

THE INDUSTRIAL COMMISSION OF ARIZONA

2015 ANNUAL REPORT

(Preliminary)

January 29, 2016



Dale L. Schultz	Chairman
Joseph M. Hennelly, Jr.	Vice Chair
Clint Bolick	Commissioner
Scott P. LeMarr	Commissioner
Robin S. Orchard	Commissioner

James Ashley, Director



“The Spirit of Arizona,” Mural Painting by Robert T. McCall © 1987 Industrial Commission of Arizona as Trustee for the Special Fund

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HISTORY OF THE INDUSTRIAL COMMISSION

The Industrial Commission of Arizona (“ICA” or “Commission”) is a regulatory agency that was created in 1925 as a result of legislation implementing the constitutional provisions establishing a worker’s 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 worker’s compensation 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, minimum wage, vocational rehabilitation, and 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 years terms. As a non-general fund agency, the Industrial Commission’s Administrative Fund is funded by an annual assessment on workers’ compensation premiums that cannot exceed 3%. The Commission performs its statutory duties and responsibilities through the seven major Divisions that are described in this document.

Commission Duties and Responsibilities

The Commission is responsible for administering and enforcing laws and regulations that relate to the protection of life, health, safety and welfare of employees within the State. These laws are found in Title 23 of the Arizona Revised Statutes.

A five-member Commission is responsible for determining the policy of the Industrial Commission of Arizona. Each Commissioner is appointed by the Governor to a five-year staggered term.

In addition to establishing the policy of the Commission, the Commissioners also perform a variety of other functions which include:

- Approving the issuance of occupational safety and health citations with penalties in excess of \$2,500;
- Approving the issuance of cease and desist orders and penalties for youth employment law violations;
- Promulgating agency rules;
- Authorizing and approving renewal of the self-insurance authority for individual employers and workers' compensation pools;
- Licensing of employment agencies, career counseling services, and talent and modeling firms;
- Reviewing the Arizona Workers' Compensation Physicians' and Pharmaceutical Fee Schedule on an annual basis;
- Approving penalties for employers who fail to provide workers' compensation insurance for their employees;
- Acting on requests from injured workers to commute their permanent monthly workers' compensation awards to lump sum amounts;
- Acting on occupational safety and health discrimination complaints, and;
- Establishing the annual tax assessment rates on workers' compensation premiums to fund the Administrative Fund and Special Fund.

Commission meetings, except for Executive Sessions, are open to the public and subject to the open meeting laws. The time and location of each meeting are published in the agenda for that meeting. Agendas are published at least 24 hours in advance of each meeting and are available for download on the Industrial Commission of Arizona website at <http://www.azica.gov/>. Minutes are kept of each meeting and are also available for download on this web site or by contacting the Commission Secretary at (602) 542-4411.

STATE OF PROGRAMS

A. OCCUPATIONAL SAFETY AND HEALTH

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 2.3 million employees working in 144,000 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 27 states and territories that have programs that are "as effective" as Federal OSHA. ADOSH focuses its efforts in four specific areas: compliance, consultation, elevators and boilers.

1. Compliance

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

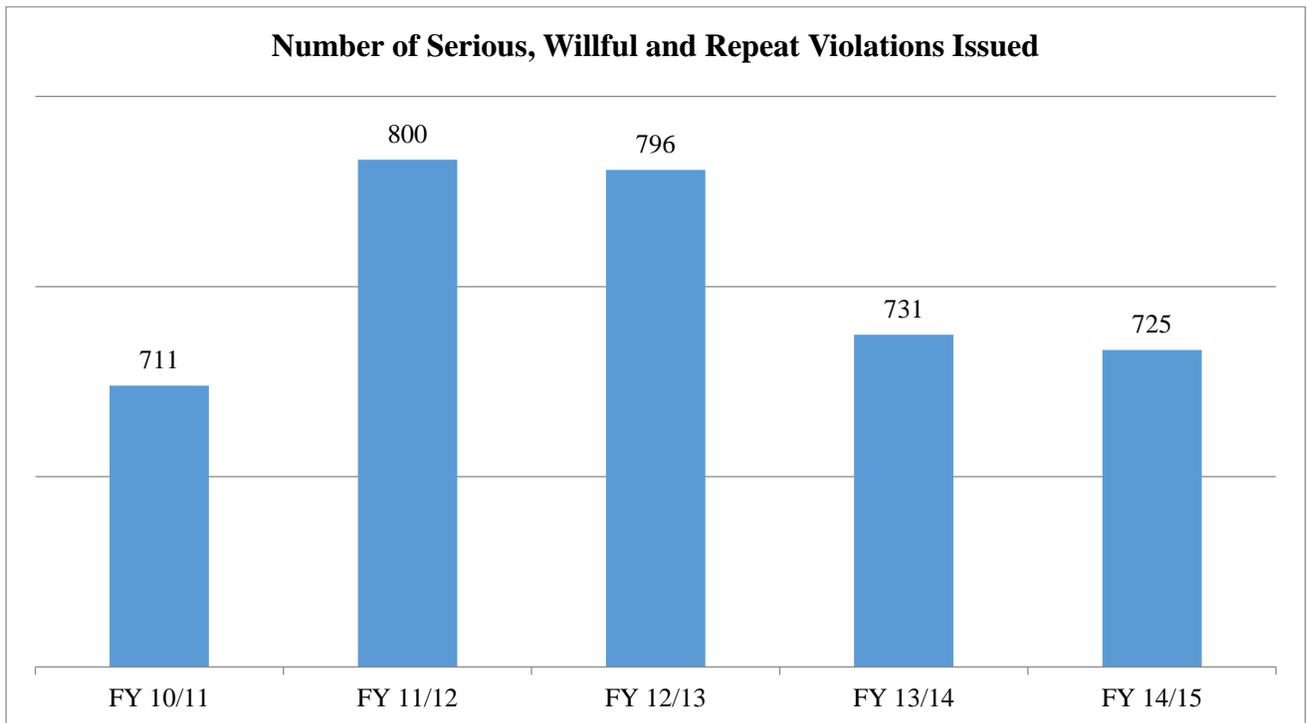
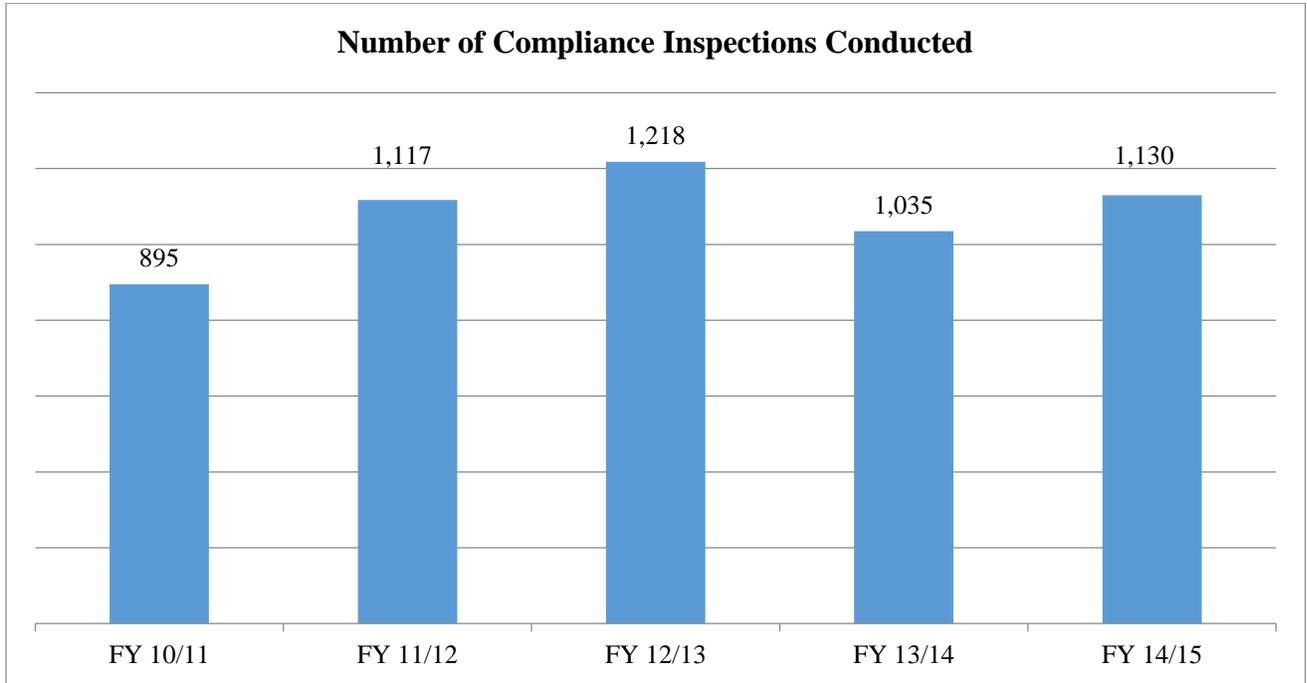
Inspections may be the result of (1) a work-related accident, (2) a complaint, (3) a referral, (4) a planned or targeted effort, or (5) a follow-up to ensure previously cited serious, repeat or willful violations have been corrected.

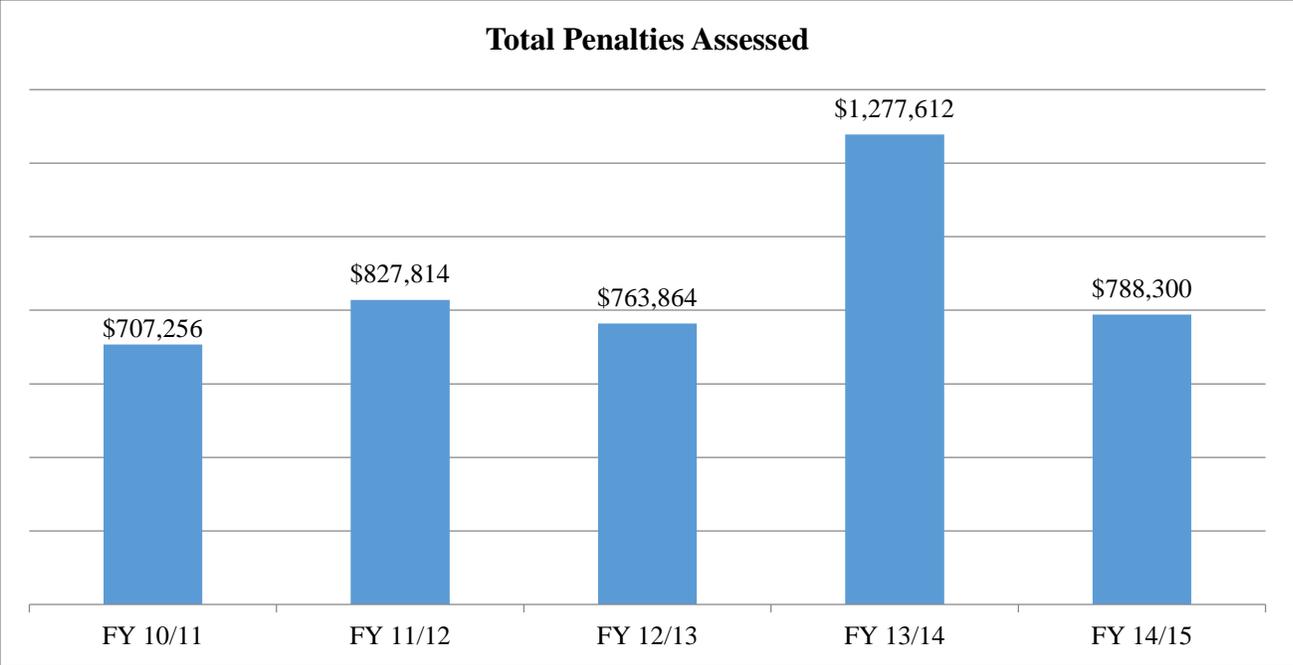
Inspections involving work-related accidents are generally serious in nature, involving multiple injuries, or a fatality. A complaint inspection is generally the result of a serious safety/health allegation or an employer's failure to respond to a written inquiry from ADOSH. A referral generally comes from another government source such as the Department of Economic Security's Farm Worker Outreach Program, Department of Health Services, or police and fire departments. Planned or targeted inspections are directed at employers in high-hazard industries or who have 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 which has an independent body (the Commission) separate from the OSHA program that reviews the appropriateness of ADOSH'S proposed citations and either approves, modifies or disapproves their issuance.

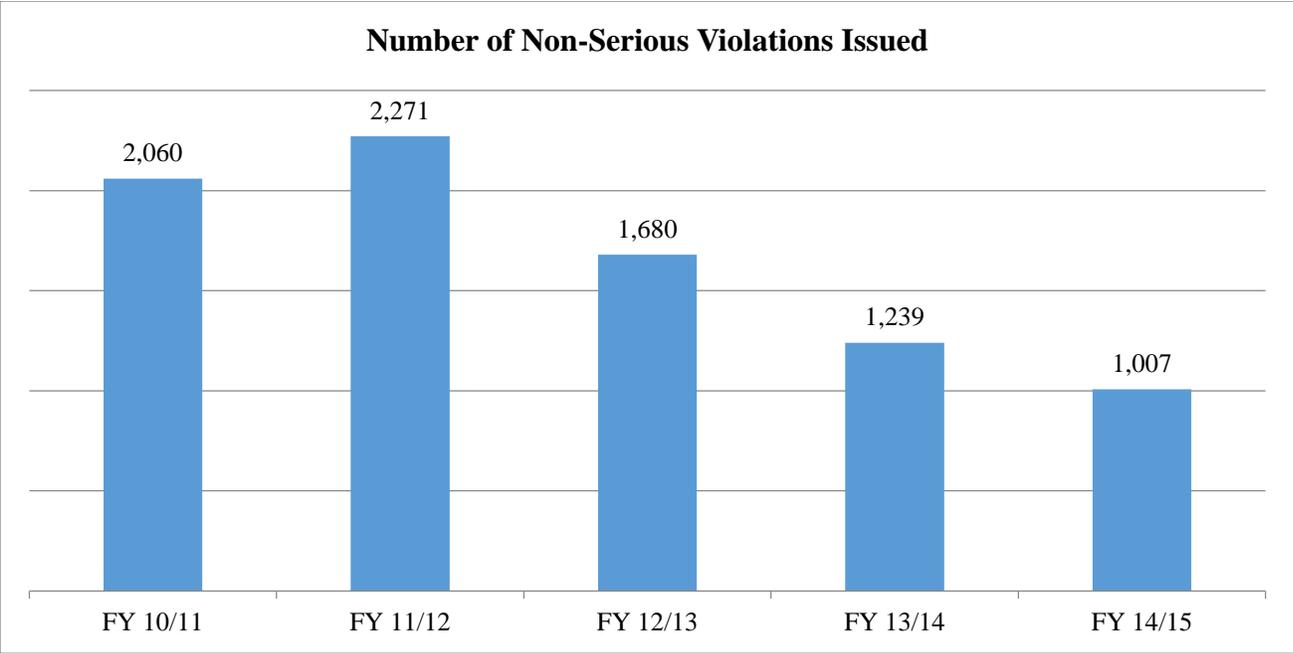
At a public meeting before the Commissioners, a representative from ADOSH presents a prima facie case to the Commissioners as to why a citation should be issued. The Commission, as a body, reviews the proposal and either approves, modifies, or disapproves the proposed citations based upon the facts presented. Current Commission policy is to review all cases where there are citations with penalties totaling more than \$2,500.00. Penalties totaling \$2,500.00 or less are approved by the ADOSH Director. All penalties assessed and collected go directly to the State General Fund.

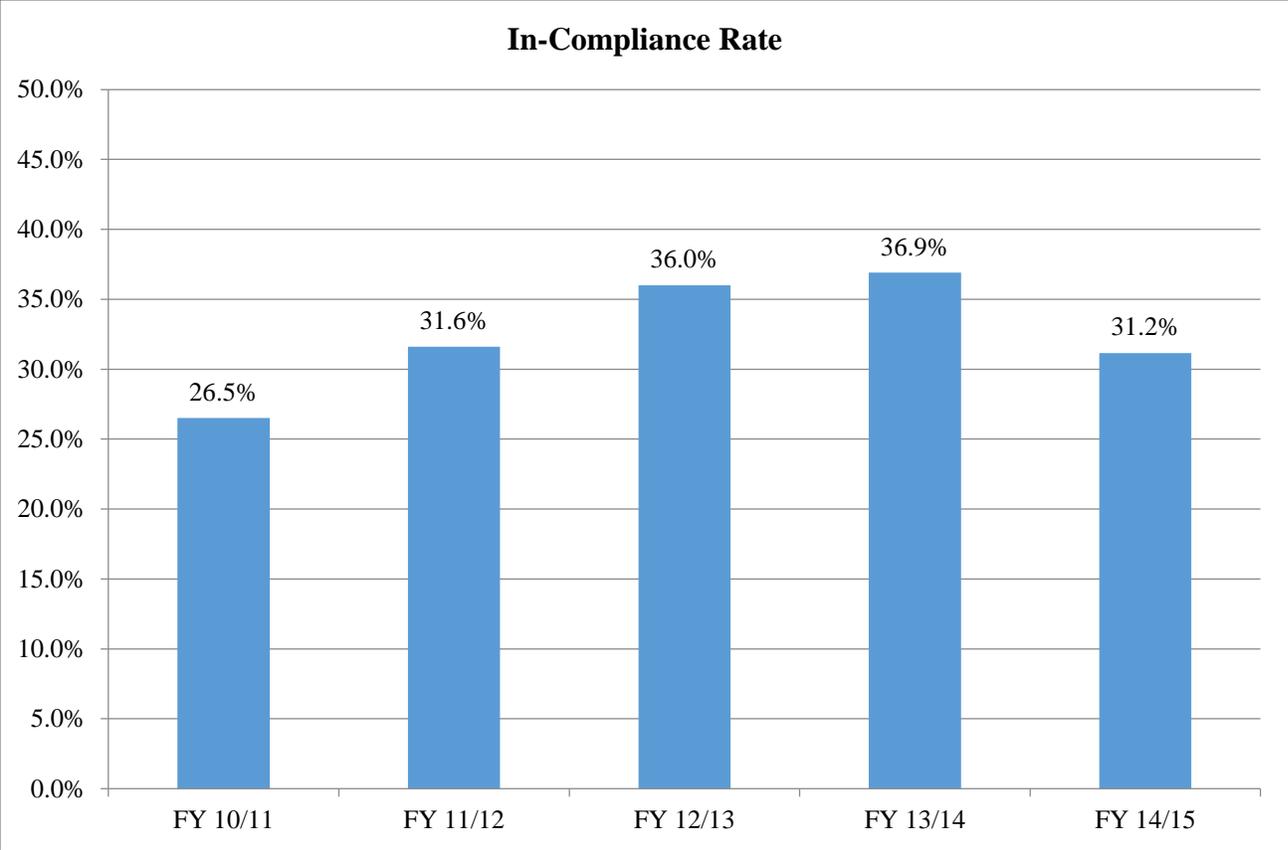
The following represent statistics related to citations issued by ADOSH during the applicable state fiscal year.





It is important to remember, not all violations noted in 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 ADOSH finds no violations and determines the employer is “in compliance” with the Arizona Occupational Safety and Health Act.





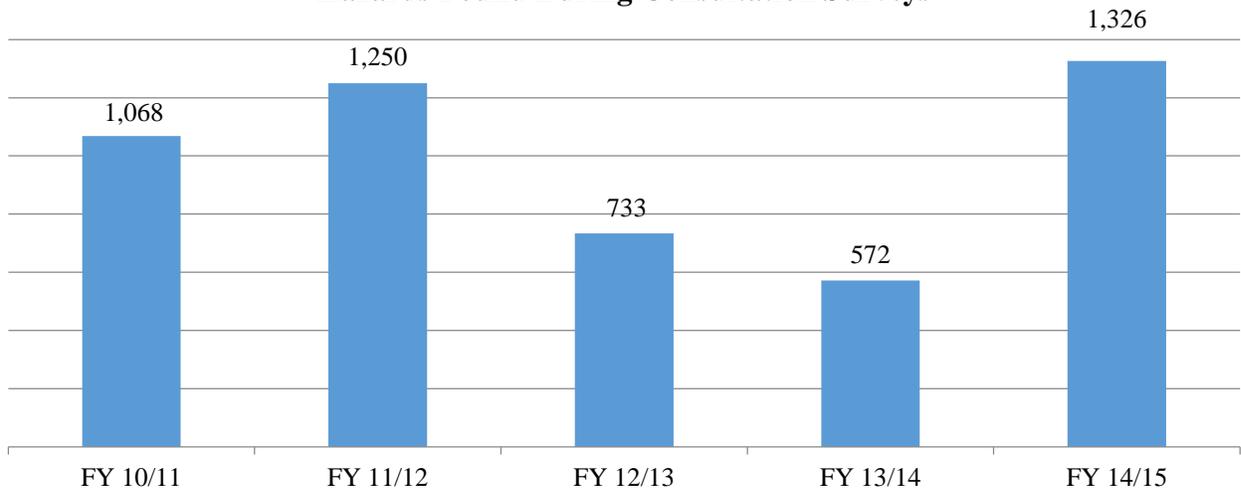
2. Consultation and Training

ADOSH’s consultation activities consist of providing free consultation 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.

