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INDUSTRIAL COMMISSION OF ARIZONA

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2001 ANNUAL REPORT

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THE INDUSTRIAL COMMISSION OF ARIZONA

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Commissioner	*Jean Pierre Angelchik, M.D.*
Commissioner	*Sandra L Grunow*
Commissioner	*John E Holland*

Larry Etchechury, Director

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INTRODUCTION

The Industrial Commission of Arizona (ICA) is a regulatory agency that was created in 1925 as a result of legislation implementing the constitutional provisions establishing a workers' compensation system.

From 1925 to 1969, the workers' compensation system consisted of the State Compensation Fund, which was then a part of the Industrial Commission, and self-insured employers which generally were the mining and the railroad companies. In 1969 the workers' compensation system was reorganized and expanded to include private insurance companies. The State Compensation Fund was split off from the Industrial Commission and established as a separate agency responsible for providing workers' compensation insurance coverage. The Industrial Commission retained its responsibility as the file of record and its regulatory authority over the processing of workers' compensation claims. Since that time, the role of the Industrial Commission has been expanded to cover other labor related issues such as occupational safety and health, youth employment laws, resolution of wage related disputes, vocational rehabilitation, workers' compensation coverage for claimants of uninsured employers, insolvent insurance carriers and self-insured employers.

The policy setting body for the ICA is a five member Commission whose members are appointed by the Governor and confirmed by the Senate to staggered five year terms. The Commission oversees an Agency with approximately 300 employees and an operational budget of approximately $15million. As a non-general fund agency, the Industrial Commission is funded by an annual tax on workers' compensation premiums that cannot exceed 3%. The tax rate for 2001 was 3% and for 2002 is 2.75%

The mission statement of the Industrial Commission is to efficiently administer and effectively enforce all applicable laws and regulations not specifically delegated to others, relative to the protection of life, health, safety and welfare of employees within the State. Its purpose and objectives are accomplished through seven major divisions which are set out separately in this document.

LABOR DEPARTMENT
Orlando Macias, Director

The Labor Department is a Department that has had a dramatic change in responsibilities over the years. For example, in the 1930's, it was responsible for establishing minimum wages, hours of operations for the railroads, and later enforced the payment of appropriate wages on public works projects within the state. Today, the Labor Department essentially conducts 99% of its activities in three specific areas: youth employment law enforcement, resolutions of disputes involving wages, and regulating private employment agencies that charge fees to applicants (these include placement agencies, career counseling firms, modeling and talent agencies and sitter services).

YOUTH EMPLOYMENT LAW ENFORCEMENT

Arizona's youth employment laws, which establish the hours a youth can work and prohibit occupations in which they can be employed, are very similar to those on the federal level. The Labor Department utilizes information gathered from the ICA's Claims Division to review and investigate workers' compensation claims involving minors, receives and investigates information from other governmental organizations and complaints filed by the public.

	FY 99	FY 00	FY01
Number of Injury Reports Involving Minors and Complaints Rec'd	1,922	1,981	1,488
Number of Youth Employment Violations Confirmed	121	122	112

RESOLUTION OF WAGE DISPUTES

When a wage owed to an employee is no more than $2,500 and the accrual of those unpaid wages do not exceed one year, then an employee may file a wage claim with the State Labor Department or with the Small Claims Court. Upon receipt of a claim, the Labor Department will notify the employer of the claim and investigate the allegations. The Labor Department will provide a written determination which can be appealed to Superior Court. An employer who does not comply with a Final Order within ten days after the Order becomes final is liable to pay the employee treble the amount of the unpaid wages found to be owed. While every effort is made to resolve the dispute, in some cases there is insufficient information to make a determination. In those cases, a claimant has the right to file a civil action in Justice or Small Claims Court.

	FY 99	FY00	FY01
Number of Wage Claims Filed/Investigated	3,025	3,024	2,918

LICENSED & REGULATED AGENCIES

Under Arizona law, private employment agencies that charge a fee to an applicant are licensed and regulated by the Labor Department. The Industrial Commission's Employment Advisory Council and the Labor Department investigate the background of each firm applying for a license. Based on their investigation, they recommend to the Commission approval or denial of a license. The Industrial Commission administratively approves or denies the license. An appeal of that administrative decision is made before the five member Commission through an administrative hearing. The Commission's decision is appealable to the Superior Court.

Number of Licensed Agencies

	FY99	FY00	FY01
Career Counseling Firms	25	28	24
Model & Talent Agencies	23	23	22
General Agencies	6	6	6
Sitter Agencies	3	3	3
Domestic Help Agencies	1	2	2
Nurses Agencies	1	1	1
Total	59	63	58

CLAIMS DIVISION
Noreen Thorsen, Manager

Unlike the other Divisions, the historical role of the Claims Division has remained unchanged. Since 1925, the Claims Division has been the file of record for approximately 6 million workers' compensation claims files. Claims are received by the Claims Division from attending physicians and injured workers. The Claims Division, in turn, notifies the appropriate insurance carrier/third party processing agent or self-insured employer so that they can appropriately process the claim. The historical number of claims processed in the last three years are as follows:

	FY99	FY 00	FY 01
Number of Claims Processed	151,594	153,937	148,326

In addition to being a file of record, we now have 24 million stored documents on our optical disc system. The Claims Division is responsible for ensuring that the 550 insurance carriers/third party processors and 125 self-insured employers process workers' compensation claims in accordance with existing statutes and rules.

The Claims Division, in addition to answering approximately 150,000 telephone inquiries per year, is responsible for processing approximately 6,000 documents per day and making in excess of 31,000 determinations annually that are subject to judicial review. Some of those determinations involve a variety of issues such as allegations of bad faith, awards for facial scaring and loss of teeth, approvals or denials of requests to leave the state, approvals or denials of requests to change physicians, etc. A historical perspective for some of those determinations are as follows:

AVERAGE MONTHLY WAGE AWARDS

The Claims Division establishes the average monthly wage for claimants who have been injured in excess of seven days. The number of wage awards for the last three fiscal years are as follows:

	FY 99	FY 00	FY 01
Number of Wage Awards	20,593	19,347	18,341

LOSS OF EARNING CAPACITY AWARDS

The Claims Division is responsible for determining the "loss of earning capacity" (LEC) for claimants who have incurred a permanent impairment that results in an unscheduled injury. The number of "LEC" awards for the past three fiscal years are as follows:

	FY 99	FY 00	FY01
Number of LEC Awards	3,395	2,369	2,864

The Commission's ability to effectively monitor claims activity and process the large volume of data has been due in large part to the Commission's computer system. In 1991 the Claims Division became the first state workers' compensation program to utilize optical disk technology and go to a paperless system. This technology, which is used in conjunction with new computer software, allows for greater productivity and instant access to claims information. With this system, more than one person can access a file at the same time, and telephone inquiries can be answered immediately. Based upon the ICA's Claims Division's success, a number of other states have adopted this technology.

ADMINISTRATIVE LAW JUDGE DIVISION (ALJ)

Harriet Turney, Chief Judge

The Administrative Law Judge (ALJ) Division conducts hearings and resolves legal disputes in three subject areas: workers' compensation; occupational health and safety (OSHA); and youth employment. Workers' compensation cases constitute the vast majority of cases heard in the division. The ALJ Division's mission is to resolve all disputes coming before it in an efficient and equitable manner.

The ALJ Division retains a staff of 22 ALJs, their secretaries and various support personnel, who assist the public and the legal community in their contacts with the division. Seventeen ALJs, including the Chief and Vice Chief ALJ, are posted in the Phoenix office of the ICA. The ALJ-in-charge and four other ALJs are posted in the ICA office in Tucson. All ICA ALJs are appointed by the members of the Industrial Commission. They must be active members of the State Bar of Arizona, and have experience in workers' compensation, labor or related fields.

