

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business

The meeting was called to order by Alicia L. Salisbury at \_\_\_\_\_  
Chairperson

1:30 ~~xxx~~ p.m. on March 5, 1992 in room 254-E of the Capitol.

All members were present except:

All members present

Committee staff present:

- Jerry Donaldson, Legislative Research Department
- Gordon Self, Revisor of Statutes Office
- Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

- Art Brown, Mid-America Lumbermens Association, Kansas City, Missouri
- John Samples, Kan-Build, Inc., Osage City
- Dale Chaffin, Insurance Planning, Inc., Hays
- Thaine C. Francis, President, Francis Casing Crews, Inc., Great Bend
- John Francis, Secretary-Treasurer, Francis Casing Crews, Inc., Great Bend
- Tony Dyer, Director of Insurance Services, Kansas Farmers Service Association Hutchinson
- Don Liska, Topeka Terminal Manager, Churchill Truck Lines
- Christie J. Chambers, Chambers Cattle Company, Hays
- L.A. "Mick" McBride, Risk Manager, Wichita Public Schools

**HEARING ON SB 666 - Workers compensation, accidental injuries, defenses, limits, exclusions procedures, impairment and administrative appeal panels**

Art Brown, Mid-America Lumbermens Association, Kansas City, Missouri, testified he represents 350 retail building material dealers in the state of Kansas. He said the membership supports **SB 666** as a positive step in reform in the area of workers compensation. He submitted a survey of six building material dealers. They responded to questions concerning number of employees, experience modification factor, premium paid in 1987, premium paid in 1991, number of claims filed, claims in dollars and safety program in place. In regard to the 35 item summary of **SB 666**, the dealers support provision 12 which requires that accidental injuries on the job be reported within 10 days to be compensable. In reference to item 19 which requires pretrial conferences to facilitate dispute resolution and settlement, the word "arbitrator" was discussed. Also discussed was the issue that attorneys should not be in the process in the area of downtime that was not due to any intentional negligence on the part of the employer. Dealers are receptive to third party inspections for a 10% to 15% discount in rates. Five of the six dealers feel vocational rehabilitation should not be mandatory, see Attachment 1.

John W. Samples, Kan-Build, Inc., Osage City, testified in the three years Kan-Build has been in business, workers compensation costs have increased over 56%. He said it is essential the laws be tightened to reduce abuse in the system and enhance accountability, see Attachment 2.

Dale Chaffin, Insurance Planning, Inc., Hays, testified many Kansas employees will face layoffs if employers cannot find some relief in the area of workers compensation. He submitted case studies of three companies. Case #1's rates rose from \$82,004 for the 1990-1991 policy year to \$116,826 for the 1991-1992 policy year and to \$231,627 for the 1992-1993 policy year. Case #2's rate for workers compensation increased from \$9.34 per hundred dollars of payroll to \$11.40 in a two year period. Case #3's premium increased from \$81,290 to \$265,203 in a one year span, partially due to a change in classification made by NCCI. The change in classification is being appealed, see Attachment 3.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Labor, Industry and Small Business,  
room 254-E, Statehouse, at 1:30 ~~xxx~~ p.m. on March 5, 1992

Thaine C. Francis, President, Francis Casing Crews, Inc., Great Bend, testified he can hardly pay the current premiums for workers compensation now, let alone another 30% increase. He stated when he can no longer afford to buy workers compensation insurance, twenty-eight people that now work for Francis Casing Crews will be out of a job. He suggested establishing a Commission, which employs judges well versed in workers compensation laws and are free of political influence, see Attachment 4.

John Francis, Secretary-Treasurer, Francis Casing Crews, Inc., Great Bend, testified that in 1985 their workers compensation rate per \$100.00 was \$7.31 and \$18.95 per \$100.00 in 1992, a 159% increase. He encouraged the Committee to pass **SB 666**. He said litigation needs to be slowed down and disability needs to be better defined, see Attachment 5.

Tony Dyer, Director of Insurance Services, Kansas Farmers Service Association, Hutchinson, informed the Committee the Kansas Farmers Service Association provides insurance and bonds to each of the 177 cooperatives in Kansas, including all of their workers compensation coverage. Every cooperative is insured in the standard market. There are no cooperatives in the Kansas Workers Compensation Assigned Risk Pool. He stated reform of workers compensation laws is necessary. Their major carrier cannot continue to offer workers compensation to the Kansas Cooperatives with the current loss ratio of 88.3%, see Attachment 6.

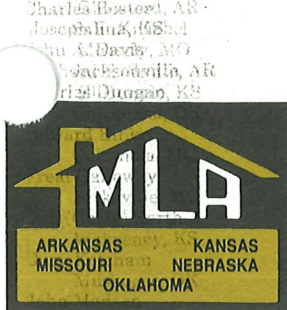
In answer to a Committee question, Mr. Chaffin responded they are pursuing fraudulent claims in court, however, they are very difficult and expensive to prove.

Don Liska, Topeka Terminal Manager, Churchill Truck Lines, testified in support of **SB 666**. Last year workers compensation benefit claims from their five Kansas terminals totaled \$4,417. Their workers compensation insurance premiums for 1991 totaled \$150,670. He said he understands they will be facing sharply increasing costs even though their experience rating is a positive one. He stated appropriate cost containment on workers compensation issues is important, see Attachment 7.

Christie J. Chambers, Chambers Cattle Company, Hays, submitted prepared testimony supporting serious reform in the current workers compensation system. Without reform the future of their company is very dim, see Attachment 8.

L. A. "Mick" McBride, Risk Manager, Wichita Public Schools, submitted prepared testimony in support of **SB 666**. The Wichita Public School system has been self-insured for workers compensation since February 1, 1987. During that time they have saved slightly more than \$4 million of tax dollars that would otherwise have been paid in insurance premiums. He listed two problems in the workers compensation law as litigation and rehabilitation, see Attachment 9.

The Committee meeting was adjourned at 2:30 p.m.



# MID-AMERICA LUMBERMENS ASSOCIATION

TO: MEMBERS OF THE SENATE LABOR, INDUSTRY AND SMALL BUSINESS COMMITTEE

TESTIMONY ON SENATE BILL # 666 Room 254-E

MARCH 5, 1992

Madame Chair, members of the committee, my name is Art Brown. I represent the 350 retail building material dealers in the State of Kansas. It is my pleasure to appear before you as a proponent on Senate Bill 666, a bill which our membership supports.

It is the feeling of our members that this particular legislation is a positive step in reform in the area of workers compensation.

Last year, the average increase in workers compensation rates was 24%. There was a 35% cap on this increase. Our industry was subjected to a 34.9% increase. With talk of a proposed 31.4% increase this year, it would be safe to say there is a great deal of concern to stop this steep and runious slide in rate increases.

A random selection of 6 dealers in the State is attached to this testimony. It showcases such items such as experience modification factor, 1987 premiums, the number of employess they have, and the safety programs they utilize to help keep workers on the job and cut down on their premium costs. 2 of these yards are

small operations, 1 in extreme Southeast Kansas, 1 in far western Kansas, 2 are your basic sized dealers, 1 in Southeast Kansas and 1 in Southwest Kansas, and 2

*SLJJB*  
3/5/92

FEDERATED WITH THE NATIONAL LUMBER AND BUILDING MATERIAL DEALERS ASSOCIATION

*Attachment 1-1*

**BOARD OF DIRECTORS**

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- Don (Curly) Kerth, Wakeeney, KS
- Gary Ketcham, Muskogee, OK
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- K. C. Rothschof, Jr., Guymon, OK
- Ron Sack, Crete, NE
- Sam Schalk, Poplar Bluff, MO
- Brian Schmidt, Shelby, NE
- William Schmidt, Topeka, KS
- James Terry, North Little Rock, AR
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- Harris Kimbell, Jr., Glenwood, AR
- Joseph F. Knaebel, Moberly, MO
- Richard E. Smith, El Dorado, KS

big operations. One in South Central Kansas and one in the North-eastern part of the State.