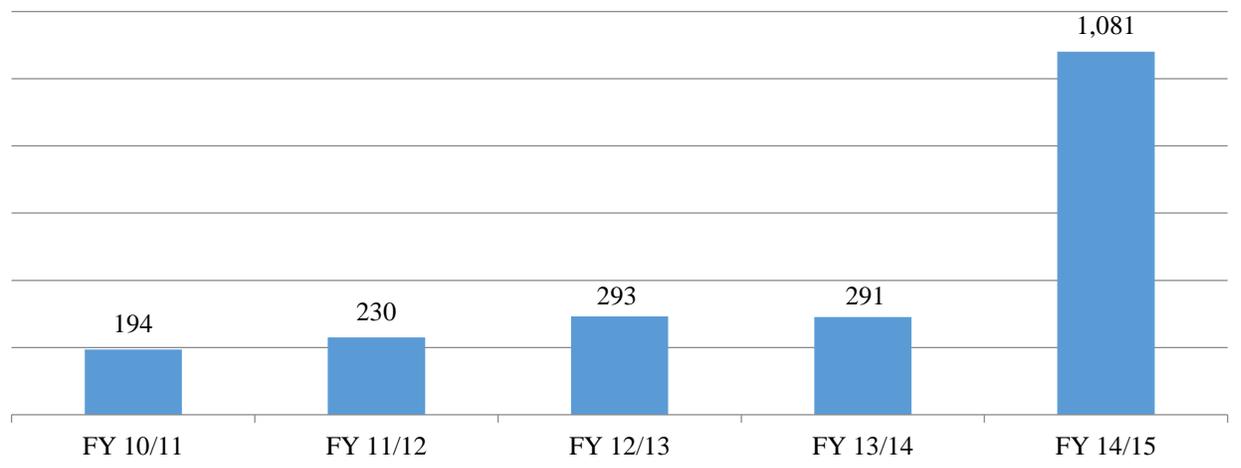
The consultation department also oversees key outreach and partnership programs which help strengthen public and private entity’s understanding of ADOSH’s mission and vision. The programs include the Voluntary Protection Program, the Safety and Health Achievement Recognition Program, Partnerships and Alliances. Employers who have chosen to partner with ADOSH have seen injury and illnesses reduced dramatically below their industry average. Therefore, the employer helps to improve workplace safety for all employees. Employers who want to work to improve their workplace or industry may contact the program manager to gain more information on the programs.

Free training programs are also provided by ADOSH to business organizations, labor organizations, and individual employers upon request. The following represent statistics related to consultation services provided by ADOSH during the applicable state fiscal year.

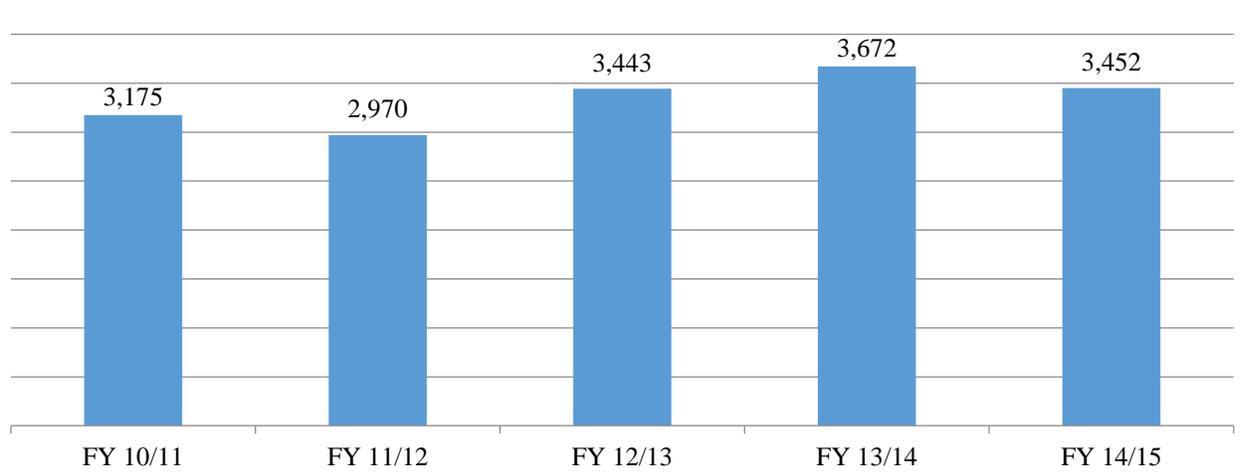
Hazards Found During Consultation Surveys



Number of Training Programs Conducted



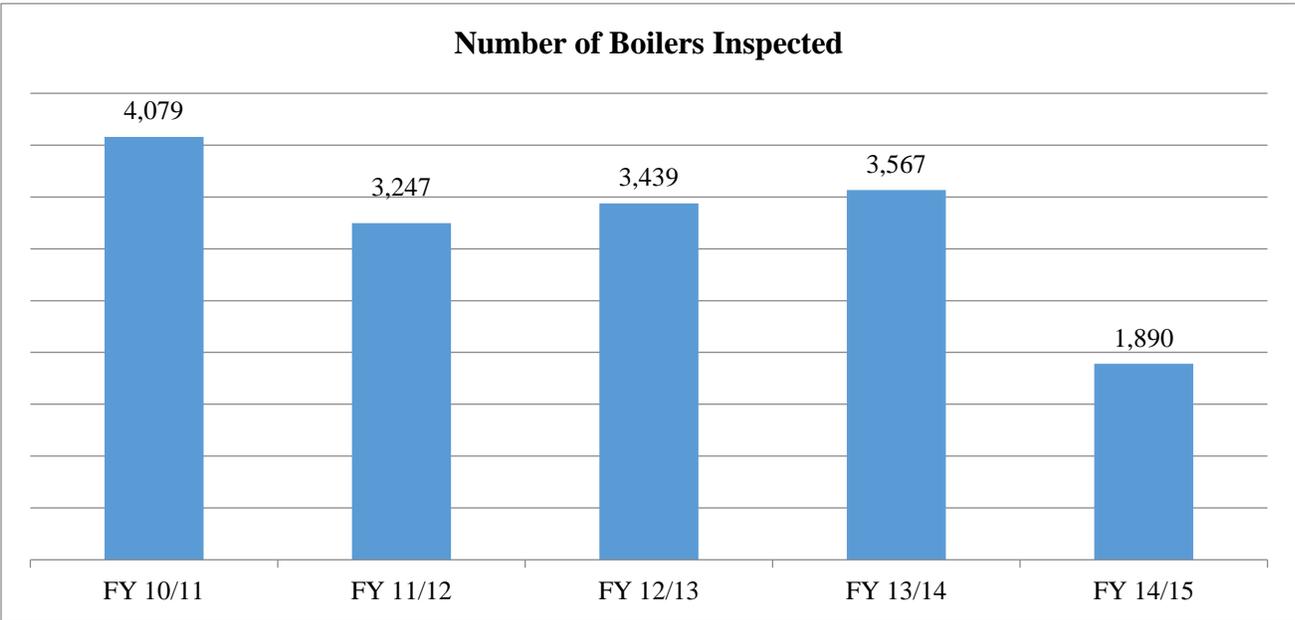
Number of Employees Trained



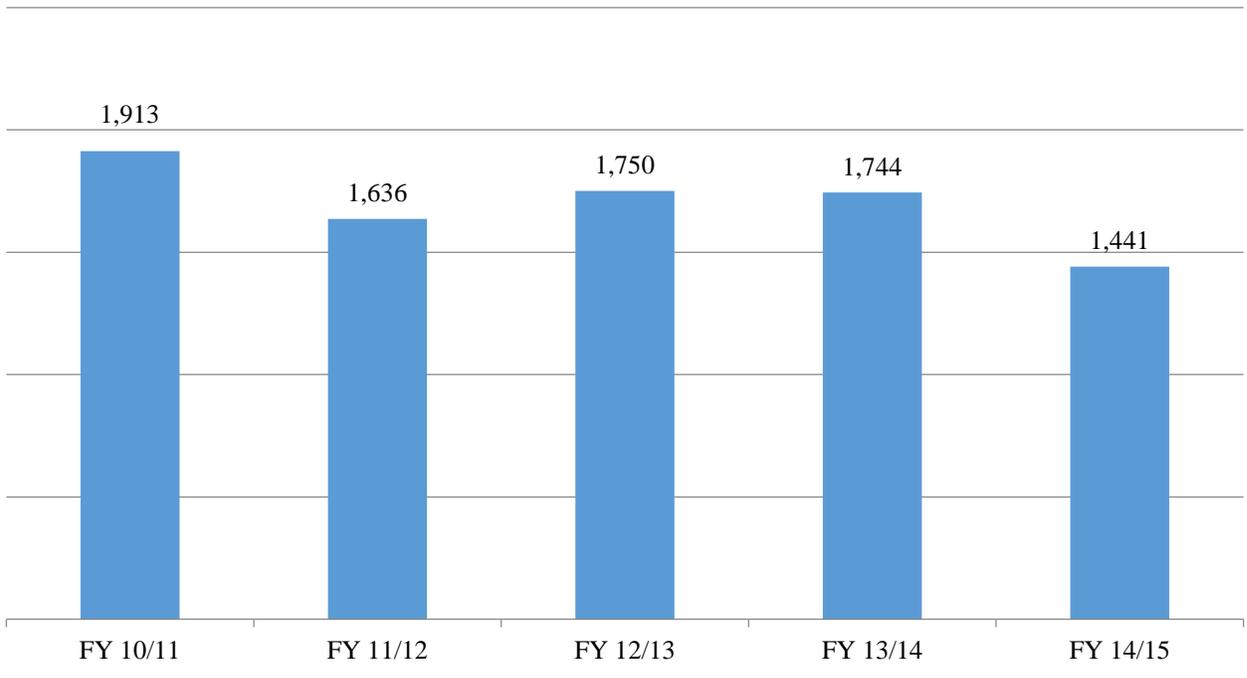


3. Boilers and Elevators

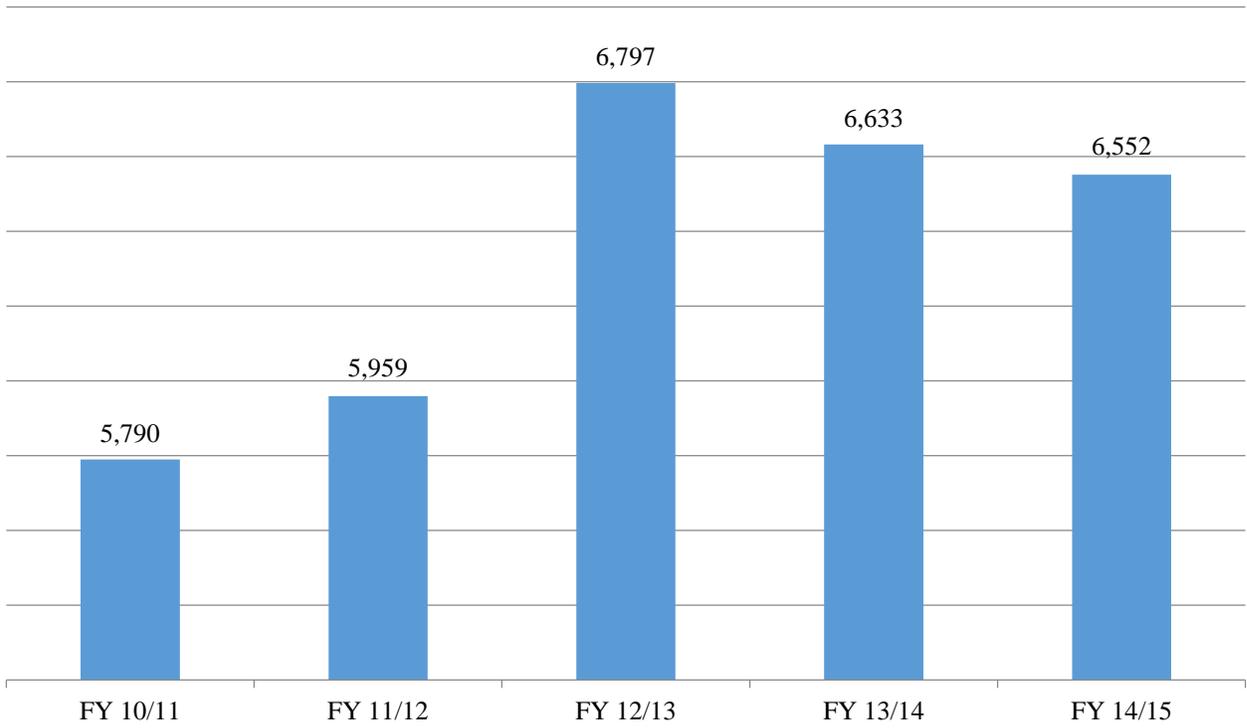
Unlike the Arizona Occupational Safety and Health Act, the Boiler and Elevator programs are equipment oriented, and not based upon employee exposure. As a result, cease and desist orders are utilized without monetary penalties. Once violations are corrected, certificates of operation are issued allowing 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.

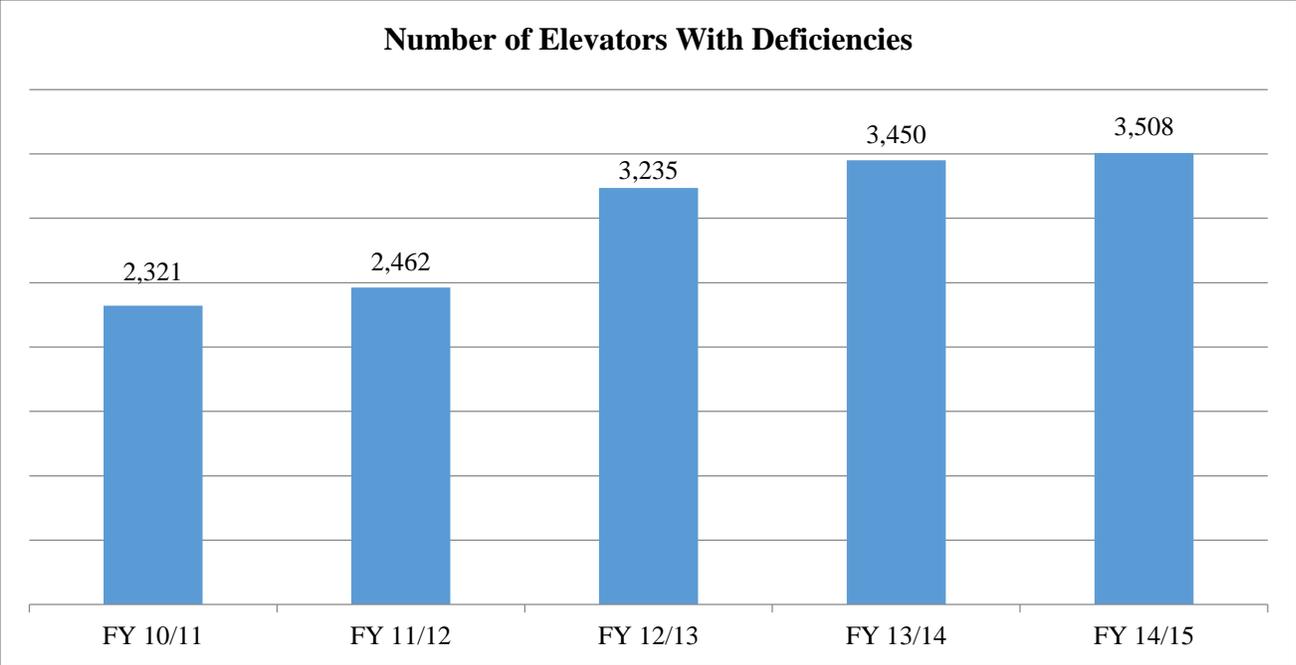


Number of Boiler Deficiencies Identified



Number of Elevators Inspected





4. Occupational Injury, Illness & Fatal Statistics

The Research and Statistics’ Division of the Industrial Commission of Arizona, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics (“BLS”), annually conducts the Census of Fatal Occupational Injuries (“CFOI”) and Survey of Occupational Injuries and Illnesses (“SOII”). The CFOI covers all fatal injuries determined to be work-related according to the CFOI criteria, regardless of industry or regulatory coverage of the establishment. Each fatality must be substantiated by at least two independent sources, which include death certificates, workers’ compensation reports, newspaper articles or medical examiners’ reports.

The Survey of Occupational Injuries and Illnesses is sent out to a sample of employers throughout Arizona from selected industries. Employers are requested to provide work-related injury and illness information from the OSHA Forms 300 and 300A. In cases involving a more severe injury, additional detailed information will be requested for that particular injury or illness.

States are responsible for data collection, follow-up, and coding for both the Census of Fatal Occupational Injuries and Survey of Occupational Injuries and Illnesses. The survey also requires employers to report the annual average number of employees and total hours worked for all employees. This information is used by the Bureau of Labor Statistics to produce incidence rates at the State and National level.

In addition to the foregoing, the Research and Statistics Division also collects data from the Industrial Commission Supplemental Database System (“SDS”) of Arizona workers’ compensation claims to identify lost workday claims by major industry, nature of injury, body part injured, event or exposure, source of injury, and occupation.

In September 2010, the Bureau of Labor Statistics completed a major revision to the Occupational Injury and Illness Classification System (“OIICS”). The revised OIICS structure (“OIICS 2.01”) will be used beginning with reference year 2011 for both the Census of Fatal Occupational Injuries (“CFOI”) and the Survey of Occupational Injuries and Illnesses (“SOII”) programs. Because of the extensive revisions, data for the OIICS case characteristics for reference year 2011 represent a break in series with data for prior years. More information on OIICS can be found at www.bls.gov/iif/oshoiics.htm. As a result of the break in series, new survey ID’s have been created for the public IIF databases (www.bls.gov/iif/data.htm) for CFOI and SOII.

The Standard Occupational Classification (“SOC”) system is used to classify occupations for both CFOI and SOII. Beginning with reference year 2011, a revised version of the SOC system will be used to classify occupations. While the changes to the new structure (“SOC 2010”) were not extensive, comparisons of SOC 2000 and SOC 2010 occupations should be made with caution. More information on the 2010 SOC, including an overview of new items in SOC 2010, can be found here: www.bls.gov/soc/home.htm.

The North American Industry Classification System (“NAICS”) is used to classify industry for both CFOI and SOII. For reference year 2014, the CFOI and SOII programs will adopt a revised industry classification system, NAICS 2012, which will represent a break in series. More information on NAICS can be found here: www.bls.gov/bls/naics.htm.

For more information on the different coding structures used and the years to which they apply, please see the BLS Handbook of Methods at <http://www.bls.gov/opub/hom/pdf/homch9.pdf>.

The information obtained from either the CFOI, SOII, or the Commission’s SDS database can be used to identify hazardous industries, occupations, and activities. It also can assist in the development of safer workplaces and in the prevention of injuries. The injury and illness rates calculated based on the most recent surveys are found on pages 19-22. Fatality statistics are found in Appendix B.

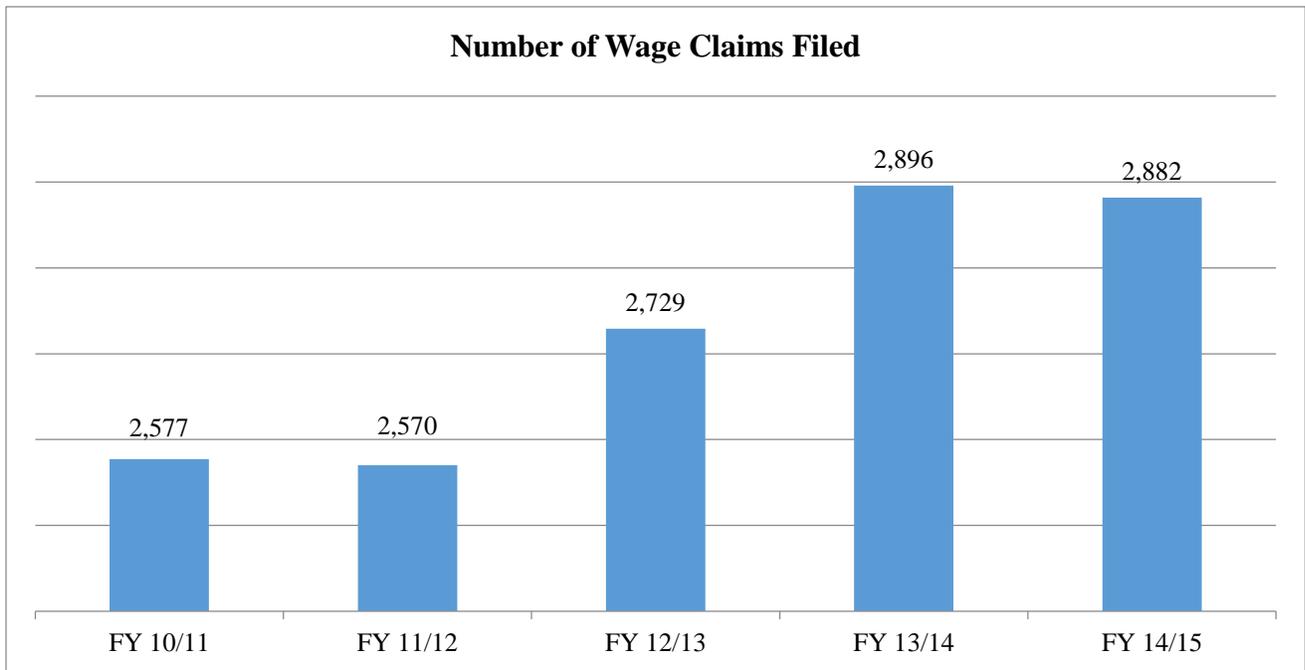
Appendix A includes the revised OIICS, SOC, and NAICS codes that have been implemented in the Commission’s SDS database. Appendix B reflects the revised OIICS, SOC, and NAICS codes that have been implemented for the fatal statistics beginning in 2011.