The Claims Division refers workers compensation cases to the ALJ Division when an interested party (claimant, employer or insurance carrier) requests a hearing. An employer protesting the actions of the Arizona Division of Occupational Safety and Health (ADOSH) in an OSHA case may request a hearing that will be referred to the ALJ Division. Once a case is referred to the division, it is assigned to an ALJ who sets it for hearing, usually within 60 days. This allows all parties adequate time to explore settlement possibilities and, if necessary, prepare for hearing. Most of the hearings are conducted in the ICA offices in Phoenix or Tucson. However, in order to accommodate parties in the out-counties, ALJs travel to other locations around the state, including Flagstaff, Prescott, Lake Havasu, Kingman, Yuma, Showlow, Globe, Payson, Lakeside/Pinetop, Sierra Vista, Bisbee, and Nogales.

Workers' compensation cases often require several hearings in order to obtain all necessary medical testimony. OSHA hearings are generally concluded in a single session. In all cases, the ALJs hear the witnesses and consider all the evidence in the record. There are no juries in either workers' compensation or OSHA hearings. The ALJs issue written decisions in which they determine witness credibility and make findings of fact and conclusions of law. In workers' compensation cases, the ALJ who heard the matter considers requests for review. A party disagreeing with the ALJ's decision on review may appeal directly to the Arizona Court of Appeals. In OSHA cases, requests for review are not considered by the ALJs; rather, they are referred to a Review Board which makes a final determination which can then be appealed to the Court of Appeals.

	FY99	FY00	FY01
Cases Referred to the Division	8,713	8,294	8,186
Awards Issued	7,937	7,733	7,583
Average Length of Time to resolve a Case (Days)	118	119	118

Cost containment continues to be a goal of the ALJ Division. Telephonic hearings for medical testimony have been expanded to further reduce costs and expedite the hearing process. Population growth and ever expanding city boundaries have greatly increased travel time to the commission offices in both Phoenix and Tucson. Scheduling medical experts by telephone enhances availability and avoids the costs and loss of productivity associated with travel, especially in Maricopa and Pima counties.

In its continuing effort to resolve disputes faster and reduce litigation costs, the ALJ Division has continued to promote alternative dispute resolution. Mediation, as an alternative to the formal hearing process, has been encouraged by the ALJs and has been utilized in a growing number of cases—both OSHA and workers' compensation. As of April 2001, fourteen of the ALJs have completed training in mediation and dispute resolution strategies. Lawyers have increasingly requested referral of cases to mediation. Parties have been very positive in their reactions to mediation which allows them, through a third party neutral, to work with the other disputants toward a mutually acceptable resolution of their issues.

In August 2001, the Secretary of State's office approved revised rule of procedures for workers' compensation hearings. The division is exploring ways to educate the public and the legal community about the changes and to ensure that all interested parties with cases in the ALJ Division are adequately informed of the rules governing hearings.

ARIZONA DIVISION OF OCCUPATIONAL SAFETY AND HEALTH

Darin Perkins, Director

In 1974 Governor Jack Williams asserted Arizona's right, under the Federal Occupational Safety and Health Act, to retain jurisdiction over occupational safety and health issues within our state, excluding mining operations, Indian reservations and federal employees.

This jurisdiction encompasses approximately 2.1 million employees working in 109,000 public and private establishments. In accordance with the Federal Occupational Safety and Health Act, the Arizona Division of Occupational Safety and Health (ADOSH) operates under an approved plan with the U.S. Department of Labor. In 1985 the U.S. Department of Labor designated ADOSH as being one of only 23 states that have programs that are "as effective" as Federal OSHA.

Given the large scope of responsibility, the Arizona Division of Occupational Safety and Health focuses its efforts in four specific areas: compliance, consultation, elevators and boilers.

COMPLIANCE

ADOSH's compliance activities consist of conducting unannounced inspections of workplaces throughout Arizona to determine whether employers are complying with the Occupational Safety and Health Act and standards.

Inspections may be the result of (1) a work related accident, (2) a complaint, (3) a referral, (4) planned inspection, or (5) a follow-up to ensure that previously cited serious, repeat or willful violations have been corrected. Inspections involving work related accidents are generally serious in nature involving multiple injuries or a fatality. A complaint inspection generally is the result of a serious safety/health allegation or a nonresponse to a written inquiry sent to an employer by ADOSH. A referral generally comes from another government source such as Department of Economic Security's Farmworker Outreach Program, Department of Health Services, Police and Fire Departments. Planned or scheduled inspections are those directed at those employers who have what appears to be a large number of workers' compensation claims, or higher than average injury and illness rates.

ADOSH is the only state or Federal OSHA program in the country that has an independent body, (the Commission) that is separate from the OSHA program, that reviews the appropriateness of ADOSH's penalty proposals and either approves, modifies or disapproves the issuance of penalties for violations of Arizona's Occupational Safety and Health Act.

Every Thursday at a public meeting before the Commissioners, a representative from ADOSH presents a *prima facie* case to the Commissioners as to why a penalty should be assessed. The Commission, as a body, reviews the proposal and either approves, modifies or disapproves the proposed penalties based upon the facts presented. All penalties assessed and collected go directly to the State General Fund.

	FY 99	FY 00	FY 01
Serious Willful and Repeat Violations	669	702	583
Total Penalties Assessed*	$2.3	$2.0	$1.6

*in millions

It is important to note that not all violations or inspections result in penalties. In fact, the majority of violations are other than serious and carry no penalty. In addition, for a significant number of inspections we find no violations and determine that the employer is "in compliance" with the Arizona Occupational Safety and Health Act.

	FY 99	FY 00	FY 01
Nonserious Violations	1,520	1,302	1,045
In Compliance % Rate	42.3%	38.3%	43.6%

CONSULTATION AND TRAINING

ADOSH's consultation activities consist of providing free consultative assistance to employers who are requesting assistance in coming into compliance with existing occupational safety and health standards. At the request of an employer, a consultation evaluation may involve an individual operation or an entire workplace. No citations or penalties are issued to employers utilizing consultation services as long as the employer corrects the apparent hazards which are noted as written recommendations in a letter to the employer.

Free training programs are also provided by ADOSH to business organizations, labor organizations and individual employers upon request. A film library is also available to individual employers who may wish to check-out films to supplement their own safety and health programs.

	FY 99	FY 00	FY 01
# of Hazards Found During Consultations	2,349	2,310	1,943
# of Training Programs	624	678	720
# of Employees Trained	4,504	3,667	2,915
# of Employers Trained	2,265	2,055	3,170

Unlike the Arizona Occupational Safety and Health Act, the Boiler and Elevator program is equipment oriented, and not based upon employee exposure. As a result, cease and desist orders are utilized without monetary penalties. Once violations are corrected, certificates of operation are issued allowing the employer to utilize the boiler, elevator or escalator.

In the Boiler and Elevator statutes, political subdivisions are allowed to retain jurisdiction if they provide a comparable program. The City of Phoenix has retained jurisdiction over elevators within its boundaries. No other political subdivision has retained jurisdiction for boilers or elevators.

	FY 99	FY 00	FY 01
Boilers Inspected	3,021	2,762	2,565
Deficiencies Noted	672	757	716

	FY 99	FY 00	FY 01
Elevators Inspected	4,647	4,588	4,794
Deficiencies Noted	1,671	1,840	1,861

SPECIAL FUND

Karen Ellerman, Special Fund Monitor

The Special Fund is a "trust fund" that was legislatively created in 1969 for the express purpose of providing workers' compensation benefits in the following areas:

- providing benefits for uninsured claimants,
- continuing workers' compensation benefits for claimants of insolvent carriers and bankrupt self-insured employers,
- partial coverage of workers' compensation benefits for second injury claims,
- vocational rehabilitation benefits,
- continuing medical benefits for pre 1973 workers' compensation claimants.

Functionally, the responsibilities of the Special Fund have historically been relatively stable. The only significant changes that have occurred dealt with the financing of the Special Fund and the creation of an oversight Investment Committee in 1984.

The financial integrity of the Special Fund is overseen by a legislatively created Investment Committee. This Investment Committee consists of a representative from the insurance industry, a representative of the investment industry, a representative of the self insured employers, the Chairman and Director of the Industrial Commission.