These operations were chosen at random and are reflective, in overall terms of comperable operations in similar sized markets throughout the State.

We would like for the committee to note the safety programs in place. We will speak to the issue right up front and, at least in our industry state that our employers are concerned about the safety of their employees. To think anything less is absurd. This is Kansas, after all. These lumber operations by and large throughout the State are small in nature. These employers work with their employees in civic groups in their communities, and their children go to school together. They are concerned about the safety of their workers, and feel the employees attitude toward their employers reflects this positive attitude.

So, having said that, and with all of this safety in place, how did the dealers, as a whole, receive a 34.9% increase?

That is a good question. In visiting with these dealers, we faxed them the summary sheet that the committee has a copy of and was made available to me. They in turn have visited with their insurance adminstrators, given me their own feedback, or had their work comp. personell pass on to me some feelings they have on this bill, and why they were hit with such a big increase.

The \$20,000.00 claim on the small yard in Western Kansas was the only one this dealer has had in 5 years. It was on him as an owner, because a customer had become abusive about a bill he owed and got in a physical fight with the owner, who crushed his knee-cap in the process and ended up on crutches for six months. A fluke? Yes, it was, but

*ALB*  
*3/5/92*

*Attachment 1-2*

it still shows up on his modifier. Back injuries are a big problem in this industry. Due to the nature of the injury, it is not always reported at once, then it becomes a real problem, and by the time aid is administered, the payout often times is quite large. This more often than not, happens with conscientious employees who not want to miss work, and do not feel the injury or illness is that serious.

Of the six dealers we visited with, they felt like they had an overall good staff who worked hard and were proud of their work. Some of the bigger operations noted malingerer's and suspected some fraudulent claims, but said they were in the minority. Such problems did not affect the rural dealers we talked to.

So, what part of this bill appealed to them. Point # 12 hit a nerve in that the 10 provision to report an injury made a lot of sense. The normal aging process was well received. One of the Southeast Kansas dealers reflected on a story of a big claim on a back injury to a worker, who had had this problem all of his life, but was advised he could get an award through the workers compensation system, due to the way it was set up. His job responsibilities did not include much physical labor. He was awarded approximately \$20,000.00 in this matter. All the dealers agreed that attorneys should only be used in areas of gross negligence. Point 19 was discussed by all the dealers in a positive vein and the word "arbitrator," came up in discussion on this point. One dealer commented that all the employees in their company get a three page outline, describing in detail what provisions are available to them under the workers compensation act. We feel this is good policy. A bottom line answer was that in the area of downtime that was not due to any intentional negligence on the part of the

SL9 + SLB  
3/5/92

Attachment 1-3

employer, to get the attorneys out of the process and take away any incentive for fees they could recover ( items 14 and 18.) Dealers were receptive to 3rd party inspections by the State, or entity who would bring them up to OSHA standards, or similar criteria, for a 10-15% discount in rates. This is an item you may wish to consider, and again shows we are concerned about safety in the work place.

Items such as Vocational Rehabilitation and pre-existing conditions met with disdain from the medium and larger operations. Point one was embraced by the larger operations and five of the six dealers felt Vocational Rehabilitation should not be maditory, the other dealer had no opinion.

Overall, we hope this little microcosm of this industry gives you some feel as to the support this industry has for this legislation. Reform is needed. We know you know it is needed, and hope that you as a committee embrace this reform package and provide some much needed relief in the area of workers compensation.

I thank you for the opportunity to speak to you today, and stand ready to answer any questions you may have.

*SZG + AB*  
*3/5/92*

*Attachment 1-4*

*ALVAB*  
*3/5/92*  
*Attachment 1-5*

Location of Dealer	No. of employees	Exp. Mod. Factor	Premium paid 1987	Premium paid 1991	No. of Claims filed	Claims in dollars	Safety program in place
Southeast	29	.85	\$6387	\$9903*	0	none	State OSHA inspection Dept. of Human Resources/Review by Insurance Company
South Central	462	1.96	113,616	208,876	(87) 78 (91) 56	Note Below	Company safety committee. In place for last 10 years Employee award program for safety
Southwest	67	1.03	33,000	45,902	(87) 25 (88) 18 (89) 11 (90) 13 (91) 22	Note Below	Bi-Annual inspection by OSHA (Human Resources) and insurance underwriters.
Southeast	24	1.16	2423	13,043	3	(88) 415 (91) 1678 (2 claims in 91)	Profit sharing/incentive program for safety in house. Insurance review
Far West	5 (1 pt. time)	1.06	2300	3300	1	20,000	Review by owner of all machinery and rolling stock before hire.
Northeast	PLEASE NOTE ATTACHED DOCUMENT						

\* - Not yet a final number on their premium ON note belows - South Central yard has self-insured deductible system in place, up to \$300.00 Southwest yard did not have claim review available.

3-3-92

Number of Employees: At present - 131  
Average - 140

Experience mod factor:

1985	1.45
1986	1.83
1987	1.98
1988	1.86
1989	1.64
1990	1.64
1991	1.33
1992	1.33

Premiums:

1987	\$ 87,000
1988	82,713
1989	119,000
1990	86,000
1991	76,000
1992	120,000

Number of Claims filed:

1987	51
1988	40
1989	49
1990	31
1991	26
1992	4

Safety Program consists of:

- 1) Safety training manual for all new employees.
- 2) On the job training
- 3) Safety memo program send to all employees twice monthly
- 4) Safety inspections regularly of all locations/departments
- 5) Pre-employment drug screening
- 6) Post accident and random drug screening of all drivers
- 7) Back injury prevention school - yearly
- 8) Case management - extremely close supervision of all work comp claims

*SL-9 v AB*  
*3/5/92*

*Attachment 1-6*



# KAN-BUILD, INC.

NICHOLS ROAD & HWY 31 EAST • OSAGE CITY, KS 66523 • 1-800-343-2783 • 913-528-4163 • FAX 913-528-4795

Subject: Worker's Compensation

Kan Build was founded in 1989 to purchase a dying Kansas manufacturing plant for modular housing. The plant purchase was a grassroots movement of employees, and local businessmen with help from the Small Business Administration, Kansas Department of Commerce, and area banks.

Since its meager beginnings, Kan Build, Inc. has increased sales to over 9 million dollars annually servicing 7 states, and has created 170+ jobs employing people from 7 counties in Kansas. In addition, Kan Build exports more than 60% of its products outside the State of Kansas, purchases annually more than \$2,000,000 in materials from Kansas based firms, and has put more than \$4,000,000 of real estate on the States tax rolls each year it has been in operation.

We continue to struggle in a tough economy, in a market where costs cannot be readily passed on to the consumer.

During our 3 years of existence, worker's compensation costs have increased over 56%. (Class Code 2802 Carpentry Shop only 1989-4.28, 1992-6.70) This occurred as our company and employees worked to control accidents and make a safe environment for our workers. However, due to the systems abuses, our rates are going to reach catastrophic levels.

