

THE INDUSTRIAL COMMISSION OF ARIZONA

2022 ANNUAL REPORT



Dennis P. Kavanaugh	Chairman
Joseph M. Hennelly, Jr.	Vice Chair
Scott P. LeMarr	Commissioner
D. Alan Everett	Commissioner
Maria Cecelia Valdez	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”) 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 separated from the Industrial Commission and established as a separate agency responsible for providing workers’ compensation coverage. The Industrial Commission retained its responsibility as the file of record and its 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.

The policy setting body for the ICA is a five-person Commission whose members are appointed by the Governor and confirmed by the Senate to staggered five-year 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 seven ICA 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.

The five-person Commission is responsible for determining the policies of the Industrial Commission of Arizona. Each Commissioner is appointed by the Governor to a five-year term.

In addition to establishing the policies 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;
- 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 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 on the Industrial Commission web site listed above or by contacting the Commission Secretary at (602) 542-4411.

All charts and graphs contained within the Industrial Commission of Arizona's Annual Report are based on state fiscal year 2021, unless otherwise noted.

STATE OF PROGRAMS

A. OCCUPATIONAL SAFETY AND HEALTH

In 1974, Arizona's State Occupational Safety and Health plan was given initial approval from the U.S. Department of Labor's Occupational Safety and Health Administration ("Federal OSHA"), and the Arizona Division of Occupational Safety and Health ("ADOSH") was designated as the State entity responsible for administering the State Plan. Arizona's plan was granted final approval and concurrent Federal enforcement authority was relinquished under section 18(E) of the Federal OSHA Act effective June 20, 1985.

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, tribal lands, and federal employees. This jurisdiction encompasses approximately 3 million employees working in 173,899 public and private establishments. In accordance with the Federal Occupational Safety and Health Act, the Arizona Division of Occupational Safety and Health 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 department conducts 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 focused effort, or (5) a follow-up to ensure previously cited serious, repeat, or willful violations have been corrected.

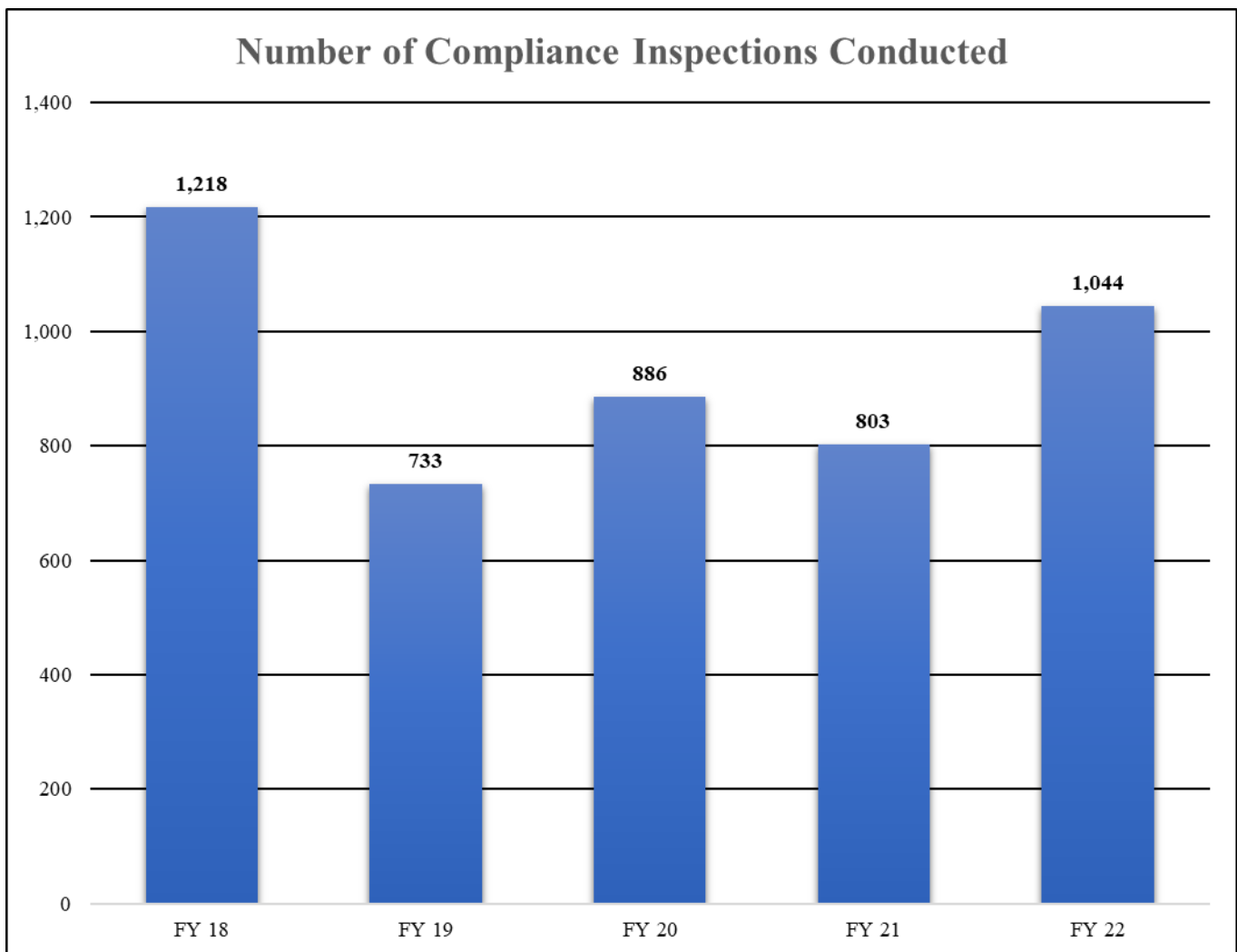
Inspections involving work-related accidents are serious in nature and may involve fatalities. A complaint inspection is generally the result of a serious safety/health allegation or an employer's failure to respond to a written inquiry from ADOSH. A referral can come from another government source such as 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 proposed citations and either approve, reject, or remand their issuance.

At a public meeting before the Commissioners, a representative from ADOSH presents a prima facie case to the Commissioners and explains why a citation should be issued. The Commission reviews the proposal and either approves, modifies, or rejects the proposed citations based upon the facts presented. The Commission reviews all cases where there are citations with penalties totaling more than \$2,500. Penalties totaling \$2,500 or less are approved by the ADOSH Director. All penalties assessed and collected go directly to the State General Fund.