The Special Fund is a $275 million fund which is comprised of investment property, the Industrial Commission offices at 800 W. Washington, Phoenix and 2675 E. Broadway, Tucson, and a mix of bonds, stocks and cash. Because of the Special Fund's conservative investment strategy, its portfolio consists of 66% bonds, 30% stocks and 4% cash. The Special Fund's net rate of return, over the past four years has ranged from 7.9% for FY97, 13.1% for FY98, 6.5% for FY99 and 1.5% for FY01. Our ten year rate of return is 8.9%

The funding source of the Special Fund has changed dramatically over the years. Originally there were two funding sources: the amount unexpended from a fixed 3% tax on workers' compensation premiums and an additional discretionary workers' compensation premium tax of 2% After a legislative change in 1993, the source of funds is now based upon the Special Fund's investment income and a discretionary tax of 1.5% which has been 0% since 1992.

The Special Fund's retained earnings are presently at $80.0 million at the end of FY01.

The Investment Committee reviews the tax rate each year and has set the tax rate at 0% again for 2002.

Some examples of operational statistics and their financial impact are as follows:

UNINSURED CLAIMS

The Special Fund is responsible for providing benefits to injured workers whose employers are violating the law and not providing workers' compensation insurance (no-insurance claims). The historical number of no-insurance claims and the annualized cost for those claims are as follows:

	FY 99	FY 00	FY 01
No-Insurance Awards Issued	3,755	3,375	3,184
Annualized Costs of No-Insurance Claims	$4.1*	$4.5*	$4.2*

*Cumulative costs (in millions) incurred in that fiscal year for all current open no-insurance claims files.

INSOLVENT INSURANCE CARRIERS

The Special Fund is responsible for continuing workers' compensation benefits for those claimants insured by insolvent insurance carriers.

The estimated reserve for those claims are as follows:

15% fee to State Compensation Fund	2.8 million
Mission Insurance	5.3 million
Mission National Insurance	8.6 million
Enterprise Insurance Company	.3 million
Employers Casualty Insurance Company	.7 million
Western Employers Insurance Company	2.4 million
Carriers Insurance Company	.3 million
Montgomery Wards	.6 million
Imperial Insurance	.02 million
Ideal Mutual	.09 million
American Mutual	.08 million
Rockwood Insurance	.10 million
PIE National	.06 million
	21.4 million

VOCATIONAL REHABILITATION

A workers' compensation claimant who as a result of the worker's injury has incurred a permanent impairment that prevents that worker from returning to the worker's date of injury employment and who also has a loss of earning capacity may be eligible for vocational rehabilitation benefits.

In 1988 the Commission enhanced its existing vocational rehabilitation efforts by establishing a specific program for injured workers with scheduled injuries. The historical statistics related to this issue are as follows:

	FY 99	FY 00	FY 01
# of Rehabilitation Awards Issued	101	84	94
Rehabilitation Costs*	$1.8*	$1.6*	$1.7*

*Cumulative costs (in millions) incurred in that fiscal year for all continuing vocational rehabilitation claims.

Our rehabilitation program is focused on providing vocational retraining that will result in meaningful employment. This training includes a variety of college courses to supplement prior education, on the job training where the special fund will pay 50% of the salary during training as long as there is a commitment to hire the trainee, and a variety of vocational programs including: graphic artist, meat cutting, respiratory therapy, nursing, computer aided drafting, medical assistants, and pharmacy technicians. For those that are eligible for vocational rehabilitation but are lacking skills to enter a program, the Special Fund offer foundational training in math, reading, and English (ESL).

LEGAL DIVISION

Anita Valainis, Chief Counsel

The Industrial Commission has always had its own legal representation, separate from the Attorney General's Office. In its early years, the Legal Division functioned in a dual role as both hearing officers and legal counsel.

With the creation of the Administrative Law Judge Division in 1969, the responsibilities changed and remain the same today. The Legal Division represents the Industrial Commission in all legal matters affecting the Agency.

The major responsibilities of the Division are as follows:

- Represents the Special Fund in actual/potential litigation involving most activities of the Special Fund, i.e. uninsured workers'compensation claims, second injury claims, supportive care, and, on occasion, claims involving insolvent carriers/bankrupt self-insured employers.
- Represents the Arizona Division of Occupational Safety and Health in actual/potential litigation regarding the enforcement of the Arizona Occupational Safety and Health Act.
- Represents the Labor Division in the enforcement of youth employment matters and wage claim appeals and the regulation of employment agents under the Labor Department's jurisdiction.
- Represents the agency in personnel matters.
- Provides legal advice to the five member Commission and Division Managers.

- Assists Division Managers in the promulgation of rules.
- Ensures that Arizona's employers are providing workers' compensation insurance coverage for their employees.
- Initiates subrogation of third party no-insurance claims.
- Operates a program for processing and collection of delinquent accounts.

A historical perspective of some of the activities of the Legal Division are as follows:

HEARINGS

	FY 99	FY 00	FY 01
Hearings/Legal Proceedings Involving Special Fund and AZ Div. of Occupational Safety and Health Cases	496	425	396

INSURANCE COVERAGE

The Legal Division is notified through a variety of sources of those employers who are violating Arizona law by not providing workers' compensation coverage for their employees. The Legal Division investigates each referral and ensures that insurance is obtained.

	FY 99	FY 00	FY 01
Compliance Referrals	1,244	1,250	1,428

COLLECTIONS

The Legal Division is notified when monies owed as a result of Arizona Division of Occupational Safety and Health citations or uninsured workers' compensation claims are delinquent. The collection of delinquent accounts is either addressed in-house or with outside collection counsel.

	FY 99	FY 00	FY 01
Collection Referrals	498	452	415

The Legal Division is also involved in a variety of miscellaneous legal matters, e.g. ADOSH discrimination cases, Superior Court injunctive activities, attorney fee petitions and certifications of records to the Court of Appeals.

DIVISION OF ADMINISTRATION

Douglas Newton, Manager

The Division of Administration was created to provide support services necessary to ensure the efficient and effective operation of the Industrial Commission. The Division provides the following services:

1. Budgeting
2. Accounting
3. Data Processing
4. Purchasing
5. Facilities Management
6. Workers' Compensation Statistical Reporting
7. Ombudsman's Office for Workers' Compensation
8. Printing and Mailing Services
9. Personnel Services
10. Processing & Evaluation of Applications for Self Insured Employers
11. Federal Grant Administration

A more detailed explanation of some of the services provided by the Division are as follows:

ACCOUNTING SERVICES

In addition to payment of operational claims and purchase orders, the Division is responsible for prompt payment of monthly or semi-monthly payment of compensation and medical benefits provided to those injured workers receiving benefits under the Special Fund.

The Division pays compensation within three days and medical service providers are paid within fourteen days from receipt of billing. A historical perspective of the number of warrants is provided:

	FY 99	FY 00	FY 01
Checks Issued	15,932	14,252	14,130

OMBUDSMAN

In 1988 the Industrial Commission's Ombudsman's Office was created by statute to provide assistance to injured workers in resolving difficulties encountered during the processing of their workers' compensation claims. The Ombudsman's Office intercedes on behalf of an injured worker to ensure that the worker receives benefits to which the worker is entitled under the law. Personnel in the Ombudsman's Office do not provide legal advice nor do they participate in legal proceedings. A historical perspective of the number of claimants that have received assistance are listed as follows:

	FY 99	FY 00	FY 01
Number of Claimants Assisted	5,318	5,347	5,119

DATA PROCESSING

In 1991 the Industrial Commission's Claims Division became the first state workers' compensation system in the country to utilize optical disk imaging. The system works in conjunction with a large sophisticated data software program that has provided the agency the mechanism for an agency wide claims system. The Commission's Data Processing Section has converted all existing systems to an agency wide PC based UNIX system utilizing HP servers that will utilize the optical disk imaging technology, and will begin the process of integrating the ALJ, Special Fund and Legal systems into the optical disk imaging system.

