

Approved

APR 7 1987
Date

MINUTES OF THE House COMMITTEE ON Labor and Industry

The meeting was called to order by Representative Clint Acheson at
Vice- Chairperson

9:00 a.m. on February 18, 1987 in room 526-S of the Capitol.

All members were present except:

Representatives Douville and Patrick - Excused

Committee staff present:

Jim Wilson, Revisor of Statutes' Office
Juel Bennewitz, Secretary to the Committee

Conferees appearing before the committee:

Debbie Berkowitz, Director of Safety and Health for the Food and Allied
Service Trades Department, AFL-CIO

Ron Gaches, Public Affairs Manager, Boeing Military Airplane Corporation

Bill Green, Kansas State UAW CAP/PAC Councils

Mike Unrein, Kansas Bar Association

Debbie Berkowitz was recognized by the vice-chairman to answer questions from the committee regarding her presentation of the previous day.

Representative Buehler asked if Ms. Berkowitz thought: 1) the meat industry would be litigated if they required people only of a certain physical stature to apply for a job and 2) certain people of certain physical stature can't fit certain equipment. She answered that there are no states that show that a person has a pre-disposition to repetitive use syndrome. She also stated that the few ergonomic studies of butchers and meat packers that have been done indicate that it is the tool that is being used and the angle required in the use of that tool that causes problems, not the physical stature of the person.

Representative Bideau asked if the statistics that were handed out to the committee on repetitive use syndrome at I.B.P. (February 17, 1987, attachment #1, attachment D, page 1) were filed claims, awards or notices of accident. Ms. Berkowitz answered that they came from I.B.P.'s application for self-insurance under the section "about each Kansas death, disability or disease claim in the past five years which cost is in excess of \$25,000". She then offered to the committee a copy of each of I.B.P.'s applications from 1978 through 1986, attachments #1, #2, #3, and #4.

Representative Bideau further clarified that if the claim had not proceeded to award then it was not indicated in the statistics and the answer was affirmative. He also asked if Ms. Berkowitz had obtained from the Division of Workers' Compensation the number of notices of loss due to repetitive use syndrome during the years in question.

She responded that the Division of Workers' Compensation does not keep statistics by repetitive use syndrome but by hand-wrist, so the only source for that information was the self-insurance form.

Representative Bideau asked Ms. Berkowitz how many states, to her knowledge, treat repetitive use syndrome as a disease rather than a physical trauma. Her response was that she would have to refer to their attorneys but believed it to be somewhat evenly split.

Vice-chairman Acheson asked the members of the committee to review the minutes of the February 10, 1987, meeting for possible approval before adjournment.

Ron Gaches, representing Boeing Military Airplane Corporation, addressed the committee, attachment #5.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry

room 526-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 18, 1987

Representative Green asked if, upon the employee's medical release, it was the decision of both the doctor and Boeing to accept the employee's return to work. The answer was affirmative.

Representative Whiteman noted that Mr. Gaches had cited no statistics regarding incidences of bilateral repetitive use syndrome or amounts paid. He responded by saying that the company's carrier does not keep statistics based on category or claim.

Representative Whiteman asked if Mr. Gaches could provide the committee with some claims that have been made and the amounts paid so the committee could have an indication of the severity of the problem at Boeing. He answered that he would try and generate the data.

Representative Acheson asked if in Mr. Gaches opinion, the proposed change to 125% temporary total disability benefits should be enacted. He responded that, lacking any evidence that the percentage should be increased or decreased, it was satisfactory under the current law.

Bill Green, Kansas State UAW CAP/PAC Councils, addressed the committee, see attachment #6.

Representative Buehler referred to Mr. Green's stated concern regarding the height of the work platform and height of the person having a relationship to a possible cause of women having a higher incidence of repetitive use syndrome. Representative Buehler asked if this would mean restricting women from certain types of work with their higher susceptibility to repetitive use syndrome. Mr. Green answered no, that it was more a matter of height of the platform and the tools involved in the job.

Representative Gjerstad asked if Mr. Green had seen any application of the use of ergonomics in the Kansas City plants. He answered that he had not but that the new GM-10 plant should have more visible signs of ergonomics in use.

Representative Gjerstad asked if the Japanese had a higher incidence of repetitive use syndrome and he responded that he had no statistics but believed the incidence to be very low. Mr. Green also stated that in Japanese society the women are not part of this type work force.

Representative Patrick asked how benefits for repetitive use syndrome in Kansas compare with those in Missouri. The response was that Mr. Green was not familiar with Missouri's benefits.

Representative Patrick then asked if Mr. Green could obtain some of that information.

Mike Unrein, representing the Kansas Bar Association, spoke next, attachment #7.

Chairman Douville asked if Mr. Unrein had any recommendations as to a fair and reasonable approach to attorney's fees in workers' compensation cases. The response was that he supported a mandatory pre-trial hearing.

Representative Green questioned whether taking total partial disability and putting it under some schedule would help reduce attorneys' fees. The response was that he didn't think that the time involved could be scheduled because some cases, particularly those involving nature and extent, were so much more time consuming.

Chairman Douville asked if the average workers' compensation case, extenuating circumstances not withstanding, would run in excess of 30 hours. Mr. Unrein answered yes and he estimated that a minimum of over 1/3 of the cases go over 30 hours.

The chairman then asked how to eliminate litigation in workers' compensation cases. Mr. Unrein suggested some kind of system that required an attempt to compromise before things proceed as far as the courts. He further suggested that following an initial hearing, the administrative law judge review the status of compensation much like the mandatory pre-trial hearing then invoke restrictions.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Labor and Industry,
room 526-S, Statehouse, at 9:00 a.m./~~p.m.~~ on February 18, 1987.

Chairman Douville suggested using a system much like that in Missouri where the attorney's fee is based on the judge looking at the entire record and determining hours spent on the case. The response was affirmative.

The chairman's next question was how to take care of unscrupulous lawyers and still be fair to the rest of the attorneys. He further asked how a contingency fee system could be maintained.

Mr. Unrein's response was that there should be a contingency fee contract which considers not just the hours involved but the work done.

Chairman Douville then asked for an opinion on a system of 25% on the first \$25,000 and then a graduated scale as benefits increase plus having the director have authority in exceptional cases to award additional fees in the event of special problems. The response was that it would be fair, but if the scale were intangible no matter what was done or how it was done, then in his opinion, it would cause inequities.

Minutes of February 10, 1987, were approved by consensus of the committee.

The meeting was adjourned at 9:55 a.m.

The next meeting will be February 19, 1987 at 9:00 a.m.

HOUSE COMMITTEE
ON
LABOR AND INDUSTRY

Name	GUEST LIST City	DATE	February 18, 1987 Representing
John M. Ostrowski	Topeka		AFL-CIO
Bud Langston	DIA/UC Topeka		
George McCullough	Topeka		AFL-PIO
S. Mariani	Topeka		Dept. of Adm.
Anne Moriarty	Topeka		KTRA
Connie Stewart	Topeka		AFL-CIO
Harry Habeler	Wichita		" "
Wm. Green	KCKs		UAW-CAP
Jim Cople	Wichita		WFT
Jim Schwartz	Topeka		KECH
GARY TERRILL	TOPEKA		Ks. Riv. workers Comp.
Tom Hammond	Wichita		Mechanist Union
Don Willoughby	Omaha		IBP
Bud Cowan	Topeka		IBP, inc
Chris Cowger	Topeka		Workers Comp Fund
Mike Unrein	Topeka		K.B.A.
Ron Smith	"		"
Tom Bell	"		Ks. Hosp. Assn.
Ray Petty	Topeka		KACEH/DHR

STATE OF KANSAS

RECEIVED

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF WORKERS' COMPENSATION

JUN 27 1983

APPLICATION FOR SELF-INSURANCE

Ks. St. Workers Compensation

IBP, inc (Formerly known as Iowa Beef Processors, Inc.)
Applicant Organization Name

hereby applies for the privilege of being a self-insurer under the Kansas Workmen's Compensation Act and submits the following report in support of said application.

1. Address of principal office P.O. Box 515, Dakota City, NE 68731
2. Applicant is Individual, Co-partnership, Ltd. Partnership, Corporation, or Public Authority: Corporation
3. Applicant's general officers (if corporation)

	Name	Business Address
President	<u>Robert L. Peterson</u>	<u>Same as #1 above</u>
Executive Vice-President	<u>Maurice McGill</u>	<u>Same as #1 above</u>
Secretary	<u>Stephen Schaeffer</u>	<u>Same as #1 above</u>
Treasurer	<u>Maurice McGill</u>	<u>Same as #1 above</u>

4. Applicant's business chartered under laws of State of Delaware on June 23, 1969.

5. Person responsible for self-insurance program:

<u>Gary Felt, Director, Risk Management</u>	<u>(402) 241-2908</u>
Name	Title Telephone Number

6. Service company information
 - (a) Loss prevention services: N/A (In-house safety personnel)
 - (1) Name of service company _____
 - (2) Address of service company _____
 - (3) Telephone number _____
 - (4) Contact person _____
 - (5) Give details of services that will be furnished by service company

RECEIVED

AUG 10 1983

Ks. St. Workers Compensation

(b) Claims handling services:

- (1) Name of service company Marsh and McLennan, Inc.
- (2) Address of service company 1500 Northstar Center, Mpls, MN 55402
- (3) Telephone number (612) 371-8188
- (4) Contact person Vera Rau
- (5) Give details of kinds of services that will be furnished by service company Claims Administration

If you do not plan to use an adjusting company, please explain on a separate attachment the plan you have for adjusting claims for your company. Such explanation should include the name of the person directly in charge of the adjusting activity. Explain what procedure you plan to follow in regard to investigating and adjusting claims and whether those individuals adjusting claims will be exclusively engaged in that activity.

The Division of Workers' Compensation may require the use of an adjusting company if we do not feel that your in-house adjusting procedure would be adequate to serve the injured workers.

Do the above (5. and 6. (a) and (b)) have a working knowledge of the Kansas Workmen's Compensation Act: Yes No

7. Safety program

- a. Person in charge Donald Lemker, Corporate Safety Manager
(Attach additional sheets if necessary for details)
- b. Please furnish a copy of the engineering report which gives a description of the risk's operations from raw material received to finished product and engineer's evaluation of the safety program.

c. When were premises last inspected? Inspected Weekly
 Inspecting agency IBP Safety Coordinator

8. Medical and hospital care

a. Do you employ a full or part-time doctor? Yes No
 Name _____

b. Name of physician to whom injured are normally sent
Dr. Campbell, Medical Arts Building, Emporia, Kansas
Dr. Gilbert & Dr. Zeller, Garden Medical Center, Garden City, Kansas

c. Do you have a hospital in the plant? Yes No

First Aid room? Yes No

Professional nurse on premises? Yes No

9. Loss history (5 years) (new permit applications only) N/A

Liability Period		Gross Payroll	Total Losses	Paid Losses	Reserves	Kansas Council on Compensation Experience Modification
From	To					

10. Give the following information regarding the State of Kansas: (If more space is needed, use separate page.) NOTE: If not available, please indicate why, and if a similar method is used.

1983

W. C. Code No.	Classification	Number of Employees	Estimated Gross Payroll	Current Manual Rates	Manual Premium
2089	Packinghouse	3,672	\$73,892,000	\$4.13	\$3,051,740
8810	Clerical	202	4,070,000	.13	5,291
8288	Cattle Buyers	20	484,000	3.40	16,456
5190	Electrical	6	134,500	1.86	2,502
5183	Plumbing	6	134,500	2.73	3,672
5403	Carpentry	6	134,500	5.48	7,371
5474	Painting	7	134,500	5.45	7,330
7219	Trucking NOC	21	431,250	7.04	30,360

Total number of employees in Kansas 3,940

Total Estimated Manual Premium \$3,124,722

~~Excess~~ Insurers' Experience Modification .47 Standard Premium \$1,468,619
(for insured states)

11. For the State of Kansas give the applicant's estimated average production worker's weekly wage: \$20,123

12. Applicant will submit or has in effect:

A. Specific Excess Insurance

Policy Limit \$ 5,000,000.00
Retention \$ 500,000.00
Term 1 years

C. Date self-insured Authority to become effective.*

B. Aggregate Excess Insurance

Policy Limit \$ _____
Loss Fund Percentage _____
Minimum Loss Fund \$ _____
Estimated Loss Fund \$ _____

D. Excess Insurance Renewal Date

11-1-83

*N/A for renewal

Policy Term _____

13. Do you have any owned, leased* or chartered aircraft: Yes (X) No ()
Does your excess policy cover this additional exposure? Yes (X) No ()

*Leased aircraft: One that is not owned by the applicant and made available for the use of the applicant under the terms of a rental or lease agreement for a period of not less than thirty (30) consecutive days, and operated by someone other than an employee of the owner or lessor of such aircraft.

14. In what states or jurisdictions does or will this applicant operate as a qualified self-insured? Kansas, Iowa, Minnesota, Nebraska, Washington

b. If you have ever been denied a self-insured permit or non-renewal in any state, please indicate the name of the state and why you were not accepted or not renewed. (Use separate sheet if necessary)

No

15. Give the following totals for the most recent year prior experience information for each state where qualified as a self-insurer. (Use additional sheet if necessary) If unavailable on a state by state basis, combined totals can be given.