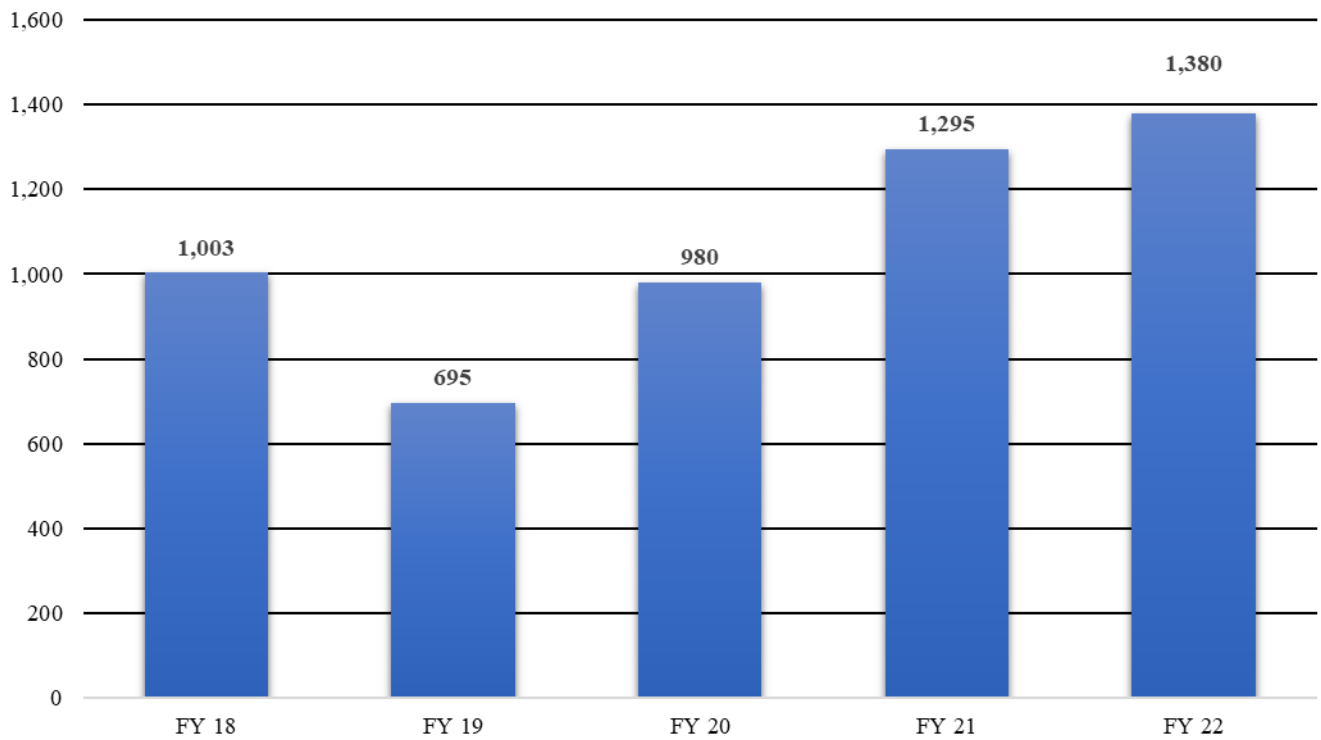
It is important to note, not all inspections result in penalties. In fact, the majority of violations are “other than serious” and carry no penalty. In addition, for a significant number of inspections ADOSH finds no violations and determines the employer is “in compliance” with the Arizona Occupational Safety and Health Act.

The following represents statistics related to citations issued by ADOSH during the applicable state fiscal year:

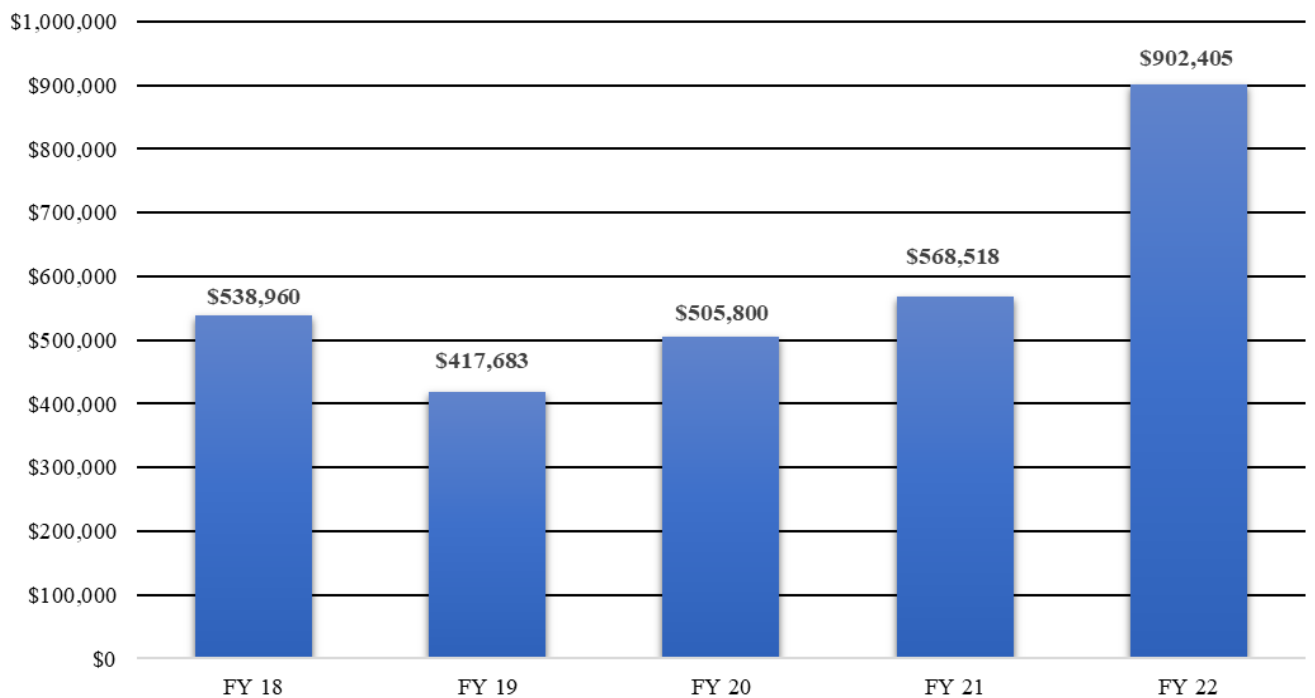


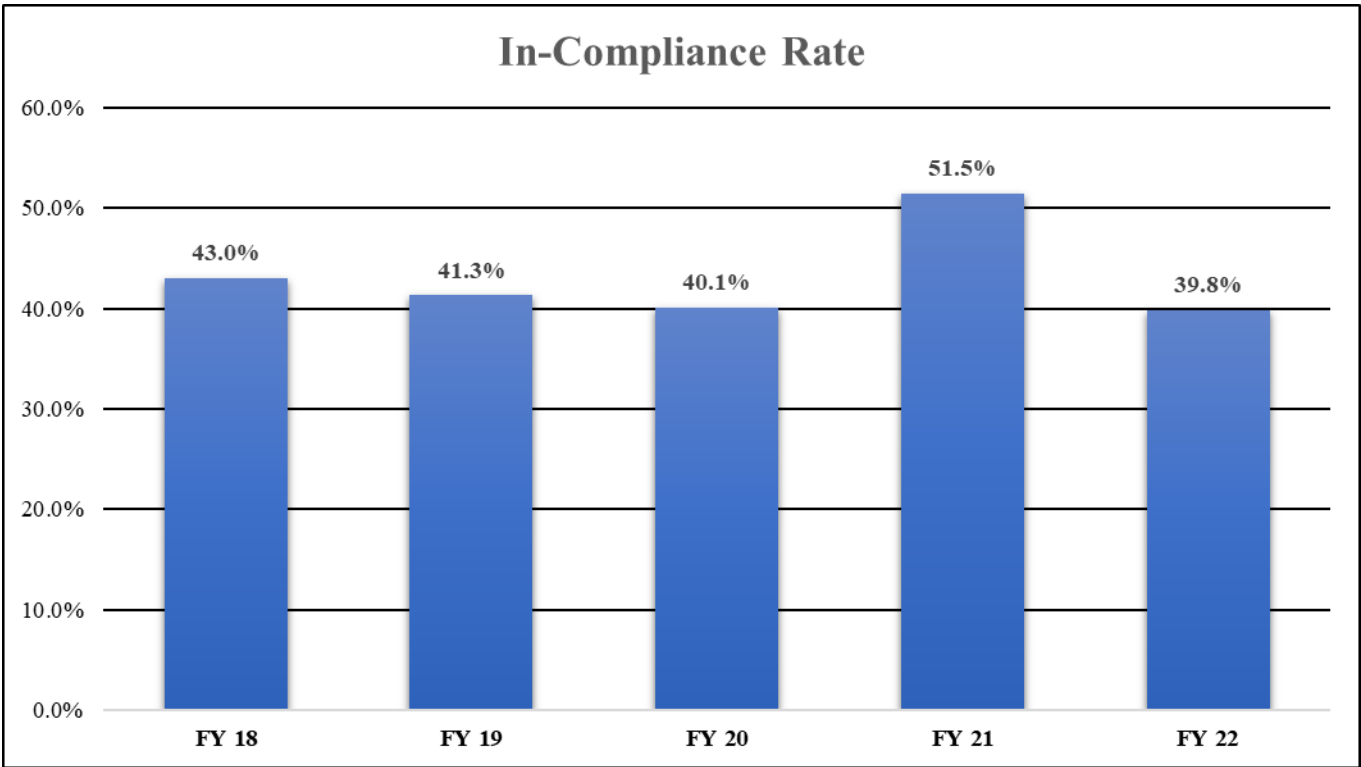
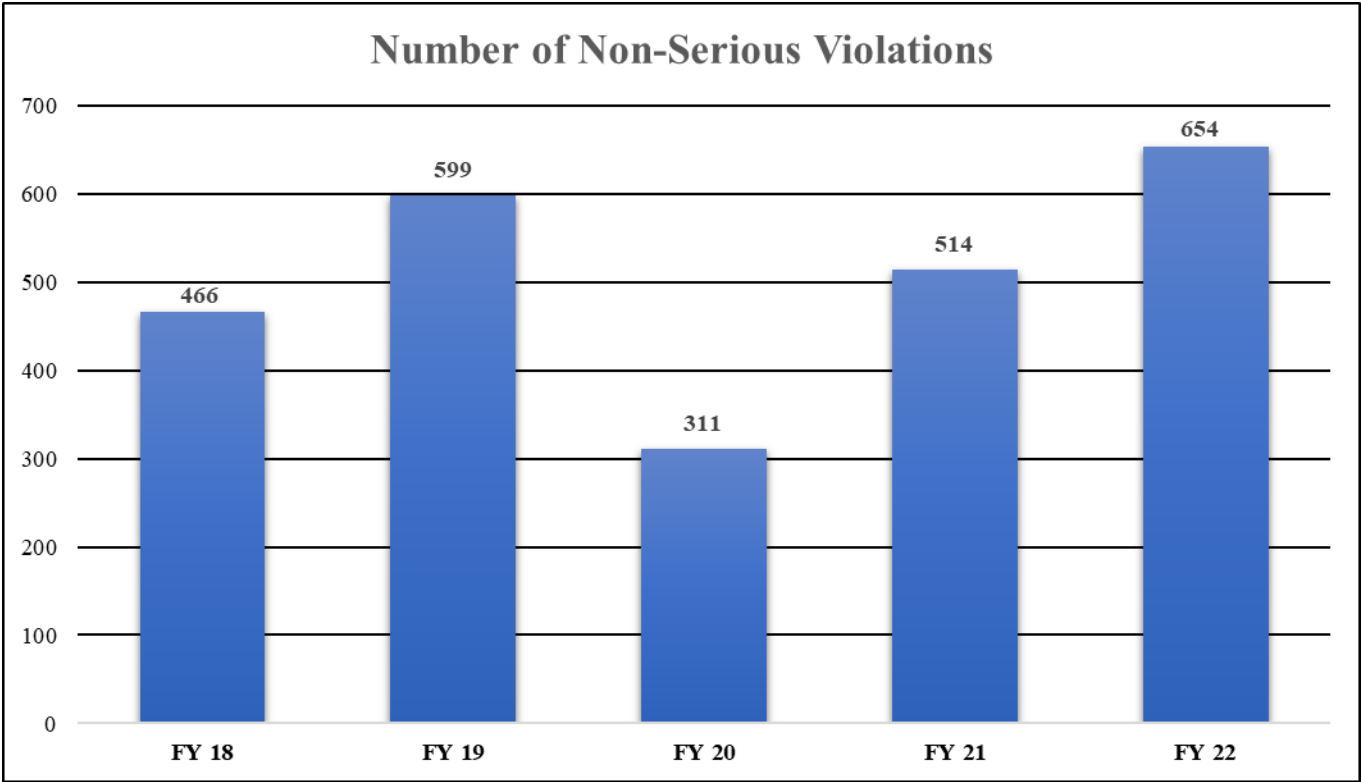
Please note: FY19, FY20, FY21 and FY22 include Compliance Assistance.

