

May 2010

## WORKERS' COMPENSATION NEWS

*Employers don't forget deadline for 2<sup>nd</sup> 50/50 premium payment is due 6/1/10.*

### BWC Net Asset Update

In June 2007 Governor Strickland signed House Bill 100 abolishing the Workers' Compensation Oversight Commission and creating the Bureau of Workers' Compensation Board of Directors. The Bill gives the Board of Directors the responsibility to make changes to Workers' Compensation Law and to provide authorization and condition for the operation of Bureau programs.

The House Bill also required BWC to have a comprehensive review of how employer's premiums are determined. Deloitte Consulting was awarded the actuarial study and recommended that due to the uncertainty of the cost of claims paid over many years and the return on investment to help the reserves, BWC was in need of net assets.

Net assets are a company's total assets less total liabilities. BWC's net assets have also been referred as the "surplus fund." As an insurance company, BWC must carry a practical level of net assets due to the financial risks associated with their operation. BWC's liabilities consist of their operating costs and coverage of injured worker benefits.

Deloitte recommended that BWC "adopt a policy to maintain prudent funded net assets to support the financial strength of the State Insurance Fund and to help maintain stability in premium costs of its policy holders." Deloitte did not recommend a fixed amount of net assets, but rather a customized approach that is self-adjusting. A range of funding ratios (funded net assets as compared to liability ratios) to maintain stability in their operating results was selected. Deloitte goes on to recommend that "the policy should incorporate appropriate options for premium credits or surcharges if the funding ratios indicate excessive or inadequate financial reserves." Ohio employers doing business in the early 2000's remember the premium dividends offered, which was a result of excess in the surplus fund.

Below are the fiscal year net assets results for the last five years:

- FY 2006 - **\$100.0 million**
- FY 2007 - \$2.3 billion
- FY 2008 - \$2.5 billion
- FY 2009 - \$2.5 billion
- FY 2010 - \$4.3 billion (as reported by BWC thru April, 2010)

**Sheakley Seminars Coming May 2010!**

**Plus FREE Mandatory BWC Green Year 2-Hour Training  
(The following dates only!)**

Sheakley is excited to announce our FREE upcoming seminars in May for employers throughout the state! Our claims team will be available to answer all questions you may have regarding the new group rates for the 2011 rate year **and** share the most current BWC updates.

***IMPORTANT: Immediately following our BWC/Group update session our Safety Team will present a 2 hour mandatory safety training required by the BWC for all 2009 group rated employers who have had a claim in calendar year 2007 or 2008. The deadline for this mandatory training is June 30, 2010. Check out the locations below and mark your calendars. You don't want to miss attending one of these informative seminars!***

More details will be coming soon so mark your calendars now!

**Cincinnati**

May 4, 2010

1:00 p.m. – 2:45 p.m. Group/BWC Updates

3:00 p.m. – 5:00 p.m. Safety Training

**Cleveland**

May 7, 2010

1:00 p.m. - 2:45 p.m. Group/BWC Updates

3:00 p.m. – 5:00 p.m. Safety Training

**Lima**

May 11, 2010

1:00 p.m. - 2:45 p.m. Group/BWC updates

3:00 p.m. – 5:00 p.m. Safety Training

**Toledo**

May 12, 2010

1:00 p.m. - 2:45 p.m. Group/BWC updates

3:00 p.m. – 5:00 p.m. Safety Training

**Columbus**

May 18, 2010

1:00 p.m. - 2:45 p.m. Group/BWC updates

3:00 p.m. – 5:00 p.m. Safety Training

**Youngstown**

May 19, 2010

1:00 p.m. - 2:45 p.m. Group/BWC updates

3:00 p.m. – 5:00 p.m. Safety Training

**With Sheakley... It's Done!**

## SAFETY NEWS

In addition to the 2 hour mandatory Green Year training in May, the Sheakley Safety Team will continue their efforts to educate all BWC 2009 group rated employers who have had a claim in calendar year 2007 or 2008 by offering the training at the additional locations and times below.