*SLD + S.B.  
3/5/92*

Worker's Compensation

Page 2

Abuses such as:

1. An employee who had Rodeoed (bulldogged for 8 years) suddenly claiming he had injured his shoulder. The company physician believed it to be old injuries, the employee received \$10,000 and resigned shortly thereafter to take another position and continue his bulldogging.
2. Three (3) employees (same department) develop similar injuries, no one witnesses an accident. (All used the same doctor (for 2nd opinion) and same attorney)
3. After a long weekend, employees come to work Monday and reports an accident which occurred on Friday. No one saw the accident happen. We have knowledge they were contracting side jobs or working on their own construction projects.
4. Faking extent of injuries--Seen examples aired on "60 Minutes".
5. Attorney's explicit advertising on television, newspaper, radio, etc. resulting in numerous alleged injuries.
6. Reporting of injuries 3 weeks after they were alleged to have occurred.
7. An automobile accident involving our employee in which the other party was held liable is being included in the

*SZ + G + S. B.  
3/5/92*

*Attachment 2-2*

Worker's Compensation  
Page 3

experience factors which cause our ultimate premium to increase. The worker's compensation carrier will recover 100% of the settlement paid to our employee. We feel this loss should not be charge against our experience.

It is my fervent belief that if the system is not changed to avoid abuses and put some common sense into the program, Kansas will lose thousands of blue collar jobs that it very desperately needs.

In the case of Kan Build, we would have had to increase sales 30% in 1992 to cover worker's compensation increases. We can not absorb these costs. Our employees are as outraged at the abuses as am I.

We are spending significant time and resources to educate our employees on the cost implications of work related accidents and the need for a safe work environment. They understand that if the workers compensation costs continue to be excessive we will all lose our jobs.

If you expect us to continue to grow and employ additional Kansans, it is essential the laws be tightened to reduce abuse in the system and enhance accountability.

We encourage you to visit our plant and ask yourself: Is this the kind of clean and safe company that will contribute to the future growth of Kansas?

Sincerely,

  
John W. Samples  
President/CEO

*SLI + SB*  
*3/5/92*

*Attachment 2-3*

# INSURANCE PLANNING, INC.

## Committee Members:

The time has come for all of us to take a long, hard look at what workers compensation is doing to the small businessman and employees of these firms. Quite frankly, if you spend any time at all reviewing the trends of workers compensation rates, you can see that, if this trend continues, many small businesses will face layoffs or even completely cease operations, as the ability to earn a profit will be gone.

My purpose for appearing in front of this committee today is to simply make you aware of the plight suffered by a few of my clients. I will attempt to outline each case briefly, and then let you draw your own conclusions. These are not isolated cases, as nearly everywhere I go there are businessmen that face the same dilemma. I would hope that after reviewing each of these cases that politics could be put aside long enough to provide some meaningful reform to our current workers compensation system. The numbers presented to you in each of the cases are real situations. There are lots of details on each case that contribute to the final results; however, time does not permit me to present all the facts on each case. The problem also is very real that many Kansas employees will face layoffs if employers cannot find some relief in the area of workers compensation.

*Dale Chaffin*



"Where You Insure With Confidence"

3006 Broadway Avenue

P.O. Box 100

Hays, Kansas 67601

(913) 625-5605

With Offices in Great Bend, Kansas



*SDS + LB*  
*3/5/92*

*Attachment 3-1*

# INSURANCE PLANNING, INC.

CASE #1

Great Bend, Kansas Truck Dealership, selling new and used trucks, repair parts, service department and manufacturing plant for various products. Average number of employees - 165.

1990-1991 policy year premiums for workers compensation was \$82,004.

1991-1992 policy year premiums paid by the insured rose to \$116,826.

1992-1993 policy year premiums will be \$231,627.

These increases in premium are based on no change in payrolls for comparison purposes. The experience modification factor has gone from .90 to 1.55 during this time period primarily from claims that have been filed fraudulently. These claims have had large reserves set up that have driven the rating up and are still open at this time. They have some of the injured employees set up for surveillance, but it's difficult and expensive to get evidence necessary to stop workers compensation benefits. Also contributing to the large increase is the assigned risk adjustment plan factor of 25% that has been applied to the premium as the carrier in the standard market has cancelled them for the 1992-1993 policy year.

This risk has maintained a safety program in the past, and has recently stepped up the intensity to slow down or stop the frequency and severity of claims. They have complied fully with all safety recommendations by OSHA and the loss control department recommendations of the insurance carrier.



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*BZS + S D*  
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*Attachment 3-2*

# INSURANCE PLANNING, INC.

CASE #2

Trucking Company & Cattle buying service - Hays, Kansas

This firm is engaged in hauling of livestock, buying and selling of cattle. They are regulated by the Kansas Corporation Commission so the rates for their services are restricted. They have seen their rate for workers compensation increase from \$9.43 per hundred dollars of payroll to \$11.40 in a two year period. Then add to that their increase in experience modification factor of 1.51 and the Assigned Risk Adjustment Factor of 1.25. That rate quickly jumps to \$21.52 per hundred dollars of payroll.

In reviewing the loss history on this account, they have had 5 claims in the past three years incurring expenses of \$24,004 and reserves of \$93,834. One of the losses that had a \$62,500 reserve has been recently settled for \$10,000. I present this data only to show that the experience mod has been driven by reserves and ultimately the employer bears the burden of additional premiums until these reserves work their way out of the system. With the insured's inability to raise their rates to offset these increases, cuts must be made within the company to continue operating and, in this case, the owners elected to delete coverage on themselves.



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*3/5/92*  
*Attachment 3-3*

# INSURANCE PLANNING, INC.

CASE #3

Casing Company - Great Bend, Kansas

This insured is involved in the installation of casing in oil wells. They have been insured, in the past, by two carriers who have had extensive experience in writing workers compensation in the oilfield, and they were classified under a code called Oil or Gas Well Drilling or Redrilling. The code indicates that it includes the installation of casing when performed by the employees of the drilling company. The interpretation in the past has been that since the operation is exactly the same whether a casing crew performs it or the drilling crew performs it, the exposure is the same. However, recently NCCI has done an inspection and determined that the code should be changed to the Installation and Recovery of Casing code which bears a rate of \$12.28 per hundred dollars of payroll, higher than that of the drilling code. This change in classification, the application of the insured's experience modification, and being placed in the Kansas Assigned Risk Plan has seen a premium increase on this insured from \$81,290 to \$265,203 in a one year span. Quite frankly, if this ruling stands, I would see 20 Kansas employees seeking new employment in the very near future.

The State of Texas and Maine have had separate class codes for the Installation of Casing and the Recovery of Casing. There currently is \$10.89 rate difference between these two codes in Texas. What I am suggesting is that perhaps NCCI needs to be flexible in generating new codes that do not lump multiple operations with different exposures together. We are currently in the process of appealing this classification ruling for this insured.



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*3/5/92*

*Attachment 3-4*



CASING CREWS  
INCORPORATED  
P. O. BOX 815

GREAT BEND, KANSAS 67530

GREAT BEND, KANSAS  
PH. (316) 793-9630

GARDEN CITY, KANSAS  
PH. (316) 275-0443

TO: Madam Chairperson  
Senators  
Small Business Committee

FROM: Thaine C. Francis, President  
Francis Casing Crews, Inc.

RE: "Workman Compensation Insurance"

DATE: March 5, 1992

It is getting to be like a bad dream. Worker's compensation peaked on June 1, 1991. On that day, a 24% average overall increase in worker's compensation insurance rates went into effect. For employers, it is expected to see another increase this year of almost 30%. I can hardly pay the current premiums now, then how can I afford this new increase in worker's compensation premiums? This could be a chain reaction when I try to pass higher premiums to our customers through higher service charges. They just might say to heck with you, I don't have to drill this oil or gas well. When I can't afford to do business, this means that our company cannot afford to buy worker's compensation insurance and twenty-eight people, that now work for Francis Casing Crews, will be out of a job.