Number of Serious, Willful, and Repeat Violations



Total Penalties Assessed





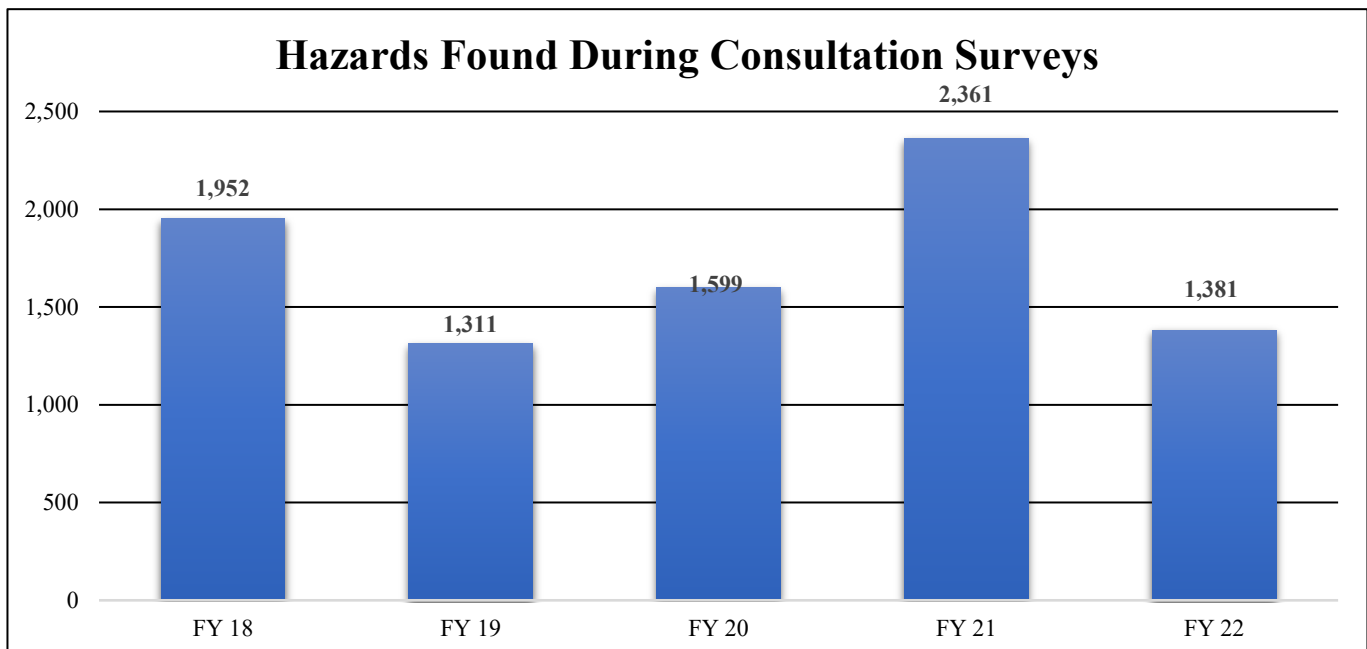
2. Consultation and Training

ADOSH's consultation activities consist of providing free consultative services to employers who request assistance to come 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.

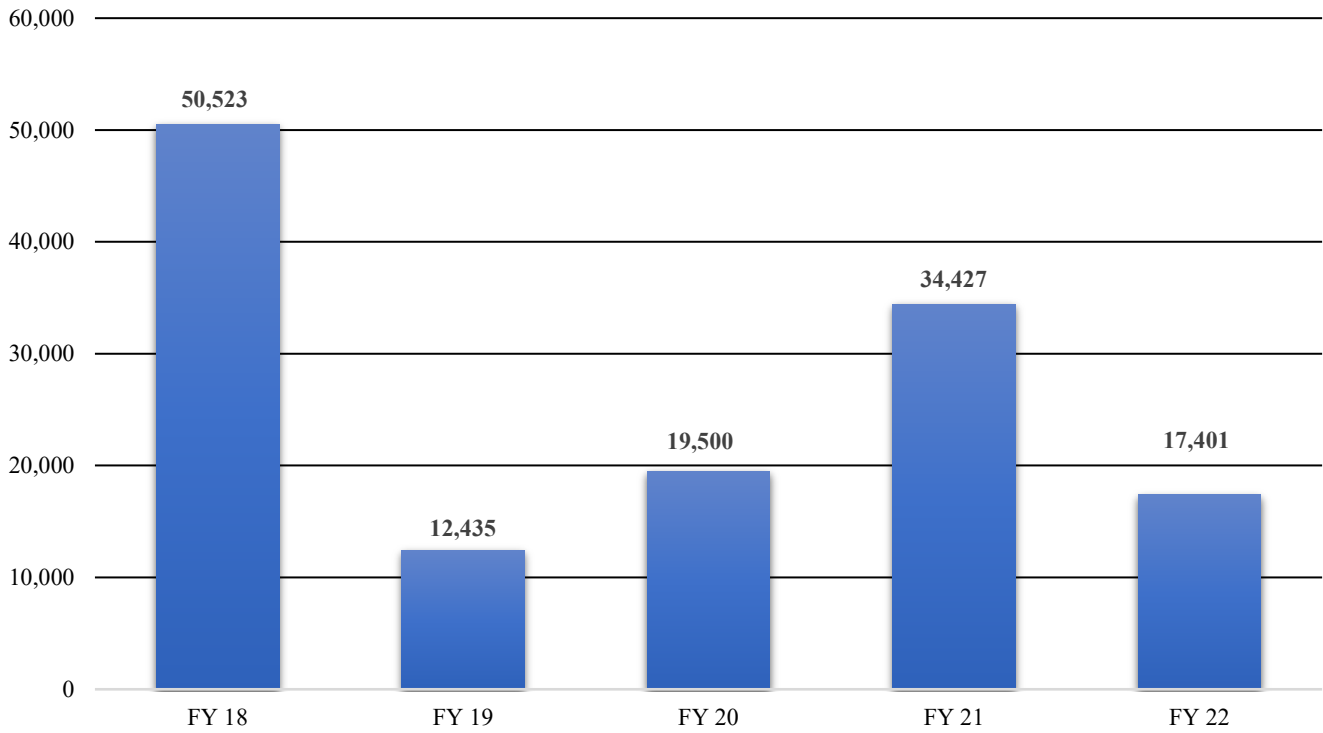
The consultation department also oversees key outreach and partnership programs which help strengthen public and private entities' understanding of ADOSH's mission and vision. The programs include the Voluntary Protection Program, the Safety and Health Achievement Recognition Program, Partnerships, and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

An example of a Partnership is the Public Entity Partnership Program. The program was designed to help cities, counties, and State government entities with their safety and health management systems. Quarterly visits by the Consultation Department consultants and enhanced training is offered at no cost to any participant. Together ADOSH and the public entity learn about positive ways to implement best practices and simple solutions for safety in the workplace to reduce the chances of an injury or illness to an employee.