**The deadline for this mandatory training is June 30, 2010.**

<u>June 2010</u>	<u>Topic</u>	<u>Location</u>	<u>Time</u>
1 <sup>st</sup> & 2 <sup>nd</sup> :	OSHA 10 Hour Compliance (Construction) **	Cincinnati	
2 <sup>nd</sup> :	CPR/AED Training **	Middleburg Heights	8 to 11 am
2 <sup>nd</sup> :	First Aid Training **	Middleburg Heights	11:30 to 2:30
2 <sup>nd</sup> :	Bloodborne Pathogens	Middleburg Heights	3 to 5 pm
9 <sup>th</sup> :	Creating a Safety Culture	Columbus	8 to 10 am
9 <sup>th</sup> :	Back Safety	Columbus	10:30 to 12:30
9 <sup>th</sup> :	The First Five of Safety	Columbus	1 to 3 pm
9 <sup>th</sup> :	Protect Your Employees (Safety Jeopardy)	Columbus	3 to 5 pm
10 <sup>th</sup> :	CPR/AED Training**	Columbus	8 to 11 am
10 <sup>th</sup> :	First Aid Training **	Columbus	11:30 to 2:30
10 <sup>th</sup> :	Bloodborne Pathogens	Columbus	3 to 5 pm
16 <sup>th</sup> :	Creating a Safety Culture	Lima	8 to 10 am
16 <sup>th</sup> :	Back Safety	Lima	10:30 to 12:30
16 <sup>th</sup> :	OSHA Recordkeeping	Lima	1 to 2 pm
16 <sup>th</sup> :	Slips, Trips and Falls	Lima	2 to 3 pm
16 <sup>th</sup> :	Bloodborne Pathogens	Lima	3 to 5 pm
17 <sup>th</sup> :	Creating a Safety Culture	Toledo	8 to 10 am
17 <sup>th</sup> :	Back Safety	Toledo	10:30 to 12:30
17 <sup>th</sup> :	Organizing a Safety Committee	Toledo	1 to 3 pm
17 <sup>th</sup> :	Protect Your Employees (Safety Jeopardy)	Toledo	3 to 5 pm
29 <sup>th</sup> :	Workplace Violence Awareness	Cincinnati	8 to 10 am
30 <sup>th</sup> :	Organizing a Safety Committee	Columbus	12:30 to 2:30
30 <sup>th</sup> :	Workplace Violence Awareness	Columbus	3 to 5 pm

\*\*These courses require a training fee.

If you have questions about the Green Year Training or would like to schedule your training please contact us at 800-877-5055 x2014 or [safety@sheakley.com](mailto:safety@sheakley.com).

## UNEMPLOYMENT NEWS

### Unemployment Rates – March

Ohio unemployment rises from 9.6% in March 2009 to 11.0% for March 2010. The United States unemployment rate has risen from 8.6% in March 2009 to 9.7% for March 2010.

### Solvency of State Unemployment Insurance Trust Funds

The Federal House Ways and Means Subcommittee will hear testimony in May regarding the solvency of state unemployment insurance trust funds. The goal is to develop federal legislation that will include new federal requirements for how States administer their unemployment system.

Chairman Jim McDermott (D-WA) released the following statement: “The UI system was designed to be forward funded, with States building up reserves during periods of economic expansion to be able to pay out more benefits during economic downturns. However, many States failed to build sufficient surpluses before the recession that began in December of 2007. The lack of adequate reserves combined with the severity of the recession has left the UI system in its weakest financial condition in many decades, perhaps even since the inception of the program. To date, 34 States have been forced to borrow money from the federal government in order to pay regular unemployment benefits. By 2012, States are projected to have outstanding loan balances of roughly \$90 billion.”

## HR NEWS

### Healthcare Reform Update

Sheakley HR Solutions invites you to join us on May 19<sup>th</sup> from 8:00 a.m.-10:00 a.m. to attend an educational seminar on the “Health Care Reform Bill” presented by Robert W. Quirk, President & CEO of Issues & Answers, Inc. We will discuss the Health Care Reform legislation, tax incentives, increases, changes and the new taxes imposed by the Health Care Reform bill. Find out how this will impact you, your employees and what you need to know to prepare.

*Seating is limited. Sign up today! Cost is \$50 for 1<sup>st</sup> registrant of the company and \$25.00 for each additional registrant. Parking is free.*

**When:** Wednesday, May 19, 2010

**When:** 8 a.m.-10:00 a.m.

**Where:** Sheakley Corporate Office

One Sheakley Way

Cincinnati, OH 45246

**To sign up please send your contact and billing information to: [hrcolutionsinfo@sheakley.com](mailto:hrcolutionsinfo@sheakley.com)**

## LEGISLATIVE NEWS

### Worker Misclassification Violations (Sen. Sherrod Brown)

Senator Brown introduced federal legislation that would prevent workers from being misclassified as independent contractors and would provide for the protection and benefits which they have earned. The legislation would create safeguards within workers’ compensation benefits and has been named The Employee Misclassification Prevention Act.

A study by Ohio Attorney General Rich Cordray states that Ohio loses at least \$160 million each year from worker misclassification. Worker misclassifications cause increased costs for taxpayers because it challenges the budgets of state and local governments.

The Employee Misclassification Prevention Act (EMPA) would reduce the number of misclassification violations by:

- Ensuring that employers keep records that reflect the accurate status of each worker as an employee or non-employee and clarifying those employers who violate the Fair Labor Standards Act when they misclassify workers.
- Increasing penalties on employers who misclassify their employees and are found to have violated employees’ overtime or minimum wage rights.
- Requiring employers to notify workers of their classification as an employee or non-employee.
- Creating an “employee rights web site” to inform workers about their federal and state wage and hour rights.
- Providing protections to workers who are discriminated against because they have sought to be accurately classified.

EMPA will increase federal and state efforts to detect and stop misclassification by:

- Mandating that states conduct audits to identify employers who misclassify workers and by requiring that Department of Labor (DOL) monitor states’ efforts to identify misclassification.
- Directing states to strengthen their own penalties for worker misclassification.
- Permitting DOL and Internal Revenue Service to refer incidents of misclassification to one another.
- Directing DOL to perform targeted audits focusing on employers in industries that frequently misclassify employees.

**To learn more about these changes and how they will impact your business, please contact our office at 513-326-4675 x2044 or visit our website at [www.sheakley.com](http://www.sheakley.com).**