State	Dates		Total Average Number of Employees	1982 Total Gross Payroll	Indem- nity Paid	Medical Paid	Total* Indemnity Unpaid (Reserves)	Total* Medical Unpaid (Reserves)
	From	To						
Kansas	1-1-82	12-31-82	3,940	71,280,962	1,210,803		583,272	
Iowa	1-1-82	12-31-82	930	15,392,797	426,506		206,285	
NE.	1-1-82	12-31-82	3,872	67,465,449	1,160,507		614,558	
Wash.	1-1-82	12-31-82	1,199	25,417,667	534,947		465,455	
MN.	1-1-82	12-31-82	220	4,208,127	59,356		28,285	

*For all previous years for payment in future by Self-insured and not by Insurance Carrier.

16. Please give the following information about each Kansas death, disability or disease claim in the past five (5) years with costs in excess of \$25,000. (Use a separate page for full details)

Date of Loss	No. of Employees Involved	Facts of Loss, Type of Injury or Disease & State Benefits Applicable	Total Estimated Cost		
			Indemnity Paid INCURRED	Medical Expense Paid INCURRED	Total Unpaid INCURRED
1-23-81	1	Bilateral Carpal Tunnel-Closed	20,933.49	4,547.39	25,480.88
9-25-81	1	Herniated disc-open	23,500.00	15,000.00	38,500.00
10-24-79	1	Locking finger both hands-open	51,075.00	3,500.00	54,575.00
8-13-79	1	numbness rt. hand-closed	31,718.22	1,251.45	32,969.67
10-29-79	1	Back injury-closed	27,933.48	639.44	28,572.92
10-26-78	1	Rt. arm injury-open	50,000.00	2,500.00	52,500.00
9-7-78	1	Pain both arms/hands-closed	19,679.50	5,335.20	25,014.70
8-5-78	1	Bilateral carpal tunnel-open	50,000.00	20,000.00	70,000.00
2-25-78	1	Back injury-closed	43,136.49	8,975.01	52,111.50

17. Do employees receive any supplemental benefits in addition to workers compensation benefits? Yes If yes, describe Medical Insurance, Life Insurance, Short term disability.

18. Are there any actual or anticipated Occupational Disease exposures involved in applicant's operations? No If yes, describe _____

19. Please furnish information on any substantial or unusual changes (increase or decrease) in operations in Kansas that are planned or that have taken place in the last five (5) years. (Use additional sheet and identify as Attachment) Finney County Plant Start Up

20. Does the applicant have any employees who are subject to the Longshoremen and Harbor Workers' Act? No Jones Act? No Federal Employers' Liability Act? No If yes, explain: _____

21. If the employer is rated by Standard & Poore or Dun & Bradstreet, what are the latest ratings?

Standard & Poore N/A

Dun & Bradstreet N/A

Other N/A

22. PARENT(S), AFFILIATES AND SUBSIDIARIES OF APPLICANT:

- List parents of applicant in hierarchical order, beginning with ultimate parent company regardless of Kansas operation.
- List all affiliates and subsidiaries of applicant that are operating within Kansas.
- Place an arrow (➡) in column one (1) showing applicant's direct parent company.

Column 1	LEGAL NAME OF CORPORATION	ADDRESS OF ALL KANSAS LOCATIONS	List % of voting stock by each corporation's direct parent, and show whether corporation is a parent, or subsidiary of the applicant
P A R E N T	Occidental Petroleum Corporation	N/A	
	IBP, inc. (see next page)		

23. APPLICANT DIVISIONS AND OPERATIONS: Year 1982

-List each Kansas operation of the Applicant (Do not list excess insurance on this chart.)

Name of Operating Unit and Location (include Street Address)	Operation Type Main products, Services, Activities	Kansas Employees			No. cases entered on OSHA 200 log	To Be Self-Insured?		**If No, List: 1) Full name of insurance company, 2) policy number, and 3) policy end date.
		Average Number	Gross Payroll	Total Hours		Yes	No	
IBP, inc. 2101 W. 6th Emporia, Kansas 66801	Packinghouse Beef Products	3,940	\$ 73,280,962			X		
IBP, inc. Holcomb, Kansas 67851			\$			X		
			\$					
			\$					
TOTALS			\$					

**If no, does this unit have separate employees & payrolls? Yes No

24. EXCESS INSURANCE:

-List all excess policies that cover Kansas Worker's Compensation Insurance (See approved lists and instructions)

Insurance Company (Full Name)	Retention	Upper Limit of Excess Policy	Policy Number	Policy Period		Coverage Type		
				From	To	Spec	Aggr	Other
Safety Mutual Casualty Corporation	\$500,000	\$5,000,000.00	SP-1052-NE	11-1-82	11-1-83	X		
	\$	\$						
	\$	\$						
	\$	\$						

25. A. OUTSTANDING WORKERS' COMPENSATION CLAIMS: as of through 1982
(Date)

-For ALL Kansas self-insured claims not fully paid. (Enter total amounts Paid/To Be Paid under Kansas Workers' Compensation Act)

	Total Number of Claims	Medical Reserve to be Paid in Future	Indem. Reserve to be Paid in Future	Medical Paid to Date	Indemnity Paid to Date	Total All Columns
Active Open Claims	692	\$169,497.19	\$401,555.35	\$369,270.55	\$414,004.70	\$1,354,327.79
* Anticipated Claims						

*Incurred but not reported

25. B. (a) During the most recent calendar year, which was 1982, there were 2,303 (Number) accidents reported.

(b) We paid a total of \$ see (d) below in Workers' Compensation indemnity payments in Kansas

(c) In addition, the total amount paid for medical benefits during the calendar year for all accidents in Kansas, amount to \$ see (d) below.

(d) **Total of all which includes: Weekly compensation payments, travel and per diem for medical examination and/or treatment, lump sum payments, compromise settlements, hospital, appliance, and medical payments, and death and funeral benefits paid during said period were \$ 1,210,803 ~~9~~

** (b) and (c) to be included

Attach most current Annual Report, Audited Financial Report or report prepared for other regulatory agency

All columns must be filled out.

-Enter consolidated data if applicant's financial data are included in a consolidated report. IF NOT, enter data for applicant only. (See attachments A and B for definitions of items.)

Actual dollar amounts shown

X 000's omitted

000,000's omitted

Items	* Std. Ratio for your industry	December 31 Year 19 ₈₂	Ratio (0.00)	October 31 Year 19 ₈₁	Ratio (0.00)	November 1 Year 19 ₈₀	Ratio (0.00)
a. <u>Cash Flow</u> = $\frac{\text{Source of Funds from Operations}}{\text{Current Liabilities}}$	.25	98,729 124,751	.79	85,039 130,020	.65	70,380 136,100	.52
b. <u>Liquidity (Quick Ratio)</u> = $\frac{\text{Current Assets - Inventory}}{\text{Current Liabilities}}$	1.10	288,932 124,751	2.32	259,909 130,020	2.00	203,585 136,100	1.50
c. <u>Current Ratio</u> = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	2.06	365,516 124,751	2.93	331,960 130,020	2.55	300,698 136,100	2.21
d. <u>Inventories to Net Working Capital</u> = $\frac{\text{Inventories}}{\text{Current Assets - Current Liabilities}}$	.87	76,584 240,765	.32	72,051 201,940	.36	97,113 164,598	.59
e. <u>Cost of Sales to Inventory</u> = $\frac{\text{Cost of Sales (Annual)}}{\text{Average Inventory}}$	25.60	4,918,593 80,398	61.18	4,882,671 84,582	57.73	4,506,150 88,638	50.84
f. <u>Sales to Receivables</u> = $\frac{\text{Sales (Annual)}}{\text{Average Receivables}}$	23.50	5,076,057 197,722	25.67	5,014,972 187,262	26.78	4,639,454 163,024	28.46
g. <u>Days Sales on Hand</u> = $\frac{\text{Inventory}}{\text{Cost of Sales} \div 360}$	14.06	76,584 13,663	5.61	72,051 13,563	5.31	97,113 12,517	7.76
h. <u>Net Sales to Net Working Capital</u> = $\frac{\text{Net Sales}}{\text{Net Working Capital}}$	23.96	5,076,057 240,765	21.08	5,014,972 201,940	24.83	4,639,454 164,598	28.19
i. <u>Fixed Assets to Tangible Net Worth</u> = $\frac{\text{Fixed Assets}}{\text{Tangible Assets - Total Assets + Shareholders Equity}}$	.64	286,888 428,141	.67	249,409 353,769	.70	206,656 288,796	.72
j. <u>Debt Status</u> = $\frac{\text{Shareholders Equity}}{\text{Total Liabilities}}$	.94	429,239 229,052	1.87	355,017 228,280	1.56	290,480 219,012	1.33
k. <u>Total Liabilities to Tangible Net Worth</u> = $\frac{\text{Total Liabilities}}{\text{Tangible New Worth}}$	1.08	229,052 428,141	.53	228,280 353,769	.65	219,012 288,796	.76

*Identify source of standard ratio
American Meat Institute Annual Financial Review

Items	Std Ratio for your industry	December 31 Year 19 82	Ratio (0.00)	October 31 Year 19 81	Ratio (0.00)	November 1 Year 19 80	Ratio (0.00)
l. <u>Long Term Debt to Net Working Capital =</u> <u>Long Term Debt</u> <u>Current Assets - Current Liabilities</u>	.65	\$62,790 240,765	.26	\$68,031 201,940	.34	\$ 61,300 164,598	.37
m. <u>Tangible Assets to Total Liabilities =</u> <u>Total Assets - Deferred Charges</u> <u>Total Liabilities</u>	1.92	657,193 229,052	2.87	582,049 228,280	2.55	507,808 219,012	2.32
n. <u>Profitability = Operating Income</u> <u>Tangible Assets</u>	.09	105,281 657,193	.16	85,478 582,049	.15	90,380 507,808	.18
o. <u>Net Income to Revenue = Net Income</u> <u>Revenue</u>	.01	55,456 5,076,057	.01	57,807 5,014,972	.01	53,164 4,639,454	.01
p. <u>Gross Margin = Revenue - Cost of Sales</u> <u>Revenue</u>	.07	157,464 5,076,057	.03	132,301 5,014,972	.03	133,304 4,639,454	.03
q. <u>Net Income to Equity = Net Income</u> <u>Equity</u>	.12	55,456 429,239	.13	57,807 355,017	.16	53,164 290,480	.18
r. <u>Net Income to Total Assets = Net Income</u> <u>Total Assets</u>	.07	55,456 658,291	.08	57,807 583,297	.10	53,164 509,492	.10
s. <u>Turnover = Revenue</u> <u>Equity</u>	12.16	5,076,057 429,239	11.83	5,014,972 355,017	14.1	4,639,454 290,480	15.97
t. <u>Asset Turnover Rate = Revenue</u> <u>Assets</u>	3.71	5,076,057 658,291	7.71	5,014,972 583,297	8.60	4,639,454 509,492	9.11
u. <u>Earnings per Share of Common Stock =</u> <u>Net Income - Dividends on Preferred Stock</u> <u>Number of Shares Common Stock Outstanding</u>	n/a	n/a		n/a		53,164 10,289	5.17
v. <u>Net Tangible Book Value per Share of</u> <u>Common Stock =</u> <u>Net Tangible Assets less Total Liabili-</u> <u>ties less Claims of Preferred Stock</u> <u>Number of Shares of Common Stock</u> <u>Outstanding</u>	n/a	n/a		n/a		288,796 10,289	28.07

AGREEMENT AND STIPULATIONS

Employer must agree to the conditions and stipulations below to qualify for self-insurer privileges. This statement must be signed by the corporate president (or city or county official) and have applicant's corporate seal affixed before self-insurer privileges will be considered.

27. In consideration of the privilege of being a self-insurer in the State of Kansas, I hereby agree:
- a. That I will discharge my liability for compensation to injured employees or their dependents in accordance with the requirements of the Workmen's Compensation Act of the State of Kansas.
 - b. That I will not solicit, receive or collect any money from my employees or make any reduction from their wages and commissions for the purpose of discharging any part of my liability under the Act.
 - c. That I will promptly furnish all reports to the Kansas Division of Workers' Compensation which it may lawfully require under the Kansas Workmen's Compensation Act.
 - d. To notify the Division of Workers' Compensation in any case of contemplated liquidation, sale or transfer of ownership, or material reduction in Kansas operation. Subject to the Division of Workers' Compensation approval, I will arrange for the payment of all existing liability and any liability arising thereafter for which I may become legally liable, by guaranty bond, deposit of securities, or as otherwise required by the Division of Workers' Compensation.
 - e. That I will notify the Division of Workers' Compensation for approval prior to any changes made to the excess insurance policy, self-insured retention or policy limits, and it is agreed that any proposed changes will be justified in narrative form prior to the inception of the policy or date of renewal.
 - f. That I will notify the Division of Workers' Compensation at least twenty (20) days in advance of any change in excess insurance carrier, and that I am familiar with the insurance laws in Kansas regarding the placement of excess insurance in the admitted and non-admitted excess insurance market. Also, I am aware of the hazards of having excess workers' compensation coverage with a non-admitted insurance carrier.
 - g. To let the Division of Workers' Compensation know about any change in the kind or amount of services to be performed by the service company, if a company is used.
 - h. That I will promptly notify the Division of Workers' Compensation of any unfavorable turn in my financial condition which might reasonably reduce my ability to carry my own risk under the Kansas Workmen's Compensation Act.