We are continuing to develop an employer master file to be shared by all Divisions of the agency. This system will contain current information on Arizona employers including address, workers' compensation insurance coverage, number of employees and other data needed to assist the agency tracking Arizona employers. Also, we are in the process of rewriting the Claims Data Base System for processing of claims.

CURRENT EVENTS

The Industrial Commission is continually reviewing operations in an effort to be more efficient in meeting our statutory mandates and our mission statement. This past year we spent a considerable amount of time and effort on several rule packages. We completed the revisions to our workers compensation rules and we are continuing our efforts in two additional areas: (1) The Commission is utilizing a taskforce made up of members of the community to draft rules regarding compromise and settlements of workers compensation cases. The taskforce has completed a number of drafts and solicited comments from the general public. They currently are reviewing those public comments before drafting their proposals for the Commission's consideration. (2) The second set of rules involves self-insurance rules and was essentially complete before the events of September 11th. Since that event has had a significant impact on the insurance industry, especially the re-insurance market, we are currently holding the rule package until we can determine if the proposed rules are feasible given the current market.

This past year, because of increases in the salaries for our occupational safety and health professionals we were able to fill a significant number of vacancies in our Arizona Division of Occupational Safety and Health. Internal training for these new professionals is completed and we are looking forward to seeing the benefits of their efforts this fiscal year.

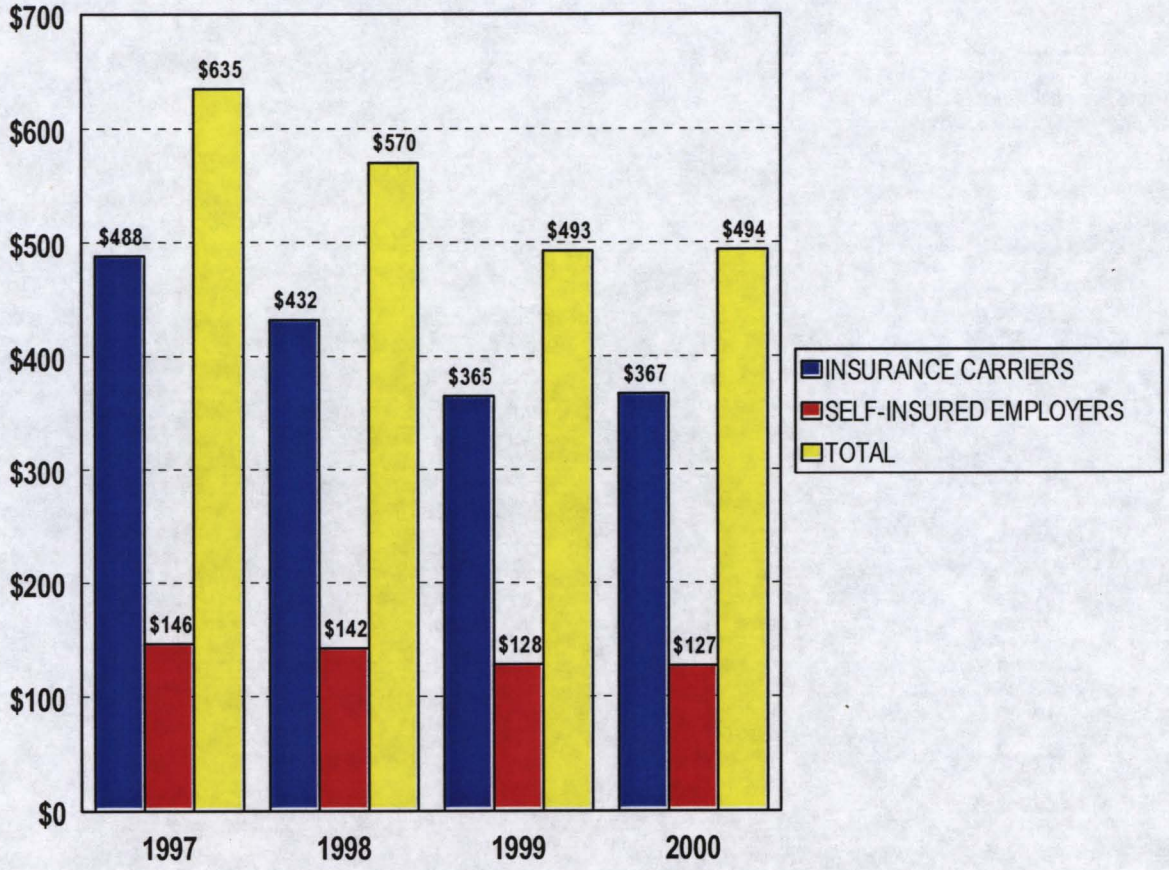
This past year we saw a number of insurance companies and one self-insured employer become insolvent. We have had to collect those files and process those workers compensation claims to the State Compensation Fund to ensure that those workers compensation benefits continue for those injured workers. While we do not know the full economic impact of these insolvencies, we do know that our Special Fund will be impacted. Our continuing concern is that there are other insurance companies and possibly other self-insured employers who may become insolvent because of the events of September 11th and a slowing economy.

The Commission held its third stakeholders meeting in October 2001, and asked the affected community to comment on our legislative proposals and to submit proposals they feel are appropriate. The Commission has incorporated those comments in establishing their legislative agenda for 2002.

We are continuing the expansion and improvement of our computer services. We are also continuing our work in the development of a statewide employer database. We continue to work on and improve our website. Current topical information including Commission agendas, minutes, and rule proposals can be found at **www.ica.state.az.us.**

CHART 1. TAXABLE WORKERS COMPENSATION PREMIUMS REPORTED (IN MILLIONS)

ON A CALENDAR YEAR BASIS*



*PREMIUMS WRITTEN LESS RETURNED PREMIUMS, DIVIDENDS, CANCELLED PREMIUMS

CHART 2. DIRECT LOSSES PAID (IN MILLIONS) ON A CALENDAR YEAR BASIS.

