributes to a growing number of worker injuries and illnesses, NYSIF is uniquely positioned to catalyze transformative climate action, offering incentives that improve worker safety while freeing up resources for hospitals to accomplish their goals."

NORTH DAKOTA

Get Home Safe: Elevating Workplace Safety Across North Dakota

In June, North Dakota Workforce Safety & Insurance (WSI) launched an exciting new campaign: Get Home Safe North Dakota. This statewide initiative aims to transform workplace safety, making it a core value in every organization and ensuring that every worker returns home safely.

A Statewide Movement for Safety that Connects on a Personal Level

The Get Home Safe campaign is about changing behaviors and fostering a culture where safety is paramount. One of the standout aspects of Get Home Safe is its personal touch. Employees resonate with the campaign's messaging because it highlights how workplace safety protects their personal passions and lifestyles. By emphasizing what workers want to return home to, the campaign fosters a deeper connection and commitment to safety.

Launching with Impact

The campaign kicked off with a dynamic press conference featuring key figures in the safety community. WSI Director Art Thompson introduced the initiative, highlighting its significance. North Dakota Lieutenant Governor Tammy Miller passionately spoke about the importance of safety and her commitment to the cause. Additionally, Dale Johnson, a safety leader and Senior Vice President and Plant Manager of Dakota Gasification Company (DGC), shared insights on how DGC keeps safety at the forefront of daily operations.

Bringing Safety to Every Workplace

With the campaign in full swing, the first monthly newsletters have already reached subscribers, packed with valuable resources and tips. These newsletters are designed to keep safety top of mind and include posters, talking points for employees, and a motivational video from a safety leader. The campaign's materials are crafted to be practical and easy to use, making it simple for organizations to integrate safety into their daily routines. The mission now is to expand the campaign's reach, increasing subscriptions and spreading the message to as many North Dakotans as possible. For more information, visit gethomsafend.com

WSI Declares 50% Dividend for 2024-25 Policy Year

During the June 2024 WSI Board meeting, the Board of Directors made a recommendation to issue a 50% premium dividend credit to policyholders.

The dividend credit will be applied against policyholders renewing during the FY 2024-25 policy year, who are in good standing with the agency and are not minimum premium accounts. The credit will reflect 50% of the prior year's premium less safety discounts, ensuring no account total is less than $250 after the dividend credit is applied.

Favorable investment results have resulted in the fund exceeding statutory surplus requirements. When surplus requirements are exceeded, dividends are required.

Including this recent dividend, total WSI dividends issued in 19 out of the last 20 years amount to approximately $1.9 billion.

OREGON

SAIF implements ClaimsCenter

Earlier this year, SAIF successfully implemented Guidewire's ClaimCenter. The claims system implementation (CSI) project is SAIF's largest implementation ever. As part of launching the new claims system, we converted over three million claims, implemented 195 supporting applications, created a new claims data warehouse, and loaded over 52 million transactions.

SAIF Promotes Todd Graneto to Chief Financial Officer, Rachel Shepherd to Vice President of Audit and Underwriting

Todd Graneto is SAIF's new chief financial officer. Todd, who joined SAIF in 2016, previously served as the vice president of premium audit and underwriting services. In his new role, Todd will be responsible for the financial services division, including financial reporting, budgets, corporate accounting, and billing and connections.

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.

Rachel Shepherd is SAIF's new vice president of premium audit and underwriting services. Rachel joined SAIF in 2022 as the director of project and change management.

Rachel has more than 15 years of experience across multiple organizations, including the Oregon Lottery. She holds a bachelor's degree in management and organizational leadership from George Fox University, as well as a master's degree in organizational leadership from Colorado State University Global. Both degrees were conferred with honors. She has professional certificates in customer experience, project management, and change management.

Celebrating a Second Season of Oregon Odd Jobs

SAIF's YouTube series, Oregon Odd Jobs, is back for a second season. From a racetrack in Portland to a bakery in Astoria, we're bringing you the most interesting jobs in Oregon and the safety tips that go along with them.