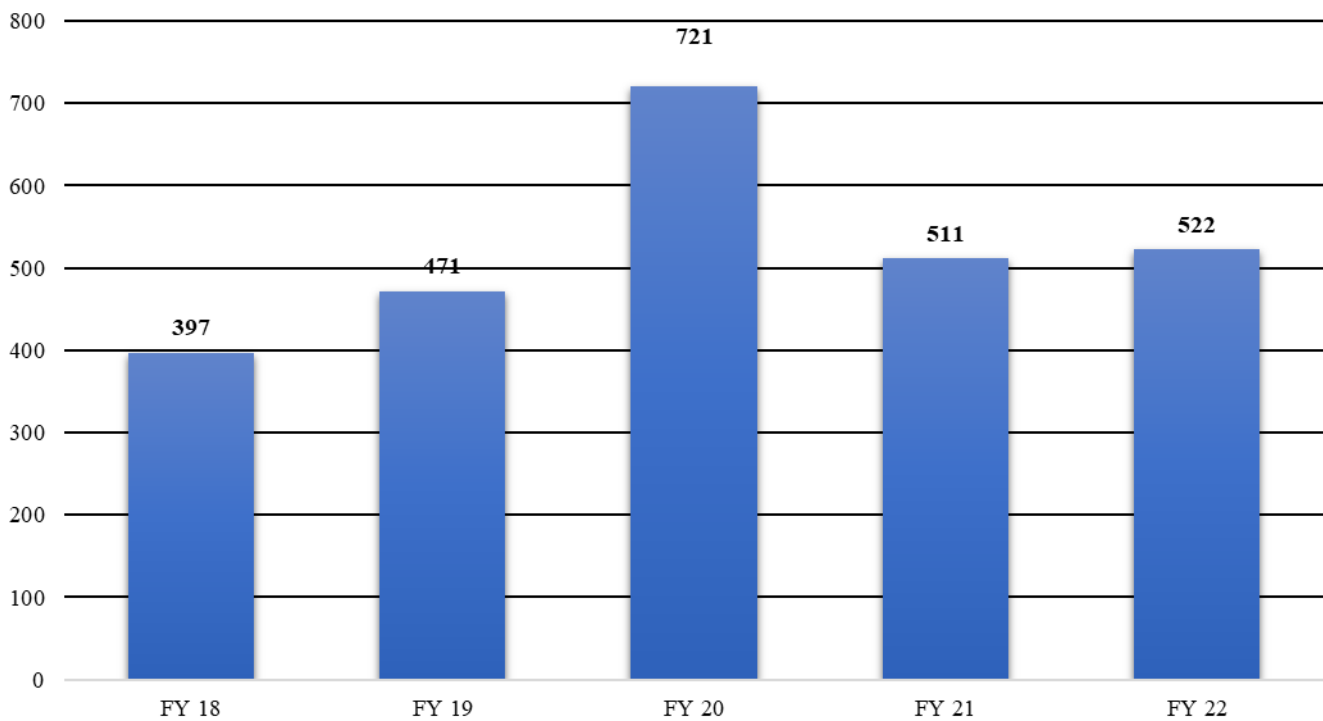
Free training programs are also provided by ADOSH to business organizations, employee organizations, and individual employers upon request. The following represent statistics related to consultation services provided by ADOSH during the applicable state fiscal year.

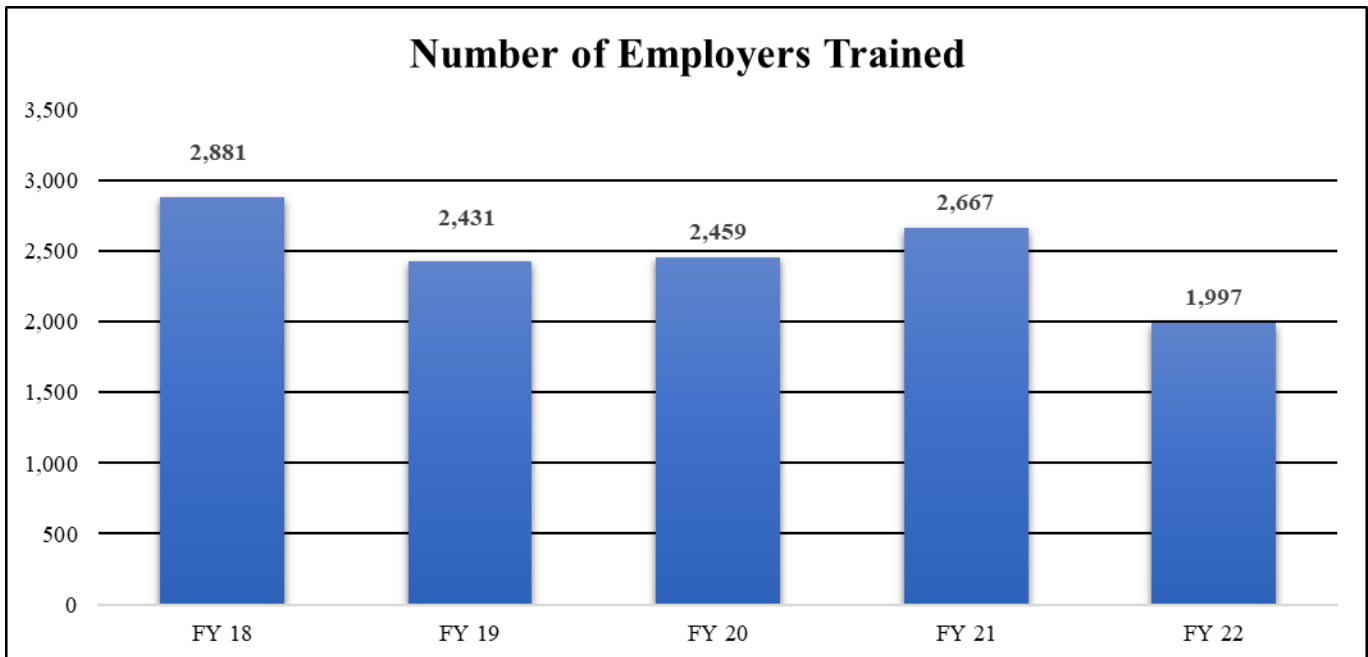
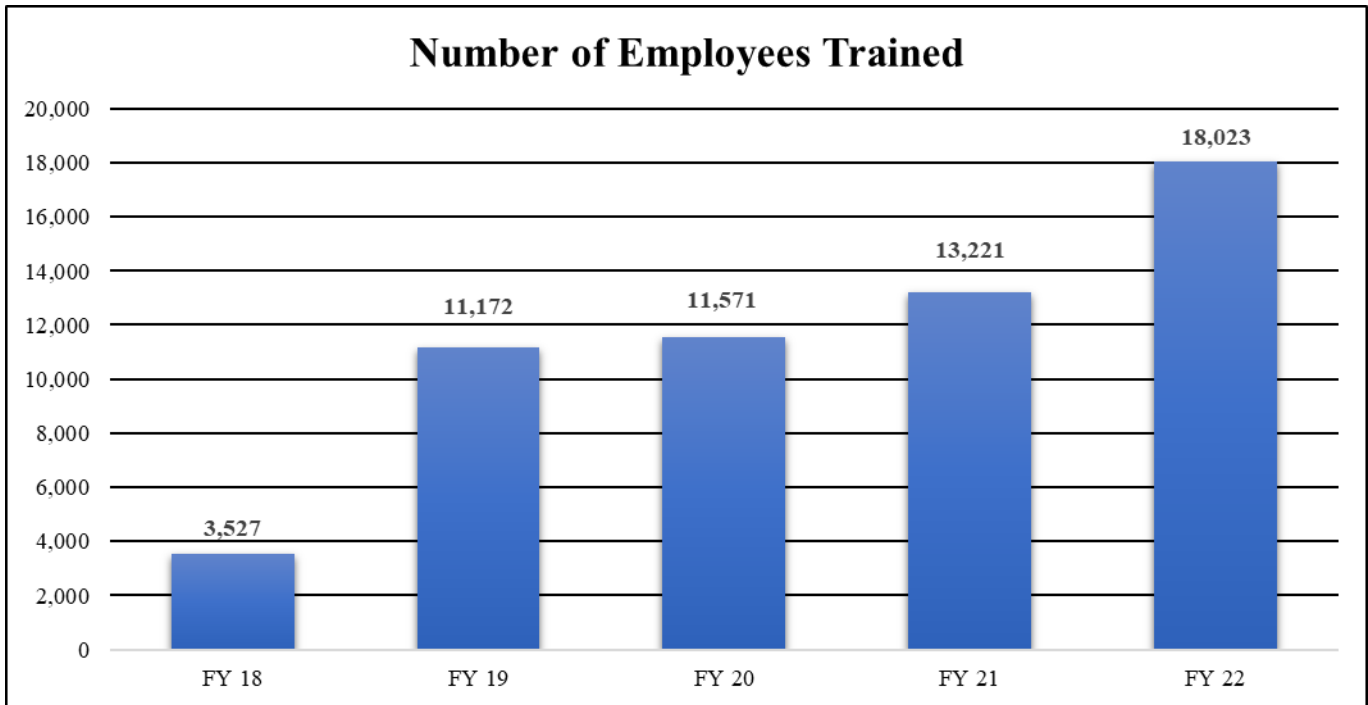