Do you want this? I certainly don't want to have to tell twenty-eight people that they are laid off because Francis Casing Crews cannot afford the higher worker's compensation insurance premiums, and this will happen should we have a higher increase in worker's compensation premiums to pay.

*LHJ + SB*  
*3/5/92*

*Attachment 4-1*



In the year 1981, nation wide there were 4,581 drilling rigs working. In the same year, Kansas had 231 drilling rigs drilling new wells. On February 21, 1992, nation wide there were 667 - that is 3,914 less rigs working in Kansas. On February 21, 1992, there were 26 rigs working - that is 205 rigs less running. There is approximately thirty workers per rig that depends on each rig for a living. That equates to 6,150 workers that have had to find other jobs.

I could mention oilfield service companys' the rest of today, in our state, that have gone belly-up or just plain quit because of high insurance cost of doing business in Kansas. I don't want our company to be another one that has to quit. Higher worker's compensation insurance will definitely put more workers out of work - being out of a job is a very uncomfortable situation.

Every state has a worker's compensation legal octopus, yet few have as many tentacles as the Kansas legal process. In Kansas, a worker's compensation case may weave its way before an Administrative Law Judge, the Worker's Compensation Director, District Court, the Court of Appeals and then finally the Kansas Supreme Court. Then there is the assigned risk plan represents the major "Hidden Cost" of worker's compensation in Kansas. As of December 31, 1990, private insurance companies writing worker's compensation insurance in Kansas were required to pay an assigned risk plan assessment of 22.9%. In 1982, the assigned risk plan assessment was 1.36% a big difference and our price list has not escalated with these increases.

Thirty-four states currently have Worker's Compensation Boards or Commissions in place to hear cases. By establishing a Commission, which employ's judges well versed in worker's compensation law, and are free of political

SLG ✓ SB  
3/5/92

Attachment 4-2

influence. Kansas should receive more judicial consistency. However, a critically important element to achieving this goal is developing a commission selection process which employs qualified judges and is free of political influence.

Safety Program:

Our safety program requires committment from all levels of management. Every level of our management accepts responsibility for providing a safe place to work.

Our company has weekly safety meetings in areas Great Bend, Colby and Garden City. The safety meeting is conducted by each area manager, and our workers are awarded safety awards due to them.

The anti-drug program went into effect on October 1, 1991, and our personnel have been tested - negative. We fee that our safety program is a good program and we do work with the drilling company's and oil company's trying to improve the safety such as on the job site.

Conclusion:

Our company is a service company to help install casing (production string). We are purely mechanical - no explosives. We do not use explosives in our service.

As decision makers, I urge you to take a long hard look at putting into effect a worker's compensation bill that a small business can afford to pay and I can continue to employ twenty-eight people in our great State of Kansas.

JLJ + SB  
3/5/92

Attachment 4-3

Workers Compensation Information

Prepared for  
Kansas Senate Committee

by  
John Francis  
Secretary-Treasurer, Francis Casing Crews, Inc.

March 5, 1992

*S. L. G. + S. B.*  
*3/5/92*

*Attachment 5-1*

FRANCIS CASING CREWS, INC.

"Workmans Compensation Rate Schedule"

*S&S + SB  
3/5/92  
Attachment 5-2*

<u>Policy Date</u>	<u>Code</u>	<u>Rate per \$100.00</u>	<u>Percent of Change</u>	<u>Experience Mod.</u>	=	<u>Per \$100.00 Total</u>	<u>Percent of Change</u>
10/1/84 - 10/1/85	6235	\$7.31		1.88	=	\$13.74	
10/1/85 - 10/1/86	6235	\$8.58	+ 17.4%	1.62	=	\$13.90	+ 1%
10/1/86 - 10/1/87	6235	\$11.42	+ 33%	1.31	=	\$14.96	+ 7.6%
10/1/87 - 10/1/88	6235	\$10.21	- 10.5%	1.21	=	\$13.49	- 9.8%
10/1/88 - 10/1/89	6235	\$12.01	+ 17.6%	1.40	=	\$16.81	+ 24.6%
10/1/89 - 10/1/90	6235	\$13.08	+ 9%	1.71	=	\$22.37	+ 33%
10/1/90 - 10/1/91	6235	\$14.04	+ 7.3%	1.93	=	\$27.10	+ 21%
10/1/91 - 10/1/92	6235	\$18.95	+ 35%	1.84	=	\$34.87	
						with 25% ARAP Charge	
						\$43.59	+ 60.8%
Amount of Increase:		\$11.64				\$29.85	

*up 159% ⇒ 19.9% ANNUAL AVG. INCREASE*

*up 217%*

*CONSUMER PRICE INDEX AVG = 4-6% ANNUAL SINCE 1984*

GREAT BEND, KANSAS  
PH. (316) 793-9630



GARDEN CITY, KANSAS  
PH. (316) 275-0443

\*WORKERS COMPENSATION INSURANCE\*

<u>Fiscal Year</u>	<u>Gross Sales</u>	<u>W/C Insurance</u>	<u>Percent of Sales</u>
1985	\$1,744,818	\$64,309	3.7%
1986	\$860,103	\$66,734	7.8%
1987	\$724,191	\$39,608	5.4%
1988	\$934,961	\$44,161	4.7%
1989	\$1,019,749	\$64,093	6.3%
1990	\$1,319,249	\$107,705	8.1%
1991	\$1,109,592	\$97,965	8.8%
1992 est.	\$1,100,000	\$163,900	14.9%
1993	\$1,100,000	\$210,000	19.1%

*SLG + SB*  
*3/5/92*

*Attachment 5-3*

**ACTIVE ROTARIES**  
Hughes Tool Company-IADC

STATE	LATEST (02/21/92)	WEEK AGO (02/14/92)	MONTH AGO (01/24/92)	YEAR AGO (02/25/91)
KANSAS	26	28	24	42
OKLAHOMA	91	91	92	122
COLORADO	31	30	33	17
NEBRASKA	1	1	1	3
<b>TOTAL U.S.</b>	<b>667</b>	<b>661</b>	<b>686</b>	<b>967</b>

**WORKOVER RIG COUNT**  
Baker Service Tools

**JANUARY 1992**

REGION	3/91	4/91	5/91	6/91	7/91	8/91	9/91	10/91	11/91	12/91	1/92
Texas Gulf Coast	332	267	281	293	252	274	267	286	268	273	241
Southeastern	158	167	166	125	123	121	154	145	128	147	139
Mid Continent	352	281	294	293	285	274	227	269	271	247	203
Northeastern	124	147	167	166	159	139	138	118	127	124	91
Rocky Mountains	128	117	112	129	121	110	113	110	108	125	136
West Texas	453	468	459	440	369	348	338	372	368	393	368
Western	101	107	93	99	106	109	96	99	101	90	82
Total U.S.	1646	1534	1572	1545	1395	1375	1333	1399	1371	1399	1260
Canada	182	75	88	108	112	114	116	137	140	123	112
Total No. Am.	1828	1609	1660	1653	1507	1489	1449	1536	1511	1522	1372

**INTENTION-TO-DRILL PERMITS BY STATE**  
By Year And Month

	KANSAS			SE COLORADO			NEBRASKA		
	1990	1991	1992 *	1990	1991	1992 *	1990	1991	1992 *
JAN.....	309	383	229	34	10	20	7	16	0
FEB.....	271	300	167	31	10	9	10	4	2
MAR.....	303	382		29	10		12	17	
APR.....	326	304		16	12		8	19	
MAY.....	380	280		15	12		12	13	
JUN.....	310	300		22	12		14	16	
JUL.....	296	245		14	19		13	7	
AUG.....	412	347		2	17		13	10	
SEP.....	441	323		16	16		18	8	
OCT.....	619	385		23	15		15	13	
NOV.....	579	242		8	21		10	8	
DEC.....	328	214		5	19		8	10	
<b>TOTAL</b>	<b>4,574</b>	<b>3,705</b>	<b>396</b>	<b>215</b>	<b>173</b>	<b>29</b>	<b>140</b>	<b>141</b>	<b>2</b>

\* 1992 Totals To Date

*Attachment 54*

Suing for damages has become both a huge industry and a tremendous drag on American industry's ability to compete.