- i. That the Form 40, Posting Notice, will be displayed in conspicuous places, such as employee bulletin boards as required by the Kansas Workers' Compensation Law. (The notices are available at no charge from the Division of Workers' Compensation.)
- j. That in case of insolvency I shall make our records available to the Division of Workers' Compensation. I will also disclose our inability to pay the injured employee. I hereby agree to all other requirements contained in K.S.A. 44-532, 74-712 through 74-719 and K.A.R. 51-14-4.
- k. That I recognize that this self-insurer permit can be cancelled at anytime for failure to comply with the requirements set out herein.

IBP, inc. (formerly known as Iowa Beef Processors
Name of Corporation (or City or County Inc.)
government)

J. Fred Bryant
 Signature of President (or official of
 City or County Government)

J. Fred Bryant
 Typed Name Group Vice President of Human Resources

The entire contents of this application are certified to be correct to the best of my knowledge, information and belief, by the undersigned this 8 day of August, 19 83.

By: *Mark J. Stastny*

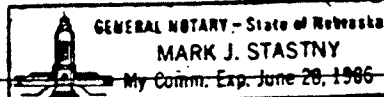
Address: 310 W 27

S. Sioux City, NE 402-484-6551
 (Phone)

Subscribed and sworn to before me this
8 day of Aug 19 83

Mark J. Stastny
 (Notary Public)

My commission expires:



STATE OF KANSAS
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF WORKERS' COMPENSATION

APPLICATION FOR SELF-INSURED

IBP, inc.

Applicant Organization Name

hereby applies for the privilege of being a self-insurer under the Kansas Workmen's Compensation Act and submits the following report in support of said application.

1. Address of principal office P.O. Box 515, Dakota City, NE 68731
2. Applicant is Individual, Co-partnership, Ltd. Partnership, Corporation, or Public Authority: Corporation
3. Applicant's general officers (if corporation)

	Name	Business Address
President	<u>Robert L. Peterson</u>	<u>Same as #1 Above</u>
Vice-President	<u>Maurice McGill</u>	<u>Same as #1 Above</u>
Secretary	<u>Stephen Schaeffer</u>	<u>Same as #1 Above</u>
Treasurer	<u>Maurice McGill</u>	<u>Same as #1 Above</u>

4. Applicant's business chartered under laws of State of Delaware on June 23, 1969. ~~(Date business began)~~

5. Person responsible for self-insurance program:

<u>Gary Felt, Director, Risk Management</u>	<u>(402) 241-2908</u>
Name	Telephone Number

6. Service company information

(a) Loss prevention services:

N/A (In-house Safety Personnel)

- (1) Name of service company _____
- (2) Address of service company _____
- (3) Telephone number _____
- (4) Contact person _____
- (5) Give details of services that will be furnished by service company. _____

(b) Claims handling services:

- (1) Name of service company Marsh and McLennan, Inc.
- (2) Address of service company 1500 Northstar Center, Mpls., MN 55402
- (3) Telephone number (612) 371-8188
- (4) Contact person Vera Rau
- (5) Give details of kinds of services that will be furnished by service company Claims Administration

If you do not plan to use an adjusting company, please explain on a separate attachment the plan you have for adjusting claims for your company. Such explanation should include the name of the person directly in charge of the adjusting activity. Explain what procedure you plan to follow in regard to investigating and adjusting claims and whether those individuals adjusting claims will be exclusively engaged in that activity.

The Division of Workers' Compensation may require the use of an adjusting company if we do not feel that your in-house adjusting procedure would be adequate to serve the injured workers.

DO THE ABOVE 5. AND 6. (a) AND (b) HAVE A WORKING KNOWLEDGE OF THE KANSAS WORKMEN'S COMPENSATION ACT: YES NO

7. Safety program

- a. Person in charge Donald Lemker, Corporate Safety Manager
- b. Please furnish a copy of the engineering report which gives a description of the risk's operations from raw material received to finished product and engineer's evaluation of the safety program.

If unavailable, a copy of your safety manual will be acceptable.

c. When were premises last inspected? Inspected Weekly
 Inspecting agency IBP Safety Coordinator

8. Medical and hospital care

a. Do you employ a full or part-time doctor? Yes No
 Name _____

b. Name of physician to whom injured are normally sent
Dr. Campbell, Emporia, KS Dr. Myron Zellers, Garden City, KS

c. Do you have a hospital in the plant? Yes No

First Aid room? Yes No

Professional nurse on premises? Yes No

9. Loss History (5 years) (new permit applications only) N/A

Liability Period		Gross Payroll	Total Losses	Paid Losses	Reserves	Kansas Council on Compensation Experience Modification
From	To					

10. Give the following information regarding the State of Kansas: (If more space is needed, use separate page.)

*W. C. Code No.	* Classification	Number of Employees	Estimated Gross Payroll	Current Manual Rates	Manual Premium
2089	Packing House	3,942)	69,260,000	4.22	2,922,772
8810	Clerical	397)	6,100,000	.16	9,760
8288	Cattle Buyers	13)	350,000	3.72	13,020

*Generally available from your insurance agent or excess carrier.

Total number of employees in Kansas 4352

Total Estimated Manual Premium 2,945,552

Excess Insurers' Experience

Modification .47 Standard Premium \$1,384,409

11. For the State of Kansas indicate the workers' estimated average weekly wage: \$ 338 (Exclude clerical and executive wages.)

12. Applicant will submit or has in effect:

a. Specific Excess Insurance

Policy Limit \$ 5,000,000.00
Retention \$ 500,000.00
Term 1 years

C. Date self-insured Authority to become effective.*

N/A

b. Aggregate Excess Insurance

Policy Limit \$ _____
Loss Fund Percentage _____
Minimum Loss Fund \$ _____
Estimated Loss Fund \$ _____

D. Excess Insurance Renewal Date

11-1-84

Policy Term _____

*N/A for renewal

13. Do you have any owned, leased* or chartered aircraft: Yes (X) No ()
Does your excess policy cover this additional exposure? Yes (X) No ()

*Leased aircraft: One that is not owned by the applicant and made available for the use of the applicant under the terms of a rental or lease agreement for a period of not less than thirty (30) consecutive days, and operated by someone other than an employee of the owner or lessor of such aircraft.

14. List the states or jurisdictions in which this applicant operates as a qualified self-insured. (Use separate sheet if necessary): Kansas,

Illinois*, Iowa, Minnesota, Nebraska, Washington

*Became self-insured in Illinois effective 1-1-84.

a. If you have ever been denied a self-insured permit or non-renewal in any state, please indicate the name of the state and why you were not accepted or not renewed. (Use separate sheet if necessary)

N/A

15. Give the following totals for the most recent year prior experience information for each state where qualified as a self-insurer. (Use additional sheet if necessary.) If unavailable on a state by state basis, combined totals can be given.

State	Dates		Total Average Number of Employees	Total Gross Payroll	Indem-nity Paid	Medical Paid	Total* Indemnity Unpaid (Reserves)	Total* Medical Unpaid (Reserves)
	From	To						
Kansas	1-1-83	12-31-83	4352	75,945,000	606,389	753,320	\$ 929,280	
Iowa	1-1-83	12-31-83	1402	20,561,000	71,306	130,587	\$ 201,975	
Nebraska	1-1-83	12-31-83	4088	76,992,000	404,743	1,266,642	\$ 999,155	
Wash.	1-1-83	12-31-83	1361	25,391,000	132,542	173,517	\$ 791,601	
Minn.	1-1-83	12-31-83	252	4,692,800	33,614	59,770	\$ 34,983	

*For all previous years for payment in future by Self-insured and not by Insurance Carrier.

16. Please give the following information about each Kansas death, disability or disease claim in the past five (5) years with costs in excess of \$25,000. (Use a separate page for full details)

Date of Loss	No. of Employees Involved	Facts of Loss, Type of Injury or Disease & State Benefits Applicable	Total Estimated Cost		
			Indemnity Paid	Medical Expense Paid	Total Unpaid
3-30-83	1	Pain Low Back	6,120	3,125	21,335
3-25-83	1	Back Pain	3,480	3,173	20,091
2-09-83	1	Strained Back	7,540	2,990	14,974
1-03-83	1	Strained Back	3,781	6,299	25,785
12-28-82	1	Strained Back	6,592	7,481	23,819
10-26-82	1	Pain Low Back	7,140	8,477	17,143
8-27-82	1	Pain Back/Legs	13,016	11,322	11,847
4-16-82	1	Pain Right Elbow	10,794	5,124	11,568

17. Do employees receive any supplemental benefits in addition to workers' compensation benefits? Yes If yes, describe Medical Insurance,

Life Insurance, Short Term Disability

18. Are there any actual or anticipated Occupational Disease exposures involved in applicant's operations? No If yes, describe _____

- 19. Please furnish information on any substantial or unusual changes (increase or decrease) in operations in Kansas that are planned or that have taken place in the last five (5) years. (Use additional sheet and identify as Attachment(s), if necessary)

Finney County Plant Start up

- 20. Does the applicant have any employees who are subject to the Longshoremen and Harbor Workers' Act? No Jones Act? No Federal Employers' Liability Act? No If yes, explain: _____

- 21. a. If the employer is rated by Standard & Poor or Dun & Bradstreet, what are the latest ratings?

Standard & Poor N/A

Dun & Bradstreet N/A

Other N/A

- b. What four-digit Standard Industrial Classification most clearly pertains to your operation as reflected in the financial statements submitted? (Parent company if subsidiary) 2011 5172

Oil, Dental Petroleum

The above S.I.C. code will be used to determine the appropriate Dun & Bradstreet reference for comparing financial condition to the industry norm. If verifiable information from an industry association would be more appropriate, please submit. Otherwise, Dun & Bradstreet will be used.

22. PARENT(S), AFFILIATES AND SUBSIDIARIES OF APPLICANT:

- List parents of applicant in hierarchical order, beginning with ultimate parent company regardless of Kansas operation.
- List all affiliates and subsidiaries of applicant that are operating within Kansas.
- Place an arrow (➔) in column one (1) showing applicant's direct parent company.

Column 1	LEGAL NAME OF CORPORATION	ADDRESS OF ALL KANSAS LOCATIONS	List % of voting stock by each corporation's direct parent, and show whether corporation is a parent, or subsidiary of the applicant
P A R E N T	Occidental Petroleum Corporation	N/A	
	IBP, inc.	(See Next Page)	?

23. APPLICANT DIVISIONS AND OPERATIONS: Year 1983

-List each Kansas operation of the Applicant (Do not list excess insurance on this chart.)

Name of Operating Unit and Location (include Street Address)	Operation Type Main products, Services, Activities	Kansas Employees		No. cases entered on OSHA 200 log	To Be Self-Insured?		**If No, List: 1) Full name of insurance company, 2) policy number, and 3) policy end date.
		Average Number	Gross Payroll		Yes	No	
IBP, inc. 2101 W. 6th Emporia, KS 66801	Packing House Beef Products	4,352	\$ 75,945,000		X		
IBP, inc. Holcomb, KS 67851	Packing House Beef Products		\$			X	
			\$				
			\$				
TOTALS			\$				**If no, does this unit have separate employees & payrolls? <u>Yes</u> <u>No</u>

24. EXCESS INSURANCE:

-List all excess policies that cover Kansas Worker's Compensation Insurance (See approved lists and instructions)

Insurance Company (Full Name)	Retention	Upper Limit of Excess Policy	Policy Number	Policy Period		Coverage Type		
				From	To	Spec	Aggr	Other
Safety Mutual Casualty Corporation	\$ 500,000	\$ 5,000,000	SP-1052-NE	11-1-83	11-1-84	X		
<i>mes 133</i>	\$	\$						
	\$	\$						
	\$	\$						

25. A. OUTSTANDING WORKERS' COMPENSATION CLAIMS: as of December 31, 1983
(Year)

-For ALL Kansas self-insured claims not fully paid. (Enter total amounts Paid/To Be Paid under Kansas Workers' Compensation Act)

	Total Number of Claims	Medical Reserve to be Paid in Future	Indem. Reserve to be Paid in Future	Medical Paid to Date	Indemnity Paid to Date	Total All Columns
Active Open Claims	437	\$265,458	\$663,822	\$579,944	\$844,188	\$2,353,412
* Anticipated Claims						

*Incurred but not reported

25. B. (a) During the most recent calendar year, which was 1983, there were 2,272 (Number) accidents reported.

(b) We paid a total of \$ ~~602,255~~ \$1,224,537* in Workers' Compensation indemnity payments in Kansas

(c) In addition, the total amount paid for medical benefits during the calendar year for all accidents in Kansas, amount to \$ ~~748,191~~ \$1,105,119*.

(d) Total of (b) and (c) above, which includes: Weekly compensation payments, travel and per diem for medical examination and/or treatment, lump sum payments, compromise settlements, hospital, appliance, and medical payments, rehabilitation, and death and funeral benefits paid during said period were \$ ~~1,350,446~~ \$2,329,656*.

*2,272 accidents reported
4 20 84*

*Corrected copy to include all years costs.

26. COMPARATIVE STATEMENT OF FINANCIAL DATA FOR LAST THREE FISCAL YEARS (NEW APPLICANTS/SUBMIT MOST RECENT FIVE YEARS FINANCIAL DATA, BUT COMPLETE ONLY THREE YEARS BELOW)

Include with this application a copy of the consolidated annual report to the stockholders for the most recent year of data, or if not available, the Form 10-K prepared for the Securities Exchange Commission. Also send the same for parent company (if applicable). If such reports are not printed, send the most recent year's report of an audit prepared by a certified public accountant, for Kansas, or federal regulatory agency.