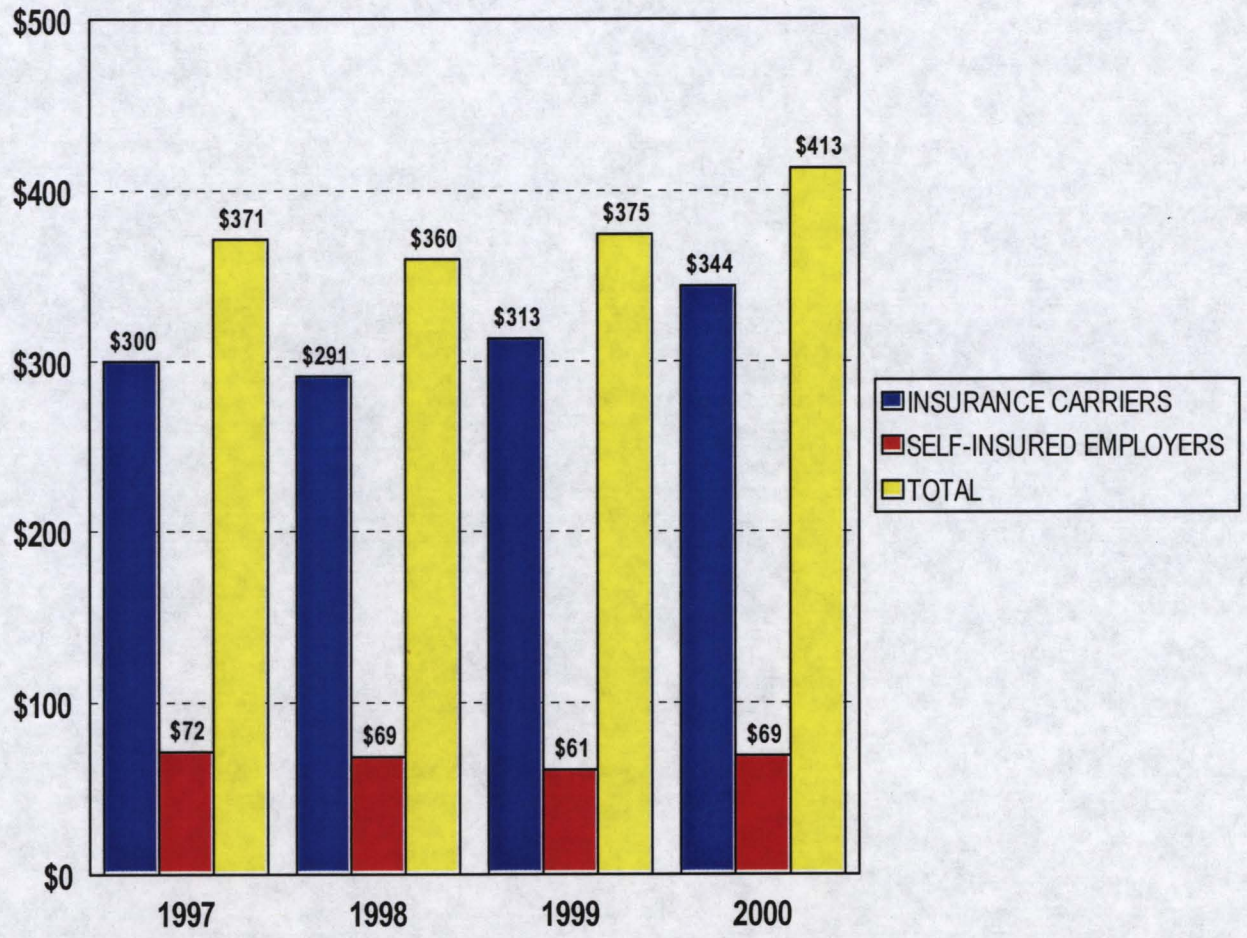


CHART 3. TOTAL COMPENSATION CLAIMS FILED WITH THE INDUSTRIAL COMMISSION

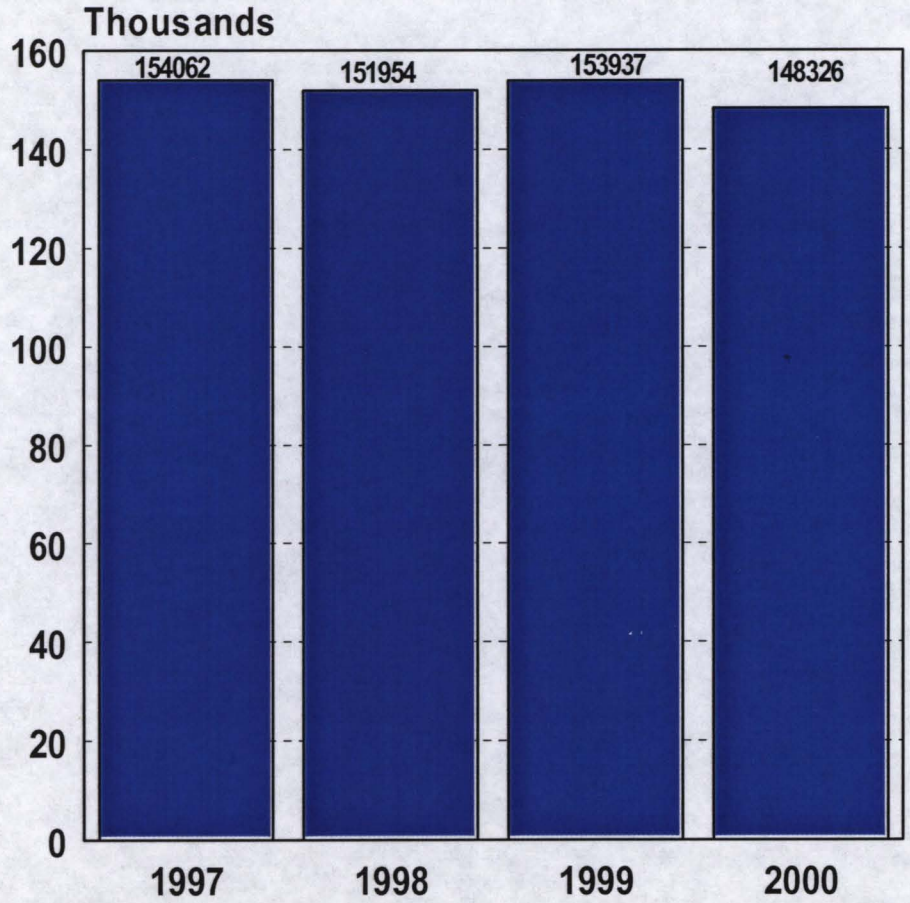


CHART 4. TOTAL TIME LOST CLAIMS FILED WITH THE INDUSTRIAL COMMISSION

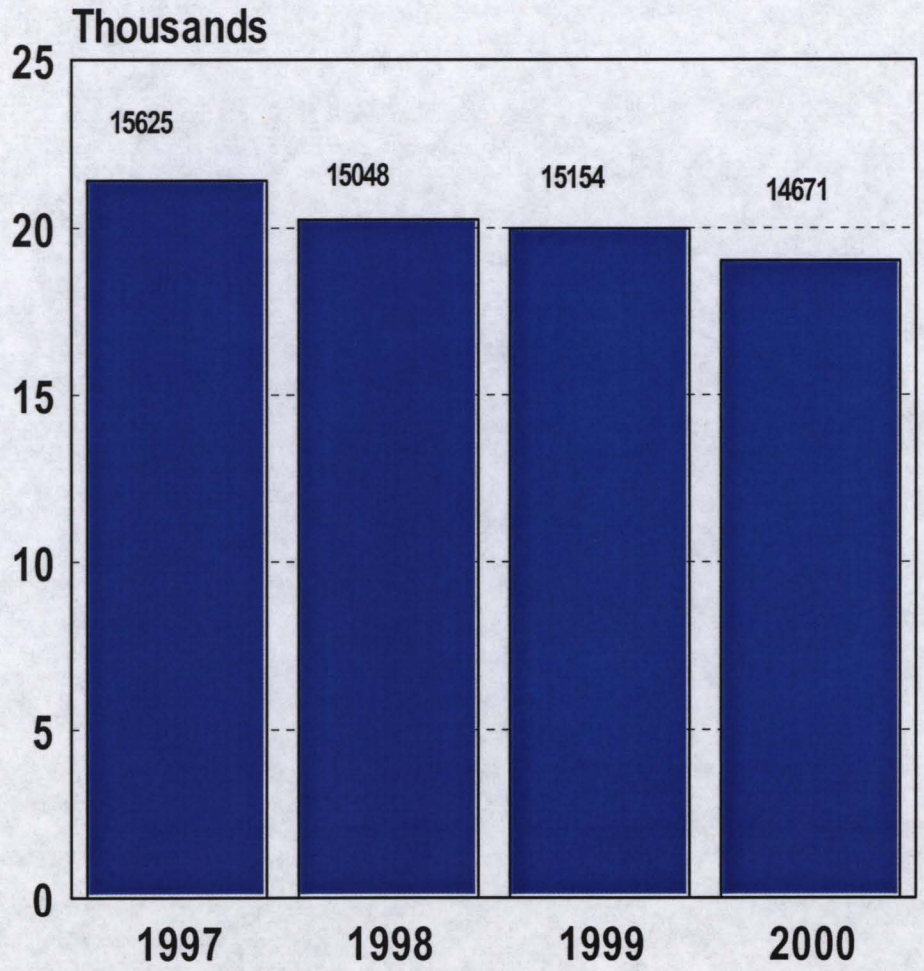
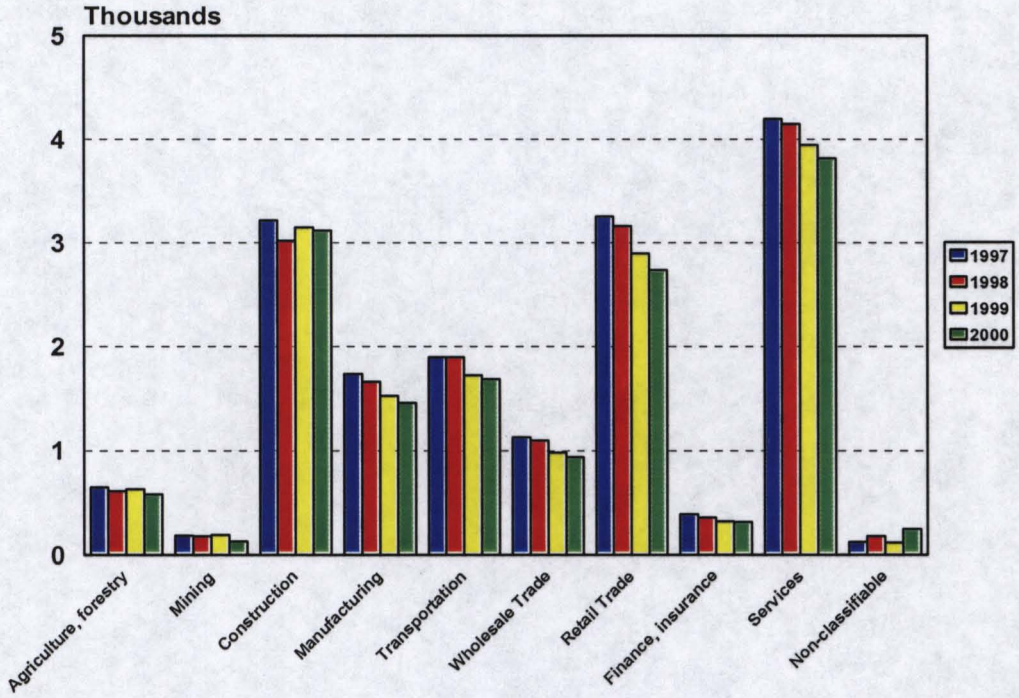