B. PAYMENT OF WAGES

The Arizona Labor Department (“Department”) is responsible for the enforcement of Arizona’s payment of wages and minimum wage law. See A.R.S. §23-350 *et seq.* and 23-363 *et seq.* Information related to these areas is set forth below.

1. Resolution of Wage Disputes

When wages owed to an employee are no more than \$5,000 and the accrual of those unpaid wages do not exceed one year, an employee may file a wage claim with the Department. Upon receipt of a claim, the Department will notify the employer of the claim and investigate the allegations. The Department will provide a written determination which can be appealed to the 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. A claimant also has the right to file their initial wage claim in the appropriate Court.



2. Minimum Wage Law Enforcement

Arizona employers are required to pay employees no less than the minimum wage. Any person may file an administrative complaint with the Department if they are not receiving the state minimum wage or have been retaliated against for asserting any claim or right under the Arizona Minimum Wage Act (“MW Act”). Upon receipt of an alleged violation, the Department will notify the concerned employer and investigate the allegations. Civil penalties may be assessed for violations of the MW Act. Upon

determination that wages or penalties are due and unpaid to the employee, the Department may obtain judgment and execution, garnishment, attachments, or other remedies for collection. The Department will provide a written determination, which can be appealed to the Administrative Law Judge Division of the Commission. The Department may mediate and conciliate any dispute between the parties. Additional information regarding the Arizona Minimum Wage and the minimum wage in effect for the current year may be found at the Commission’s website at <http://www.azica.gov/>.



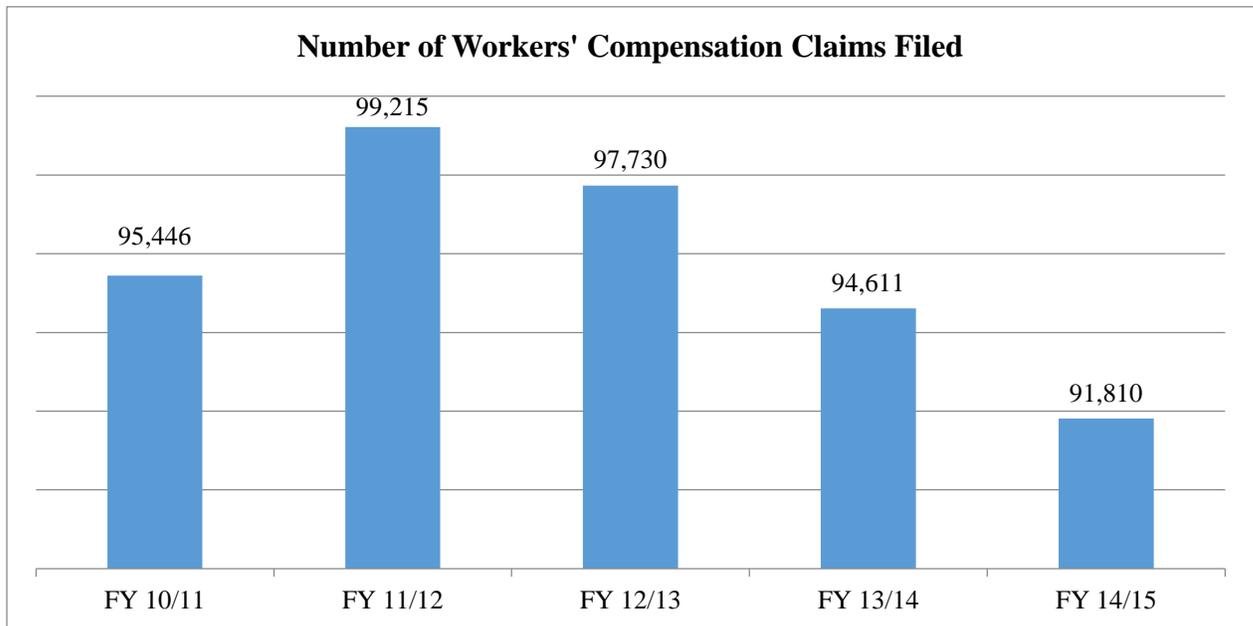
C. ARIZONA WORKERS' COMPENSATION

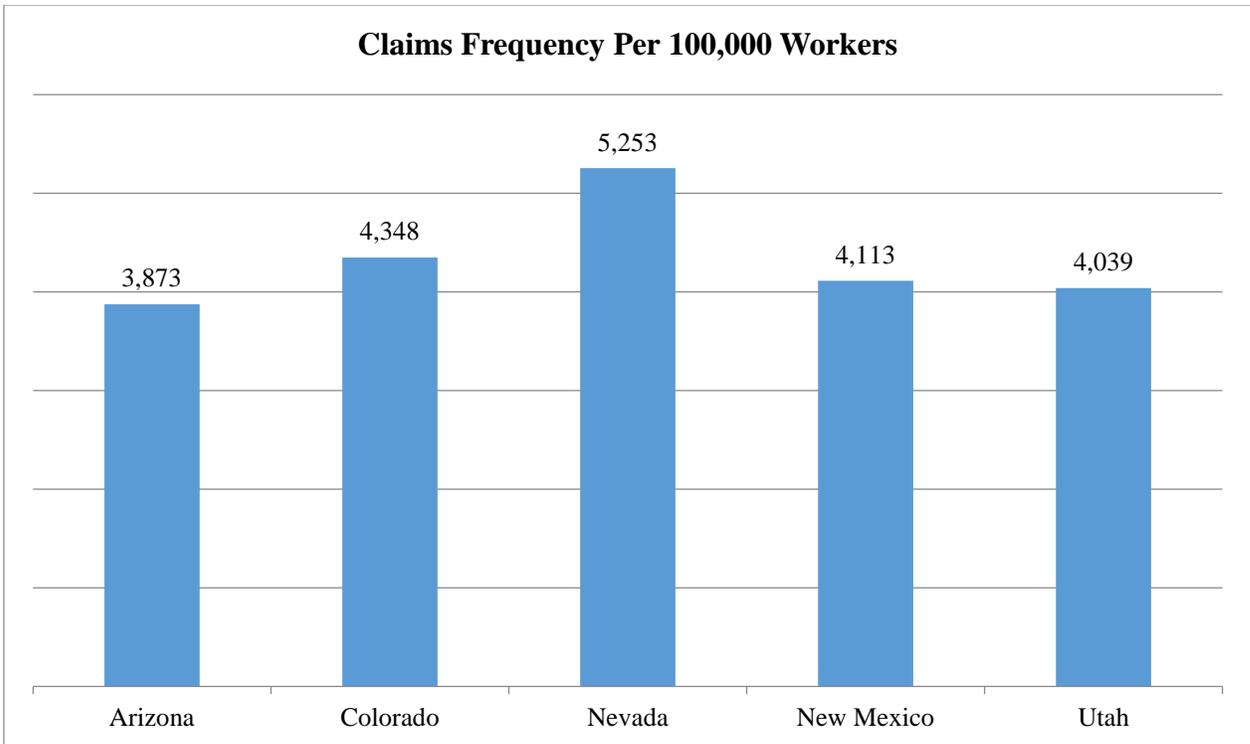
Since 1925, the Industrial Commission of Arizona has been the file of record for all Arizona workers' compensation claims. To date, the Commission maintains records for over 6 million workers' compensation claims files, which translates to over 40 million documents being stored on the Commission's imaging system and up to 6,000 documents being processed per day.

Through its Claims Division, the Commission is actively involved in the processing of Arizona workers' compensation claims to ensure insurance carriers, third party processing agents, and self-insured employers ("payers") are processing workers' compensation claims in accordance with Arizona law. This includes notifying the appropriate payer of any claim received by the Claims Division from an attending physician or injured worker. This notification is done so the payer can appropriately process the claim. The "active involvement" of the Claims Division also includes the making of determinations in an individual workers' compensation claim. Numbering in the thousands per year, these determinations can include a variety of issues such as the setting of a worker's average monthly wage, establishment of unscheduled permanent disability awards, awards for facial scarring and loss of teeth, processing requests to leave the state, requests to change physicians, and allegations of bad faith.

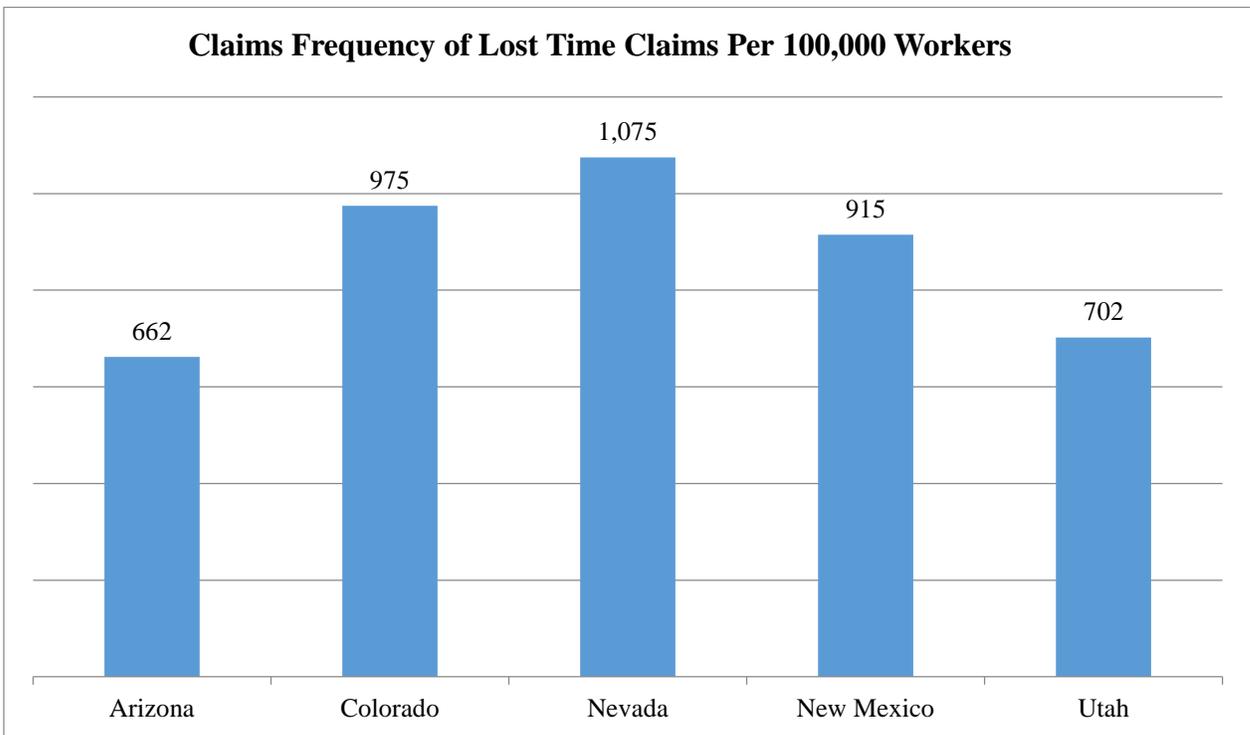
Through its Ombudsman's Office and other Claims Division staff, the Commission answers approximately 150,000 telephone/web inquiries per year. Though not providing legal advice, the Ombudsman's Office is available to provide assistance to claimants to ensure they understand the Arizona workers' compensation system and process.

1. Claims Statistics



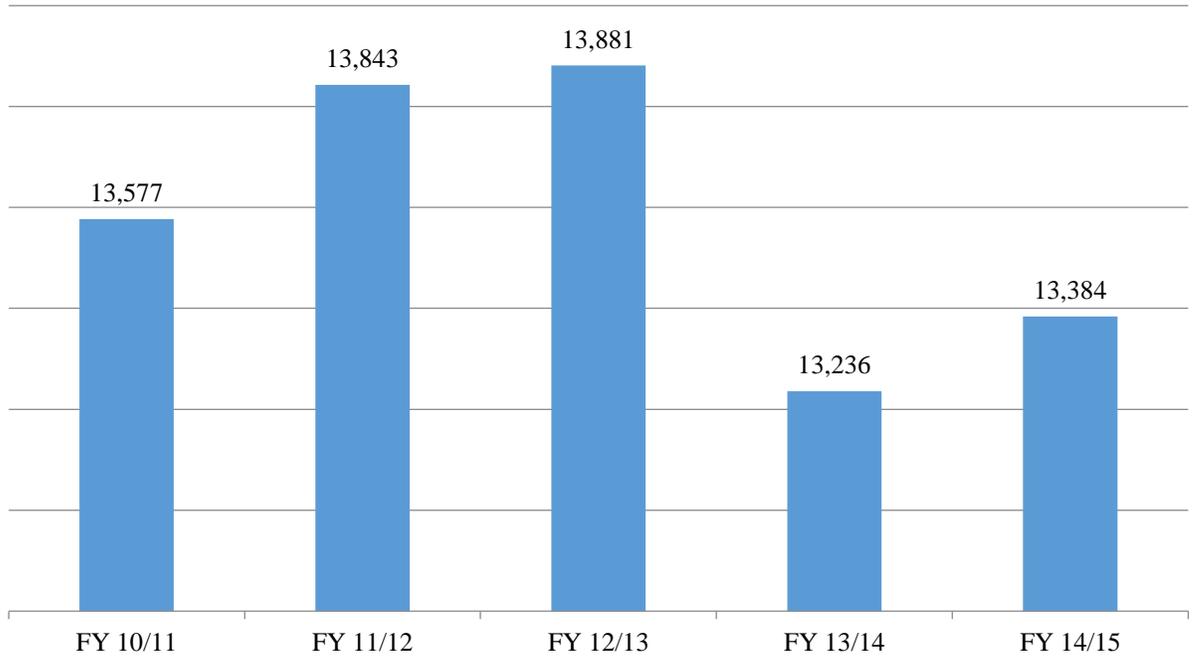


Source: National Council on Compensation Insurance, Statistical Plan data for policies ending in 2012

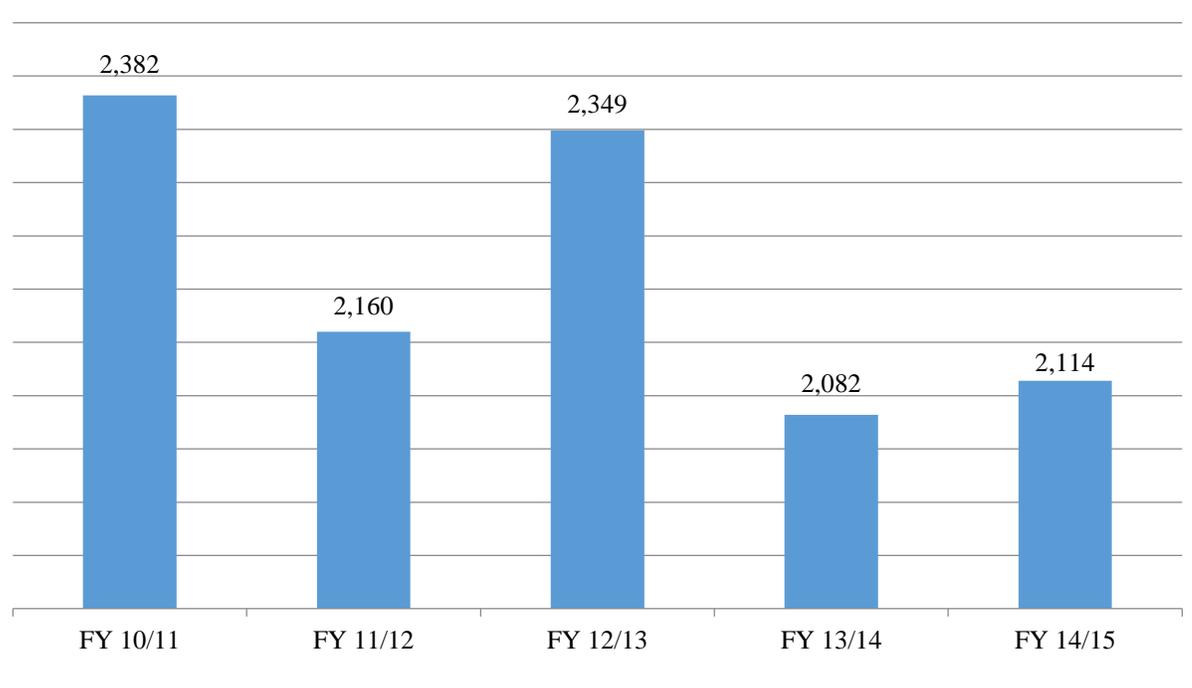


Source: National Council on Compensation Insurance, Statistical Plan data for policies ending in 2012

Number of Average Monthly Awards Issued

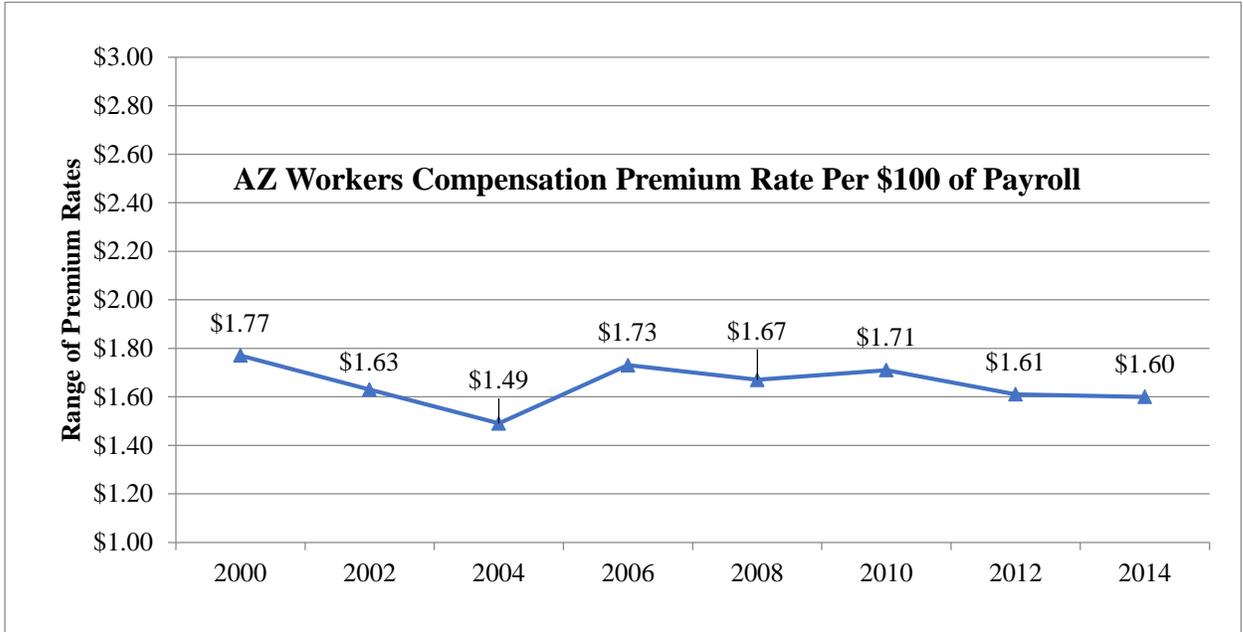


Number of Loss In Earning Capacity Awards Issued

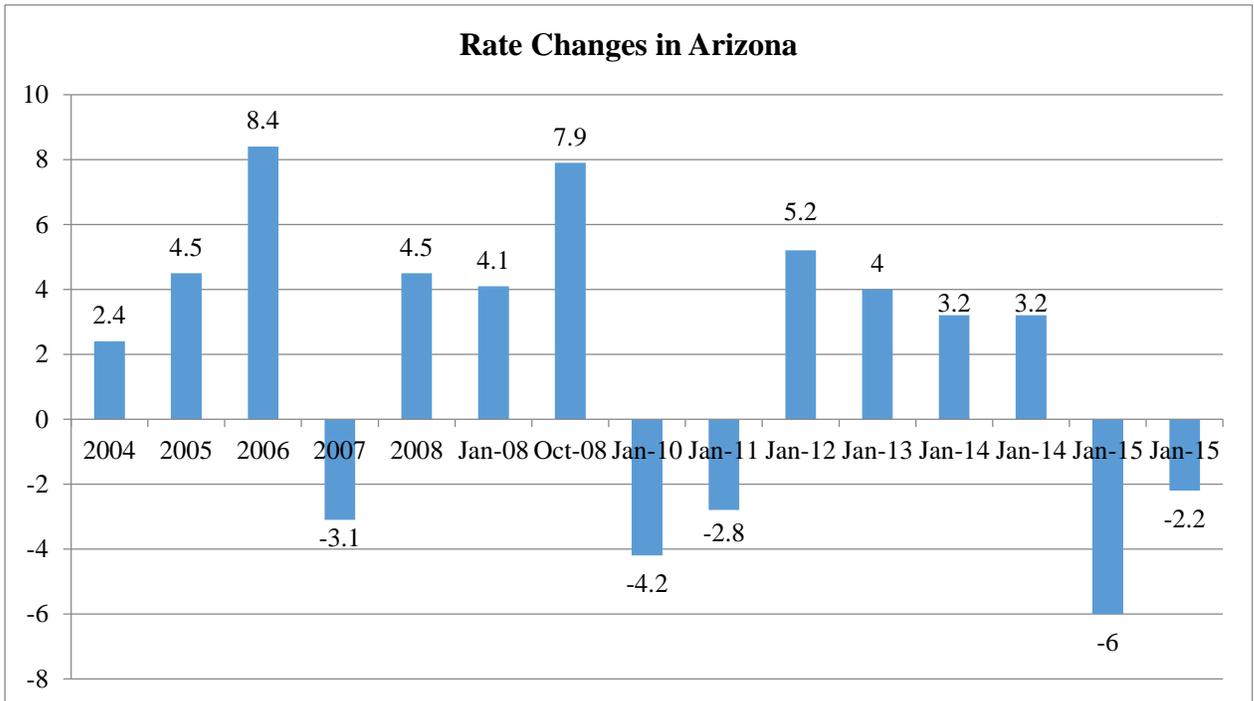


2. Rates, Premiums, and Losses

- Arizona Premium Rate Index per \$100 of Payroll: \$1.60 (eff. 1/01/2014)
- 2014 Ranking: 37 (15th lowest out of 51 jurisdictions)
- Percent of National Median (\$1.85): 86%