Number of Employees Removed from Hazards



Number of Training Programs Conducted



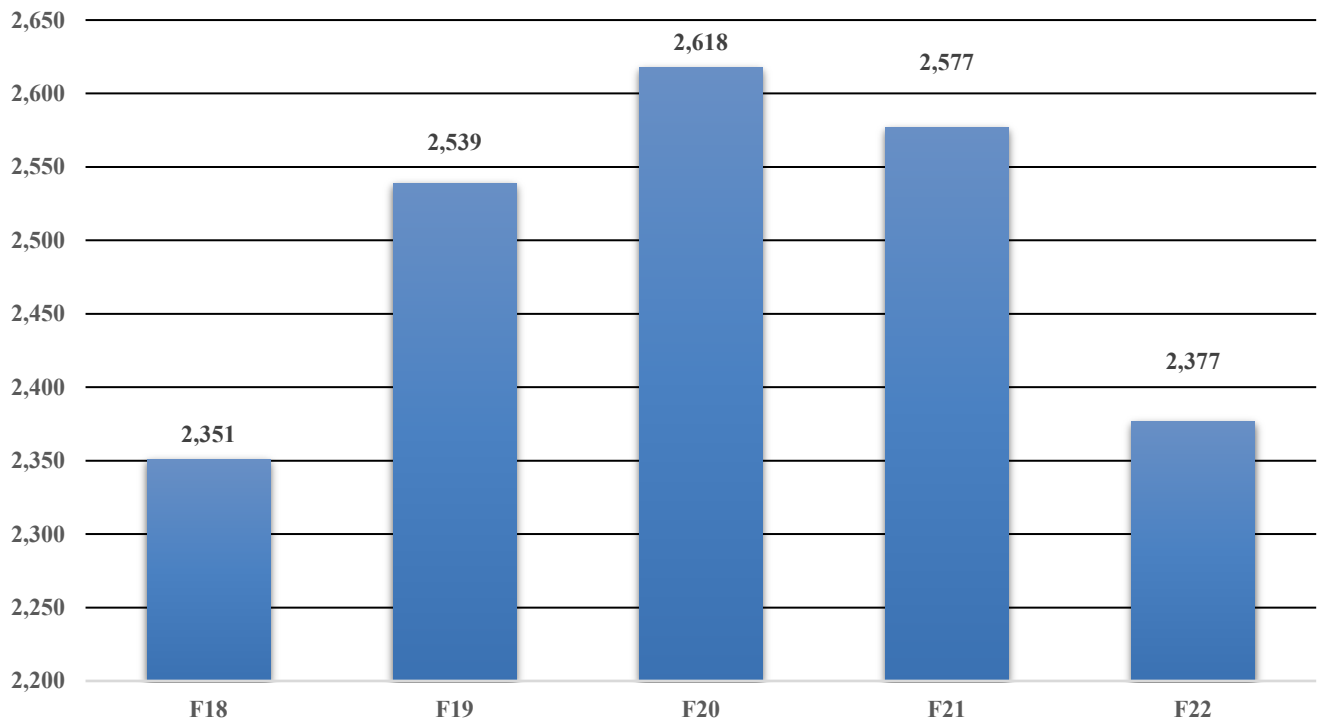


3. Boilers and Elevators

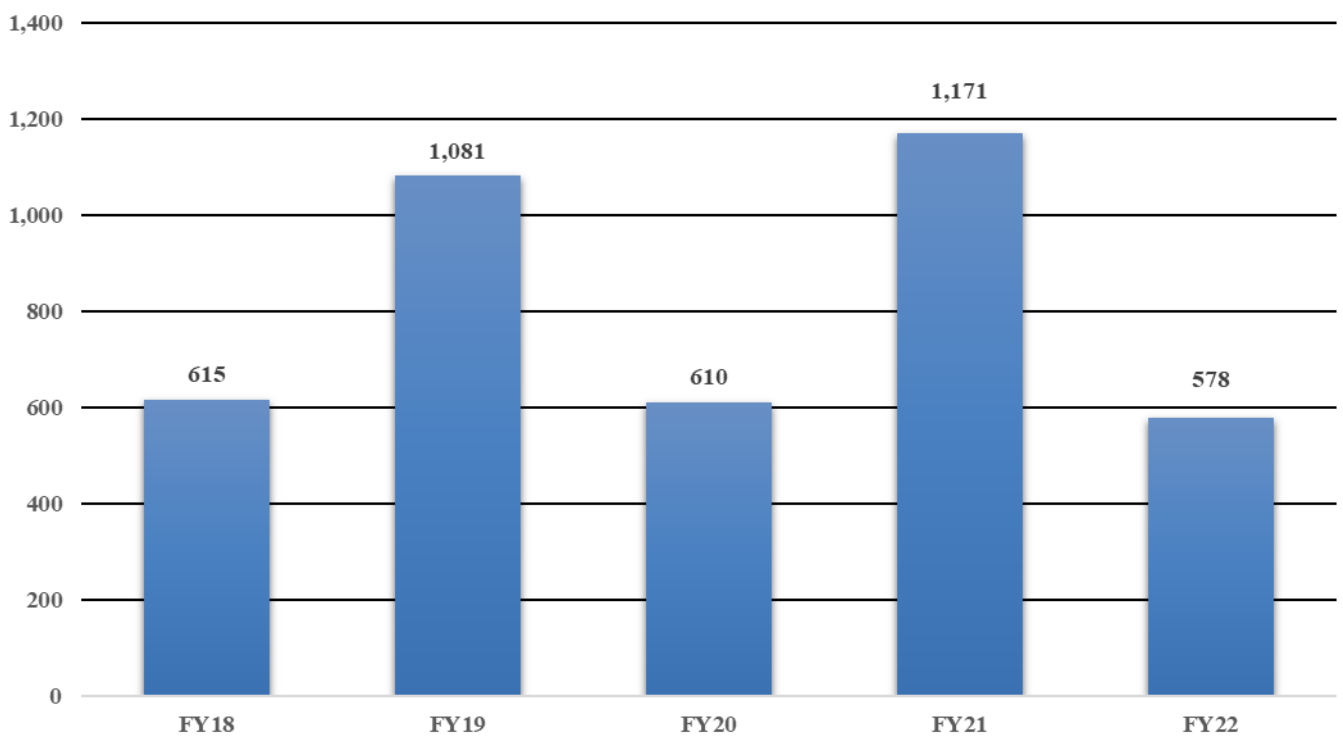
Unlike the Arizona Occupational Safety and Health Act, the Boiler and Elevator programs are equipment oriented, and not based upon employee exposure. As a result, cease