Check in each month as we premiere a new episode on SAIF's YouTube channel, and watch our host and creative services supervisor, Corey Jenkins, learn how to avoid common workplace hazards as he tries his hand at the hard, dirty, and fascinating jobs across the state.

This year, the show has taken us to an oyster farm, state park, theme park, and bookstore, so far. You can follow along at saif.com/oddjobs.

Noteworthy Moments at the Workers' Compensation Seminar

On April 11, more than 185 people—including 85 virtual attendees—gathered at SAIF's 32nd annual Workers' Compensation Seminar designed to bring external agent partners and SAIF staff together.

The morning sessions featured presentations on the voice of the customer and on consistent safety and health approaches that enhance the customer experience.

In the afternoon, keynote speaker Lindsay Boccardo gave an energetic presentation on making the case for optimistic and loving leadership, followed by a communications skills workshop. CEO and President Chip Terhune wrapped up the day with a discussion of the state of SAIF.

SAIF Implements Ivans Download for Agents

Ivans Download services are now live for SAIF agents. Ivans automates the exchange of data and documents between SAIF's systems and agency management systems. This workflow will help our agents save time and money by reducing the operational overhead of manual processes. When we reached out to our agency partners, nearly 85% of respondents have gone live and are receiving policy data and documents (eDocs) generated from the Guidewire policy center to the Ivans exchange in a daily overnight process; we expect this percentage to grow in the weeks ahead.

RHODE ISLAND

Beacon Mutual Honored as Providence Business News' Best Place to Work for Large Employers AGAIN!

Warwick, R.I. – Beacon Mutual Insurance Company ("Beacon") is thrilled to announce that it has been named the First Place Winner of the Best Places to Work in Rhode Island by Providence Business News (PBN) in the Large Company category for the second consecutive year. This esteemed recognition reflects Beacon's continuous dedication to fostering an outstanding work environment for its employees.

Brian Spero, President and CEO of Beacon Mutual, shared his gratitude and pride in this achievement, "Winning this award for the second year in a row is a remarkable honor. It speaks volumes about the commitment and passion of our entire team. At Beacon, we believe in creating a workplace where our employees feel valued, supported, and inspired to do their best work. This recognition motivates us to continue enhancing our culture and ensuring that Beacon remains a place where everyone can thrive."

The PBN's Best Places to Work Awards program, in partnership with Best Companies Group, aims to recognize the finest employers in Rhode Island. The initiative underscores the significant impact of exceptional workplaces on the local economy, workforce, and business landscape.

Among the numerous companies that participated in the 2024 Best Places to Work in Rhode Island survey, Beacon stood out in the large employer category. The selection process involved a thorough evaluation of each nominated company's policies, practices, philosophy, systems, and demographics, as well as an employee survey to assess the employee experience. The final rankings were based on combined scores from these evaluations, highlighting the top employers in the state.

Marie Pelletier, Beacon's Senior Human Resources Business Partner, emphasized the company's commitment to employee retention and satisfaction, "People who work at Beacon tend to stay for the long run."

Anonymous employee reviews from Beacon's Glassdoor and Indeed profiles provide insight into what makes Beacon a standout employer:

- "Beacon checks all the boxes. There is a strong culture with a 'do the right thing' mentality. Management cares about employees and I believe I have a stake in the outcomes and direction of the company. Additionally, it is a hybrid, flexible work environment with strong benefits and pay. There is a real sense of community involvement, as well with a goal of helping those in the community where we work and live."
- "This organization cares about its employees and is always looking out for our best interest. They care about the community, and they care about people in general. This organization always cares about the employers and employees it insures. I have never myself experienced an insurance company which cares more than this organization."

Beacon's culture of engagement and employee satisfaction is further reflected in their involvement in community initiatives and creating a supportive work environment. "If you have employees who work in a great place, it's going to be noticeable to people outside of the company who deal with them," added Spero. "We are always complimented by the people we deal with on how happy our employees are with what they do and how it makes a real difference in how they do their job."