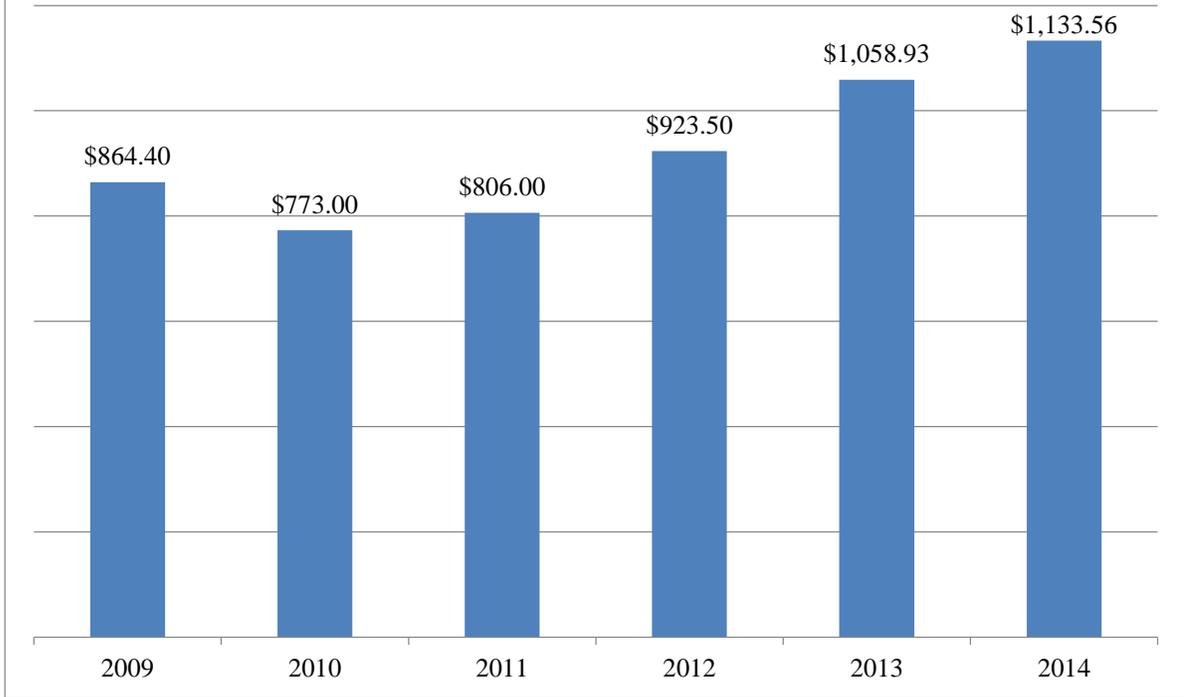


Source: *Oregon Workers' Compensation Premium Rate Ranking Summary Reports*, Oregon Department of Consumer & Business

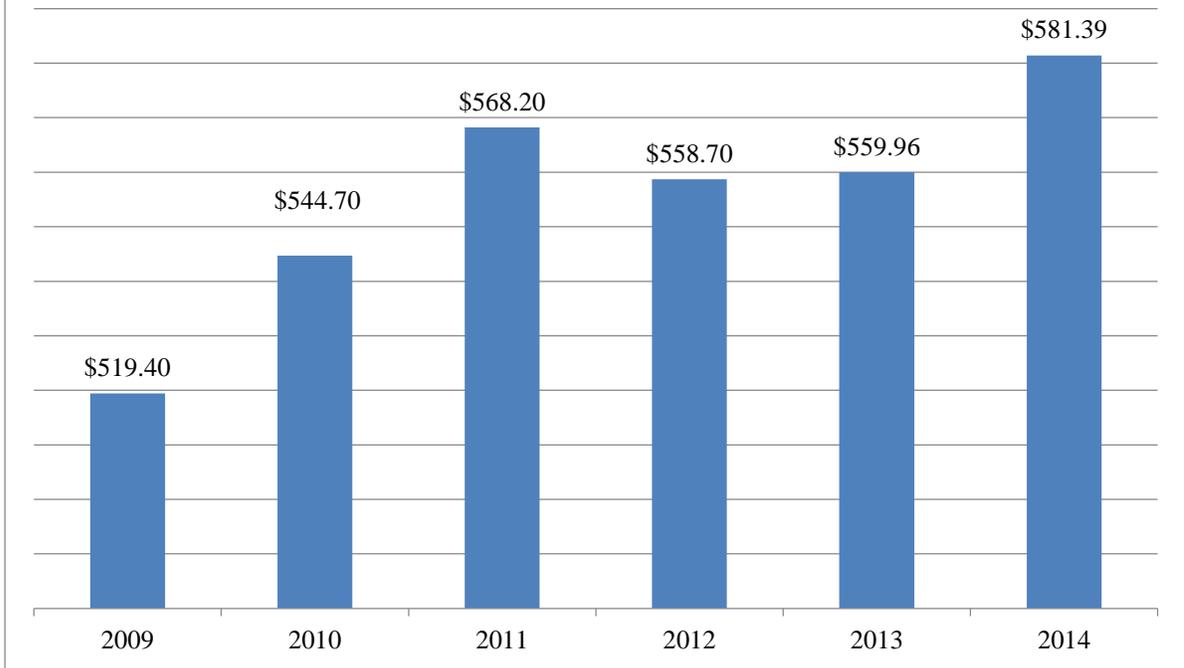


Arizona's voluntary cumulative rate level change since October 2000: -15.0%

CY Total Taxable Premium Written In Millions

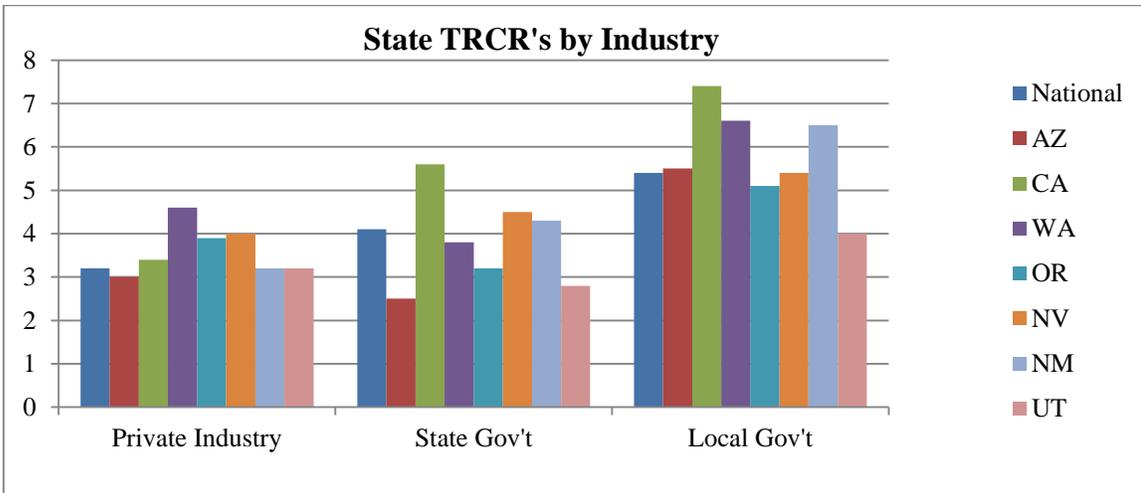
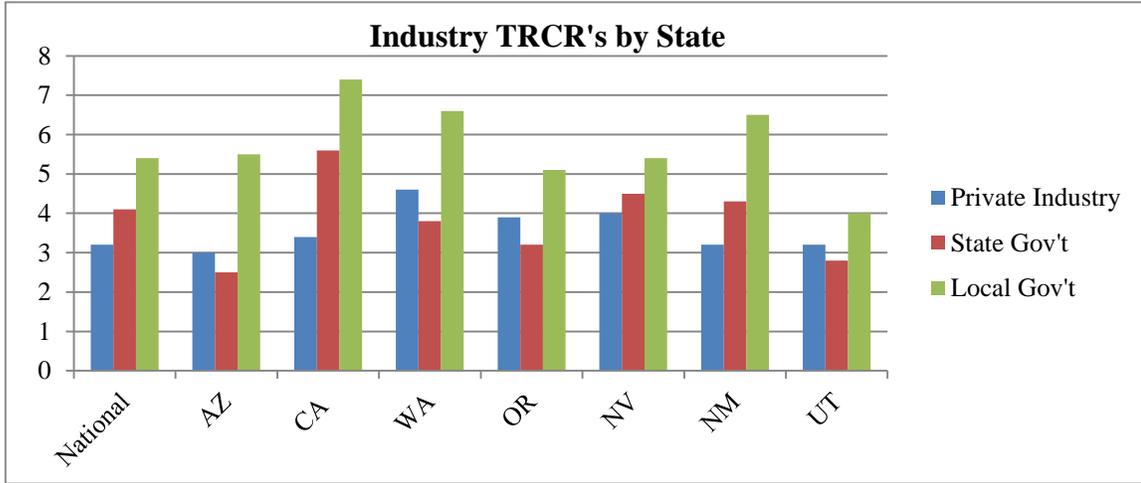


CY Total Direct Losses In Millions



3. Bureau of Labor Statistics Survey of Occupational Injury and Illness Incident Rates *

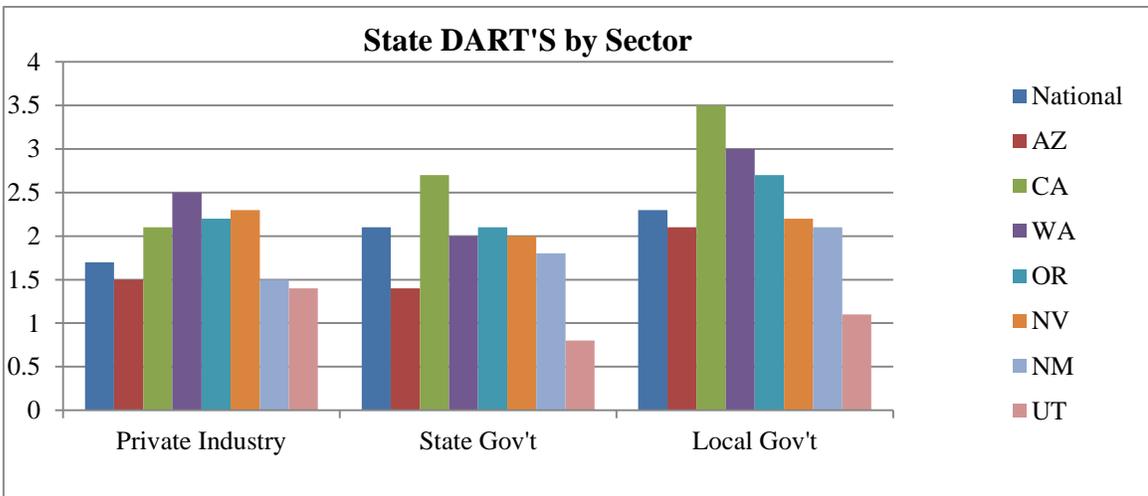
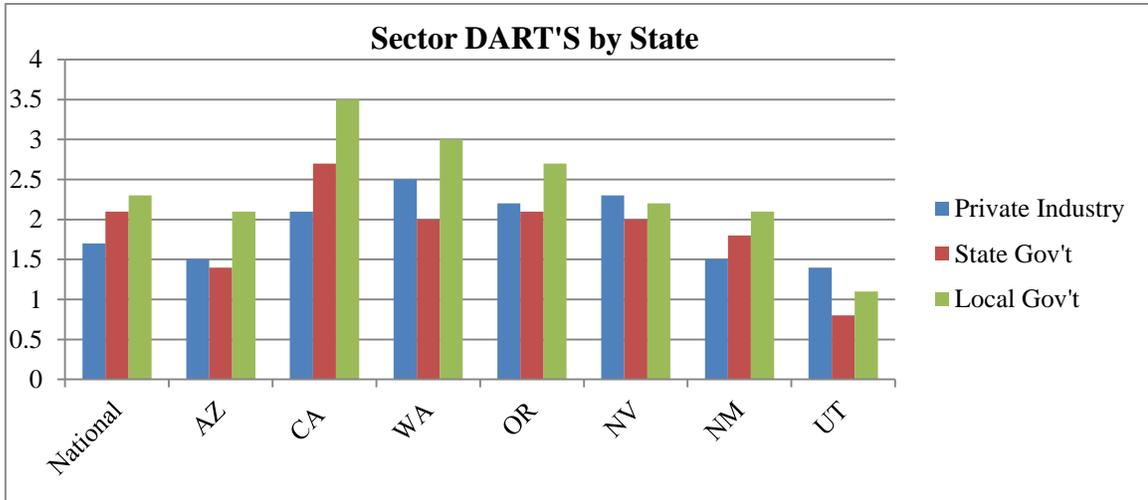
TRC: Total Recordable Cases **



	Private Industry	State Gov't	Local Gov't
National	3.2	4.1	5.4
AZ	3.0	2.5	5.5
CA	3.4	5.6	7.4
WA	4.6	3.8	6.6
OR	3.9	3.2	5.1
NV	4.0	4.5	5.4
NM	3.2	4.3	6.5
UT	3.2	2.8	4.0

Bureau of Labor Statistics Survey of Occupational Injury and Illness Incident Rates *

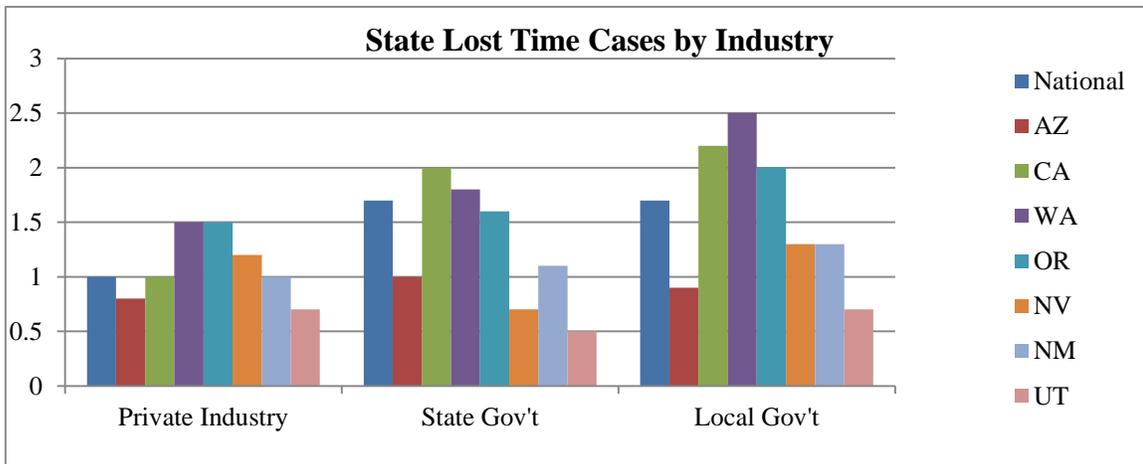
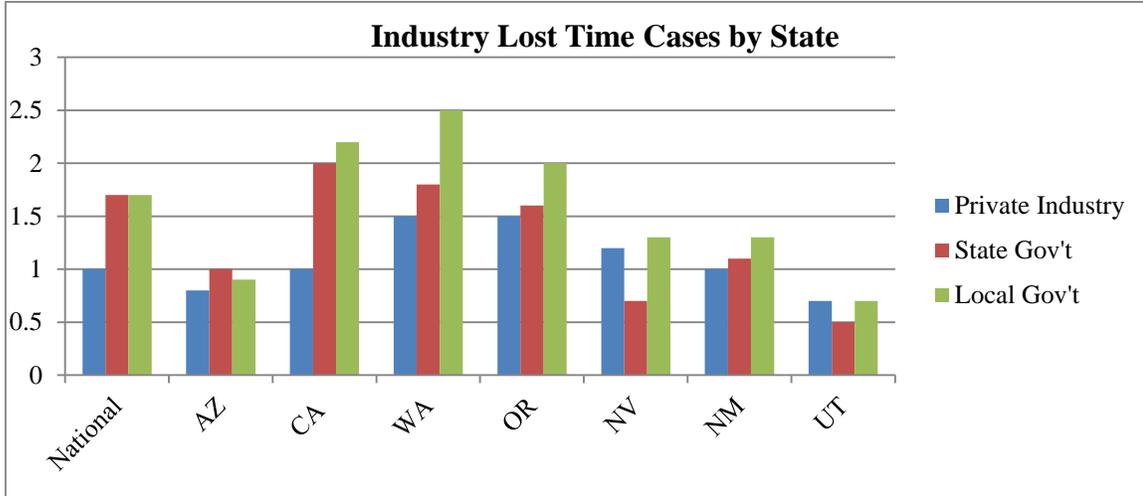
DART: Cases with days away from work, job transfer, or restriction **



	Private Industry	State Gov't	Local Gov't
National	1.7	2.1	2.3
AZ	1.5	1.4	2.1
CA	2.1	2.7	3.5
WA	2.5	2.0	3.0
OR	2.2	2.1	2.7
NV	2.3	2.0	2.2
NM	1.5	1.8	2.1
UT	1.4	.8	1.1

Bureau of Labor Statistics Survey of Occupational Injury and Illness Incident Rates *

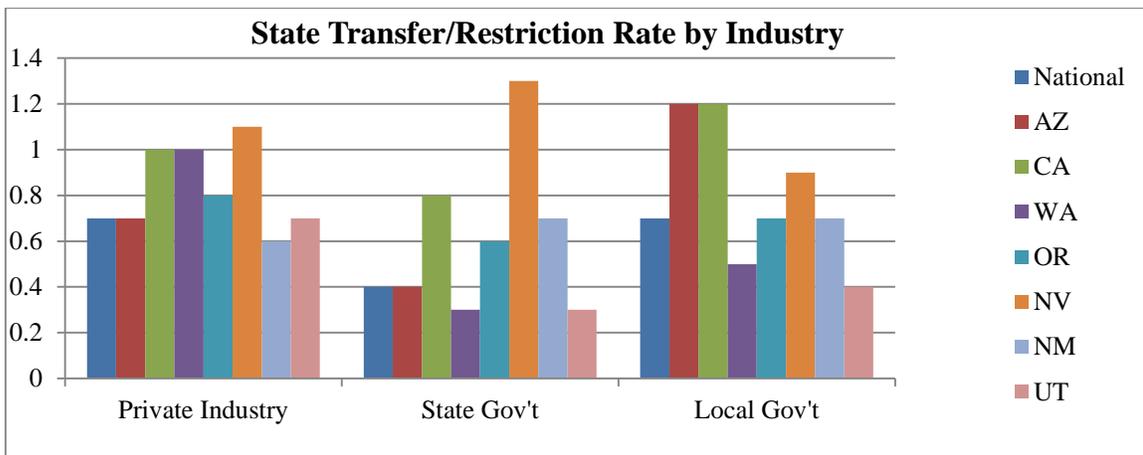
Lost Time Rate: Cases with days away from work **



	Private Industry	State Gov't	Local Gov't
National	1.0	1.7	1.7
AZ	.8	1.0	.9
CA	1.0	2.0	2.2
WA	1.5	1.8	2.5
OR	1.5	1.6	2.0
NV	1.2	.7	1.3
NM	1.0	1.1	1.3
UT	.7	.5	.7

Bureau of Labor Statistics Survey of Occupational Injury and Illness Incident Rates *