and desist orders are utilized without monetary penalties. Once violations are corrected, certificates of operation are issued allowing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

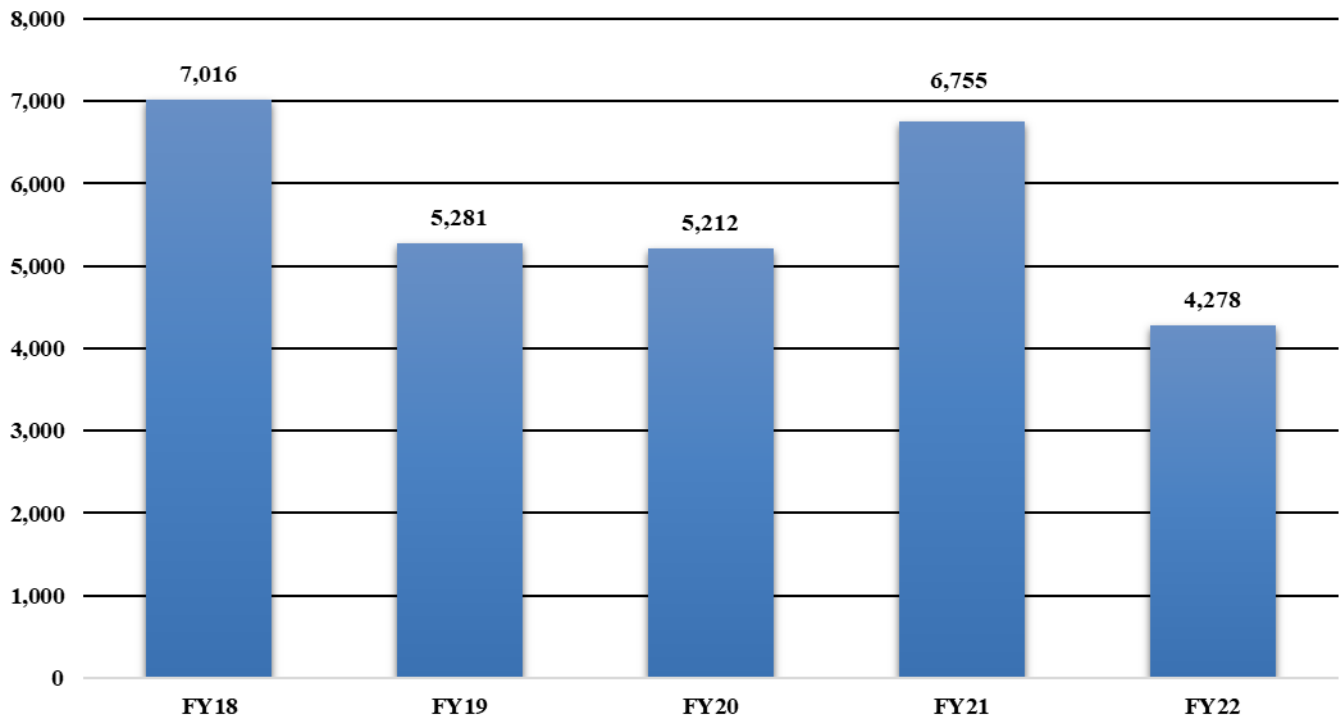
Number of Boilers Inspected



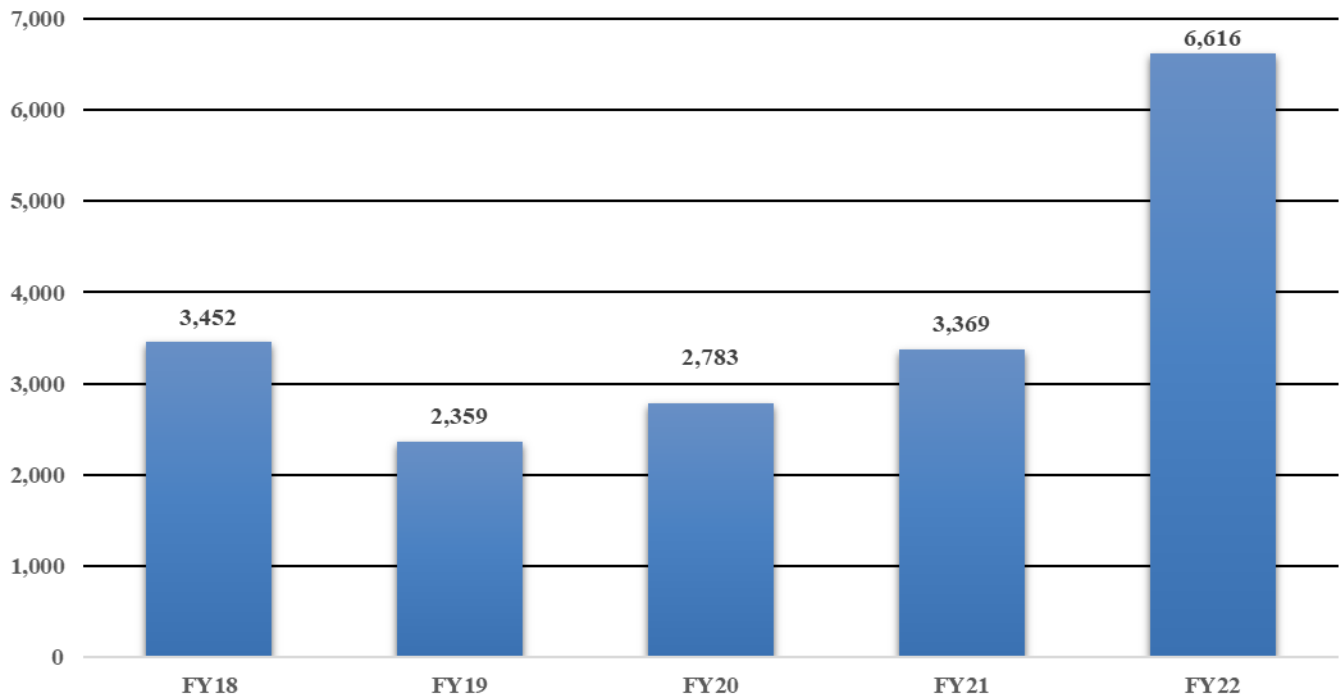
Number of Boiler Deficiencies Identified & Corrected