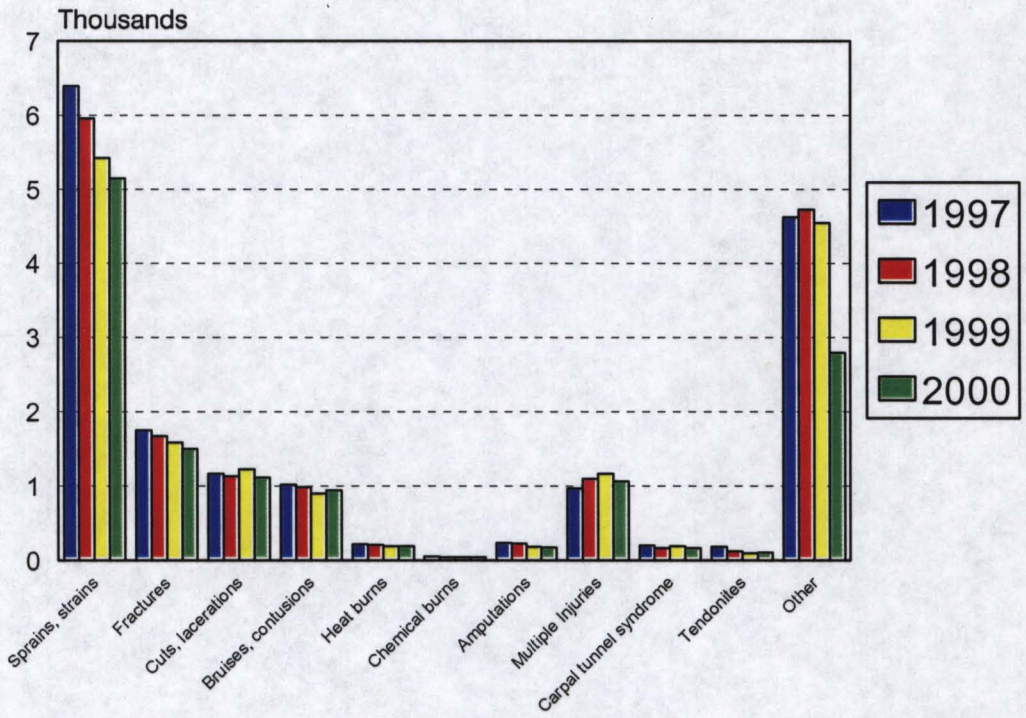
CHART 5. LOST WORKDAY CLAIMS 1997-2000 by MAJOR INDUSTRY DIVISION



Major Industry Division	1997	1998	1999	2000
Agriculture, forestry	644	606	629	581
Mining	183	178	187	126
Construction	3216	3019	3148	3118
Manufacturing	1740	1660	1530	1462
Transportation	1900	1898	1727	1689
Wholesale Trade	1128	1094	981	936
Retail Trade	3253	3163	2896	2736
Finance, insurance	386	353	320	314
Services	4195	4148	3944	3816
Non-classifiable	124	177	117	244

INCLUDES ALL PRIVATE SECTOR LOST WORKDAY CLAIMS THAT WERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

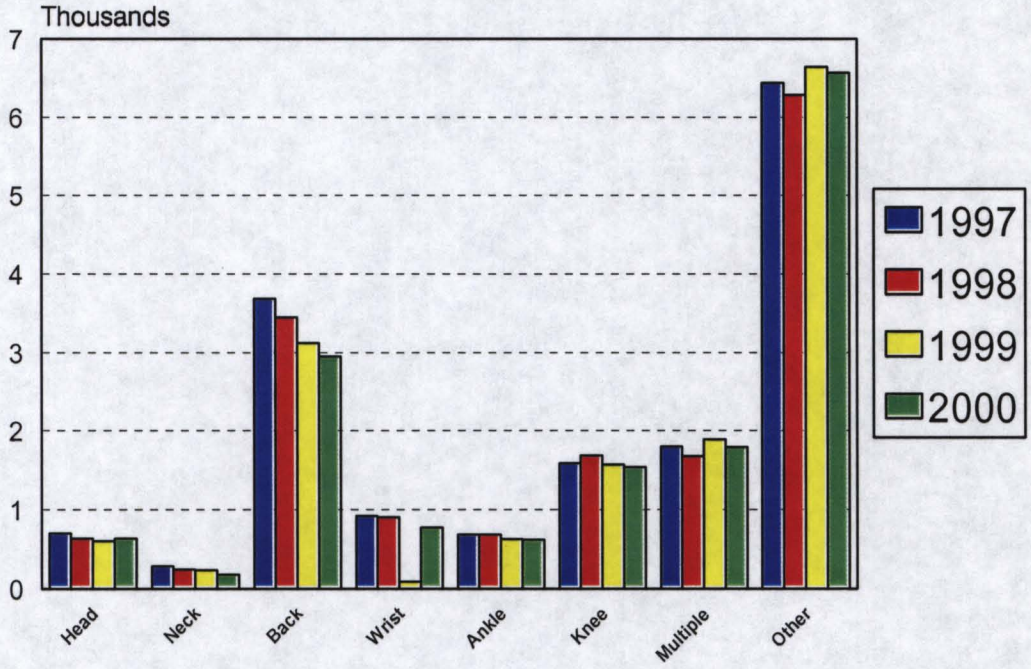
CHART 6. LOST WORKDAY CLAIMS 1997-2000 by NATURE



NATURE	1997	1998	1999	2000
Sprains, strains	6384	5953	5422	5142
Fractures	1746	1670	1585	1501
Cuts, lacerations	1164	1129	1220	1114
Bruises, contusions	1019	984	898	941
Heat burns	212	206	189	187
Chemical burns	50	39	38	38
Amputations	232	223	182	169
Multiple Injuries	965	1089	1160	1055
Carpal tunnel syndrome	196	159	189	165
Tendonites	178	117	92	101
Other	4623	4727	4541	2795