Restricted Rate: Cases with transfer or restriction **



	Private Industry	State Gov't	Local Gov't
National	.7	.4	.7
AZ	.7	.4	1.2
CA	1.0	.8	1.2
WA	1.0	.3	.5
OR	.8	.6	.7
NV	1.1	1.3	.9
NM	.6	.7	.7
UT	.7	.3	.4

*Source: Incident Rates from Table 6, Nonfatal Occupational Injuries and Illnesses by Industry, 2014, Bureau of Labor Statistics

**TRCR, DART, Lost Time, and Restricted Rates - Rates per 100 Employees

4. Special Fund Activity

Serving as the “safety net” for the Arizona Workers’ compensation system, 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 under A.R.S. §23-966
- Partial coverage of workers’ compensation benefits for second injury claims (apportionment)
- Vocational rehabilitation benefits
- Continuing medical benefits for pre 1973 workers’ compensation claims

The Special Fund consists of monies from Special Fund assessments, property and securities acquired by the use of monies in the Fund, interest earned on monies in the Fund, and other monies derived from the sale, use or lease of property belonging to the Fund. Effective August 12, 2005, unexpended Administrative Fund revenue surplus may be transferred to the Special Fund when the Special Fund is not actuarially sound. The financial integrity of the Special Fund is overseen by a legislatively created Investment Committee that was established in 1984 under A.R.S. §23-1065.

a. Special Fund Assessment Rate and Revenue

- The maximum assessment rate allowed under the applicable statutes is 1.5%. Currently set at less than the maximum, the assessment rate for the Special Fund is .75% for calendar year 2015 and 0.00% for 2016. This rate includes the .58% assessment authorized under A.R.S. §23-1065(A), the .17% assessment authorized under A.R.S. §23-1065(F), and the .00% assessment authorized under A.R.S. §23-966 (D). Revenue generated for CY 2014: \$19,753,566.00.
- Historical Perspective of Special Fund Rates:

1993 to 2003:	zero
2005 to 2007:	2.5%
2008 and 2009:	1.5%
2010 to 2012:	2.5%
2013:	2.25%
2014:	1.75%
2015:	.75%
2016:	0.00%

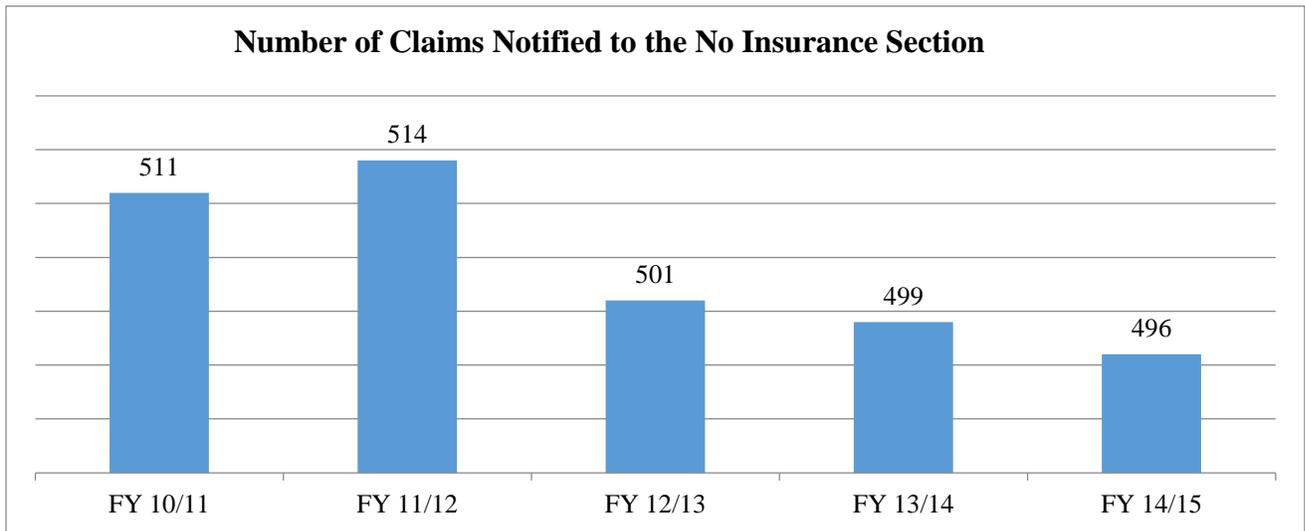
b. Special Fund Actuarial Picture

- Total liabilities estimated as of 6-30-15: \$250.4 million (a decrease of \$286.8 million from prior year)

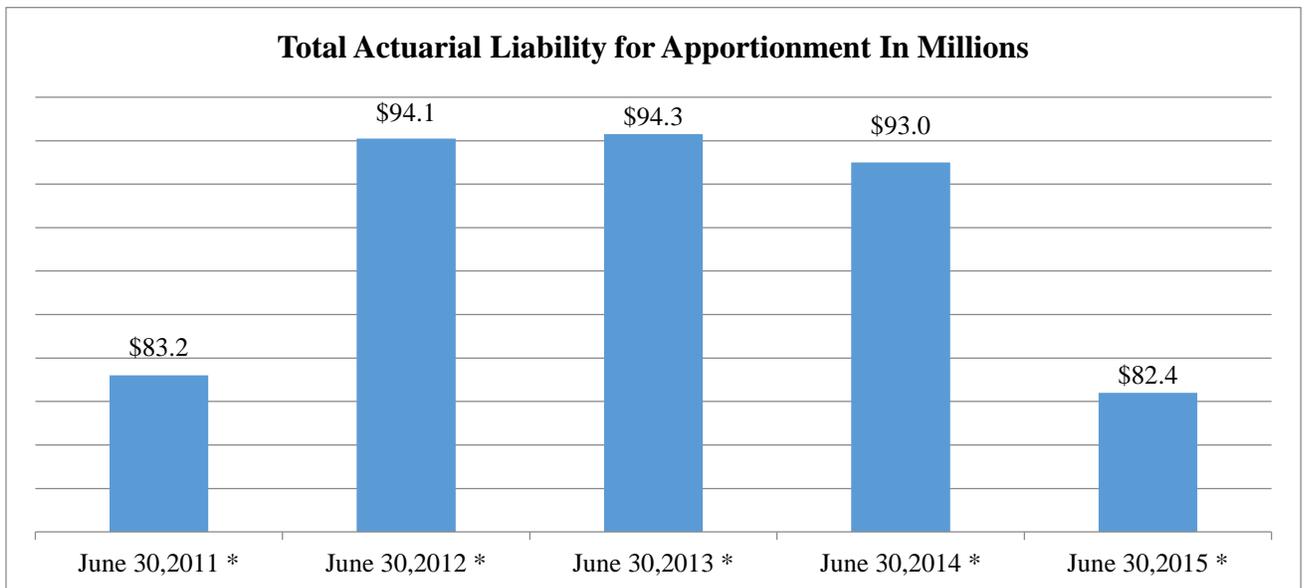
- Special Fund total assets as of 6-30-15: \$331.6 million (a decrease of \$249.3 million from prior year)
- Actuarial surplus estimated as \$81.2 million with an 80% confidence level (an increase of \$37.5 million from the prior year)

c. Processing of No Insurance Claims

The Special Fund is responsible for providing workers’ compensation benefits to injured workers whose employers have violated the law by not providing workers’ compensation insurance. These workers’ compensation claims are called “no insurance claims.”



d. Liability for Apportionment Under A.R.S. 23-1065(F)



*Reported at an 80% confidence level

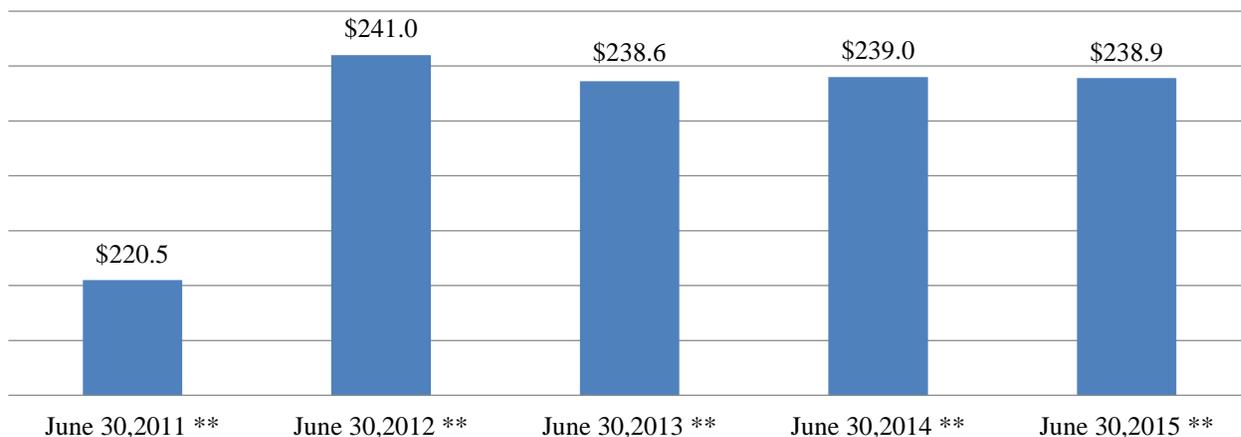
e. Processing of Insolvency/Bankrupt Claims Under A.R.S. §23-966

The Special Fund is responsible for continuing workers' compensation benefits for claimants insured by insolvent carriers and bankrupt self-insured employers. The following are the estimated reserves, excluding a 9.0% administrative fee, as of June 30, 2015, for those claims:

• Atlantic Mutual Insurance Company	\$2.3 million
• Fremont Companies	56.3 million
• Great States & HIH Insurance Companies	12.4 million
• Home Insurance Company	3.9 million
• Legion & Villanova Insurance Companies	10.2 million
• Lumbermens Mutual Casualty Company	12.0 million
• Mission Companies	7.2 million
• Park Avenue Insurance Company	1.4 million
• Paula Insurance Company	7.0 million
• Reliance Insurance Company	8.7 million
• Superior Companies	6.9 million
• Western Employers Insurance Company	2.8 million
• All Other Ins. Carriers & Self-Insured Employers	5.7 million
 Total of All Claims	 \$138.0 million

During fiscal year 2014, the Arizona Legislature passed Senate Bill 1181 which transferred all insolvent workers' compensation insurance carrier administration and related liabilities from the Special Fund to the Arizona Property and Casualty Guaranty Fund managed by the Department of Insurance effective July 1, 2015. Additionally, as part of the transfer, the Commission was required to transfer \$222,848,153 from the Special Fund to the Guaranty Fund Workers' Compensation Account no later than 30 days prior to July 1, 2015. The Commission completed the transfer of funds as required. The Special Fund remains liable for the administration and payment of the bankrupt self-insured employer claims.

**Total Actuarial Liability for Claims Under A.R.S. 23-966
In Millions ***



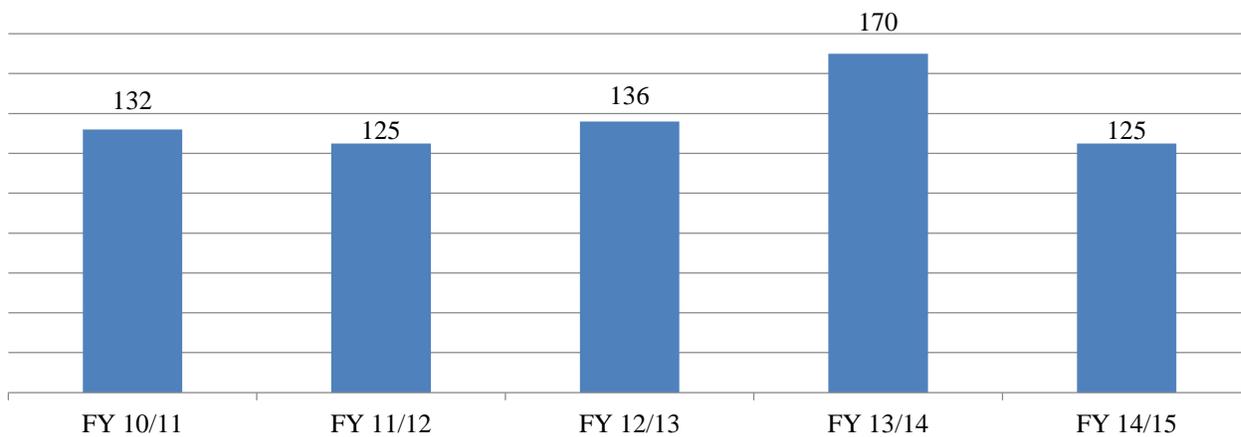
*Includes reimbursement owed for that current fiscal year under A.R.S. §23-966

**Information updated from prior Annual Reports

f. Vocational Rehabilitation

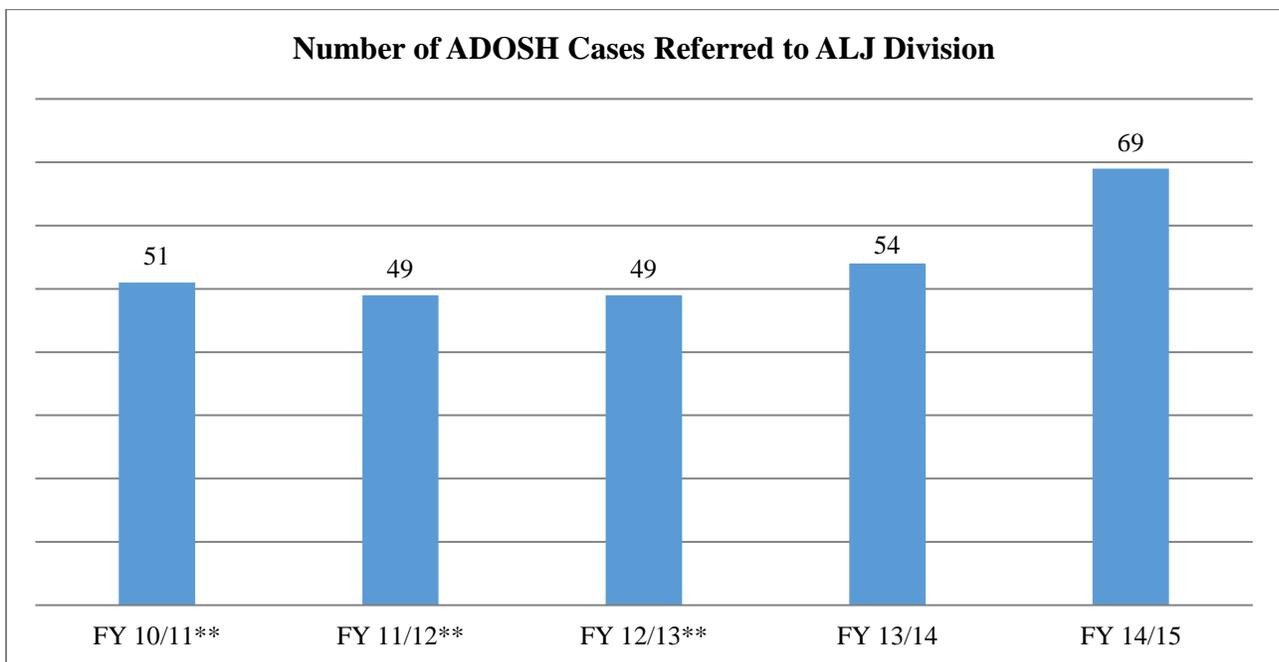
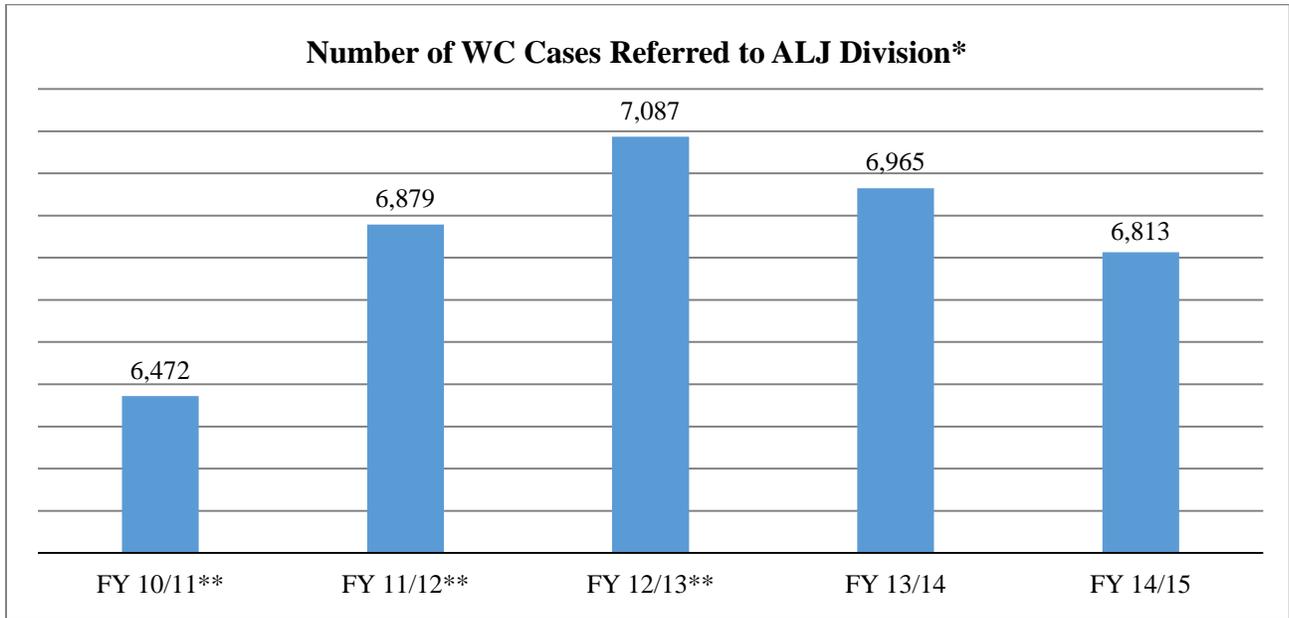
If certain criteria are met, a workers' compensation claimant may be eligible for vocational rehabilitation benefits. This rehabilitation program is focused on providing vocational retraining that will result in meaningful employment. This training may include a variety of college courses to supplement prior education and 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). Examples of past vocational programs provided include bilingual tractor-trailer operator, equine instructor, forensics, mortuary science, computer-aided drafting, and pharmacy technician. For those that are eligible for vocational rehabilitation, but are lacking skills to enter a program, the Special Fund offers foundational training in math, reading, and English (ESL).

Number of Vocational Awards Issued

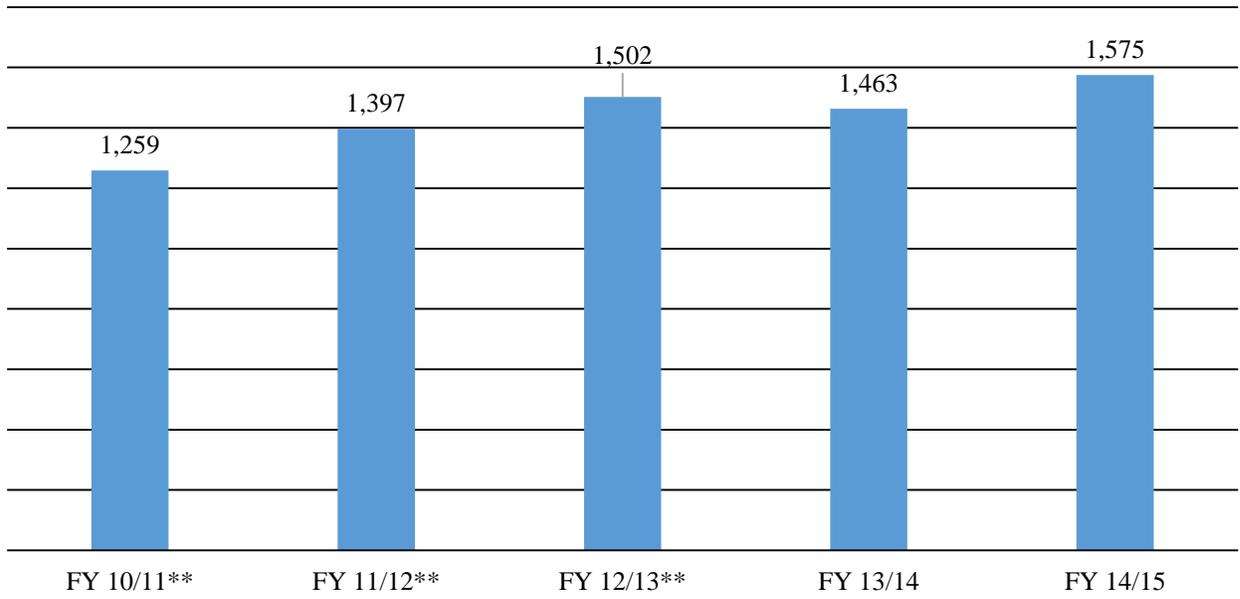


5. Adjudication of Disputes

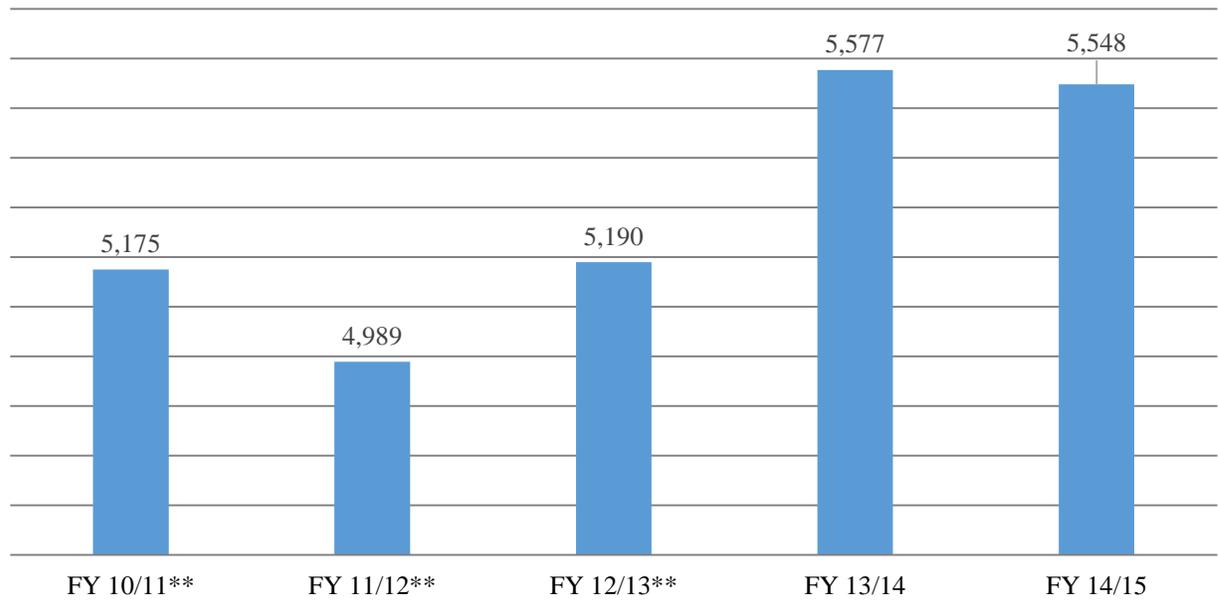
The ALJ Division is the administrative tribunal of the Industrial Commission. Its mission is to resolve all disputes coming before it efficiently and equitably. The ALJ Division has jurisdiction over disputes that arise under the Arizona Workers' Compensation Act, the Occupational Health and Safety Act ("OSHA"), and the Arizona Minimum Wage Act. It is also authorized to resolve disputes referred from the Department of Labor in the area of youth employment.