# The tort tax

By Leslie Spencer

MILLIONS OF ordinary Americans may be worried about the economy, but 1992 already promises to be another big year for the country's trial lawyers. Arm in arm with the Scientologists, the plaintiffs' bar is in hot pursuit of Eli Lilly, maker of the antidepressant Prozac. A flurry of liability suits is about to engulf Upjohn, maker of Halcion, the popular sleeping pill. On a third front, plaintiffs' lawyers have just filed hundreds of cases against Dow Corning's silicone breast implants, which they hope will enrich them as asbestos enriched them in the 1980s.

Further down the line, plaintiffs' lawyers are assessing their prospects against Nutri/System and HMR 500 diet plans. The Civil Rights Act of 1991 promises to generate countless lawsuits against employers.

How much does all this tort litigation cost the U.S.? Two years ago FORBES reported the tort system's direct costs at \$80 billion a year (FORBES, Oct. 16, 1989). That figure was based on a study by Tillinghast, a Hartford-based actuarial consulting firm. It represented lawyers' fees, payouts to claimants and insurers' administrative costs in 1985.

The estimate did not go down well with the trial lawyers and the groups associated with them. Last October Joan Claybrook, president of Ralph Nader's Public Citizen, told PBS' *Adam Smith's Money World* that the annual cost of torts is just \$30 billion. Claybrook sourced her figure to a study done by Rand Corp.'s respected Institute for Civil Justice, and asserted that the FORBES figure had "no statistical basis whatsoever."

If anything, FORBES' estimate un-

derstated the true cost of the tort system. In a recently released update of its 1984 study, Tillinghast analyzed liability insurers' costs for 1987. Its conclusion: Tort claims cost the country \$117 billion that year. James Kakalik, coauthor of the Rand study cited by Claybrook, says it is Tillinghast's \$117 billion number, not Rand's \$30 billion to \$36 billion range, that represents the direct "tort tax" consumers end up paying.



Illustrations by Patrick McDonnell

Robert Sturgis, who wrote the latest Tillinghast study, notes that from 1933 until 1950, U.S. tort costs grew in line with the

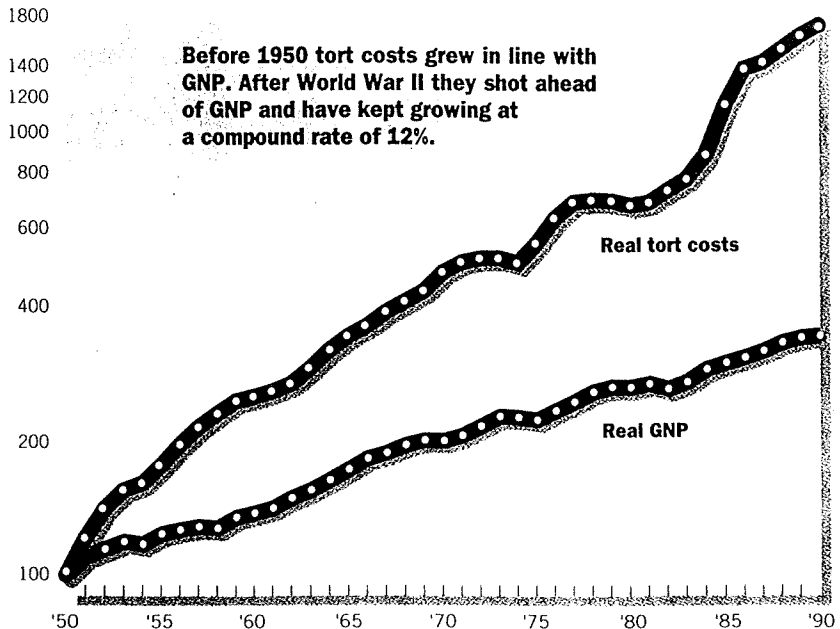
overall economy. Since 1950, however, they have grown at a compound rate of 12% a year—much faster than the costs of workers' compensation, government-paid health care and welfare. Assuming that tort costs kept growing at 12% after 1987, the cost last year came to \$184 billion—nearly on a par with the country's net private domestic investment.

Where does all the money go? Both Rand and Tillinghast agree that injured claimants end up with only half of the proceeds from this tort tax. Further, according to Tillinghast, only a quarter compensates economic losses of plaintiffs. (The other quarter pays for plaintiffs' "pain and suffering.") The other half goes to insurers' administration costs and to lawyers to cover their fees and the expenses they incur on things like discovery and expert witnesses.

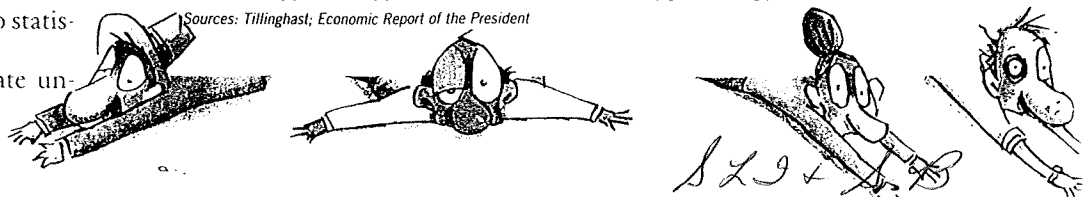
How could two studies come up with such different numbers? The Rand study set out to measure only the costs directly associated with state and federal lawsuits. The Tillinghast study went further. It took into account such costs as the payments to resolve the millions of potential lawsuits that never reach the courthouse, and the costs to insurers of processing

## Torts vs. GNP

Index, 1950=100



Sources: Tillinghast; Economic Report of the President



\$29 + JTB  
3/5/92  
Attachment 5-5



# KANSAS FARMERS SERVICE ASSOCIATION

★ ★ ★ ★ ★ INSURANCE SERVICES ★ ★ ★ ★ ★

100 EAST FIRST • P.O. BOX 1747 • HUTCHINSON, KS 67504-1747  
TOLL FREE 1-800-362-2104 • A.C. 316-662-5406

March 5, 1992

**TO:** Honorable Alicia Salisbury, Chairwoman,  
Senate Labor and Industry Committee

**FROM:** Tony Dyer, CIC  
Director of Insurance Services  
Kansas Farmers Service Association

**RE:** Senate Bill 666

**Kansas Farmers Service Association** was formed in 1947 by the Kansas cooperatives. KFSA's charge is to provide information and services to our member stockholders on taxes, legal questions, Articles of Incorporation, bylaws, job placement, risk management, compliance and safety services. In 1948, the cooperatives, through KFSA, started a full service property, casualty and group benefit insurance agency.

We currently provide insurance and bonds to each of the 177 cooperatives in Kansas, including all their Workers Compensation coverages. Every cooperative is insured in the standard market. There are **NO** cooperatives in the Kansas Workers Compensation Assigned Risk Pool.