Instructions: Reflect three years of financial data, including the most recently completed business year and the two years before it. If applicant is a subsidiary corporation, use that financial data if available separately. If not available separately, enter the consolidated financial information of the immediate parent that includes the financial information of the applicant.

Name the company whose financial information is being presented: IBP, inc.

Check (✓) one: Actual dollar amounts are shown. 000's are omitted. 000,000's are omitted.

FISCAL YEAR ENDING _____	Most recent year 19 <u>83</u>	Year 19 <u>82</u>	OCT. 31 Year 19 <u>81</u>
INCOME/EARNINGS			
(Enclose losses in brackets: ().)			
a. Net sales & other revenues, before extraordinary items.	6,111,008	5,076,057	5,014,972
(1) Cost of sales & products sold, before depreciation	5,936,228	4,899,558	4,866,794
(2) Other operating expenses including depreciation, but before interest & income taxes.	79,070	71,219	62,700
b. Net operating income: Equals Items a. minus (1) minus (2).	95,710	105,280	85,478
c. Net income, before income taxes and extraordinary items	90,502	116,142	85,919
SHAREHOLDERS' EQUITY/TANGIBLE NET WORTH			
d. Shareholders' equity/tangible net worth: (total assets minus all liabilities).	382,899 RATIO	429,239 RATIO	355,017 RATIO
	382,267 1.00	428,141 1.00	353,767 1.00
(1) Retained earnings.	335,649	381,989	307,767
(2) Liquidation value of preferred stock.	N/A	N/A	N/A
e. Number of shares of common stock issued & outstanding.	1,000	1,000	1,000
f. Dividends on preferred stock.	N/A	N/A	N/A

Using the information from the previous page and from the Annual Report, compute the following ratios:

Items	Most recent Year 1983	Ratio (0.00)	December 31 Year 1982	Ratio (0.00)	October 31 Year 1981	Ratio (0.00)
h. <u>Current Ratio</u> = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$	355,277 204,888	1.73	365,516 124,751	2.93	331,960 130,020	2.55
i. <u>Liquidity (Quick Ratio)</u> = $\frac{\text{Quick Current Assets}}{\text{Current Liabilities}}$	251,401 204,888	1.23	288,932 124,751	2.32	259,909 130,020	2.00
j. <u>Debt</u> = $\frac{\text{Total Liabilities}}{\text{Net Worth}}$	293,769 382,899	.77	229,052 429,239	.53	228,280 355,017	.64
k. <u>Long Term Debt</u> = $\frac{\text{Long Term Debt}}{\text{Net Worth}}$	41,401 382,899	.11	62,790 429,239	.15	68,031 355,017	.19
l. <u>Inventories to Net Working Capital</u> = $\frac{\text{Inventories}}{\text{Current Assets} - \text{Current Liabilities}}$	103,876 150,389	.69	76,584 240,765	.32	72,051 201,940	.36
m. <u>Net Income to Net Sales</u> = $\frac{\text{Net Income}}{\text{Net Sales}}$	53,660 6,111,008	.01	65,699 5,076,057	.01	57,807 5,014,972	.01
n. <u>Working Capital Turnover</u> = $\frac{\text{Net Sales to}}{\text{Net Working Capital}}$	6,111,008 150,389	40.63	5,076,057 240,765	21.08	5,014,972 201,940	24.83
o. <u>Net Income to Tangible Assets</u> = $\frac{\text{Net Income before tax and Extra-ordinary items}}{\text{Total Tangible Assets}}$	90,502 676,036	.13	116,142 657,193	.18	85,919 582,049	.15

AGREEMENT AND STIPULATIONS

Employer must agree to the conditions and stipulations below to qualify for self-insurer privileges. This statement must be signed by the corporate president (or city or county official) and have applicant's corporate seal affixed before self-insurer privileges will be considered.

27. In consideration of the privilege of being a self-insurer in the State of Kansas, I hereby agree:
- a. That I will discharge my liability for compensation to injured employees or their dependents in accordance with the requirements of the Workmen's Compensation Act of the State of Kansas.
 - b. That I will not solicit, receive or collect any money from my employees or make any reduction from their wages and commissions for the purpose of discharging any part of my liability under the Act.
 - c. That I will promptly furnish all reports to the Kansas Division of Workers' Compensation which it may lawfully require under the Kansas Workmen's Compensation Act.
 - d. To notify the Division of Workers' Compensation in any case of contemplated liquidation, sale or transfer of ownership, or material reduction in Kansas operation. Subject to the Division of Workers' Compensation approval, I will arrange for the payment of all existing liability and any liability arising thereafter for which I may become legally liable, by guaranty bond, deposit of securities, or as otherwise required by the Division of Workers' Compensation.
 - e. That I will notify the Division of Workers' Compensation for approval prior to any changes made to the excess insurance policy, self-insured retention or policy limits, and it is agreed that any proposed changes will be justified in narrative form prior to the inception of the policy or date of renewal.
 - f. That I will notify the Division of Workers' Compensation at least twenty (20) days in advance of any change in excess insurance carrier, and that I am familiar with the insurance laws in Kansas regarding the placement of excess insurance in the admitted and non-admitted excess insurance market. Also, I am aware of the hazards of having excess workers' compensation coverage with a non-admitted insurance carrier.
 - g. To let the Division of Workers' Compensation know about any change in the kind or amount of services to be performed by the service company, if a company is used.
 - h. That I will promptly notify the Division of Workers' Compensation of any unfavorable turn in my financial condition which might reasonably reduce my ability to carry my own risk under the Kansas Workmen's Compensation Act.

- i. That the Form 40, Posting Notice, will be displayed in conspicuous places, such as employee bulletin boards as required by the Kansas Workers' Compensation Law. (The notices are available at no charge from the Division of Workers' Compensation.)
- j. That in case of insolvency I shall make our records available to the Division of Workers' Compensation. I will also disclose our inability to pay the injured employee. I hereby agree to all other requirements contained in K.S.A. 44-532, 74-712 through 74-719 and K.A.R. 51-14-4.
- k. That I recognize that this self-insurer permit can be cancelled at anytime for failure to comply with the requirements set out herein.

CORPORATE
SEAL

SIGNED BY

IBP, inc.

EMPLOYER

[Signature]
Group Vice-President of Human Resources
 (CORPORATE OFFICER or Official of City or
 County Government)

STATE OF _____)
 _____)
 _____ COUNTY)

OFFICIAL POSITION
 (The person signing the application above
 and subscribing the affidavit below must be
 the corporation President, Vice President,
 Secretary or Treasurer, or the corporation

Assistant Secretary or Assistant Treasurer if authorized by articles of incorporation or bylaws to make this application.) (Authorized official if city or county government.)

AFFIDAVIT

_____, First being duly sworn on oath, deposes and says that he/she is the person who signed the foregoing application, and that he/she is acquainted with the affairs of the said applicant employer, to which the representations and statements set forth in the foregoing application relate; that he/she has read said application, knows the contents thereof and that said representations and statements therein contained are true to the best of his/her knowledge, information and belief.

[Signature]

 (AFFIANT'S SIGNATURE)

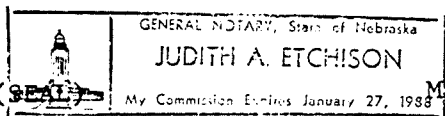
[Signature]

 (OFFICIAL POSITION)

Subscribed and Sworn to before me at Salisbury City, Nebraska,
 this 13th day of April, 19 84.

[Signature]

 (NOTARY PUBLIC)



MY COMMISSION EXPIRES January 27, 1988

STATE OF KANSAS
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF WORKERS' COMPENSATION
APPLICATION FOR SELF-INSURANCE

IBP, inc.
Applicant Organization Name

hereby applies for the privilege of being a self-insurer under the Kansas Workmen's Compensation Act and submits the following report in support of said application.

1. Address of principal office P.O. Box 515, Dakota City, NE 68731
2. Applicant is (circle one) Individual, Partnership, Corporation, Public Authority.
3. Applicant's general officers, partners, or public officials:

Name	Business Address
<u>Robert L. Peterson- President</u>	<u>Same as above</u>
<u>Maurice McGill- Executive Vice President</u>	<u>"</u>
<u>Perry Haines- Executive Vice President</u>	<u>"</u>
_____	_____

4. Date applicant's business/public authority commenced: March 17, 1960

5. Person responsible for self-insurance program:
Gary Felt, Director Risk Management (402)-241-2908
Name Title Telephone Number

6. Service company information
- (a) Loss prevention services:
- (1) Name of service company N/A (In House Safety Personnel)
 - (2) Address of service company _____
 - (3) Telephone number _____
 - (4) Contact Person _____
 - (5) Give details of services that will furnished by service company.

(b) Claims handling services:

- (1) Name of service company Marsh & McLennan, Inc.
- (2) Address of service company 1500 Northstar Center, Minneapolis,
MN 55402
- (3) Telephone number (612)-371-8188
- (4) Contact person Vera Rau
- (5) Give details of kinds of services that will be furnished by
service company Claims Administration

If you do not plan to use an adjusting company, please explain on a separate attachment the plan you have for adjusting claims for your company. Such explanation should include the name of the person directly in charge of the adjusting activity. Explain what procedure you plan to follow in regard to investigating and adjusting claims and whether those individuals adjusting claims will be exclusively engaged in that activity.

The Division of Workers' Compensation may require the use of an adjusting company if we do not feel that your in-house adjusting procedure would be adequate to serve the injured workers.

DO THE ABOVE 5. AND 6. (a) AND (b) HAVE A WORKING KNOWLEDGE OF THE KANSAS WORKMEN'S COMPENSATIONACT? (YES) NO

7. Safety program

- a. Person in charge Thomas Schneid, Corporate Safety Director
- b. Please furnish a copy of the engineering report which gives a description of the risk's operations from raw material received to finished product and engineer's evaluation of the safety program.

If unavailable, a copy of your safety manual will be acceptable. If previously filed, only changes need to be submitted.

filed report, man. folder

c. When were premises last inspected? Inspected Weekly
 Inspecting agency IBP Safety Coordinator

8. Medical and hospital care

a. Do you employ a full or part-time doctor? Yes No

Name _____

b. Name of physician to whom injured are normally sent

Dr. Campbell, Emporia, KS Dr. Myron Zellers, Garden City, KS

c. Do you have a hospital in the plant? Yes No

First Aid room? Yes No

Professional nurse on premises? Yes No

9. Loss History (5 years) (new permit applications only) N/A

Liability	From	ansas Council Compensation Experience Modification
(1)	19 x .005 = .152	
(2)	4,157 x .005 = 20.785	
	<u>4,176</u>	<u>20.737</u>

$20.737 \div 4,176 = .005$

10. Give space

If more

*W. C. Code No.	*Classification	Number of Employees	Estimated Gross Payroll	Current Manual Rates	Manual Premium
8810	Clerical	260	5,968,000	.17 -16	9,549
8288	Cattle Buyer	14	325,000	3.72	12,090
3724	Construction	15	126,000	6.52	8,215
2089	Packing house	3,825	68,722,000	4.22	2,900,068
7830	Drivers	3	42,000	2.34	985
8742	Outside Job	1	33,000	.48	158
		<u>4,176</u>			

*Generally available from your insurance agent or excess carrier.

Total number of employees in Kansas 4176

Total Estimated Manual Premium 2,931,063

Excess Insurers' Experience

Modification .53

Standard Premium 1,553,463.39

60% = 2,014,443

11. For the State of Kansas indicate the workers' estimated average weekly wage: \$ 350.00 (Exclude clerical and executive wages.)

12. Applicant will submit or has in effect:

a. Specific Excess Insurance

Policy Limit \$5,000,000.00

Retention \$ 500,000.00

Term 1 years

C. Date self-insured Authority to become effective.*

N/A

b. Aggregate Excess Insurance

Policy Limit \$ N/A

Loss Fund Percentage _____

Minimum Loss Fund \$ _____

Estimated Loss Fund \$ _____

Policy Term _____

D. Excess Insurance Renewal Date

11-1-85

*N/A for renewal

13. Do you have any owned, leased* or chartered aircraft: Yes (X) No ()
Does your excess policy cover this additional exposure? Yes (X) No ()

*Leased aircraft: One that is not owned by the applicant and made available for the use of the applicant under the terms of a rental or lease agreement for a period of not less than thirty (30) consecutive days, and operated by someone other than an employee of the owner or lessor of such aircraft.

14. List the states or jurisdictions in which this applicant operates as a qualified self-insured. (Use separate sheet if necessary): _____

Kansas, Illinois, Iowa, Minnesota, Nebraska, Washington

a. If you have ever been denied a self-insured permit or non-renewal in any state, please indicate the name of the state and why you were not accepted or not renewed. (Use separate sheet if necessary)

N/A

15. Give the following totals for the most recent year prior experience information for each state where qualified as a self-insurer. (Use additional sheet if necessary.) If unavailable on a state by state basis, combined totals can be given.