Number of Awards Issued by ALJ Division Involving Compromise and Settlement Agreements



Number of Hearings Held by ALJ Division

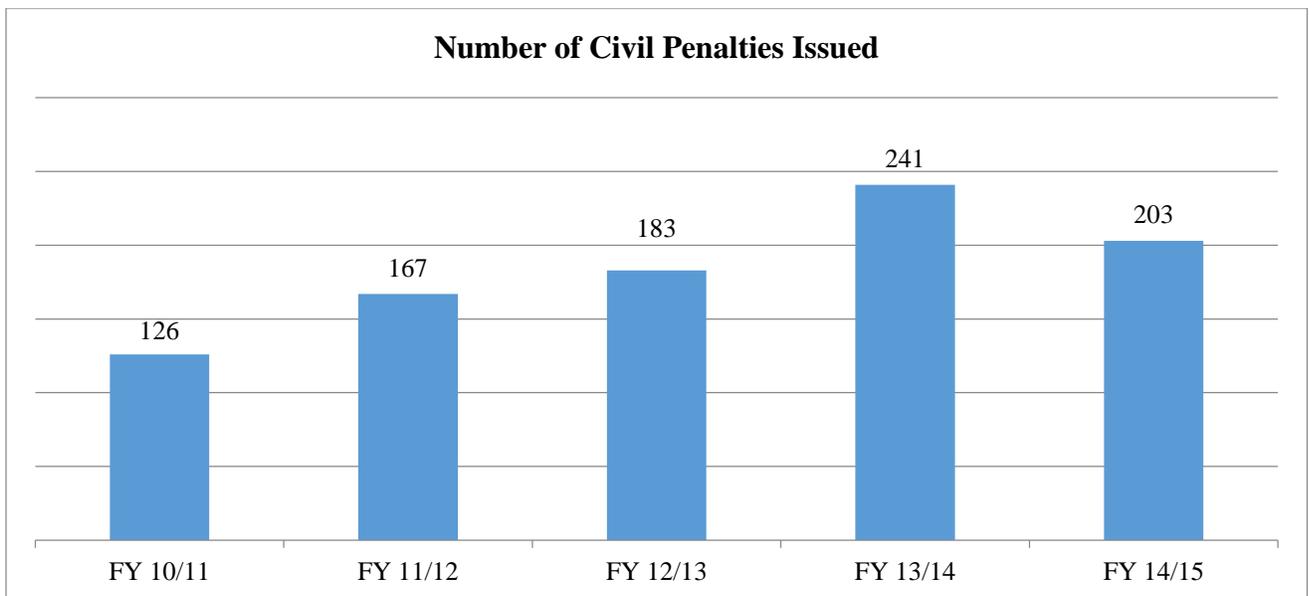
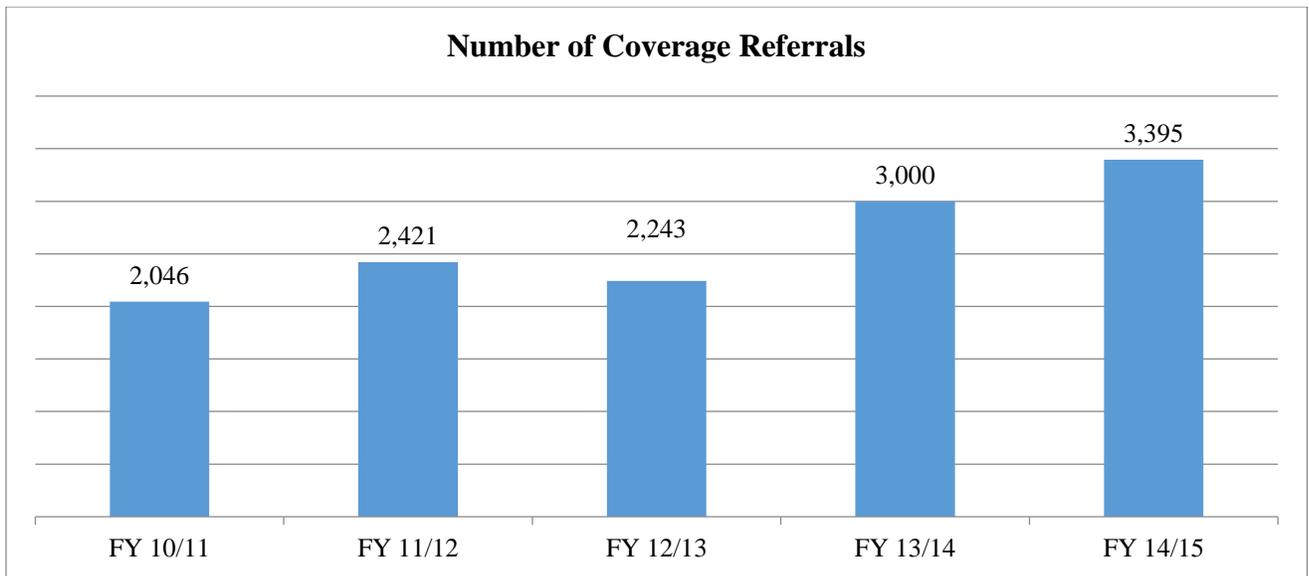


*Includes all requests for investigation under A.R.S. §23-1061(J) for which a carrier response has been requested.

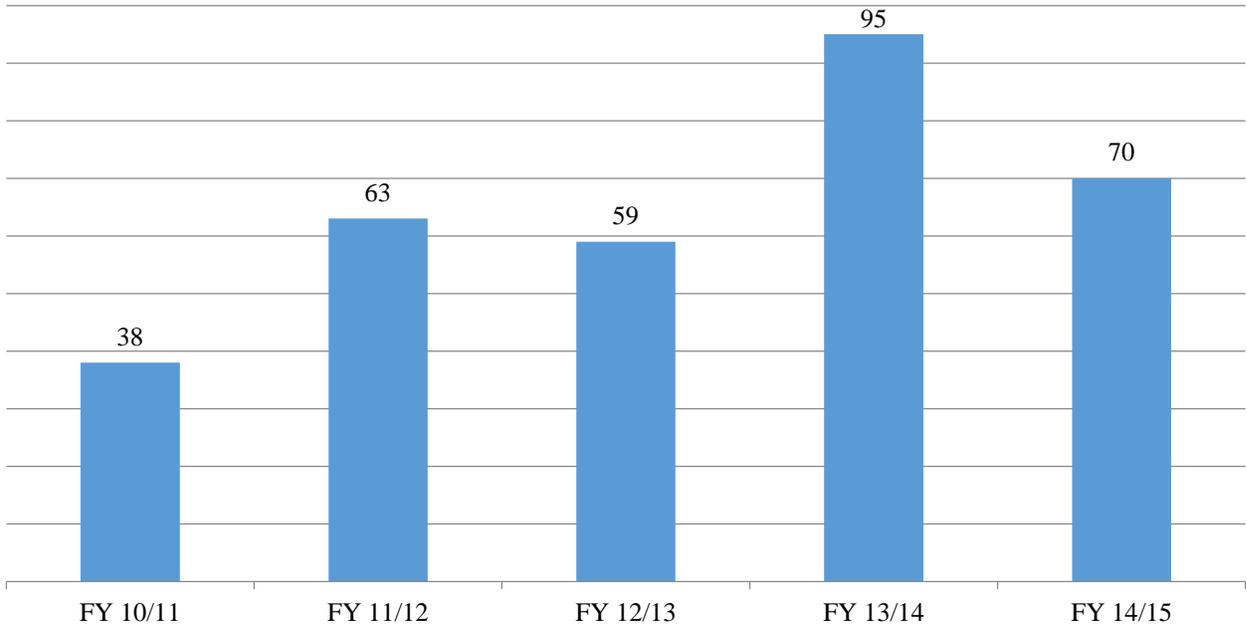
**Information updated from prior Annual Reports

6. Compliance with Workers' Compensation Insurance Laws

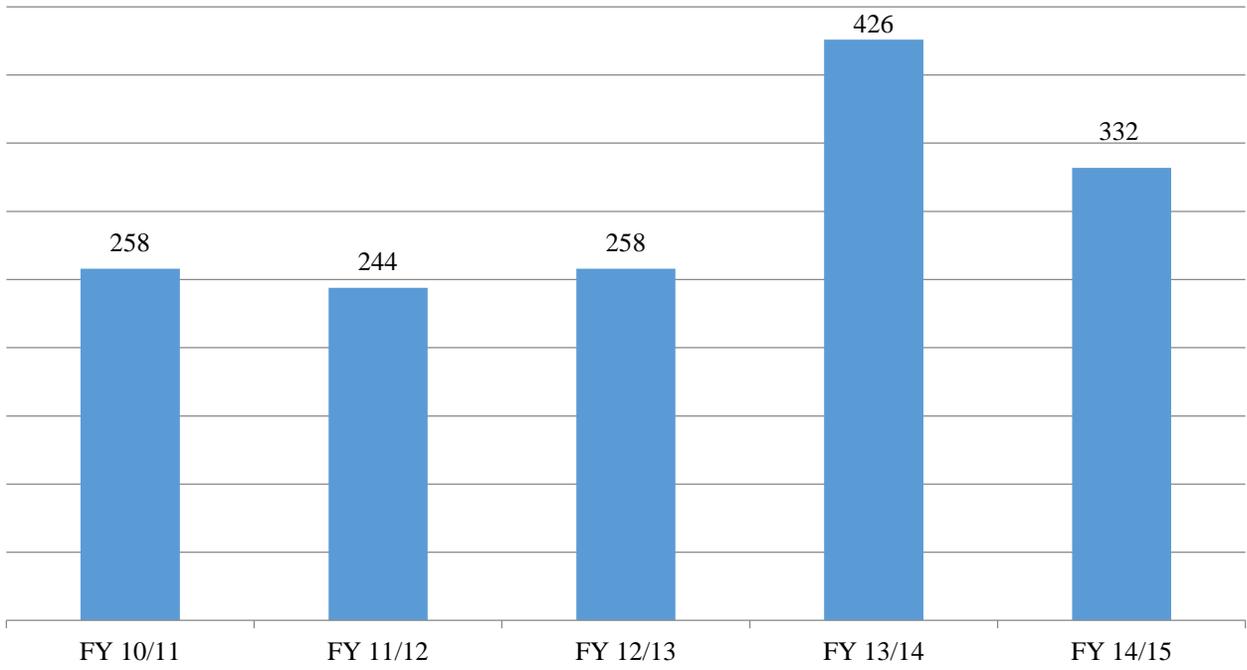
The Commission has authority to enforce the law requiring employers to provide workers' compensation insurance to their employees. A variety of sources notify the Commission of employers who may be violating Arizona law by not providing workers' compensation coverage for their employees. Through its Legal Division, the Commission investigates these referrals, educates employers, initiates civil penalties against employers and, as a last resort, pursues enforcement actions in Superior Court that may result in the Superior Court issuing an injunction prohibiting the employer from conducting business unless the employer obtains the appropriate insurance.



Number of Injunction Proceedings Initiated

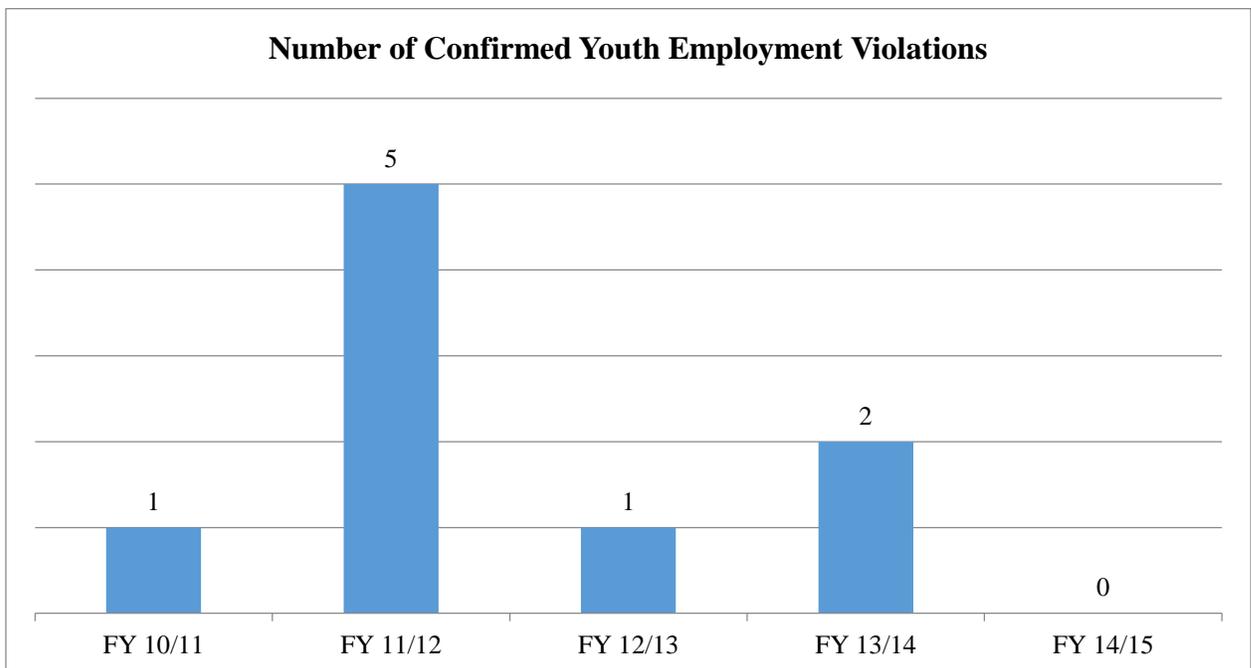
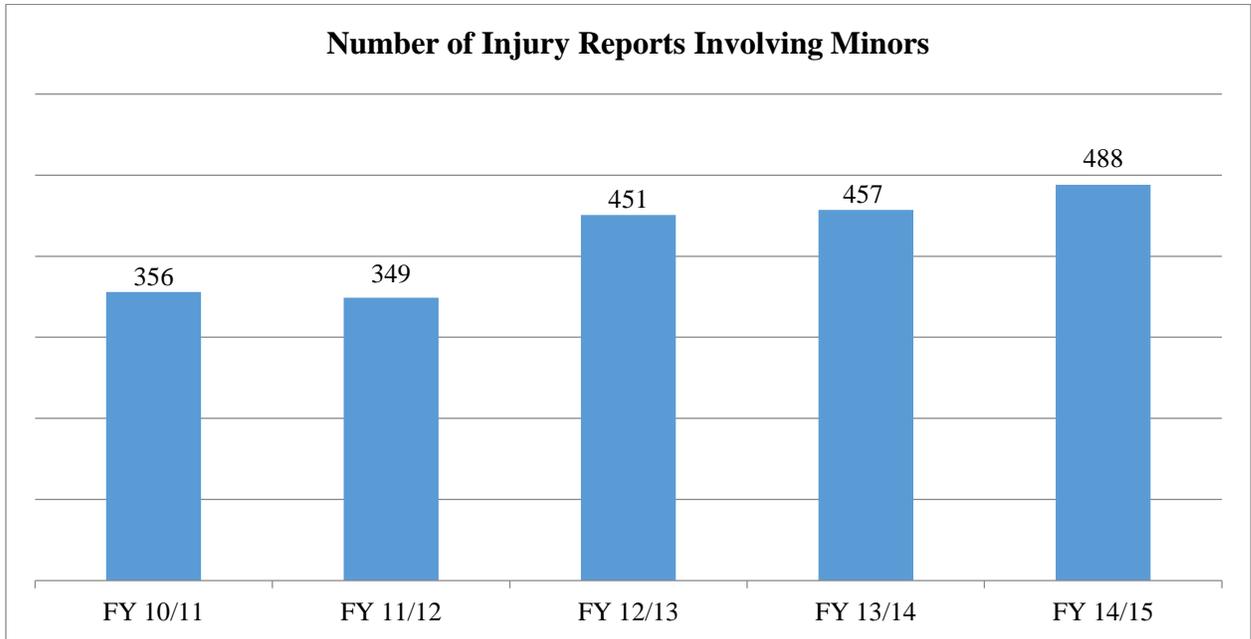


Number of Employers Insured Through Compliance Efforts



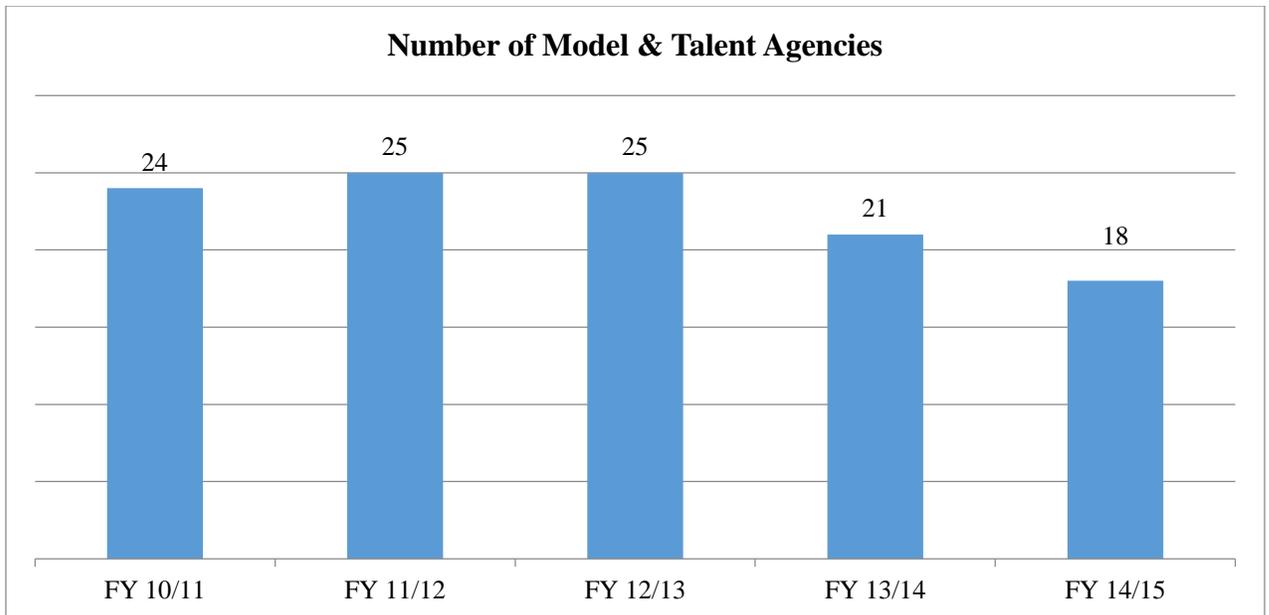
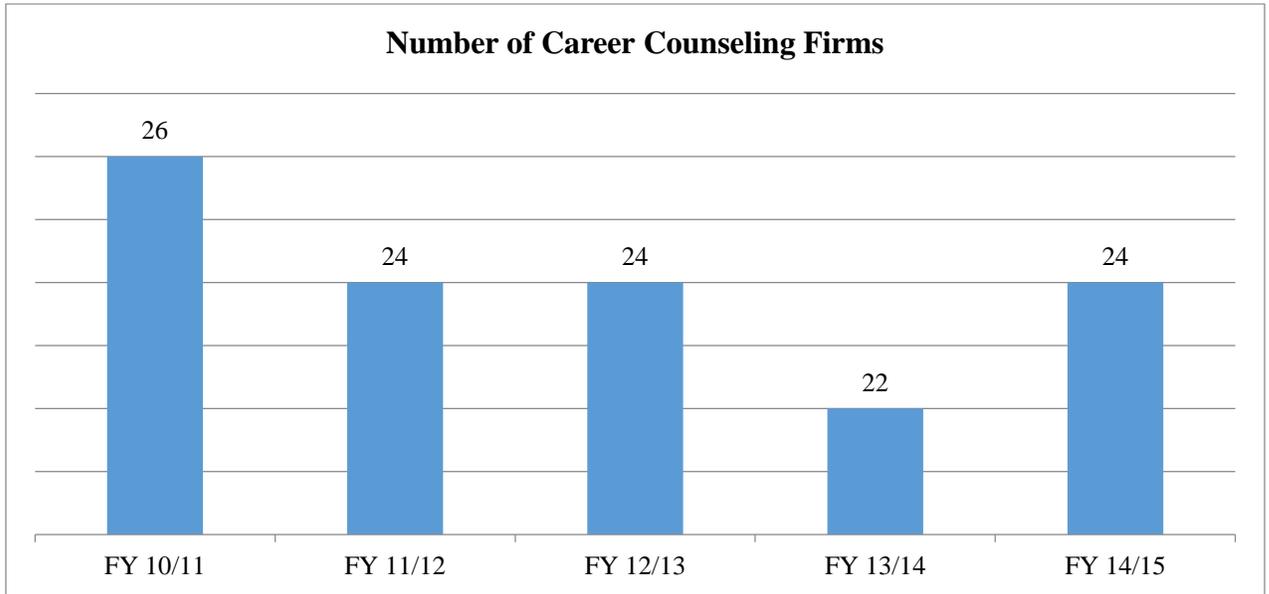
D. YOUTH EMPLOYMENT

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 State Labor Department utilizes information gathered from the Commission's Claims Division to review and investigate workers' compensation claims involving minors. It also receives and investigates information from other governmental organizations and complaints filed by the public concerning allegations of youth labor violations.