Our major carrier has gone above and beyond on a number of our cooperatives to allow us to keep them out of the Assigned Risk Plan. The additional charges associated with the Assigned Risk Plan are not in our stockholders best interest. The carrier can not continue to offer Workers Compensation to the Kansas

*SLD + SB*  
*3/5/92*



cooperatives with the current loss ratio of 88.3%. This loss ratio does not include the 22.9% Assigned Risk assessment or any other expenses. Another factor to consider is that in 1991 the carrier paid \$1,539,470.00 in direct incurred losses for medical expenses and \$1,302,885.00 in indemnity expenses to injured employees. The injured employees received less than the medical community.

We feel that Senate Bill 666 is positive legislation that will do much to reform the current problems in Kansas. We are especially interested in the following parts of the bill:

I. Restrict use of unauthorized medical allowance to treatment only.

II. Make vocational rehabilitation discretionary rather than mandatory. This is a new industry that often fails to assist or help the injured employee and is adding tremendous costs to the system.

III. Allow a credit or refund to the employer of any amounts paid due to a fraud on the part of the claimant.

IV. Allow director to set rules for establishing maximum medical fees. Medical fees should be set at usual and customary for the community the injured employee lives in. Medical expenses for Workers Compensation claims should not be higher than those charged Blue Cross/Blue Shield for the same services in the same community.

V. Attorney fees should be limited to 25% of any amount obtained above any valid written offer given to the claimant prior to an attorney's involvement. This would encourage insurance companies to make a fair offer in an effort to prevent unnecessary

*LDJ + SB*  
*3/5/92*

*Attachment 6-2*

litigation.

VI. Attorneys should have to disclose that a claimant is entitled to Workers Compensation benefits without an attorney's assistance.

KFSA feels Workers Compensation reform is vital to our members and their employees. Workers Compensation laws are social legislation designed to protect injured workers. Runaway medical expenses and unnecessary litigation have placed the system in peril. You only need to look at the states where Workers Compensation is no longer the "sole remedy" to see what can occur.

*SLD + LB*  
*3/5/92*

*Attachment 6-3*

# Kansas Farmers Service Association

## RISK MANAGEMENT SERVICES

**Objective -** To assist our clientele with their regulatory compliance responsibilities and employee safety training.

**OSHA -** Accident Reporting, Hazard Communication Program, Emergency Action Planning.

**EPA -** SPCC plan, SARA Title III (Right-to-Know), Remediation Issues.

**DOT -** CDL, Driver Qualification Files, Drug Testing, Vehicle Maintenance, Vehicle and Tank Requirement.

**KDHE -** Underground Storage Tank Compliance.

### Some of the Benefits of Kansas Farmers' Risk Management Services

1. Safety Director Correspondence Course
2. On-Sight Regulatory Review
3. Monthly Newsletter
4. Safety Meeting
5. Phone Consultation
6. Two Regional Meetings Per Year
7. Video Library

**800-362-2104**  
**Hutchinson, Kansas**

*LDJ + LB*  
*3/5/92*

*Attachment 6-4*

STATEMENT

By

Don Liska  
Topeka Terminal Manager  
Churchill Truck Lines

-----  
Presented to Senate Labor, Industry and Small  
Business Committee, Sen. Alicia Salisbury,  
Chairman; 1:30 p.m., Thursday, March 5, 1992,  
Statehouse, Topeka

-----  
MADAM CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Don Liska, Topeka terminal manager of Churchill Truck Lines. We operate as a less-than-truckload carrier interstate with five terminals in Kansas (Abilene, Coffeyville, Wichita, Hutchinson and Topeka).

I'm here to support the reform provisions of Senate Bill 666. Let me make it clear that our company strongly believes that it is the employer's responsibility to provide effective care and fair compensation to workers who are injured on the job.

We are concerned with the sharply increasing cost of providing worker's compensation coverage for our employees. Our company is doing everything we can to work with our employees to provide a safe work place, to educate and train our people to be safety conscious, and to seek suggestions from our employees on how we can maintain a safer, more productive working environment. We believe our approach has been successful in helping to control our work experience.

*DLJ + LB*  
*3/5/92*

*Attachment 7-1*

Last year our worker's compensation benefit claims from our five Kansas terminals totaled \$4,417. Our worker's compensation insurance premiums for 1991 totaled \$150,670. Our company is not in a "high risk" insurance premium group.

We understand we may be facing sharply increasing costs even though our company experience rating is a positive one.

How do we address this problem?

We believe there exists within the system opportunities for fraudulent claims -- not only on the part of the worker or employee -- but also with health providers.

We strongly support the definition of "accidental injury and injury" of S.B. 666. The exclusion of recreational injuries also should be considered.

The provisions on page 13 of the bill requiring that maximum fees for health care treatment or services be established is important.

We strongly encourage you to include the provision on page 45 of the bill which addresses obtaining worker's compensation benefits as a result of fraud.

We agree that fairness for employers and employees is important. As we understand it, this bill does provide for only 100% compensation for an injury in a lifetime and avoids repeated injury grants.

We believe appropriate cost containment on worker's compensation issues is important if the system is to survive to properly cover employee injuries suffered on the job.

#####

*LYJ & AB*  
*3/5/92*

*Attachment 7-2*

# CHAMBERS CATTLE CO.

203 W. 41ST BOX 873

HAYS, KS 67601

(800) 648-0107 or (913) 625-6010

March 3, 1992

Dear Legislator,

We are a small cattle order buying and trucking company. We never employ more than ten people at any time. At this time workers compensation is a major expense, and concern for us in the future.

A little over three years ago my husband who was covered by workers compensation was involved in a work related auto accident. The insurance company denied benefits but set up a large reserve that has been calculated into our experience rating. The following year, an employee was injured and again another large reserve was set up. We were canceled by our carrier and placed in the assigned risk plan which carries a surcharge of 25% as a result of our high experience mod.

Recently the claim for my husband was settled for considerably less than the reserve set up, yet the reserve has cost us many premium dollars. Even though we are a very small company in comparison to many complaints you receive, the bottom line is still the same. Those extra thousands of dollars our work comp has cost us over the last few years has cut a deep hole in our overall net profit.

Our only alternative to cutting costs was to let the two most valuable assets our company has go uninsured. Those two assets are my husband and myself, as we excluded ourselves from workers compensation. Unless there is some serious reform in our current work comp system, I see the future for our company being very dim.

Although no one has all the answers, hopefully you can find solutions to what we see as a workers compensation system that has many flaws. Feel free to call our place of business, as I will be glad to discuss our dilemma to anyone who will listen, and then please act.

Thank You,

*Christie J. Chambers*

Christie J. Chambers  
Chambers Cattle Co., Inc.  
Chambers Trucking, Inc.

*SLJ + SB.  
3/5/92*

*Attachment 8*



Risk Management Department

March 4, 1992

The Honorable Alicia L. Salisbury  
143-N, State Capitol  
Topeka, KS 66612

Re: Senate Bill 666

Dear Senator Salisbury:

Thank you for Senate Bill 666; this is an issue near and dear to me. I apologize that I could not arrange my schedule to be in Topeka to present testimony on these bills personally. I hope you will accept my written comments for distribution to your committee.

If I may be of further assistance, please let me know.