State	Dates		Total Average Number of Employees	Total Gross Payroll	Indemnity Paid	Medical Paid	Total* Indemnity Unpaid (Reserves)	Total* Medical Unpaid (Reserves)
	From	To						
Illinois	1-1-84	12-31-84	460	9,995,000	29,362	100,124	77,829	29,102
Iowa	1-1-84	12-31-84	1266	25,742,667	97,202	200,796	136,986	57,192
Kansas	1-1-84	12-31-84	4070	75,215,612	270,587	539,851	338,954	118,157
Minnesota	1-1-84	12-31-84	227	4,545,498	6,900	23,171	11,445	2,604
Nebraska	1-1-84	12-31-84	5062	71,459,993	195,071	429,709	248,163	112,451
Wash.	1-1-84	12-31-84	1356	25,674,768	98,327	214,342	115,383	106,776
							928,761	426,282

*For all previous years for payment in future by Self-insured and not by Insurance Carrier.

16. Please give the following information about each Kansas death, disability or disease claim in the past five (5) years with costs in excess of \$25,000. (Use a separate page for full details)

Date of Loss	No. of Employees Involved	Facts of Loss, Type of Injury or Disease & State Benefits Applicable	Total Estimated Cost		
			Indemnity Paid	Medical Expense Paid	Total Unpaid
6-7-84	1	Broken Femur/arm	3,364	13,941	38,705
6-22-84	1	Trauma Upper back	5,652	13,820	22,263
9-15-84	1	Pain-unknown	2,724	432	22,723
1-3-85	1	Back Strain	3,838	7,835	24,612
3-25-85	1	Back Pain	3,480	3,723	19,991
2-9-85	1	Back Strain	8,560	5,801	16,143
6-13-85	1	Back Pain	11,904	7,950	6,106
4-26-85	1	Pain Wrist	2,593	3,184	25,233

17. Do employees receive any supplemental benefits in addition to workers' compensation benefits? Yes If yes, describe Medical Insurance, Life Insurance, and Short Term Liability.

18. Are there any actual or anticipated Occupational Disease exposures involved in applicant's operations? NO If yes, describe _____

Date of Loss	No. of Employees Involved	Facts of Loss, Type of Injury or Disease & State Benefits Applicable	Total Estimated Cost		
			Indemnity Paid	Medical Expense Paid	Total Unpaid
3-13-81	1	Pain Right Wrist	12,750	7,276	5,706
1-23-81	1	Bilateral Carpal Tunnel	20,933	4,547	0 *
11-16-81	1	Strain NEck & Shoulder	11,242	1,674	13,739
11-02-81	1	Pain Right Wrist	9,029	15,816	6,190
9-28-81	1	Pain in Hands	19,929	11,073	5,217
9-25-81	1	Herniated Disc - Open	20,196	19,445	8,892
10-25-80	1	Strained Back	27,136	12,372	39,105
9-05-80	1	Pain Hands	5,624	394	56,211
8-06-80	1	Pain in Wrists	14,359	1,465	15,008
12-07-79	1	Pain Hands	36,889	2,405	464
10-29-79	1	Back Injury	27,933	639	0
10-24-79	1	Strain Hands	26,599	2,063	25,913
8-13-79	1	Numbness Right Hand	31,718	1,251	0

Date of Loss	No. of employees involved	Facts of Loss, type of Injury or Disease & State Benefits applicable	Indemnity Paid	Medical Expense Paid	Total Unpaid
1-19-83	1 ✓	Carpal Tunnel	5,761	7,570	17,768
11-21-83	1	Strain Wrist	4,708	9,003	14,189
12-4-83	1	Laceration Rt. Forearm	4,859	7,750	16,781
3-30-83	1	Low Back Pain	12,444	11,443	11,693
1-19-83	1	Locking Rt. Mid Finger	2,185	2,526	20,083
4-15-83	1 ✓	Bilateral Carpal Tunnel	4,284	0	74,716
1-14-83	1	Pain Lft. Wrist	21,012	6,827	57,454
6-22-83	1	Pain Rt. Hand	6,402	3,039	40,183
1-13-83	1	Cervical Neck Pain	4,400	4,972	72,778
2-4-83	1 ✓	Numb Hands	40,260	8,132	2,318
5-23-83	1	Pain Rt. Shoulder	7,301	4,904	22,285
6-23-83	1	Low Back Pain	0	2,681	41,904
6-2-83	1 ✓	Pain Right Wrist	12,334	8,832	8,554
5-19-83	1	Pain Neck	13,872	8,831	15,403
12-28-82	1	Strained Back	14,982	9,806	6,513
9-27-82	1 ✓	Bilateral Carpal Tunnel	3,114	3,359	21,627
6-1-82	1 ✓	Bilateral Carpal Tunnel	3,990	667	68,598
11-5-82	1	Strained Back	5,683	3,413	26,604
1-27-82	1	Lump in Back	14,319	15,219	9,007
8-27-82	1	Back & Leg Pain	17,912	12,645	13,778
10-26-82	1	Low Back Pain	14,280	8,477	14,193
12-22-82	1 ✓	Pain Both Hands	45,200	7,735	265
7-28-82	1	Frac. Rt. Thumb	5,245	14,338	18,897
4-16-82	1	Rt. Elbow Pain	14,734	5,187	19,281
10-27-82	1 ✓	Rt. Hand Pain	12,093	11,667	8,240
12-15-82	1 ✓	Bilateral Hand Pain	4,080	3,830	32,290
1-27-82	1	Lf. Shoulder Pain	8,173	839	18,226

Date of Loss	No. of employees involved	Facts of Loss, type of Injury or Disease & State Benefits applicable	Indemnity Paid	Medical Expense Paid	Total Unpaid
9-25-81	1	Herniated Disc	30,107	25,220	20,301
12-15-81	1	Bilateral Knee Pain	11,282	6,653	7,856
11-24-81	1	Pain Back	26,548	1,886	42,431
9-28-81	1 ✓	Pain L. Hand	52,676	15,213	4,978
7-21-81	1	Pain R. Shoulder	2,111	7,004	18,935
11-2-81	1 ✓	Rt. Wrist Pain	9,029	15,816	6,483
10-25-80	1	Herniated Disc	33,709	12,372	32,533
9-5-80	1 ✓	Pain Rt. Hand	38,250	394	32,715
8-6-80	1 ✓	Pain in Wrists	17,540	1,558	13,733 ✓

- 19. Please furnish information on any substantial or unusual changes (increase or decrease) in operations in Kansas that are planned or that have taken place in the last five (5) years. (Use additional sheet and identify as Attachment(s), if necessary)

Finney County plant start-up 1981 and 1982.

- 20. Does the applicant have any employees in Kansas who are subject to the Longshoremen and Harbor Workers' Act? No Jones Act? No Federal Employers' Liability Act? No If yes, explain:

- 21. a. If the employer is rated by Standard & Poor or Dun & Bradstreet, show the latest ratings:

Standard & Poor N/A Other N/A

Dun & Bradstreet N/A

b. Give four-digit Standard Industrial Classification (SIC) code that most clearly defines your operation as reflected in the financial statements submitted. (Ultimate Parent SIC if application is submitted by subsidiary) 2011(1BP) 5772 Dec PJ

The SIC code is used to determine the appropriate Dun & Bradstreet reference for comparing financial condition to the industry norm. If verifiable information from an industry association would be more appropriate, please submit.

The Standard Industrial Classification (SIC) code defines industries in accordance with the composition and structure of the economy. Each establishment is classified according to its primary activity; i.e., mining, construction, manufacturing, transportation, communications, utilities, wholesale trade, retail trade, services, etc. In Kansas, the SIC code is assigned by Kansas Department of Human Resources (KDHR) Research and Analysis Section, under contract with the Federal Bureau of Labor Statistics. Each business with one or more employees must file an "Employer's Quarterly Wage Report and Contributions Return," Form K-CNS 100, with KDHR. The SIC code is shown on the "Employer's Quarterly Wage Report and Contribution Return," lower right portion following Item 17, received each quarter from KDHR (generally available from your accountant).

22. PARENT(S), AFFILIATES AND SUBSIDIARIES OF APPLICANT:

- List parents of applicant in hierarchical order, beginning with ultimate parent company regardless of Kansas operation.
- List all affiliates and subsidiaries of applicant that are operating within Kansas.
- Place an arrow (➔) in column one (1) showing applicant's direct parent company.

Column 1	LEGAL NAME OF CORPORATION	ADDRESS OF ALL KANSAS LOCATIONS	List % of voting stock by each corporation's direct parent, and show whether corporation is a parent, or subsidiary of the applicant
P A R E N T	Occidental Petroleum Corporation	N/A	
	IBP, inc.	(See next page)	100%

23. APPLICANT DIVISIONS AND OPERATIONS: Year 1984

-List each Kansas operation of the Applicant (Do not list excess insurance on this chart.)

Name of Operating Unit and Location (include Street Address)	Operation Type Main products, Services, Activities	Kansas Employees		No. cases entered on OSHA 200 log	To Be Self-Insured?		**If No, List: 1) Full name of insurance company, 2) policy number, and 3) policy end date.
		Average Number	Gross Payroll		Yes	No	
IBP, inc. 2101 W. 6th Emporia, KS 66801	Packing House Beef Products	1839	\$ 35,351,338.00	750	X		
IBP, inc. Holcomb, KS 67851	Packing House Beef Products	2251	\$ 39,864,274.00	841	X		
			\$				
			\$				
TOTALS		4,010	\$				

**If no, does this unit have separate employees & payrolls? Yes No

24. EXCESS INSURANCE:

-List all excess policies that cover Kansas Worker's Compensation Insurance (See approved lists and instructions)

Insurance Company (Full Name)	Retention	Upper Limit of Excess Policy	Policy Number	Policy Period		Coverage Type		
				From	To	spec	Aggr	Other
Safety Mutual Casualty Corporation	\$ 500,000	\$ 5,000,000	Sp1052-NE	11-1-84	11-1-85	X		
	\$	\$						
	\$	\$						
	\$	\$						

25. a. OUTSTANDING WORKERS' COMPENSATION CLAIMS: as of December 31, 1984.
(year)

-For ALL Kansas self-insured claims not fully paid. (Enter total amounts Paid/To Be Paid under Kansas Workers' Compensation Act)

	Total Number of Claims	Medical Reserve to be paid in Future	Indem. Reserve to be Paid in Future	Medical Paid to Date	Indemnity Paid to Date	Total All Columns
Active Open Claims	432	224,462	1,003,094	513,045	750,402	2,491,003
*Anticipated Claims						

*Incurred but not reported

- b. (1) We paid a total of \$ See below in Workers' Compensation indemnity payments in Kansas (include payments made during the calendar year for any previous year(s) accidents).
- (2) In addition, the total amount paid for medical benefits during the calendar year for all accidents in Kansas, amounts to \$ See below (include payments made during the calendar year for any previous year(s) accidents).
- (3) Total of (1) and (2) above, which includes: Weekly compensation payments, travel and per diem for medical examination and/or treatment, lump sum payments, compromise settlements, hospital, appliance and medical payments, rehabilitation, and death and funeral benefits paid during said period were \$ 1,781,332.

During the most recent calendar year of 1984, there were 1,897 accidents reported.
(year) (number)

2272 53

AGREEMENT AND STIPULATIONS

Employer must agree to the conditions and stipulations below to qualify for self-insurer privileges. This statement must be signed by a corporate officer; city or county official; partner; or individual; and have applicant's seal affixed before self-insurer privileges will be considered.

27. In consideration of the privilege of being a self-insurer in the State of Kansas, I hereby agree:
- a. That I will discharge my liability for compensation to injured employees or their dependents in accordance with the requirements of the Workmen's Compensation Act of the State of Kansas.
 - b. That I will not solicit, receive or collect any money from my employees or make any reduction from their wages and commissions for the purpose of discharging any part of my liability under the Act.
 - c. That I will promptly furnish all reports to the Kansas Division of Workers' Compensation which it may lawfully require under the Kansas Workmen's Compensation Act.
 - d. To notify the Division of Workers' Compensation in any case of contemplated liquidation, sale or transfer of ownership, or material reduction in Kansas operation. Subject to the Division of Workers' Compensation approval, I will arrange for the payment of all existing liability and any liability arising thereafter for which I may become legally liable, by guaranty bond, deposit of securities, or as otherwise required by the Division of Workers' Compensation.
 - e. That prior to any changes made to the excess insurance policy, I will request from the Division of Workers' Compensation approval of the self-insured retention or policy limits, and I agree that any proposed changes will be justified in narrative form prior to the inception of the policy or date of renewal.
 - f. That I will notify the Division of Workers' Compensation at least twenty (20) days in advance of any change in excess insurance carrier. I am familiar with the insurance laws in Kansas regarding the placement of excess insurance in the admitted and non-admitted excess insurance market. Also, I am aware of the hazards of having excess workers' compensation coverage with a non-admitted insurance carrier.
 - g. To let the Division of Workers' Compensation know about any change in the kind or amount of services to be performed by the service company, if a company is used.
 - h. That I will promptly notify the Division of Workers' Compensation of any unfavorable turn in my financial condition which might reasonably reduce my ability to carry my own risk under the Kansas Workmen's Compensation Act.

- i. That the Form 40, Posting Notice, will be displayed in conspicuous places, such as employee bulletin boards as required by the Kansas Workers' Compensation law. (The notices are available at no charge from the Division of Workers' Compensation.)
- j. That in case of insolvency I shall make our records available to the Division of Workers' Compensation. I will also disclose our inability to pay the injured employee. I hereby agree to all other requirements contained in K.S.A. 44-532, 74-712 through 74-719 and K.A.R. 51-14-4.
- k. That I recognize that this self-insurer permit can be cancelled at anytime for failure to comply with the requirements set out herein.