INCLUDES ALL PRIVATE SECTOR LOST WORKDAY CLAIMS THAT WERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

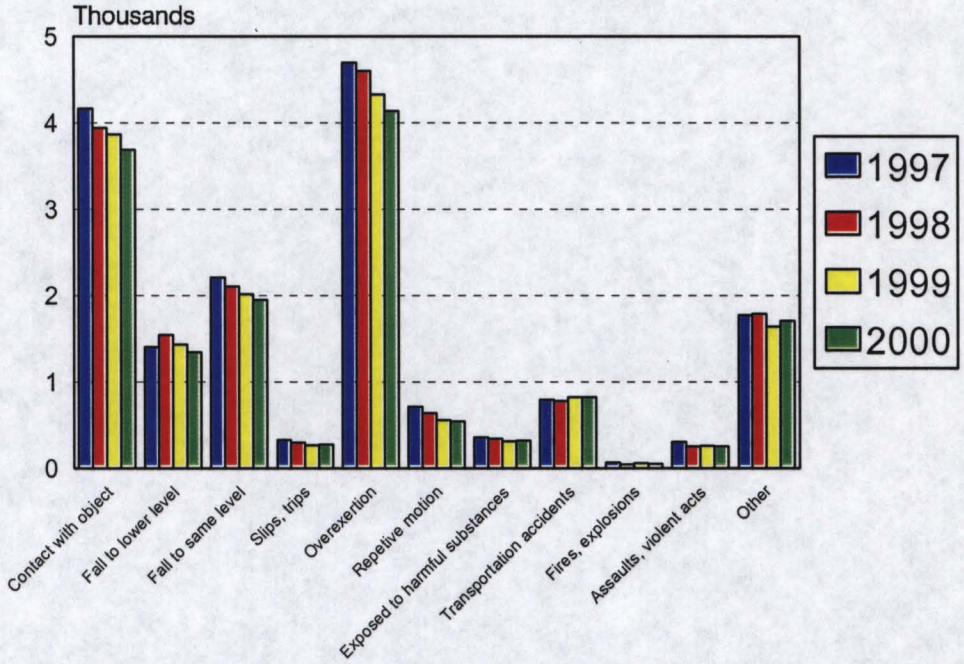
CHART 7. LOST WORKDAY CLAIMS 1997-2000 by PART OF BODY



PART OF BODY	1997	1998	1999	2000
HEAD	696	636	602	634
NECK	285	247	238	178
BACK	3679	3442	3119	2950
WRIST	917	907	84	770
ANKLE	686	682	622	617
KNEE	1585	1681	1574	1540
MULTIPLE	1796	1675	1886	1794
OTHER	6441	6281	6641	6569

INCLUDES ALL PRIVATE SECTOR LOST WORKDAY CLAIMS THAT WERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

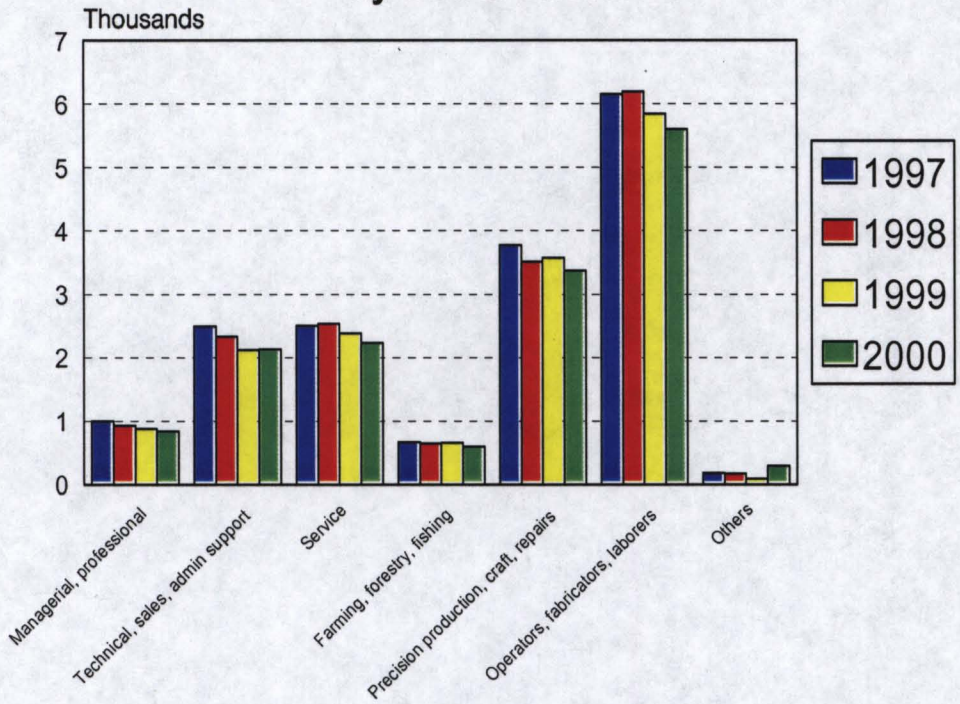
CHART 8. LOST WORKDAY CLAIMS 1997- 2000 by EVENT or EXPOSURE



EVENT OR EXPOSURE	1997	1998	1999	2000
Contact with object	4159	3941	3865	3691
Fall to lower level	1398	1535	1429	1340
Fall to same level	2204	2101	2012	1944
Slips, trips	323	294	268	275
Overexertion	4695	4599	4321	4129
Repetive motion	709	634	550	536
Exposed to harmful substances	355	338	307	319
Transportation accidents	787	779	817	817
Fires, explosions	66	43	54	52
Assaults, violent acts	302	247	255	247
Other	1771	1785	1638	1702

INCLUDES ALL PRIVATE SECTOR LOSTWORKDAY CLAIMS THATWERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

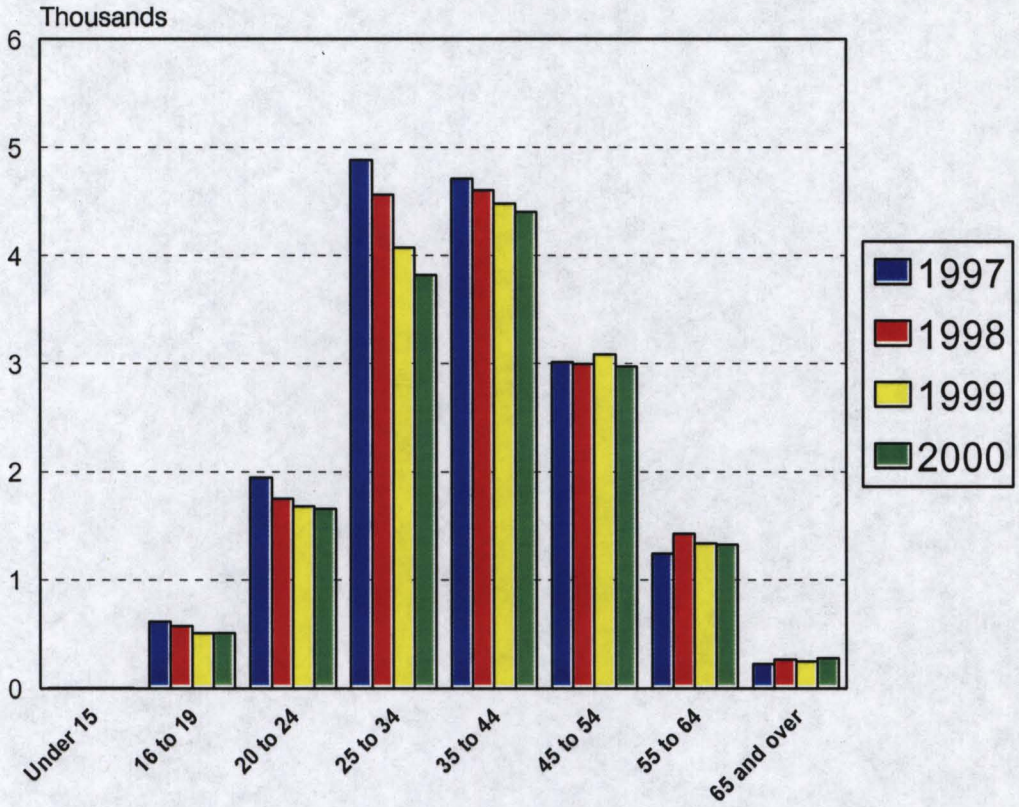
CHART 9. LOST WORKDAY CLAIMS 1997-2000 by OCCUPATION