Sincerely,

L. A. "Mick" McBride  
Risk Manager

jd

Enc.

cc: Robin Nichols ✓

*SB + LB*  
*3/5/92*

*Attachment 9-1*



Risk Management Department

March 4, 1992

**Testimony of L. A. "Mick" McBride, Risk Manager, before the Senate Labor, Industry and Small Business Committee in support of Senate Bill No. 666 and House Bill 3023**

Chairman and Members of the Committee:

Thank you for allowing me to present these comments regarding Senate Bill 666 and House Bill 3023. I have attached a copy of my June 10, 1991, letter addressed to each member of the Workers' Compensation Maximum Medical Fee Schedule Advisory Panel. I received negative response from that committee so I sent copies of the letter to each member of the Joint Senate/House Finance and Insurance Committee. I did receive a very favorable response from Dave Kerr, Senator, 34th District and Edward F. Reilly, Jr., Senator, 3rd District. I am sorry that I did not have an adequate answer for these senators; however, I believe Senate Bill 666 and House Bill 3023 do provide appropriate answers.

The Wichita Public School System has been self insured for workers' compensation since February 1, 1987. During that time we have saved slightly more than \$4,000,000 of tax dollars that would otherwise have been paid in insurance premiums. We attribute these results to our interest in taking care of injured employees in the best possible manner. Our staff is versed in state law. We go to great lengths to purchase medical care from Board Certified physicians who are well respected in their fields. In other words, we believe we are providing the best medical care that we can.

Even so, we find that for a multitude of reasons an employee will retain the services of an attorney. In many cases, this is done because the employee was experiencing some job performance problem prior to the injury.

As stated in my 1991 letter, we have initiated a study of litigated workers' compensation claims. I have attached a copy of the original study and a copy of the study updated through October 30, 1990.

I believe the updated study confirms the trends shown in the original study. In 18 of 33 cases the attorney referred our employee to Doctor A for an independent medical evaluation. As of today's date, the Sedgwick County Medical Society verified that

*S L B*  
*3/5/92*  
*Attachment 9-2*



2

Doctor A is not Board Certified in any specialty. Even so, the workers' compensation court assigned greater weight in each case to the opinion of Doctor A than the opinion of the physician retained by the school district. In many cases, Doctor A stated the employee should be restricted from performing required job duties; in some cases, the employee had already returned to regular job duties. The net result was to increase the cost of these 18 cases by \$95,180.03 even though the employees received only \$48,912.32 of the increase. Note that in three of these 18 cases the employee would have received more money by taking the District's initial settlement offer. In three cases the District did not make an initial settlement offer so the quoted results are somewhat skewed. The study shows that when these three cases are excluded, the extra cost is still \$60,794.45.

I'm sorry that this study does not show the effects of the rehabilitation provisions of the law. I am positive that these results would again show a significant increase in bottom line costs without much benefit to the District or to the employee. Please understand that we are spending tax dollars with this process—an unnecessary expenditure, in my opinion.

I urge you to support this legislation to correct a process that has become self serving to the detriment of Kansas employers and Kansas employees.

*S L J + S B*  
*3/5/92*

*Attachment 9-3*



Risk Management Department

June 10, 1991

Division of Worker's Compensation  
Attn: George E. McCullough, Chairman  
WC Maximum Medical Fee Schedule Advisory Panel  
600 Merchants Bank Tower  
800 S.W. Jackson  
Topeka, KS 66612-1227

Dear Mr. McCullough:

I have been given a copy of the Kansas Register, Meetings/Notices item on the June 11, 1991 meeting on "Workers' Compensation Maximum Medical Fee Schedule Advisory Panel."

I fully support the concept of a fee schedule for workers' compensation procedures. However, this idea doesn't provide a total solution to the ever-escalating workers' compensation costs. A fee schedule that achieves a decrease in total medical costs is advantageous to all employers. However, in most cases this cost decrease is far outweighed by the inconsistent medical opinions being rendered concerning the extent of medical disability, often by non-treating physician(s).

I would like to share with you the results of a study just completed here at the Wichita school district. This study is based on actual workers' compensation claims for school district employees. It includes only closed claims that were litigated with accident dates ranging from March 11, 1987 through September 13, 1989. I believe that future results will duplicate this study.

The purpose of the study was to determine the impact of plaintiff-attorney involvement. We use reputable physicians to provide medical care and make attempts to make reasonable settlement offers prescribed by law based on information supplied by these physicians. As you can see on the attached sheet, with attorney involvement 10 of the 15 cases referred for an independent medical exam were referred to the same physician. In all 10 of these cases, the independent medical exam produced medical diagnoses more severe than provided to the district by the treating physician. In all 10 cases the workers' compensation court accepted the independent medical examination in lieu of the medical provided by

George E. McCullough  
June 10, 1991

2

the treating physician. The other five cases had different physicians for the independent medical exam, but in each case the independent medical exam produced a medical diagnosis more severe than provided by the treating physician and the more severe diagnosis was accepted by the W/C court.

In six of the 15 cases the initial settlement offer made by the District to the employee was greater than the amount of money actually received by the employee. The litigated claim cost was increased in these cases by \$6,570 while the employees received \$7,741 less benefit.

In nine of the 15 cases the initial settlement offer made by the District to the employee was less than the amount of money actually received by the employee after litigation. The claim cost was increased in these cases by an average of \$30,094; an average \$16,697 of this went to employees.

It appears to me that the medical treatment provided by an employer under the existing system or under a medical fee schedule ought to be deemed adequate by the workers' compensation system. If the treatment is not adequate, the system should require the employer to provide a different treating physician. The weight of the opinion of a non-treating physician should be given less weight than the opinion of the treating physician, not more weight.

It does not make any sense to save a dollar or two on the front end of the system only to allow the same system to spend many more additional dollars on the back end because two physicians do not agree on the medical facts as presented. A strong and effective utilization and peer review process would hopefully put an immediate stop to the game we are currently playing with workers' compensation attorneys, employees and the workers' compensation court system.

Thank you for allowing me an opportunity to express my views on this subject.

Sincerely,



L. A. "Mick" McBride  
Risk Manager

jd  
Enc.