Winning the Best Places to Work for Large Employers award for a second year in a row is a significant achievement for Beacon, reaffirming its commitment to creating an exceptional workplace. Beacon extends its congratulations to all the companies honored as part of the 2024 Best Places to Work in Rhode Island. Together, these employers are shaping a vibrant business community that benefits employees, organizations, and the entire state of Rhode Island.

SASKATCHEWAN

Saskatchewan Records the Lowest Total Injury Rate in the Province's History

The Saskatchewan Workers' Compensation Board (WCB) shared its 2023 results at its annual general meeting, held virtually on May 14. Members of the board and executive team provided an overview of the organization's financial, strategic and operating highlights, including 2023 workplace injury and fatality statistics.

The workplace Total injury rate in 2023 hit its lowest level in the province's history, decreasing by almost nine% from 2022 to 3.95 injuries per 100 workers. In addition, the 2023 Time Loss injury rate decreased by 12.75% in 2023 to 1.78 injuries per 100 workers. For the fourth year in a row, 90% of Saskatchewan workplaces reported zero injuries or fatalities.

On the financial side, the WCB remained in a fully funded position in 2023, with a sufficiency ratio of 135.7%. This ratio ensures the organization has the ability to cover the future costs of all claims in the system.

"We are committed to maintaining a strong and stable funding position," says WCB CEO Phillip Germain. "By doing so, we let workers and employers know their needs will be met, while also ensuring stable funding for programs and services that help us meet our vision of eliminating injuries and restoring abilities."

For more information on the 2023 results, the WCB's annual report is available online at wcbsask.com.

WCB's Compensation Institute Goes Back to Its Roots in 2024

The Saskatchewan Workers' Compensation Board held it's 26th annual Compensation Institute in Regina on May 15. The conference is designed to assist workers and employers in navigating the province's workers' compensation system. Nearly 600 participants this year took part this year, either in person or virtually.

"WCB staff host this event annually, sharing topics determined by feedback from customers and previous years' attendees," says Kevin Mooney, the WCB's vice-president of prevention and employer services. "This year, we returned to our Compensation Institute roots with a platform for Saskatchewan workers and employers to discuss and better understand WCB processes, policies and procedures."

Conference topics included:

- What to do if you have an injury claim.
- What you need to know about how rates are set.
- What to do if you have an appeal and how the Fair Practices Office can support you.

This year, three keynote speakers shared their inspiring stories of resilience and hope at Compensation Institute:

- Steve Howe, who has more than 18 years in the construction industry, understands the hazards faced by workers daily and why safety is often viewed as an impedance.
- Jeff Reeder, an 18-year veteran with the Prince Albert Fire Department, developed post-traumatic stress disorder after he and his wife were in a motor vehicle collision.
- Teresa Walker, through her own personal journey of learning and experiences in life, came to understand that it is about a string of moments and the personal choice of having the tools and being able to use them.

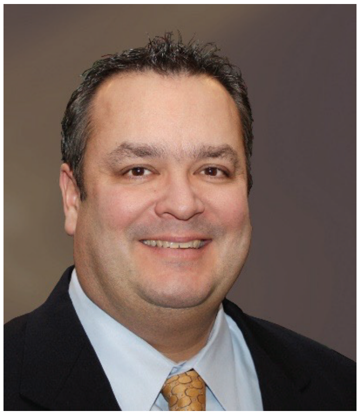
More information on the WCB's Compensation Institute event is available online at wcbsask.com/events/compensation-institute-2024 and on the WCB's YouTube channel.

WASHINGTON

Mike Ratko to Retire From Washington State Department of Labor & Industries

After more than 30 years of state service, Mike Ratko, assistant director for Insurance Services at the Washington State Department of Labor & Industries (L&I), is retiring this September. Ratko has been part of the Insurance Services division since 2005, holding various leadership roles.