IBP, inc. EMPLOYER

CORPORATE SEAL

SIGNED BY *Maurice P. Felt*
(CORPORATE OFFICER, OFFICIAL OF CITY OR COUNTY GOVERNMENT, PARTNER OR INDIVIDUAL)

Executive Vice President

STATE OF Nebraska)
)
Dakota COUNTY)

OFFICIAL POSITION
(The person signing the application above and subscribing the affidavit below must be the corporation President, Vice President, Secretary or Treasurer, or the corporation

Assistant Secretary or Assistant Treasurer if authorized by articles of incorporation or bylaws to make this application.) (Authorized official if city or county government.)

AFFIDAVIT

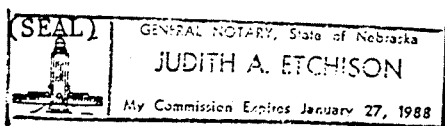
Gary Felt, First being duly sworn on oath, deposes and says that he/she is the person who signed the foregoing application, and that he/she is acquainted with the affairs of the said applicant employer, to which the representations and statements set forth in the foregoing application relate; that he/she has read said application, knows the contents thereof and that said representations and statements therein contained are true to the best of his/her knowledge, information and belief.

Gary Felt
(AFFIANT'S SIGNATURE)

Director of Risk Management
(OFFICIAL POSITION)

Subscribed and Sworn to before me at Dakota City, Nebraska, this 19th day of March, 19 85.

Judith A. Etchison
(NOTARY PUBLIC)



MY COMMISSION EXPIRES January 27, 1988

STATE OF KANSAS
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF WORKERS' COMPENSATION
APPLICATION FOR SELF-INSURANCE

RECEIVED
OCT 22 1986
Ks. St. Workers Compensation

IBP, inc.
Applicant Organization Name

hereby applies for the privilege of being a self-insurer under the Kansas Workmen's Compensation Act and submits the following report in support of said application.

1. Address of principal office P.O. Box 515, Dakota City, NE 68731
2. Applicant is (circle one) Individual, Partnership, Corporation, Public Authority.
3. Applicant's general officers, partners, or public officials:

Name/Title	Business Address
<u>Robert L. Peterson-President</u>	<u>Same as above</u>
<u>Maurice McGill-Executive Vice-President</u>	<u>"</u>
<u>Perry Haines-Executive Vice-President</u>	<u>"</u>
<u>Gene Leman- Executive Vice-President</u>	<u>"</u>
<u>Daniel Foley-Group VP Human Resources</u>	<u>"</u>

4. Date applicant's business/public authority commenced: March 17, 1960
5. Person responsible for self-insurance program:

<u>J. P. Ryan</u>	<u>Corp. W.C. Supervisor</u>	<u>(402) 241-2517</u>
Name	Title	Telephone Number

6. Service company information
(a) Loss prevention services:

- (1) Name of service company N/A (In House Safety Personnel)
- (2) Address of service company _____
- (3) Telephone number _____
- (4) Contact Person _____
- (5) Give details of services furnished by service company.

(b) Claims handling services:

- (1) Name of service company Fred S. James & Co. of Missouri, Inc.
- (2) Address of service company Two Crown Center 2420 Pershing RD
Suite 220 Kansas City, MO 64108
- (3) Telephone number (816) 842-6670
- (4) Contact person Gordon K. Cunningham
- (5) Give details of kinds of services that will be furnished by service company _____

Claims Administration

If you do not plan to use an adjusting company, please explain on a separate attachment the plan you have for adjusting claims for your company. Such explanation should include the name of the person directly in charge of the adjusting activity. Explain what procedure you plan to follow in regard to investigating and adjusting claims and whether those individuals adjusting claims will be exclusively engaged in that activity.

The Division of Workers' Compensation may require the use of an adjusting company if we do not feel that your in-house adjusting procedure would be adequate to serve the injured workers.

DO THE ABOVE 5. AND 6. (a) AND (b) HAVE A WORKING KNOWLEDGE OF THE KANSAS WORKMEN'S COMPENSATION ACT? YES NO

7. Safety program

- a. Person in charge Paul Barnett, Corporate Safety Director
- b. Please furnish a copy of the engineering report which gives a description of the risk's operations from raw material received to finished product and engineer's evaluation of the safety program.

If unavailable, a copy of your safety manual will be acceptable. If previously filed, only changes need to be submitted.

c. When were premises last inspected? Inspected Weekly
 Inspecting agency IBP Safety Coordinator

8. Medical and Hospital care

a. Do you employ a full or part-time doctor? Yes No

Name At the Corporate Office there is a Full-Time Medical Director
Dr. J. S. Simpson, M.D.

b. Name of physician to whom injured are normally sent

Dr. Edward G. Campbell, Emporia, KS - Dr. Myron Zellers, Garden City,
 KS

c. Do you have a hospital in the plant? Yes No

First Aid room? Yes No

Professional nurse on premises? Yes No

9. Loss History (5 years) (new permit applications only) N/A

Liability Period		Gross Payroll	Total Losses	Paid Losses	Reserves	Kansas Council on Compensation Experience Modification
From	To					

10. Give the following information regarding the State of Kansas: (If more space is needed, use separate page.)

*W. C. Code No.	*Classification	Number of Employees	Estimated Gross Payroll	Current Manual Rates	Manual Premium
8810	Clerical	230	2,143,395	.19	4,072
8288	Cattle Buyers	11	309,271	3.85 4.99	11,907
3724	Construction	26	112,800	5.81 7.96	6,554
2089	Packinghouse	4186	77,318,195	6.33 5.54	4,894,242
7830 7830	Drivers	3	36,640	3.40 2.91	1,246
8742	Outside Sales	1	17,500	.45 .52	79

*Generally available from your insurance agent or excess carrier.

Total number of employees in Kansas 4,457

Total Estimated Manual Premium 4,918,100

Excess Insurers' Experience

Modification _____

Standard Premium _____

11. For the state of Kansas indicate the workers' estimated average weekly wage: \$ 355.00 (Exclude clerical and executive wages.)

12. Applicant will submit or has in effect:

a. Specific Excess Insurance

Policy limit \$ 5,000,000.
Retention \$ 500.00.
Term 1 years

c. Date Self-insured authority to become effective.*

N/A

b. Aggregate Excess Insurance

Policy Limit \$ N/A
Loss Fund Percentage _____
Minimum Loss Fund \$ _____
Estimated Loss Fund \$ _____

d. Excess Insurance Renewal Date

11/1/86

*N/A for renewal

Policy Term _____

13. Do you have any owned, leased* or chartered aircraft? Yes (X) No ()
Does your excess policy cover this additional exposure? Yes (X) No ()

*Leased aircraft: One that is not owned by the applicant and made available for the use of the applicant under the terms of a rental or lease agreement for a period of not less than thirty (30) consecutive days, and operated by someone other than an employee of the owner or lessor of such aircraft.

14. List the states or jurisdictions in which this applicant operates as a qualified self-insured. (Use separate sheet if necessary) _____

Kansas, Illinois, Iowa, Minnesota, Nebraska, Washington

a. If you have ever been denied a self-insured permit or non-renewal in any state, please indicate the name of the state and why you were not accepted or not renewed. (Use separate sheet if necessary)

N/A

15. Give the following totals for the most recent year prior experience information for each state where qualified as a self-insurer. (Use additional sheet if necessary) If unavailable on a state by state basis, combined totals may be given.

State	Dates		Total Average Number of Employees	Total Gross Payroll	Indemnity Paid	Medical Paid	Total* Indemnity Unpaid (Reserves)	Total Medical Unpaid (Reserves)
	From	To						
Illinois	1/1/85	12/31/85	1231	20,276,762	38,884	144,389	138,980	65,552
Iowa	"	"	1210	26,760,337	42,494	143,717	222,797	136,196
Kansas	"	"	4310	79,937,801	132,437	419,593	1,110,736	257,437
Minnesota	"	"	243	4,785,875	3,883	9,318	16,544	10,055
Nebraska	"	"	5216	77,255,355	167,088	360,630	842,922	932,409
Washington	"	"	1365	25,356,108				

*For all previous years for payment in future by self-insured and not by insurance carrier.

16. Please give the following information about each Kansas death, disability or disease claim in the past five (5) years with costs in excess of \$25,000. (Use a separate page for full details) See Attachment

Date of Loss	Number of Employees Involved	Facts of Loss, Type of Injury or Disease and State Benefits Applicable	Total Estimated Cost		
			Indemnity Paid	Medical Expense Paid	Total Unpaid

17. Do employees receive any supplemental benefits in addition to workers' compensation benefits? Yes If yes, describe Medical Insurance, Life Insurance, and Short Term Liability.

18. Are there any actual or anticipated Occupational Disease exposures involved in applicant's operations? NO If yes, describe _____

date of loss	no. of employees involved	facts of loss Injury or Disease, Date of loss	Type of Benefits Applicable	Indemnity Paid	medical Expense Paid	total Unpaid
8/5/86	1	Not Applicable		49,817.16	10,101.32	10,631.64
7/25/86	1	strain R. Hip		32,351.00	26,226.95	76,611.15
2/01/84	1	Pain both wrist		0	3,286.43	51,713.57 ✓
7/14/83	1	Popping lt hand		5,138.26	3,115.35	45,246.39
5/3/84	1	lower back pain		42,834.00	3,842.84	46,676.84
11/29/84	1	pain both hands		846.70	2,895.50	46,233.20 *
1/27/82	1	Lump over sacroiliac joint		15,628.03	15,286.25	34,735.72
7/28/82	1	rash right wrist + index fgs.		1,286.72	1,467.10	38,405.16
10/18/82	1	right hand pain		4,371.72	2,005.26	26,623.02
9/15/84	1	UNKNOWN		14,301.00	444.25	40,254.75
1/29/85	1	pain low back + lt leg		4,358.74	9,073.88	58,392.94
7/15/85	1	numb lt hand/wrist		0	368.03	43,143.97
10/24/80	1	fractured L. shoulder		45,310.46	6,057.52	25,200.12
11/03/82	1	multiple injury to mult parts		19,428.65	1,676.68	36,557.67
2/27/84	1	pain low back		1,556.52	3,074.24	24,141.76
9/06/85	1	pain rt + lt knee rt + lt shoulder + back		0	43.29	76,910.86
6/23/81	1	pain L. back		34,712.32	1,885.80	34,266.88
10/25/80	1	Hurt back		40,281.70	12,372.41	25,959.89
8/27/82	1	back + leg pain		35,544.04	13,348.09	46,257.87
3/30/83	1	pain low back		12,444.00	11,498.84	53,557.16
12/03/83	1	pain low back		0	910.13	25,089.87
3/30/84	1	pain left back		3,178.44	7,404.76	15,111.24
2/19/85	1	back pain		41,362.00	575.13	1,894.51
8/29/84	1	pain rt hip + knee		6,270.73	9,911.82	12,148.61
6/13/85	1	pain both hands + lt knee		0	917.82	74,766.58
10/26/82	1	pain low back		15,212.28	9,241.42	23,486.30
1/21/83	1	benoitin (in)		1,224.00	4,661.18	21,258.82

Date of Loss	No. of employees involved	Acts of Injury or Sickness Type of Loss + State Benefits Applicable	Indemnity Paid	Medical Expense Paid	Total Unpaid
1/6/83	1	pain rt hand + arms	19,685.48	2,492.93	28,241.59
2/01/82	1	pain both hands + fingers	0	1,103.12	55,896.88
7/10/82	1	prac. left knee	34,197.17	2,536.28	42,427.35
3/28/83	1	pain body	31,112.76	0	46,887.24
11/14/78	1	over exertion	32,511.12	1,113.65	4,875.23
7/23/82	1	pain both shoulders	0	169.90	25,890.10
1/14/83	1	pain left wrist	31,620.00	6,878.81	46,794.29
5/23/83	1	trauma right hand left index finger - tight grip	846.60	775.27	76,378.12
6/22/83	1	pain right hand + shoulder	26,520.00	3,038.55	20,065.00
10/24/79	1	unavailable	39,325.39	2,063.22	13,186.39
12/13/82	1	right hand pain	31,008.00	4,008.83	47,441.17
1/13/83	1	cervical neck pain	61,858.61	5,072.06	15,219.33
9/28/79	1	over exertion	14,475.90	11,833.36	13,690.74
12/06/82	1	right hand pain	32,640.40	6,422.13	43,607.51
6/16/83	1	pain low back	0	2,886.88	41,698.12
5/24/85	1	pain rt shoulder	0	1,737.40	36,642.60
7/24/85	1	pain lt shoulder	0	2,006.20	36,373.80
4/08/83	1	pain right shoulder	43,745.82	1,595.78	45,912.10
4/09/84	1	pain in both hands, arms, elbows, shoulders	2,522.26	4,623.29	52,854.45
3/25/85	1	alleged injury to back	0	115.00	42,492.30
7/28/82	1	prac. right thumb	5,244.84	14,676.71	18,558.45
11/08/78	1	over exertion	48,010.32	522.48	2,775.70
4/16/82	1	right elbow pain	21,817.87	5,186.92	26,667.20
6/10/83	1	right elbow pain	27,132.00	1,545.34	48,822.60
6/23/83	1	unknown	408.00	0	79,606.00
9/14/83	1	dev module rt hand	17,643.14	4,867.86	17,508.80
12/27/82	1	pain in low back	15,226.14	2,358.49	27,564.30