*L. A. B*  
*3/5/92*  
*Attachment 9-5*

UPDATED STUDY

#	DATE OF ACCIDENT	ATTORNEY	ATTORNEY PHYSICIAN	USD 259 OFFER TO SETTLE (A)	ACTUAL SETTLEMENT AMOUNT (B)	INCREASED COST (B) - (A)	SETTLEMENT LESS ATTORNEY FEE (25%) (B)-(B*.25)	ATTORNEY BENEFIT FOR CLAIMANT (B*.75)-(A)
1	03/11/87	ATTORNEY 01	DOCTOR A	\$4,693.00	\$7,039.50	\$2,346.50	\$5,279.63	\$586.63
2	05/01/87	ATTORNEY 02		\$23,500.00	\$32,000.00	\$8,500.00	\$24,000.00	\$500.00
3	07/13/87	ATTORNEY 03	DOCTOR A	\$400.00	\$1,000.00	\$600.00	\$750.00	\$350.00
4	08/01/87	ATTORNEY 04	DOCTOR B	\$1,000.00	\$1,000.00	\$0.00	\$750.00	(\$250.00)
5	09/28/87	ATTORNEY 05		\$15,099.04	\$25,099.04	\$10,000.00	\$18,824.28	\$3,725.24
6	09/29/87	ATTORNEY 03	DOCTOR A	\$4,243.90	\$4,243.90	\$0.00	\$3,182.93	(\$1,060.98)
7	12/31/87	ATTORNEY 03	DOCTOR A	\$3,081.28	\$3,081.28	\$0.00	\$2,310.96	(\$770.32)
8	01/14/88	ATTORNEY 06	DOCTOR A	\$1,000.00	\$5,000.00	\$4,000.00	\$3,750.00	\$2,750.00
9	02/07/88	ATTORNEY 03	DOCTOR A	\$25,000.00	\$30,000.00	\$5,000.00	\$22,500.00	(\$2,500.00)
10	02/11/88	ATTORNEY 07	DOCTOR C	\$1,500.00	\$4,000.00	\$2,500.00	\$3,000.00	\$1,500.00
11	04/04/88	ATTORNEY 09	DOCTOR D	\$12,207.10	\$13,020.16	\$813.06	\$9,765.12	(\$2,441.98)
12	05/05/88	ATTORNEY 07	DOCTOR A	\$4,302.78	\$8,500.00	\$4,197.22	\$6,375.00	\$2,072.22
13	06/14/88	ATTORNEY 03	DOCTOR A	\$2,549.76	\$3,823.36	\$1,273.60	\$2,867.52	\$317.76
14	06/16/88	ATTORNEY 10	DOCTOR E	\$0.00	\$5,900.00	\$5,900.00	\$4,425.00	\$4,425.00
15	06/24/88	ATTORNEY 11		\$2,000.00	\$9,000.00	\$7,000.00	\$6,750.00	\$4,750.00
16	07/11/88	ATTORNEY 12	DOCTOR F	\$3,213.91	\$6,596.70	\$3,382.79	\$4,947.53	\$1,733.62
17	08/12/88	ATTORNEY 13		\$13,000.00	\$13,000.00	\$0.00	\$9,750.00	(\$3,250.00)
18	09/21/88	ATTORNEY 08	DOCTOR A	\$6,243.45	\$10,953.66	\$4,710.21	\$8,215.25	\$1,971.79
19	09/23/88	ATTORNEY 07	DOCTOR A	\$1,000.00	\$3,000.00	\$2,000.00	\$2,250.00	\$1,250.00
20	11/16/88	ATTORNEY 13		\$25,000.00	\$49,500.00	\$24,500.00	\$37,125.00	\$12,125.00
21	12/14/88	ATTORNEY 14	DOCTOR C	\$0.00	\$5,000.00	\$5,000.00	\$3,750.00	\$3,750.00
22	01/03/89	ATTORNEY 15		\$5,321.13	\$16,000.00	\$10,678.87	\$12,000.00	\$6,678.87
23	03/14/89	ATTORNEY 17	DOCTOR A	\$20,000.00	\$27,000.00	\$7,000.00	\$20,250.00	\$250.00
24	09/06/89	ATTORNEY 17	DOCTOR A	\$6,282.80	\$22,000.00	\$15,717.20	\$16,500.00	\$10,217.20
25	09/13/89	ATTORNEY 03	DOCTOR A	\$8,049.06	\$16,225.92	\$8,176.86	\$12,169.44	\$4,120.38
26	11/01/89	ATTORNEY 03	DOCTOR A	\$0.00	\$20,205.45	\$20,205.45	\$15,154.09	\$15,154.09
27	12/04/89	ATTORNEY 18	DOCTOR A	\$0.00	\$10,460.06	\$10,460.06	\$7,845.05	\$7,845.05
28	04/30/90	ATTORNEY 20	DOCTOR A	\$2,627.14	\$4,400.00	\$1,772.86	\$3,515.57	\$888.43
29	05/21/90	ATTORNEY 21	DOCTOR A	\$0.00	\$4,000.00	\$4,000.00	\$3,000.00	\$3,000.00
30	08/07/90	ATTORNEY 23		\$20,000.00	\$40,000.00	\$20,000.00	\$30,000.00	\$10,000.00
31	09/18/90	ATTORNEY 13	DOCTOR G	\$833.00	\$6,000.00	\$5,167.00	\$4,500.00	\$3,667.00
32	10/17/90	ATTORNEY 26	DOCTOR A	\$1,279.93	\$5,000.00	\$3,720.07	\$3,750.00	\$2,470.07
33	10/30/90	ATTORNEY 27		\$5,581.75	\$6,085.80	\$504.05	\$4,564.35	(\$1,017.40)
TOTALS				\$219,009.03	\$418,134.83	\$199,125.80	\$313,816.69	\$94,807.66
				18 CASES	DOCTOR A	\$185,933.13	\$95,180.03	\$48,912.32
				15 CASES	DOCTOR A	\$150,267.62	\$60,794.45	\$23,443.12

*Attachment 9-4*  
*3/5/92*  
*AGS*

ORIGINAL STUDY

LITIGATED CLAIMS

DATE OF ACCIDENT	ATTORNEY	ATTORNEY PHYSICIAN	OFFER MADE PRIOR TO ATTORNEY	USD 259 OFFER TO SETTLE	ACTUAL SETTLEMENT AMOUNT	INCREASED COST	SETTLEMENT LESS ATTORNEY FEE
03/11/87	ATTORNEY 1	DOCTOR A	NO	\$4,693.00	\$7,039.50	\$2,346.50	\$5,279.63
05/01/87	ATTORNEY 2	N/A	NO	\$23,500.00	\$32,000.00	\$8,500.00	\$24,000.00
07/13/87	ATTORNEY 3	DOCTOR A	NO	\$400.00	\$1,000.00	\$600.00	\$750.00
08/01/87	ATTORNEY 4	DOCTOR B	NO	\$1,000.00	\$1,000.00	\$0.00	\$750.00
09/29/87	ATTORNEY 3	DOCTOR A	NO	\$4,243.90	\$4,243.90	\$0.00	\$3,182.92
12/31/87	ATTORNEY 3	DOCTOR A	NO	\$3,081.28	\$3,081.28	\$0.00	\$2,310.96
01/14/88	ATTORNEY 5	DOCTOR A	NO	\$1,000.00	\$5,000.00	\$4,000.00	\$3,750.00
02/07/88	ATTORNEY 3	DOCTOR A	NO	\$25,000.00	\$30,000.00	\$5,000.00	\$22,500.00
02/11/88	ATTORNEY 6	DOCTOR C	NO	\$1,500.00	\$4,000.00	\$2,500.00	\$3,000.00
04/04/88	ATTORNEY 7	DOCTOR D	NO	\$12,207.10	\$13,020.16	\$813.06	\$9,765.12
05/05/88	ATTORNEY 6	DOCTOR A	NO	\$4,302.78	\$8,500.00	\$4,197.22	\$6,375.00
06/14/88	ATTORNEY 3	DOCTOR A	NO	\$2,549.76	\$3,823.36	\$1,273.60	\$2,867.52
06/16/88	ATTORNEY 8	DOCTOR E	YES	\$5,142.56	\$5,900.00	\$757.44	\$4,425.00
08/12/88	ATTORNEY 9	N/A	NO	\$13,000.00	\$13,000.00	\$0.00	\$9,750.00
09/23/88	ATTORNEY 6	DOCTOR A	NO	\$1,000.00	\$3,000.00	\$2,000.00	\$2,250.00
12/14/88	ATTORNEY 10	DOCTOR F	NO	\$0.00	\$5,000.00	\$5,000.00	\$3,750.00
01/03/89	ATTORNEY 11	N/A	NO	\$5,321.13	\$16,000.00	\$10,678.87	\$12,000.00
09/13/89	ATTORNEY 3	DOCTOR A	NO	\$8,049.06	\$16,225.92	\$8,176.86	\$12,169.44
<b>TOTALS</b>				\$115,990.57	\$171,634.12	\$55,643.55	\$128,075.59

*Attachment 9-7*  
*ASG + ASB*  
*3/5/92*

MAR-4-92 MED 16:01  
 USD NO 259 PURCHASING  
 FAX NO. 3168334100  
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