He assumed the role of assistant director in April of 2022 and has a great passion for Washington's unique workers' compensation system, the fifth largest in the nation with about $2B in premiums, 2.6 million workers, and more than 190,000 employers. He oversees more than 1,200 staff across 12 programs within Insurance Services.



Mike Ratko, retiring Assistant Director for Insurance Services at L&I

"I've been honored to lead our insurance system because I truly believe in our mission to Keep Washington Safe and Working, and L&I is blazing a trail with innovative methods of treating workers and helping them return to work," said Ratko. "While I will miss the people at L&I, many who have become great friends, I feel I'm leaving the division in good hands and my colleagues will continue to move the needle in the years ahead."

He holds a Master's in Business Administration from Pacific Lutheran University and a Bachelor of Arts from the University of Washington. After retirement, Mike will enjoy spending time with his family, boating, travelling, and working on house projects.

Washington State Bolsters Efforts to Treat PTSD

The Washington State Department of Labor & Industries (L&I) is continuing the effort to facilitate better care for injured workers in the areas of mental health and post-traumatic stress disorder (PTSD). The agency has recruited representatives from business and labor, as well as mental health experts, to staff two committees and recruited an Associate Medical Director for Psychology into a newly-created position.

One committee, at the agency level, will advise on best practices and policies for prevention and treatments of PTSD as well as improve L&I's adjudication of these claims. Associate Medical Director for Psychology, Dr. Jennifer Jutte, will be a member of this committee. The other committee staffed by medical experts will develop clinical guidance for diagnosis and treatment of the condition.

In addition, L&I will contract with an objective outside vendor to assess PTSD best practices, compensation benefits, and policies across the U.S. The study will help L&I with efforts to improve outcomes and take a look at the costs of care. For example, L&I has only about 200 PTSD claims open as of the second quarter of 2024 but those claims make up more than a third of the total costs of all open claims.

"I believe Washington State is at the forefront in exploring ways to improve outcomes and care for injured workers diagnosed with PTSD," said Dr. Jutte. "I'm so honored to assume this new position and to help guide these efforts." The committees will advise the agency for at least a year.

Successful Summit Highlights Opportunities for 'Opening Doors' for Worker Recovery

More than 200 vocational rehabilitation counselors took part in the Vocational Provider Summit hosted by the Washington State Department of Labor & Industries (L&I) on June 7.

The all-day, in-person event, held at the L&I headquarters in Tumwater, featured interactive discussions, engaging speakers, and case studies focused on overcoming barriers in vocational recovery.

The theme of the summit was "opening doors," leveraging the strong partnership between L&I and the vocational services community to maximize opportunities in worker recovery and return to work.

L&I Director Joel Sacks welcomed the summit participants and shared his thoughts about the theme. "I see an open door as an opportunity. Today is full of opportunities. Opportunities to learn, to influence process improvements, and to build connections."

L&I has already started plans to hold the summit again next year.

Skill Enhancement Training Incentive Aims to Give a Leg-Up to Injured Workers From Marginalized Populations

The Washington State Department of Labor & Industries (L&I) is gearing up to implement the new Skill Enhancement Training worker incentive. The incentive provides financial support so that workers in vocational rehabilitation services can participate in approved basic skills training to improve job readiness while they recover from their injury.

Currently, workers are limited to free community services to acquire job readiness skills during the early stages of vocational services. With the new funding, workers will be able to enroll in courses to help them with basic computer literacy, learn English as a second language, or acquire their graduate equivalency degree. The funding can also be used to purchase equipment, like a laptop.

The Skill Enhancement Training incentive aims to give a return-to-work boost to injured workers, particularly those from marginalized populations, such as workers without a high school diploma or who have limited English proficiency (LEP). L&I Claims data show higher numbers of LEP workers failing to qualify for formal retraining plans or ending up in pension (meaning they end up receiving a settlement and not working), compared to their English-speaking counterparts.

The incentive program was approved by the Washington State Legislature as part of Substitute House Bill 2127, and will be made available to all Washington workers in vocational recovery starting Jan. 1, 2025. The incentive program is funded through the existing Stay at Work program.