OCCUPATION	1997	1998	1999	2000
Managerial, professional	994	924	873	838
Technical, sales,	2494	2331	2115	2124
Service	2502	2531	2375	2234
Farming, forestry, fishing	667	641	650	591
Precision production, craft	3774	3511	3573	3371
Operators, fabricators	6154	6191	5844	5599
Others	184	167	86	295

INCLUDES ALL PRIVATE SECTOR LOST WORKDAY CLAIMS THAT WERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

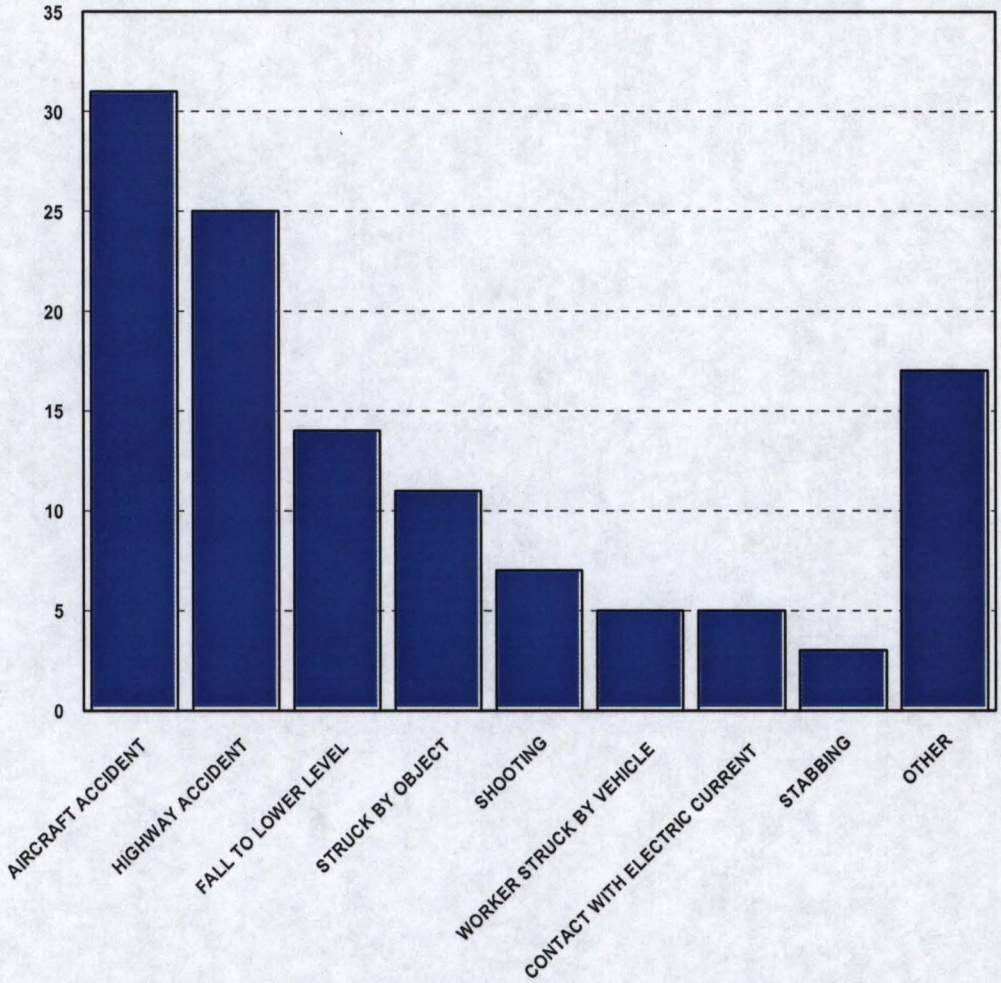
CHART 10. LOST WORKDAY CLAIMS 1997-2000 by AGE



AGE	1997	1998	1999	2000
Under 15	6	5	9	8
16 to 19	617	574	510	512
20 to 24	1950	1752	1679	1658
25 to 34	4882	4562	4071	3820
35 to 44	4710	4601	4481	4403
45 to 54	3013	2996	3085	2972
55 to 64	1242	1425	1340	1327
65 and over	226	270	248	277

INCLUDES ALL PRIVATE SECTOR LOSTWORKDAY CLAIMS THATWERE RECEIVED DURING CALENDAR YEARS 1997, 1998, 1999 and 2000.

CHART 11. DISTRIBUTION OF FATAL OCCUPATIONAL INJURIES BY EVENT OR EXPOSURE ARIZONA, 2000

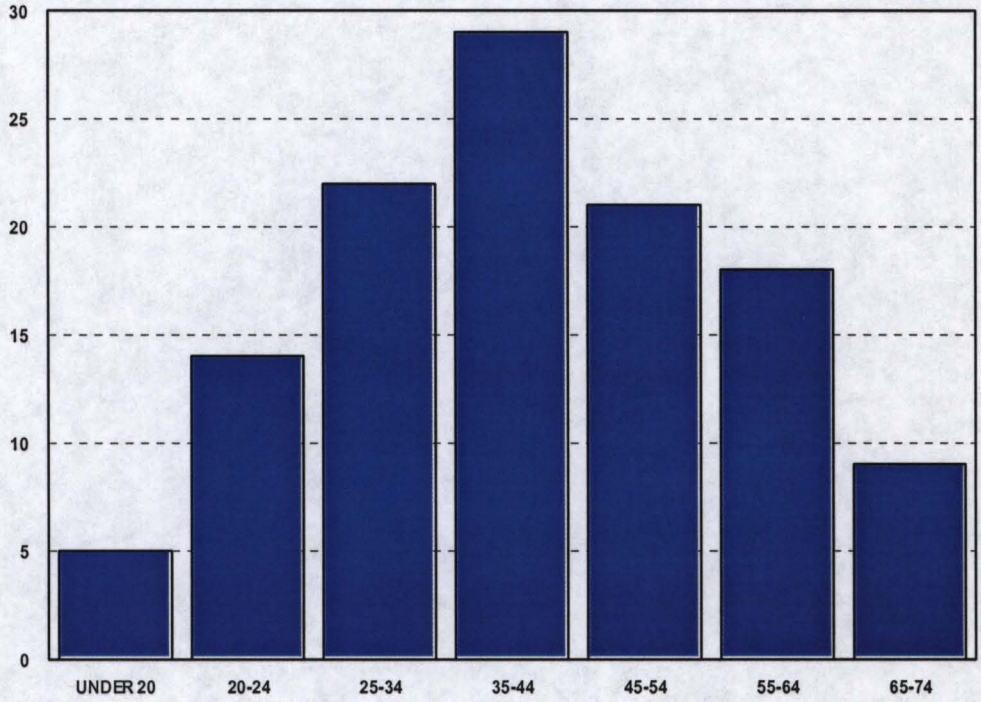


EVENT	NUMBER	PERCENT
AIRCRAFT ACCIDENT	31	26.0
HIGHWAY ACCIDENT	25	21.0
FALL TO LOWER LEVEL	14	12.0
STRUCK BY OBJECT	11	9.0
SHOOTING	7	6.0
WORKER STRUCK BY VEHICLE	5	4.0
CONTACT WITH ELECTRIC CURRENT	5	4.0
STABBING	3	3.0
OTHER	17	14.0

SOURCE: CENSUS OF FATAL OCCUPATIONAL INJURIES, INDUSTRIAL COMMISSION OF ARIZONA

CHART 12. DISTRIBUTION OF FATAL OCCUPATIONAL INJURIES BY AGE

ARIZONA, 2000



AGE	NUMBER	PERCENT
UNDER 20	5	4.0
20-24	14	12.0
25-34	22	19.0
35-44	29	25.0
45-54	21	18.0
55-64	18	15.0
65 AND OVER	9	8.0

SOURCE: CENSUS OF FATAL OCCUPATIONAL INJURIES, INDUSTRIAL COMMISSION OF ARIZONA