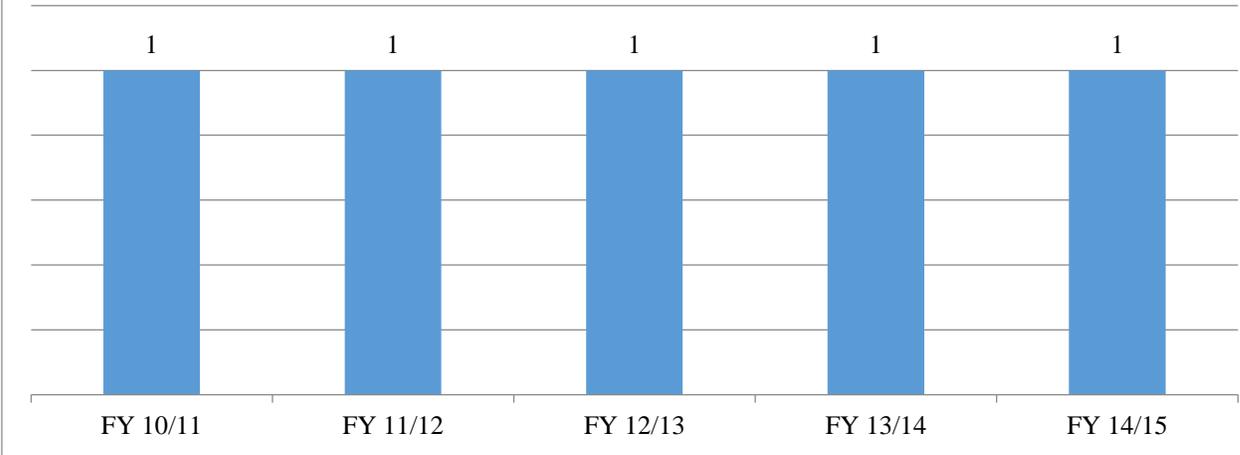


E. LICENSED AND REGULATED AGENCIES

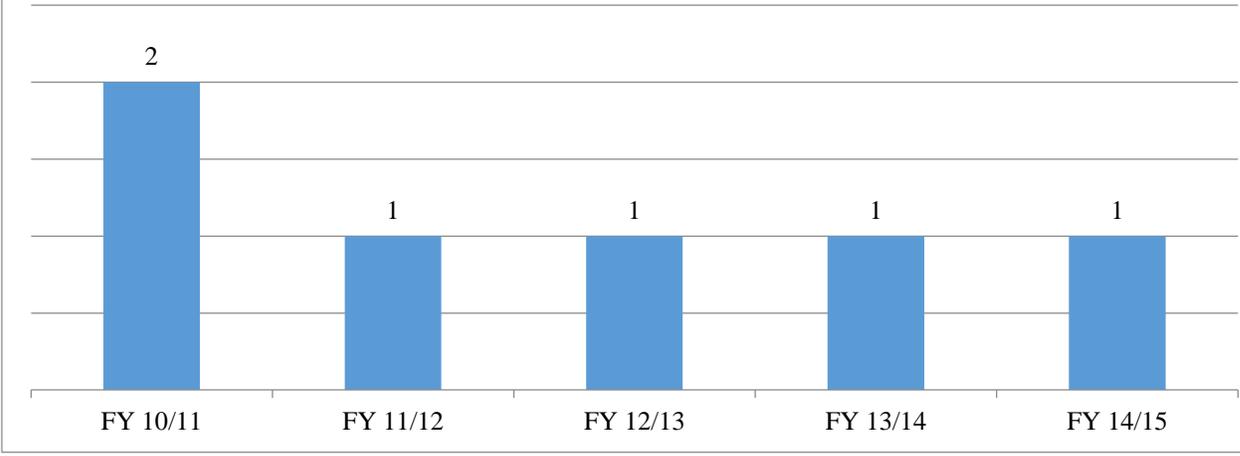
Under Arizona Law, private employment agencies that charge a fee to an applicant are required to be licensed and regulated by the Labor Department. The Labor Department investigates the background of each firm applying for a license. Based on this investigation, the Industrial Commission's Employment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



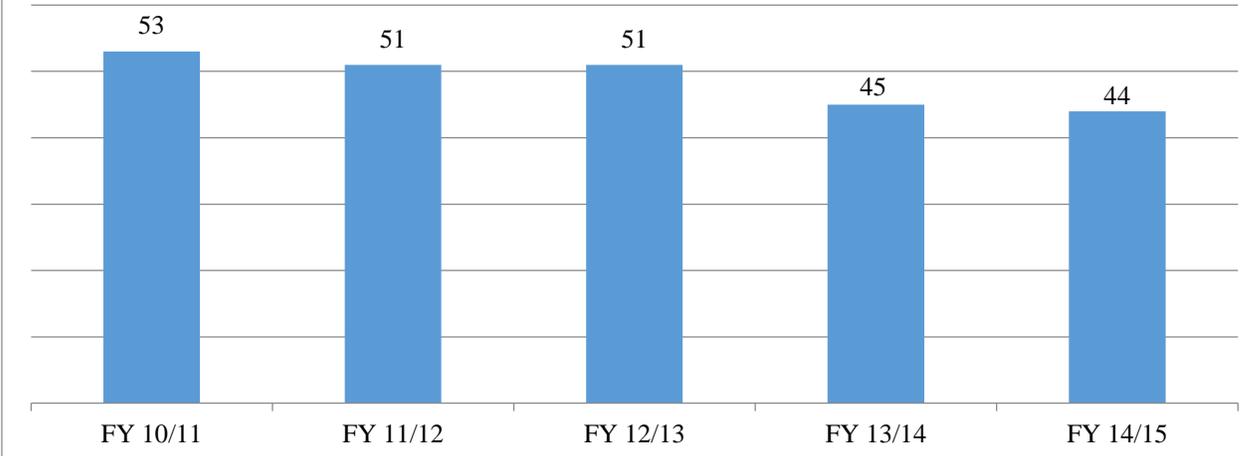
Number of General Agencies



Number of Sitter/Nanny Agencies



Number of Licensed Agencies



IV. State of the Commission

The Commission is a self-supporting, non-general fund agency whose operations and other statutorily mandated function is funded through an annual tax on workers' compensation premiums. The Administrative Fund (established under A.R.S. § 23-1081(A)) provides for the Commission's expenses in carrying out its powers and duties under Title 23, while the Special Fund (established under A.R.S. § 23-1065(A)) provides for other statutorily mandated functions (which is described in Section IV (C) (4) of this Report).

The gradual improvement in Arizona's economy is reflected in the Commission's tax rate decreases and revenue increases. The following provides a brief overview of the operations of the Commission:

A. Appropriated Budget FY 15/16: \$20.0 million

B. Administrative Fund Assessment Rate and Revenue:

- Currently set below the 3.0% maximum allowed under A.R.S. § 23-961, the assessment rate for the Administrative Fund is 1.50% for calendar year 2015 and 2016.
- Historical Perspective of Rates and Revenues:

Calendar Year	Rate	Revenue in Millions	% Change from Prior Year
2014	1.75%	\$19.8	-32.08%
2013	2.75%	\$29.1	+4.97%
2012	3.0%	\$27.7	+14.64%
2011	3.0%	\$24.2	+17.97%
2010	2.65%	\$20.5	-21.06%
2009	3.0%	\$25.9	-14.82%

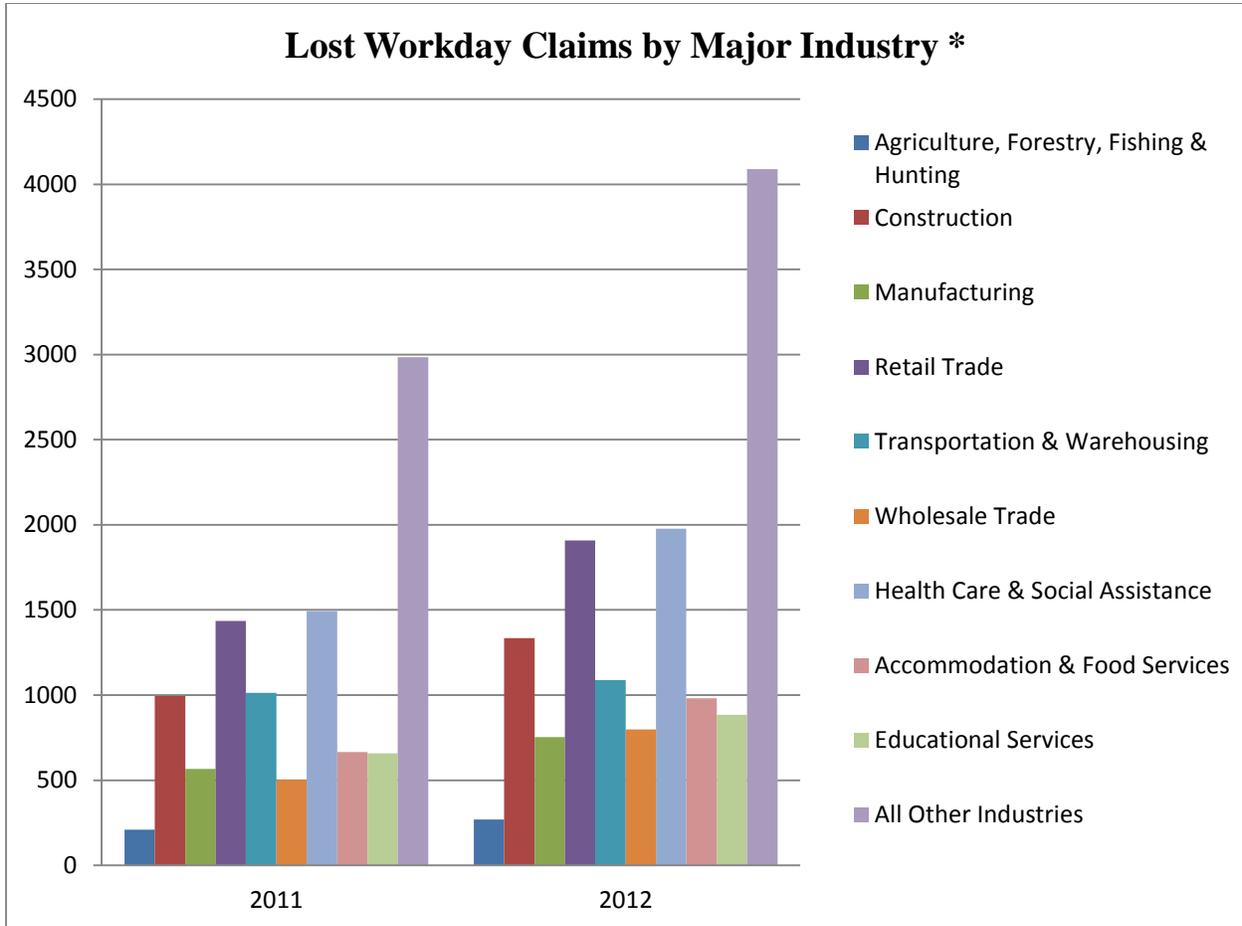
C. Legislatively Mandated Transfers from Administrative Fund to State General Fund:

- FY 15/16: \$0
- FY 14/15: \$0
- FY 13/14: \$0
- FY 12/13: \$0
- FY 11/12: \$426,700
- FY 10/11: \$4.3 million

D. Full Time Employees FY 15/16: 270 FTEs, including 34.4 Federally funded FTEs

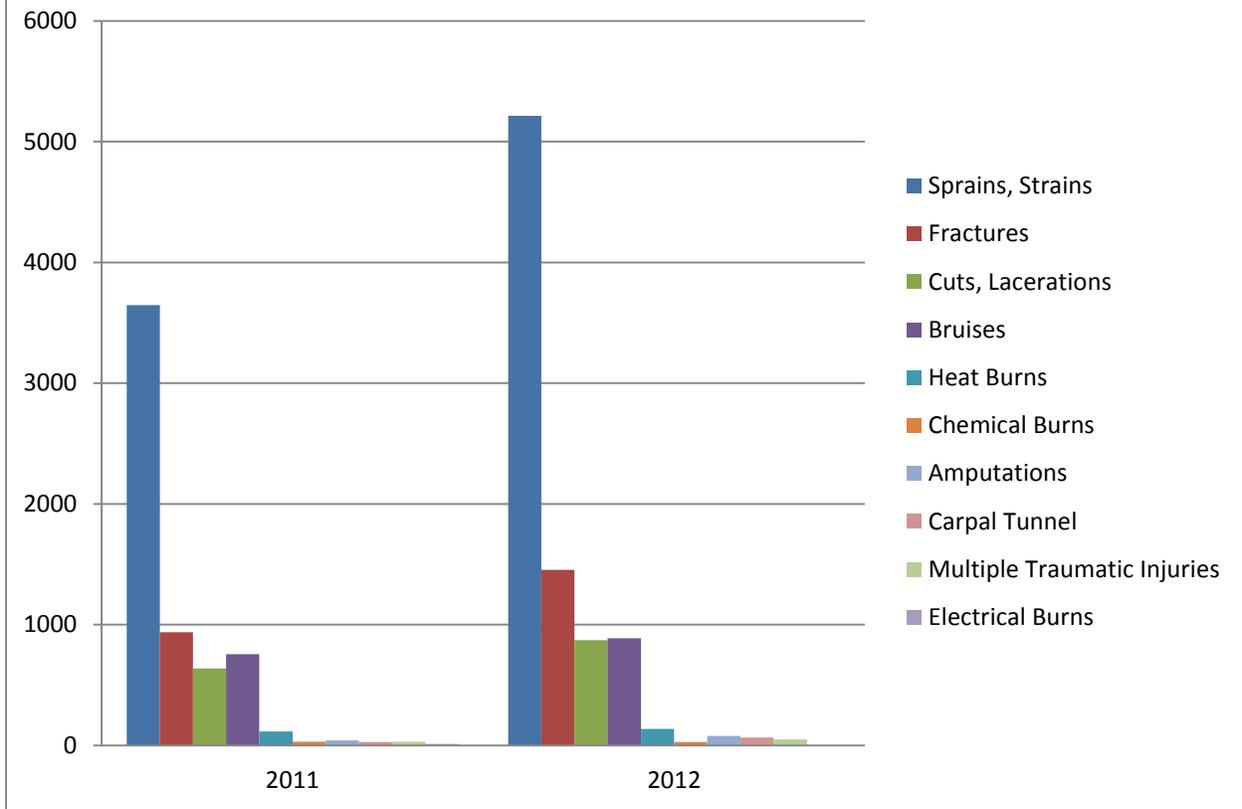
Appendix A

Arizona Occupational Injuries & Illnesses *

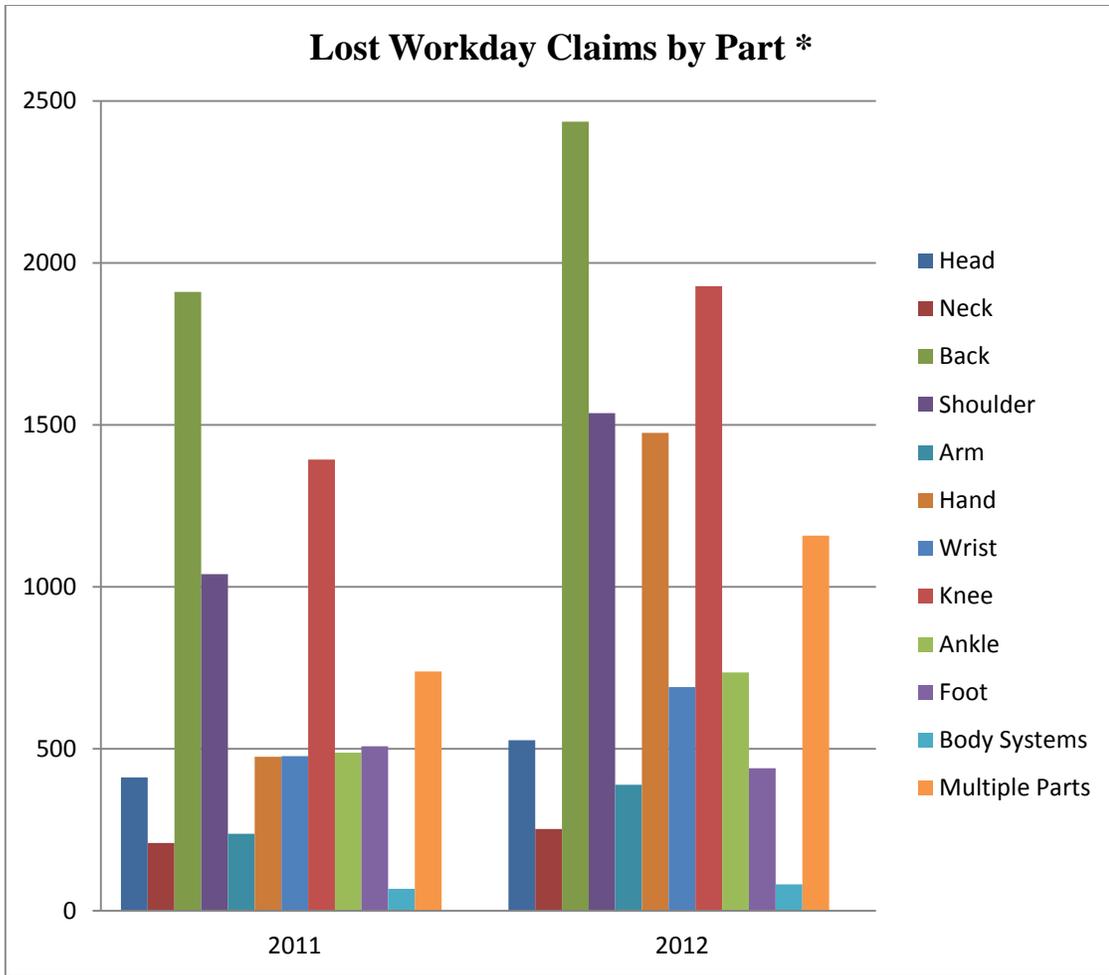


Industry	2011	2012
Agriculture, Forestry, Fishing & Hunting	209	270
Construction	994	1,335
Manufacturing	567	754
Retail Trade	1,435	1,909
Transportation & Warehousing	1,014	1,088
Wholesale Trade	507	799
Health Care & Social Assistance	1,494	1,977
Accommodation & Food Services	665	982
Educational Services	659	885
All Other Industries	2,984	4,089