date of loss	no. of employees involved	facts of Loss Type of Injury or Disease + state Benefits Applicable	Indemnity Paid	Medical Expense Paid	Total unpaid
0/04/84	1	pain rt shoulder	3,730.08	1,803.83	24,016.41
3/13/81	1	pain R. wrist	19,890.00	7,798.98	6,953.02
10/27/82	1	right hand pain	15,793.12	11,683.62	0
11/21/84	1	numbness in both hands	0	0	72,867.40*
4/07/83	1	pain right wrist	6,447.21	7,284.26	14,268.53
12/13/82	1	both hands painful	33,050.00	3,830.00	48,370.00*
10/26/78	1	over exertion	48,420.37	2,168.17	1,911.46
1/27/82	1	L. shoulder pain	11,162.03	2,400.40	17,676.17
11/10/83	1	pain rt hand	0	17.00	27,420.50
8/06/80	1	pain in wrists	20,721.68	1,557.95	10,551.97
7/02/81	1	pain R. chest + shld.	39,780.00	9,651.67	34,168.33
5/19/83	1	pain in neck	29,100.00	9,175.65	21,890.35
5/02/84	1	over exertion - back pain	1,510.17	3,953.92	26,335.91
8/09/83	1	fell on wet floor struck at elbow	17,980.74	3,969.75	14,429.51
6/24/85	1	alleges injured back	0	0	54,626.30
8/30/84	1	numbness + pain left arm + hand	0	284.88	54,071.22
3/25/83	1	back pain	21,535.84	3,827.41	10,381.75
8/15/85	1	bi lateral etc	2,942.08	680.50	29,022.42*
2/09/83	1	strain back + both legs	8,560.24	6,596.86	15,346.90
2/26/83	1	Lac. left arm	0	1,065.21	55,634.79
10/01/81	1	pain, numbness both hands	0	143.66	39,346.34*
6/06/83	1	pain in thumb + heel of hand	7,714.84	770.44	16,589.72
2/01/84	1	pain + numbness both hands + fingers	1,065.88	3,069.17	42,404.98*
5/09/83	1	right hand + fingers pain	2,005.54	3,369.07	41,130.93
12/30/82	1	both hands - inflammation	6,130.81	5,176.58	23,969.66
12/15/81	1	fell on both knees	11,281.86	6,652.57	7,855.57
5/01/82	1	nodules developed on l. middle	692.58	1,977.68	24,054.74

19. Please furnish information on any substantial or unusual changes (increase or decrease) in operations in Kansas that are planned or that have taken place in the last five (5) years. (If necessary, use additional sheet and identify as Attachment(s).)

Finney County (Garden City) Plant start-up in 1981 and 1982

20. Does the applicant have any employees in Kansas who are subject to the Longshoremen and Harbor Workers' Act? NO Jones Act? NO Federal Employers' Liability Act? NO If yes, explain: _____
-

21. a. If the employer is rated by Standard & Poor or Dun & Bradstreet, show the latest ratings: *(Ultimate Parent rating if application is submitted by subsidiary).*

Standard & Poor N/A Other N/A
 Dun & Bradstreet N/A

- b. Give four-digit Standard Industrial Classification (SIC) Code that most clearly defines your operation as reflected in the financial statements submitted. *(Ultimate Parent SIC if application is submitted by subsidiary)* 2011

The SIC Code is used to determine the appropriate Dun & Bradstreet reference for comparing financial condition to the industry norm. If verifiable information from an industry association would be more appropriate, please submit.

The Standard Industrial Classification (SIC) Code defines industries in accordance with the composition and structure of the economy. Each establishment is classified according to its primary activity; i.e., mining, construction, manufacturing, transportation, communications, utilities, wholesale trade, retail trade, services, etc. In Kansas, the SIC Code is assigned by Kansas Department of Human Resources (KDHR) Research and Analysis Section, under contract with the Federal Bureau of Labor Statistics. Each business with one or more employees must file an "Employer's Quarterly Wage Report and Contributions Return", Form K-CNS 100, with KDHR. The SIC Code is shown on the "Employer's Quarterly Wage Report and Contributions Return", lower right portion following Item 17; received each quarter from KDHR (generally available from your accountant).

23. APPLICANT DIVISIONS AND OPERATIONS: Year 1985

-List each Kansas operation of the Applicant (Do not list excess insurance on this chart.)

Name of Operating Unit and Location (include street address)	Operation Type Main Products, Services, Activities	Kansas Employees		Number of cases entered on OSHA 200 Log	To be Self-insured		**If No, List: 1) Full name of insurance company, 2) policy number, and 3) policy ending date.
		Average Number	Gross Payroll		Yes	No	
IBP, inc. 2101 W. 6th Emporia, KS 66801	Packing House Beef Products	1912	\$36,430,355	603	X		
IBP, inc. Holcomb, KS 67851 <i>(New Branch 2/85)</i>	Packing House Beef Products	2545	\$43,507,446	339	X		
			\$				
TOTALS			\$				**If no, does this unit have separate employees and Payrolls? <u>Yes</u> <u>No</u>

24. EXCESS INSURANCE:

-List all excess policies that cover Kansas Workers' Compensation Insurance (See approved lists and instructions)

Insurance Company (Full Name)	Retention	Upper limit of Excess Policy	Policy Number	Policy Period		Coverage Type		
				From	To	Spec	Aggr	Other
Safety Mutual Casualty Corporation	\$500,000	\$ 5,000,000	Sp1052-NE	11/1/85	11/1/86	X		
	\$	\$						
	\$	\$						
	\$	\$						

25. a. OUTSTANDING WORKERS' COMPENSATION CLAIMS: as of December 31, 1985.
(year)

-For ALL Kansas self-insured claims not fully paid. (Enter total amounts Paid/To Be Paid under Kansas Workers' Compensation Act)

NOTE: RESERVES INDICATED BELOW SHOULD BE AS CURRENT AS POSSIBLE. DATE RESERVES DETERMINED 12/31/85.

	Total Number of Claims	Medical Reserve to be Paid in Future	Indem. Reserve to be Paid in Future	Medical Paid to Date	Indemnity Paid to Date	Total All Columns
Active Open Claims	610	* 257,437	* 1,110,736	419,593	132,436	
**Anticipated Claims						

**Incurred but not reported

- b. (1) We paid a total of \$ 261,630 in Workers' Compensation indemnity payments in Kansas (include payments made during the calendar year for any previous year(s) accidents).
- (2) In addition, the total amount paid for medical benefits during the calendar year for all accidents in Kansas, amounts to \$ 71,895 (include payments made during the calendar year for any previous year(s) accidents).
- (3) Total of (1) and (2) above, which includes: Weekly compensation payments, travel and per diem for medical examination and/or treatment, lump sum payments, compromise settlements, hospital, appliance and medical payments, rehabilitation, and death and funeral benefits paid during said period were \$ 333,525.

During the most recent calendar year of 1985, there were 1042 accidents reported.
(year) (number)

c. Name and qualifications of person(s) evaluating loss reserves: Fred S. James & Co. of Missouri, Inc.

d. How are loss reserves for future liability expressed in your financial statement? _____
Cash Basis

AGREEMENT AND STIPULATIONS

Employer must agree to the conditions and stipulations below to qualify for self-insurer privileges. This statement must be signed by a corporate officer; city or county official; partner; or individual; and have applicant's seal affixed before self-insurer privileges will be considered.

26. In consideration of the privilege of being a self-insurer in the State of Kansas, I hereby agree:
- a. That I will discharge my liability for compensation to injured employees or their dependents in accordance with the requirements of the Workmen's Compensation Act of the State of Kansas.
 - b. That I will not solicit, receive or collect any money from my employees or make any reduction from their wages and commissions for the purpose of discharging any part of my liability under the Act.
 - c. That I will promptly furnish all reports to the Kansas Division of Workers' Compensation which it may lawfully require under the Kansas Workmen's Compensation Act.
 - d. To notify the Division of Workers' Compensation in any case of contemplated liquidation, sale or transfer of ownership, or material reduction in Kansas operation. Subject to the Division of Workers' Compensation approval, I will arrange for the payment of all existing liability and any liability arising thereafter for which I may become legally liable, by guaranty bond, deposit of securities, or as otherwise required by the Division of Workers' Compensation.
 - e. That prior to any changes made to the excess insurance policy, I will request from the Division of Workers' Compensation approval of the self-insured retention or policy limits, and I agree that any proposed changes will be justified in narrative form prior to the inception of the policy or date of renewal.
 - f. That I will notify the Division of Workers' Compensation at least twenty (20) days in advance of any change in excess insurance carrier. I am familiar with the insurance laws in Kansas regarding the placement of excess insurance in the admitted and non-admitted excess insurance market. Also, I am aware of the hazards of having excess workers' compensation coverage with a non-admitted insurance carrier.
 - g. To let the Division of Workers' Compensation know about any change in the kind or amount of services to be performed by the service company, if a company is used.
 - h. That I will promptly notify the Division of Workers' Compensation of any unfavorable turn in my financial condition which might reasonably reduce my ability to carry my own risk under the Kansas Workmen's Compensation Act.

- i. That the Form 40, Posting Notice, will be displayed in conspicuous places, such as employee bulletin boards as required by the Kansas Workers' Compensation law. (The notices are available at no charge from the Division of Workers' Compensation.)
- j. That in case of insolvency I shall make our records available to the Division of Workers' Compensation. I will also disclose our inability to pay the injured employee. I hereby agree to all other requirements contained in K.S.A. 44-532, 74-712 through 74-719 and K.A.R. 51-14-4.
- k. That I recognize that this self-insurer permit can be cancelled at anytime for failure to comply with the requirements set out herein.

IBP, inc. EMPLOYER

CORPORATE SEAL

SIGNED BY *[Signature]*
(CORPORATE OFFICER, OFFICIAL OF CITY OR COUNTY GOVERNMENT, PARTNER OR INDIVIDUAL)

Group VP Human Resources
OFFICIAL POSITION

STATE OF Nebraska)
)
Dakota COUNTY)

(The person signing the application above and subscribing the affidavit below must be the corporation President, Vice President, Secretary or Treasurer, or the corporation

Assistant Secretary or Assistant Treasurer if authorized by articles of incorporation or bylaws to make this application.) (Authorized official if city or county government.)

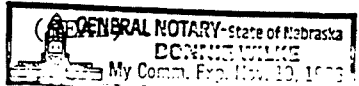
AFFIDAVIT

Daniel Foley, First being duly sworn on oath, deposes and says that he/she is the person who signed the foregoing application, and that he/she is acquainted with the affairs of the said applicant employer, to which the representations and statements set forth in the foregoing application relate; that he/she has read said application, knows the contents thereof and that said representations and statements therein contained are true to the best of his/her knowledge, information and belief.

[Signature] (AFFIANT'S SIGNATURE) Group VP Human Resources (OFFICIAL POSITION)

Subscribed and Sworn to before me at Dakota City Nebraska, this 21st day of October, 19 86.

[Signature]
(NOTARY PUBLIC)



MY COMMISSION EXPIRES 11-19-86

TESTIMONY BEFORE
HOUSE LABOR AND INDUSTRY COMMITTEE

PRESENTED BY
RON GACHES, PUBLIC AFFAIRS MANAGER
BOEING MILITARY AIRPLANE CORPORATION

Re: Workers Compensation, HB 2186

Thank you, Mr. Chairman, for this opportunity to share with your Committee some of Boeing's concerns regarding workers compensation and to make recommendations for changes in the law.

Generally speaking, we are supportive of most of the changes proposed in HB 2186. The Workers Compensation Insurance Program is not working as it was originally intended. As originally devised, a workers compensation plan was an alternative to full-blown tort litigation of claims. Both parties gave up some of their legal rights to participate in a program that compensated all work related injuries at an affordable level and in a predictable manner.

Over the years, our workers compensation program has evolved into a system that discourages the injured employee from trying to return to work as soon as possible and discourages the employer from providing the employee any assistance in learning new skills when disabled.

Only lawyers have found a way to make the workers compensation laws work to their benefit.

HB 2186 addresses many of the problems that have developed in a reasonable and straightforward manner. The bill clarifies legislative intent in several areas including: restoring balance

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to judicial interpretation of the Act, reversal of the Antwi decision impacting vocational rehabilitation, definition of permanent partial general disability, and exclusion of employer paid taxes in calculating compensation benefits.

Notwithstanding these benefits, the bill contains a couple of provisions which we are concerned about. First is the increase in temporary total disability benefits to 125% of the state's average weekly wage. The resulting benefits could total almost \$22,000 per year, creating a disincentive to return to work.

Additionally, the bill creates a harsh penalty on employers for any failure to pay compensation after a single service of written demand following an award. The new language on page 27 provides for application of civil penalties and awarding legal fees regardless of the reason for nonpayment of compensation. Small employers particularly should be concerned that an unintended oversight by their insurance company could subject them to penalties without notice or written demand.

Compensation under the proposed schedule for bilateral repetitive use conditions is projected to be around \$30,000 for an individual with a typical impairment rating. As under current law, employees would receive this compensation notwithstanding the fact that they have returned to work at wages equal to or greater than their previous wage. At Boeing this is frequently the case.

Under the proposed permanent partial general disability definition these individuals would receive no compensation, excluding the new scheduled injury language.

While this proposal addresses the cost of the body of the whole awards available under current law, it ignores the fact that, at least at Boeing, the majority of these claims do not result in permanent disability; many of these folks return to their old jobs.

