

## RECAPS **WORKERS' COMPENSATION NEWS**

A weekly update of significant news articles from around the nation and the world relating to workers' compensation insurance and reinsurance. This news recap is provided with our compliments by Integro Re, a division of Integro USA, Inc.

### **Workers' Comp Insurers Unfazed by TRIA Failure For Now But Expect Quick Fix**

In an article written in the *Insurance Journal* on January 4th, it was reported that the expectation that the new Congress that convenes this week will act quickly to reauthorize the Terrorism Risk Insurance Act (TRIA) is keeping workers' compensation insurers in particular from altering their behavior at least for now.

According to industry executives, while the failure of the previous Congress to renew TRIA was both surprising and disappointing, they fully expect the new Congress will restart the reinsurance program that was first enacted in 2002 following the September 11, 2001 terrorist attacks. The program, which backs up insurers should they suffer large claims related to terrorism, officially expired at the end of 2014 after having been renewed by Congress several times. It has not had to pay any claims.

Despite concerns that insurers might restrict writings, raise premiums or take other actions in response to the expiration of TRIA, workers' compensation insurers are for the most part remaining calm and taking a wait-and-see approach. To the extent that any workers' compensation writers have reacted to life without TRIA, they did so

last year when they renewed policies that would be in effect now and into 2015. Meanwhile, most employers are unlikely to go without workers' compensation coverage for their injured workers. Insurance leaders maintain that there is so much capacity in the market now that another carrier is likely to step in wherever one may pull back. Also state residual markets are available to help those having trouble obtaining workers' comp coverage.

Frank Scott, senior vice president with USI Insurance Services said he thinks most carriers expect that TRIA will be reauthorized soon. "If there was a concern that it wasn't going to pass, I think you would have seen carriers in the larger markets holding off on offering renewal quotations," said Scott. Mark Noonan, managing principal and senior knowledge manager for workers' compensation for New York-based broker Integro's casualty practice, said markets will give Congress some time to act. "Some excess markets are reluctant to quote statutory and this isn't helping but I have not seen a pullback," said Noonan. "I doubt anyone will cancel but non-renewal for risks with large concentration issues is something that could happen."

To view the article, please click on: <http://www.insurancejournal.com/news/national/2015/01/04/351636.htm>

## FL Repackaged Drug Payments to Physicians Dropped in 2013: Report

In an article written in *Business Insurance* on January 6th, it was reported that physician repackaged drug payments in Florida fell by nearly 39% in 2013 according to a recent study by the Division of Workers' Compensation. In 2013, the state passed new drug repackaging legislation which resulted in physician repackaged drug payments dropping from \$50 million in 2012 to \$30.6 million in 2013. Pharmacy repackaged drug payments also decreased in Florida to \$684,832 in 2013 from \$1.4 million in 2012, the report states. While Florida pharmacy nonrepackaged drug payments decreased by \$6.7 million in 2013, physician nonrepackaged drug payments increased to \$23.3 million in 2013 from \$11.7 million in 2012, according to the report. In addition, the report also concluded that in 2013 the number of lost-time workers comp claims in the state decreased. Florida had 51,696 lost-time claims, or 6.9 claims per 1,000 workers. Preliminary data for 2012 showed 56,339 lost-time claims, or 7.8 claims per 1,000 workers.

To view the article, please click on: <http://www.businessinsurance.com/article/20150106/NEWS08/150109942?tags=|79|304|92>

## Commercial Property/Casualty Market Poised for Soft Cycle: MarketScout

In an article written in *Business Insurance* on January 5th, it was reported that the commercial property/casualty insurance market could be about to turn soft according to MarketScout. In a report released by the agency this week, commercial property/casualty rates were on average, flat in December. Employment practices liability insurance rates rose 2%, and rates for six

other lines increased by 1%, but rates for half of the lines tracked by MarketScout, including workers compensation and commercial property, were flat. No individual industry class experienced rate increases of more than 1%. "We are on the cusp of a soft market," said MarketScout CEO Richard Kerr, "Throughout 2014, the composite P&C rate slowly drifted toward renewing as expiring, and in December we finally hit that mark." He went on to say that the company expects the next soft market cycle to begin early this year.

To view the article, please click on: <http://www.businessinsurance.com/article/20150105/NEWS04/150109974?tags=|306|70|329|76|303|304|92>

## Ill-fitting Gear Poses Problem for Women Working Safety-sensitive Jobs

In an article written in *Business Insurance* on January 4th, it was reported that employers should pay closer attention to the fit of personal protective equipment, as more women find work in safety-sensitive industries. Of the 9.3 million people working in construction in 2013, about 840,000, or 9.1%, were women, according to data from the U.S. Bureau of Labor Statistics. Since more women are working in industries that require employees to wear personal protective equipment, it has spurred a larger discussion about ill-fitting gear. "There are some (glove) lines now that come in extra small, but imagine using tools with gloves that are too big for you," Carol Schmeidler from the department of environmental health said. "The risk of hitting yourself or getting a glove caught in something is huge."

To view the article, please click on: <http://www.businessinsurance.com/article/20150104/NEWS08/301049992?tags=|342|304|92>

## Drug and Behavioral Testing Should be Part of Broad Safety Regimen

In an article written in *Insurance Journal* on January 4th, it was reported that while implementing a drug-testing and monitoring program can provide a variety of benefits for employers, those firms looking to improve safety in the workplace need to keep in mind the strengths and limits of the practice.

Workplace drug testing has been common for decades, but quantifying drug testing's effect on safety is difficult. "It's been difficult to accumulate hard facts about a causal relationship," said Donna Smith, the program development and regulatory compliance officer for employment drug screening provider EDPM Inc.

Evren Esen, the director of survey programs for the Society for Human Resource Management, said her research indicates the most direct evidence for the efficacy of drug testing is improvements in areas such as absenteeism and worker productivity. "Based on our results, we do see that it has had an impact," Esen said. "For example, 19% of the HR professionals we

surveyed say they saw an increase in worker productivity after the implementation of a drug-testing program."

"From a drug use standpoint, it really depends on the industry you are in," said Scott Collins, risk manager at Digital First Media. "So an office worker using drugs may not be as productive, but they are probably not a huge safety risk, whereas an impaired crane operator is a whole other ball of wax."

In addition to considering the type of work employees perform, a risk manager also should perform careful cost/benefit analysis of a drug-testing program, Collins said. For example, while implementing a program may save a company on workers compensation premiums, those savings could be more than offset by costs related to the program. "There will be costs for testing, implementation and maintenance, not to mention the cost of turnover and of hiring," he said.

To view the article, please click on: <http://www.businessinsurance.com/article/20150104/NEWS08/301049993?tags=|342|304|92>

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