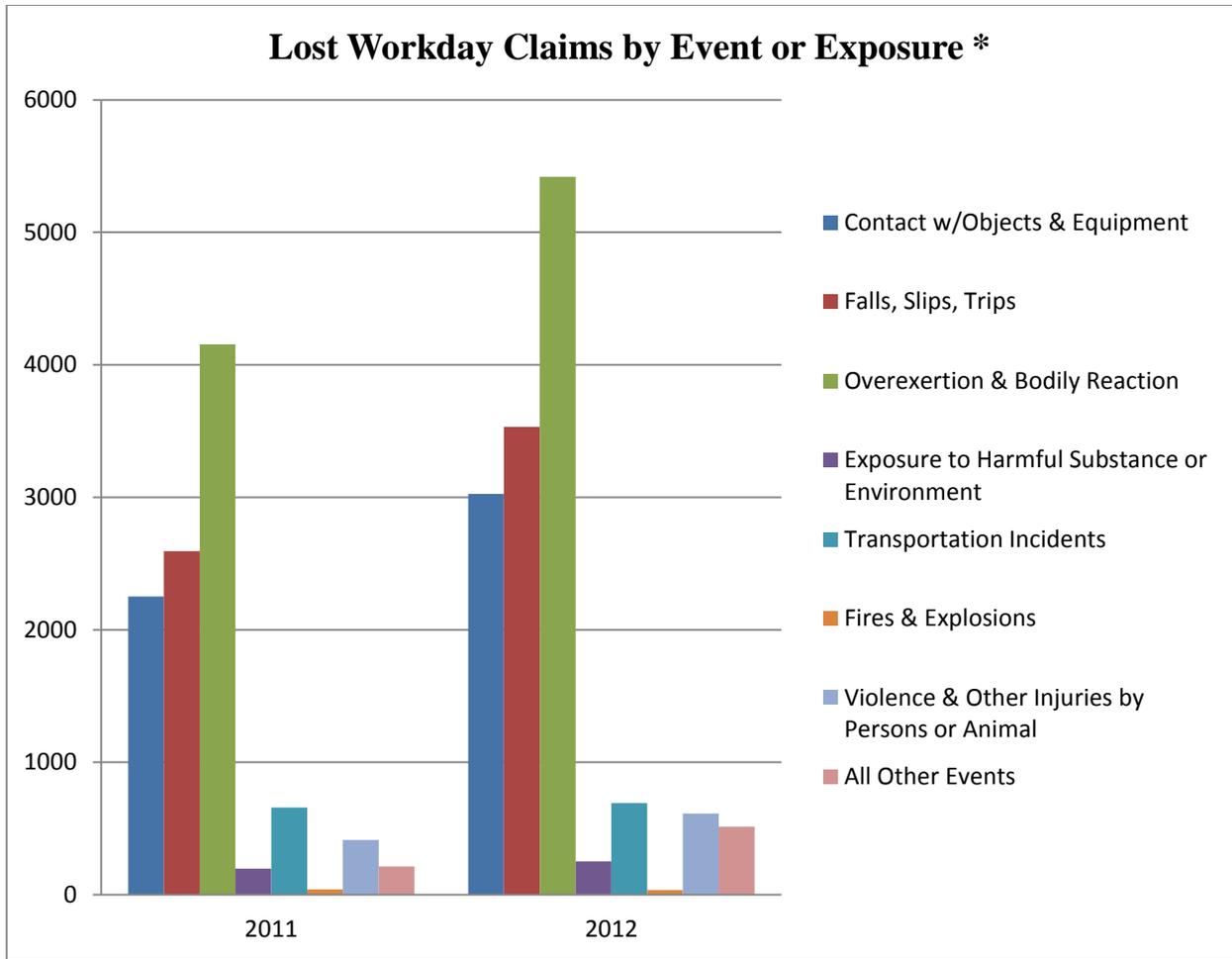
Lost Workday Claims by Nature *



Nature	2011	2012
Sprains, Strains	3,646	5,214
Fractures	938	1,455
Cuts, Lacerations	638	871
Bruises	756	886
Heat Burns	116	137
Chemical Burns	30	28
Amputations	41	78
Carpal Tunnel	29	66
Multiple Traumatic Injuries	31	49
Electrical Burns	13	2
Gunshot Wounds	40	28
Electrocutions/Electric Shocks	13	19
Heat Exhaustion/Stroke/Fatigue	2	1
Traumatic Injuries	90	171

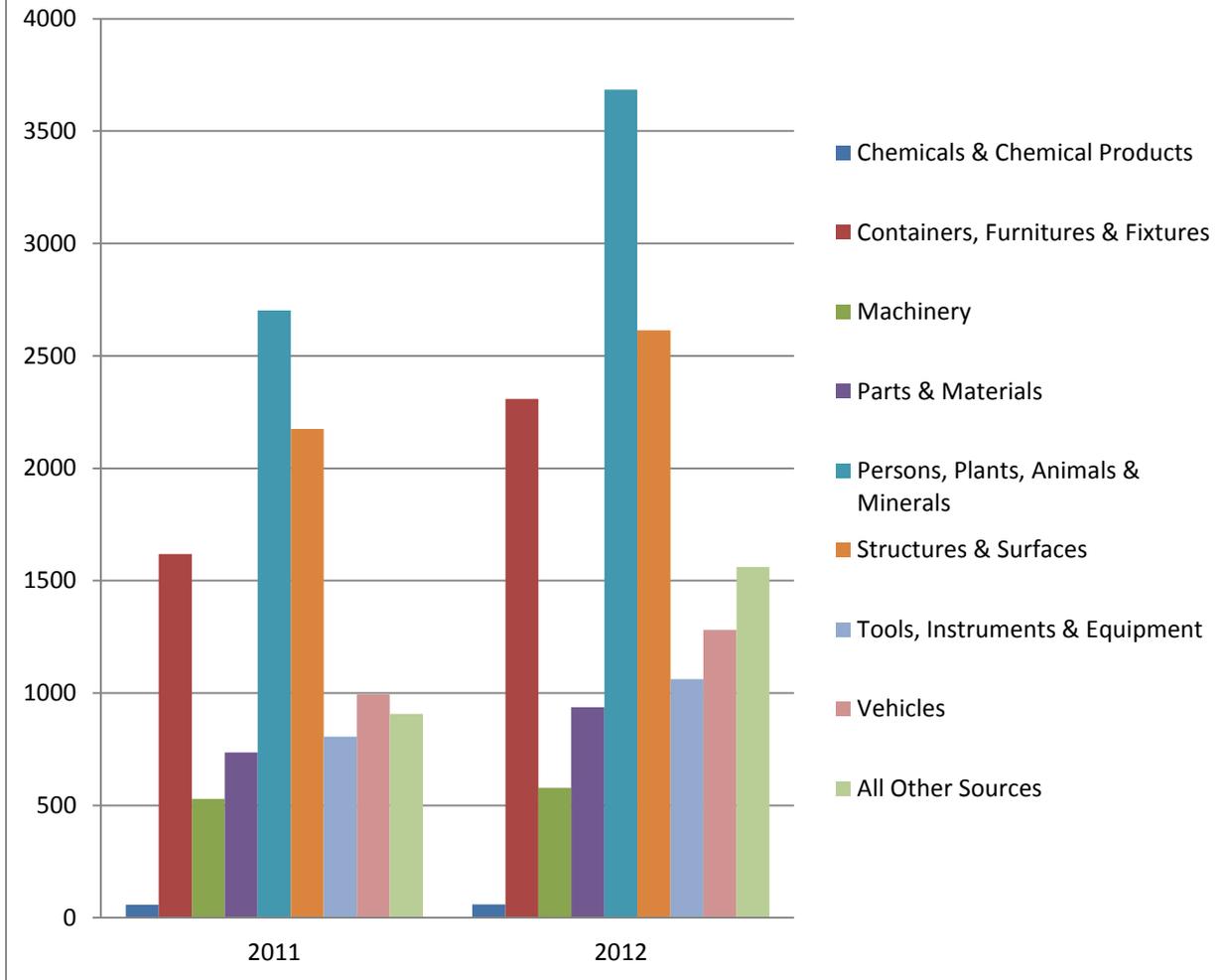


Part	2011	2012
Head	412	527
Neck	210	253
Back	1,910	2,436
Shoulder	1,039	1,536
Arm	238	389
Hand	476	1,475
Wrist	478	691
Knee	1,393	1,928
Ankle	489	736
Foot	508	440
Body Systems	68	82
Multiple Parts	739	1,158

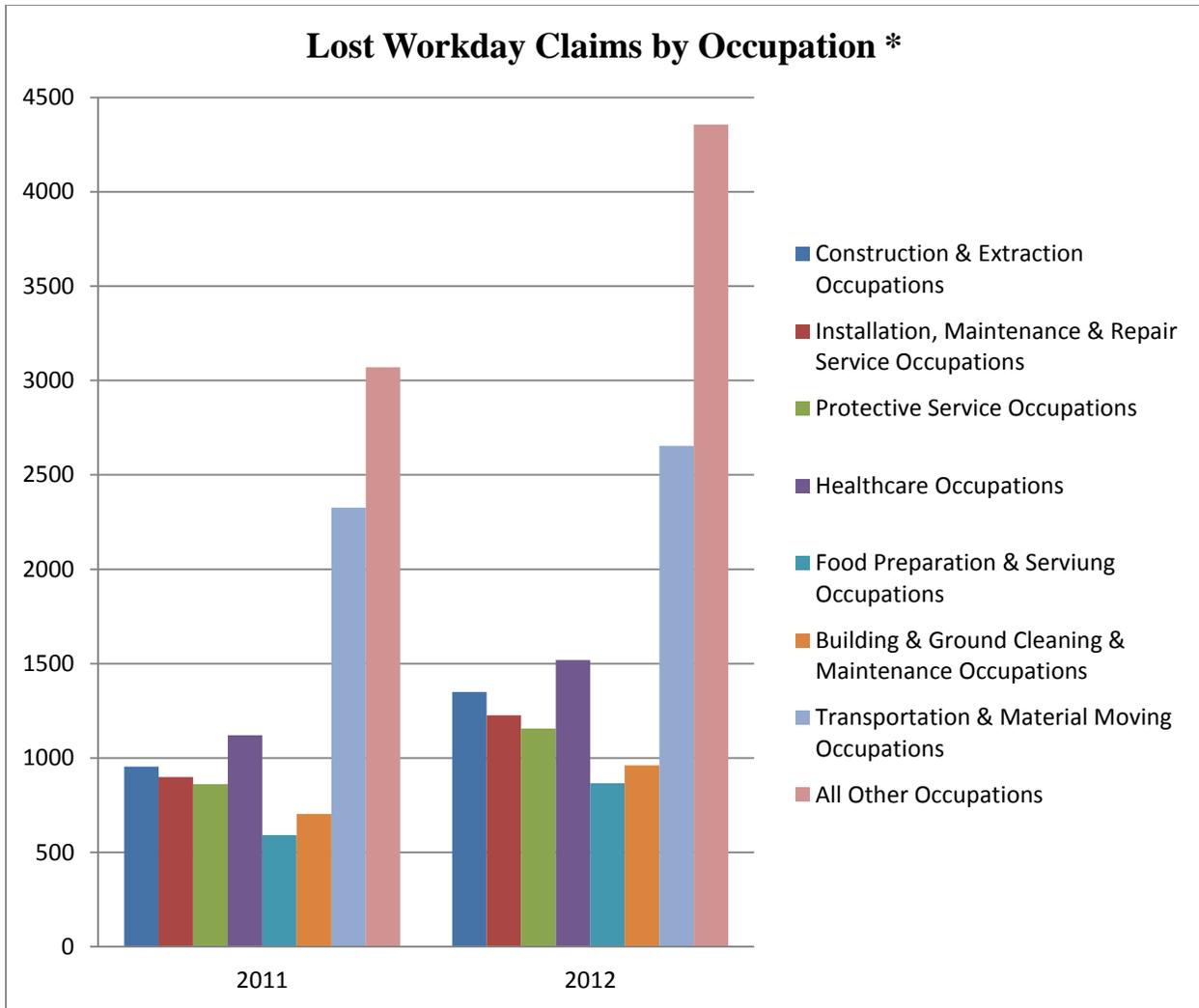


Event	2011	2012
Contact w/Objects & Equipment	2,251	3,026
Falls, Slips, Trips	2,594	3,532
Overexertion & Bodily Reaction	4,155	5,419
Exposure to Harmful Substance or Environment	198	252
Transportation Incidents	660	693
Fires & Explosions	41	37
Violence & Other Injuries by Persons or Animal	414	614
All Other Events	215	515

Lost Workday Claims by Source *



Source	2011	2012
Chemicals & Chemical Products	59	60
Containers, Furniture & Fixtures	1,619	2,309
Machinery	529	579
Parts & Materials	736	937
Persons, Plants, Animals, & Minerals	2,702	3,685
Structures & Surfaces	2,175	2,614
Tools, Instruments, & Equipment	806	1,062
Vehicles	995	1,281
All Other Sources	907	1,561

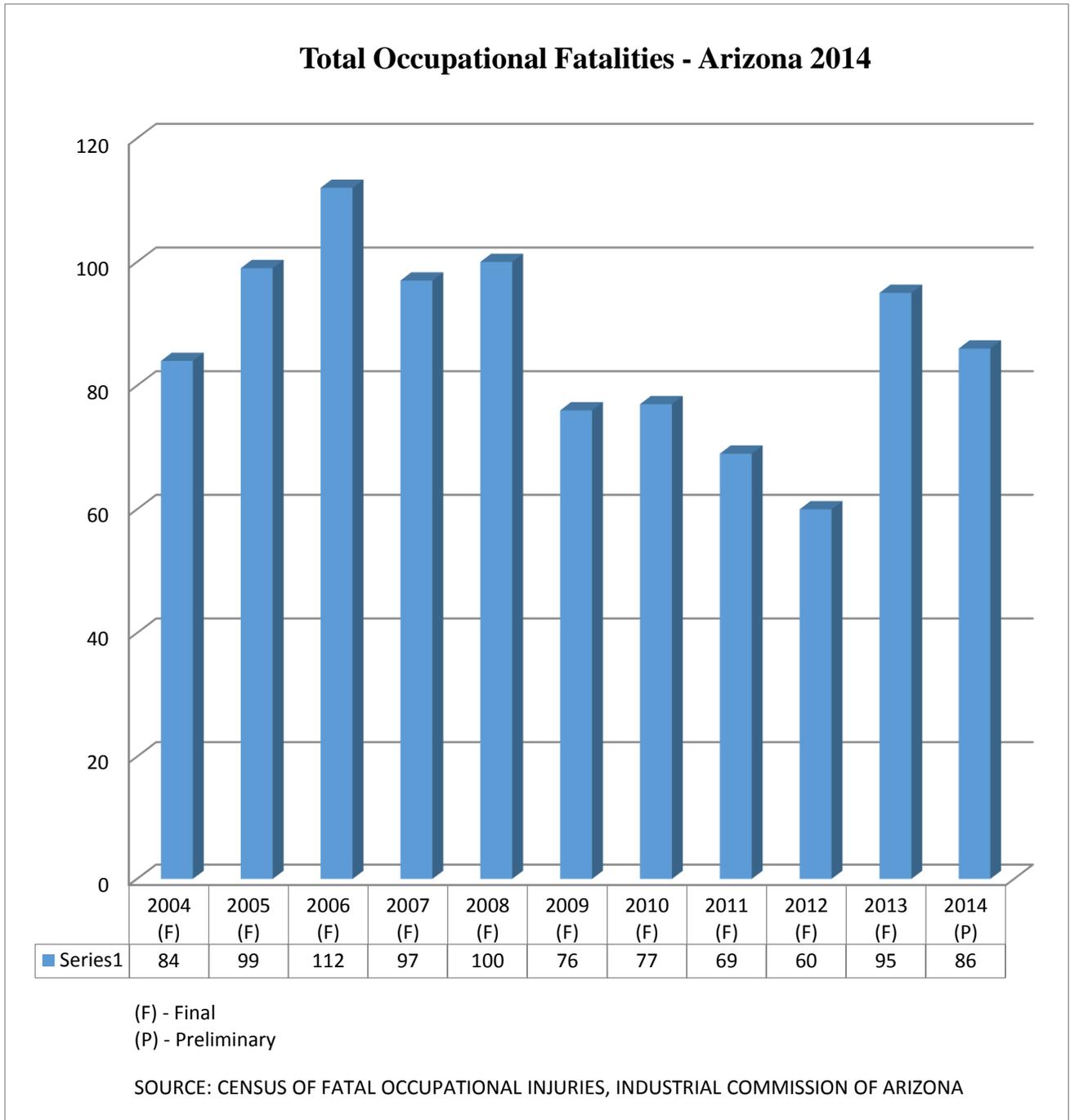


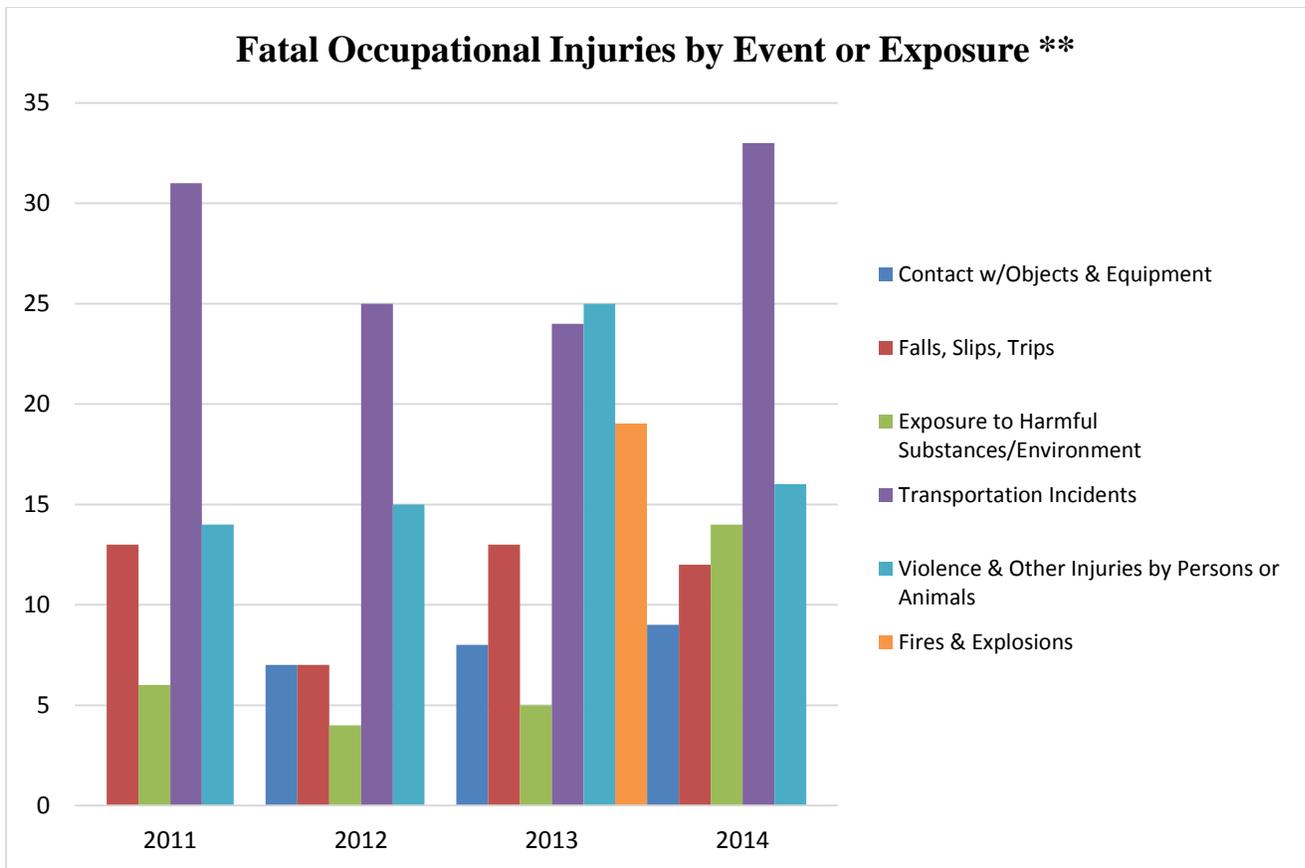
Occupations	2011	2012
Construction & Extraction Occupations	955	1,350
Installation, Maintenance & Repair Service Occupations	899	1,226
Protective Service Occupations	861	1,156
Healthcare Occupations	1,121	1,519
Food Preparation & Serving Occupations	591	866
Building & Ground Cleaning & Maintenance Occupations	704	961
Transportation & Material Moving Occupations	2,326	2,654
All Other Occupations	3,071	4,356

*Source: Supplemental Data System, Industrial Commission of Arizona

Appendix B

Bureau of Labor Statistics Census of Fatal Occupational Injuries





	2011	2012	2013	2014
Contact w/Objects & Equipment	-	7	8	9
Falls, Slips, Trips	13	7	13	12
Exposure to Harmful Substances/Environment	6	4	5	14
Transportation Incidents	31	25	24	33
Violence & Other Injuries by Persons or Animals	14	15	25	16
Fires & Explosions	-	-	19	-

*Note: Totals for major categories may include subcategories not shown separately.

CFOI fatality counts exclude illness-related deaths unless precipitated by an injury event. Data for 2014 are preliminary. Data for all other years are revised and final. Totals for major categories may include subcategories not shown separately. Dashes indicate no data reported or data that do not meet publication criteria. NEC means "not elsewhere classified." CFOI fatal injury counts exclude illness-related deaths unless precipitated by an injury event.

**Source: U.S. Department of Labor, Bureau of Labor Statistics, Census of Fatal Occupational Injuries.