Boeing strongly endorses taking positive action on workers compensation reform this year. Vocational rehabilitation should be an integral component of that effort. We appreciate the long hours the Committee has spent working on these issues.

I'll try to answer any questions the members might have.

COMMENTS BEFORE THE HOUSE COMMITTEE ON LABOR AND INDUSTRY
PRESENTED BY BILL GREEN
ON BEHALF OF THE KANSAS STATE UAW CAP/PAC COUNCILS

Mr. Chairman and Honorable Representatives of this Committee:

As some of you may be aware, I am the President of the Kansas UAW CAP/PAC Councils (UAW). We represent all UAW Kansas members from the following Local Unions: Nos. 31, 93, 249, 710 and 1021. I am a former President of UAW Local 31, which numbers approximately 5,000 members. I have been employed at the General Motors Plant in Kansas City, Kansas, for over 25 years. I have also had the opportunity of being Labor's Representative on national joint labor/management projects within the GM/UAW national network. I have worked on the "saturn project" which some of you may be familiar with. Additionally, I have been associated with the GM-10 project, which will begin this Fall at the General Motors Plant in Kansas City, Kansas. My involvement on both the local and national levels gives me a unique insight into the problems facing both workers and management. My involvement with auto workers, on both local and national levels, has allowed me to see first hand the tragic effect that an industrial injury has on a worker. I have seen the devastating economic consequences involved when a worker injured in an industrial accident, accustomed to earning five to six hundred dollars (\$500-\$600) a week, suddenly has a weekly income of \$247.00. Many of these workers are married and have families and house payments. Many of these workers are divorced and are the sole support of little kids. My work with the UAW has allowed me to witness first hand the tragic effects of bi-

lateral carpal tunnel syndrome on our auto workers. It is not a pretty sight!

Before moving to my specific comments regarding H.B. 2144 and H.B. 2186, I would like to offer some brief comments regarding policy factors which this Committee should weigh. For purposes of this discussion, the remarks that I make can be applied equally to both Bills. Carpal Tunnel Syndrome is an injury which typically is caused by a combination of improper tool design and repeatedly doing the same work activities job after job. It is the most prevalent industrial injury affecting auto workers. It is also an injury that effects women much more than men. It would seem to me that the policy of this State should be to encourage employers to redesign tools and alternate work activities, so as to eliminate the causes of Carpal Tunnel Syndrome. Unfortunately, the Legislation before us today, simply shields employers from liability, reduces the amount of compensation the employers or insurance companies have to pay for these disabilities, and actually works as a disincentive to eliminate the causes of Carpal Tunnel Syndrome. I feel this would be an unfortunate statement to the citizens of this State, if this Legislation is passed.

UAW POSITION ON H.B. 2186

SECTION 1 - K.S.A. 44-501(g)

UAW/CAP is opposed to subsection g of this Bill. (p. 3, ls. 0089-0106) Liberal construction is applied only when the meaning of the Statute is unclear. This subsection reverses over 60

years of Kansas law related to Workers' Compensation. The effect of this change, if any, is unclear; would lead to increased litigation; and, would leave compensation law in an unsettled and confused state.

SECTION 2 - K.S.A. 44-508(d)

We are opposed to the amendment defining the date of accident for personal injury, due to repetitive use syndrome, as the date of the onset of symptoms. (p. 6, ls. 0202-0205) Carpal Tunnel Syndrome is the most prevalent industrial injury affecting auto workers. In most cases, the symptoms first appear many months before the workers' condition becomes severe enough to leave work for medical treatment. This amendment, by designating the accident date as the date the symptoms first appear, would prevent many injured workers from recovering benefits. K.S.A. 44-520 requires the injured worker to notify the employer within ten days after the date of accident. K.S.A. 44-520a requires a written claim to be filed within 200 days after the date of the accident. We feel the law, as it exists, is the most fair to all parties. This proposed change benefits only employers at the expense of injured workers and would prevent many legitimate injuries from being compensated.

SECTION 3 - K.S.A. 44-510

We support the proposed changes contained in this Section. The changes on page 8, lines 0282-0291, will prevent judgements against injured workers for unpaid medical expenses resulting from work-related injuries. This has been a problem for some of

our workers in the past. We do not see the necessity for the changes contained at lines 0302-0307. However, since this language restates the present law, we support it.

SECTION 4 - K.S.A. 44-510b

The UAW/CAP supports increasing the death benefits to \$200,000. (p. 11, l. 0415) We feel, however, that the weekly benefit rate, presently set as 66 2/3 of the average weekly wage should be increased. Additionally, the caps on the weekly wage should be removed.

SECTION 5 - K.S.A. 44-510c

We support increasing the maximum benefits on temporary total disability payments to 125% of the States average weekly wage.

SECTION 6 - K.S.A. 44-510d

The UAW strongly opposes the amendments contained in subsection 23. (p. 17, ls. 0609-0613) This change creates a special classification for injuries which result from "repetitive use conditions" and treats these injuries differently than other injuries. There is no justification for this type of discriminatory classification, except to pacify a very select group of employers at the expense of injured workers in this State. Carpal Tunnel Syndrome is the most prevalent injury suffered by auto workers. As I indicated in my earlier comments, it is a condition that is caused by improper tool design and repetitive trauma to the hands. It is a condition which appears much more frequently in women, then men. To an auto worker, when this

injury occurs in both hands, it is every bit as devastating as a back injury is to a brick layer. If this change occurs, our Legislature will be promoting discrimination in its worst sense, against the voters and citizens of this State, especially women. Instead of encouraging employers to redesign tools and alternate work activities, this Legislation acts as a shield of shelter for insurance companies and employers.

SECTION 7 - K.S.A. 44-510e

There are several changes of significance proposed in Section 7. The first change is found in lines 0655-0658 and represents a new definition of work-related disability. It is our position that the current definition of work disability is adequate and provides a sufficient standard for determining the amount of work disability sustained by an injured worker. Accordingly, the UAW opposes any change to the definition of work-related disability. However, if a change in the work disability is mandated, we would suggest that the injured workers' physical capacity to work be included in any definition.

The next proposed change in this Section is found in lines 0659-0662. The language contained on these three lines requires proof for the permanent partial impairment of function to be determined by objective and competent medical evidence. The UAW opposes this change in the law. Essentially, what this language does is require the injured worker to demonstrate the impairment of function through the use of x-rays or diagnostic tests. This would eliminate, from consideration, any subjective findings made by a physician, such as chronic pain, loss of motion or

loss of grip strength. This would completely eliminate, from consideration for permanent partial disability compensation, any worker who has a permanent impairment that is primarily evidenced by chronic pain. In most Carpal Tunnel cases, the early symptoms are all based on subjective findings. It isn't until the latter stages of this injury that the injury to the median nerve can be proved by diagnostic testing. We feel that this is an unfair burden for the injured worker.

The next change of significance is found in lines 0662-0666. Here again, we are opposed to changing the definition of work-related disability. We feel that the language contained on these four lines could be dealt with quite adequately in the new definition of work-related disability.

The last change proposed in Section 7 is found in lines 0675-0677. Obviously, we oppose this change. Under this proposal the maximum weekly benefit currently available to injured workers would be reduced from \$247.00 per week to approximately \$164.00 per week. This type of a change is cold-hearted, to say the least, and can only be considered as an insult to injured workers. Reducing the cap on permanent partial disability from 75% of the States average weekly wage to 50% is indefensible at a time when the cost of living continues to escalate. The only justification for this change is that it is to protect insurance companies and employers at the expense of injured workers. It is unfortunate that we even have to discuss this proposed change.

SECTION 8 - K.S.A. 44-510f

We support the increase in the maximum amount of compensation for permanently and totally disabled workers. We would also recommend increasing the maximum benefits payable for temporary total disability and for permanent or temporary partial disability in an amount equivalent to the increase for permanent total disability and death benefits. In other words, since we are doubling the caps for permanent total and death benefits, we feel that it is also appropriate to double the present amount for temporary total and for permanent or temporary partial disability benefits to the level of \$150,000.00.

SECTION 9 - K.S.A. 44-511

The only change of significance is found in lines 0784-0787. Since this Section generally does not affect auto workers, we really do not have a position on this matter.

SECTION 10 - K.S.A. 44-512a

The language which is proposed to amend this Section is contained at lines 0055-0058. We support this change on behalf of our workers.

SECTION 11 - K.S.A. 44-519

The relevant changes are contained in lines 0084-0100. We are opposed to the change contained in this Section. This proposal permits awarding the costs and attorney fees against the injured worker, or his attorney, or both, if the statement for services of a healthcare provider offered into evidence by the worker

contains unreasonable or unnecessary charges. We feel this places an unreasonable burden on the injured worker and his attorney to make an independent judgment as to whether or not the statement contains unreasonable or unnecessary charges. We feel that if the statement of charges was offered in good faith, then the injured employee, or his attorney, should not be assessed costs and attorney fees.

SECTION 12 - K.S.A. 44-528

We support the proposed changes contained therein.

SECTION 13 - K.S.A. 44-534a

We support the changes contained therein.

SECTION 14 K.S.A. 44-536



**KANSAS BAR
ASSOCIATION**

1200 Harrison
P.O. Box 1037
Topeka, Kansas 66601
(913) 234-5696

February 17, 1987
HB 2186

Mr. Chairman. Members of the House Labor & Industry Committee. KBA officially opposes that portion of HB 2186 which appears in Page 31, lines 203 through 207, which states as follows: ". . . , except that the amount of an attorney's fee shall not exceed 15% of such sum in each case in which there is no issue as to whether or not the employee sustained personal injury by accident arising out of an in the course of employment."

The Kansas Bar Association does not believe that a reduction in attorney's fees on an across-the-board basis is appropriate or equitable. Such a provision would have a chilling effect on the claimant's right to have a fair and thorough presentation of his or her claim as well as influence counsel's willingness to handle those cases which are of a scheduled nature. In most instances, the single most litigated portion of a worker's compensation claim is the nature and extent of disability. In those cases where work disability is not a factor, the functional loss of use of a scheduled member of a claimant's body would not permit counsel to adequately prepare and present the claimant's position because of the economic impact such a reduction would have on counsel's investigative as well as evidentiary preparation and presentation of such a claim. Additionally, in those cases where the issue is functional versus work disability, counsel could not conceivably take the added burden of a contingency fee which is so restrictive because

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of the potential economic impact that such a restriction carries with it. Counsel working pursuant to contingent fee contracts contemplate fronting the cost of their time and their legal support time as well as their overhead and the actual expenses incurred in prosecuting the claim as well as taking the risk of a satisfactory or unsatisfactory recovery which may result in their fee being paid over a period of time rather than in one lump sum.

Finally, such a reduction is contrary to the express purpose of contingency fees which is to allow injured parties to have available to them counsel who are willing to take the risk of recovery in return for a non-guarantee of payment of fees. In workers' compensation claims, this risk not only involves whether or not the accident arose out of and in the course of employment, but also the nature and extent of the final disability rendered as well as the potential to receive such an award over an eight-year payout. Obviously, those that generally handle workers' compensation cases, have developed an expertise which is necessary to efficiently handle those claims and the current fee schedule, allows them to handle those less valuable cases as well as the more valuable cases, knowing that in some situations the contingency fee arrangement is going to work adversely to their needs whereas in others it may work to their benefit. The net effect is that the worker in general will be assured that his claim will be effectively evaluated and adequately presented. On the other hand, the proposed fee schedule would inequitably shift the burden of loss to claimants with less valuable cases, and to counsel.

HOUSE BILL No. 2186

By Committee on Labor and Industry

2-4

0017 AN ACT relating to workers compensation; concerning legisla-
0018 tive intent; medical compensation; compensation for death
0019 and temporary and permanent disabilities; definitions; limi-
0020 tations on compensation and attorney fees; failure to pay
0021 compensation due; medical evidence; review of awards; cita-
0022 tion of act; amending K.S.A. 44-501, 44-508, 44-510, 44-510b,
0023 44-510c, 44-510d, 44-510e, 44-510f, 44-511, 44-512a, 44-519,
0024 44-528, 44-534a, 44-536, 44-567 and 44-574 and repealing the
0025 existing sections.

0026 *Be it enacted by the Legislature of the State of Kansas:*

0027 Section 1. K.S.A. 44-501 is hereby amended to read as fol-
0028 lows: 44-501. (a) If in any employment to which the ~~workmen's~~
0029 *workers* compensation act applies, personal injury by accident
0030 arising out of and in the course of employment is caused to an
0031 employee, the employer shall be liable to pay compensation to
0032 the employee in accordance with the provisions of the ~~work-~~
0033 ~~men's~~ *workers* compensation act. In proceedings under the
0034 ~~workmen's~~ *workers* compensation act, the burden of proof shall
0035 be on the claimant to establish the claimant's right to an award of
0036 compensation by proving the various conditions on which the
0037 claimant's right depends.

0038 (b) Except as provided in the ~~workmen's~~ *workers* compensa-
0039 tion act, no employer, or other employee of such employer, shall
0040 be liable for any injury for which compensation is recoverable
0041 under the ~~workmen's~~ *workers* compensation act nor shall an
0042 employer be liable to any third party for any injury or death of an
0043 employee which was caused under circumstances creating a
0044 legal liability against a third party and for which ~~workmen's~~
0045 *workers* compensation is payable by such employer.

0046 (c) Except for liability for medical compensation, as provided