Number of Elevators Inspected



Number of Elevator Deficiencies Identified & Corrected



4. Occupational Injury, Illness & Fatality Statistics

The Research and Statistic 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 300 and 300A Forms. 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 The 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.

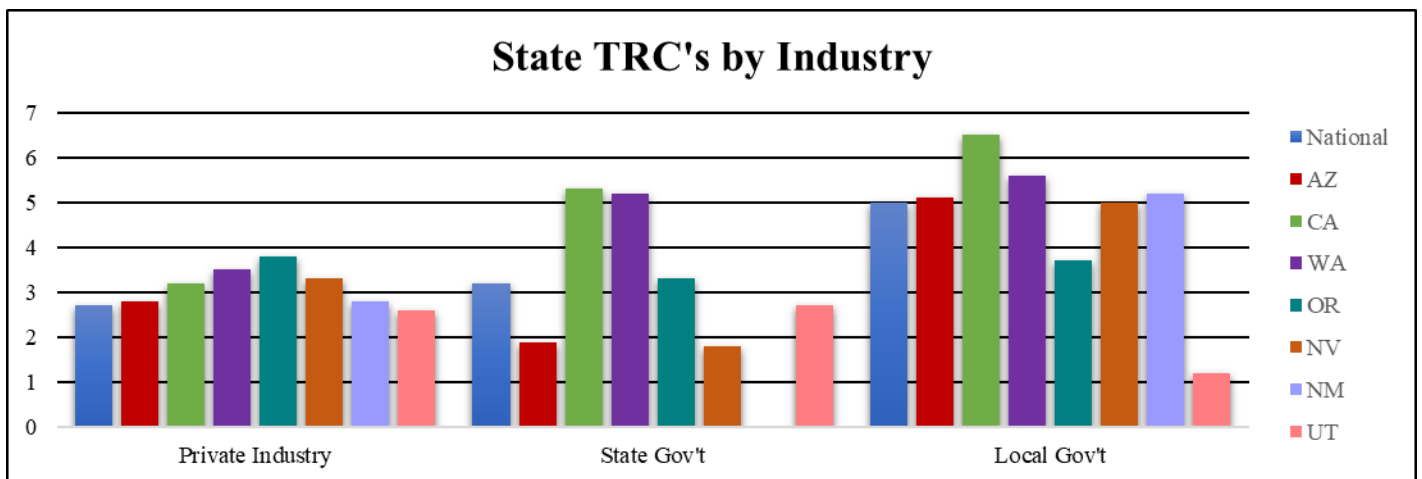
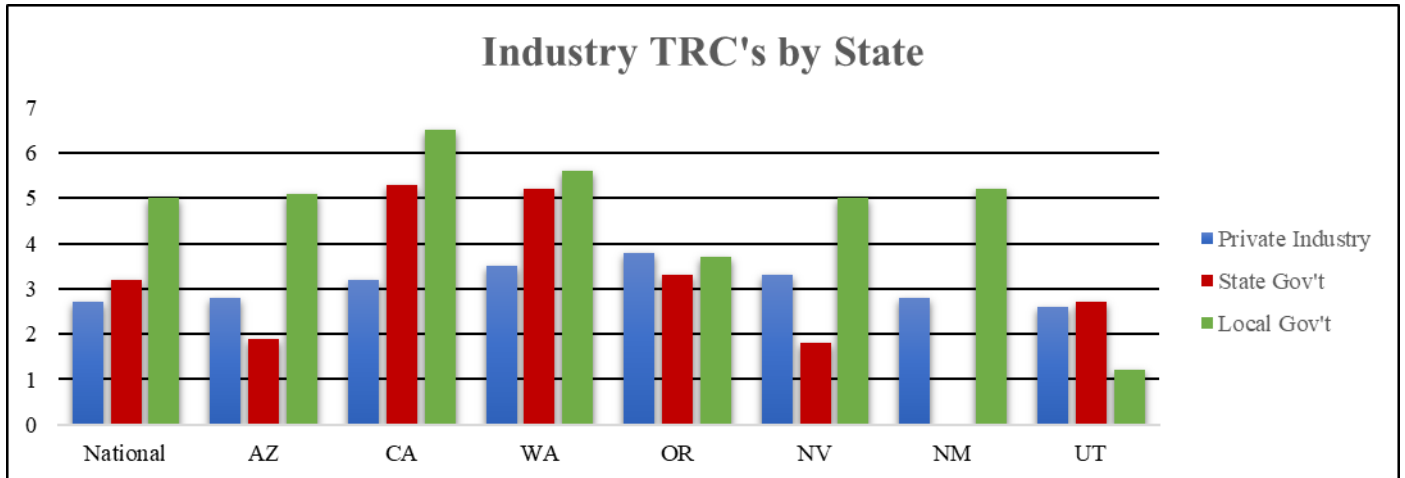
For more information on the different coding structures used and the years to which they apply, please see the BLS Handbook of Methods at <http://www.bls.gov/opub/hom/pdf/homch9.pdf>.

The information obtained from either the CFOI or SOII can be used to identify hazardous industries, occupations, and activities. It also can assist in the development of safer workplaces and the prevention of injuries. The injury and illness rates calculated based on the most recent surveys are found on pages 13-16. These were published under the Arizona Workers’ Compensation section in previous annual reports. The injury and illness incident rates have been moved to the Occupational Injury, Illness and Fatal Statistics section to establish the connection for the Bureau of Labor Statistics SOII program. Fatality statistics are found in Appendix B, pages 36-41.

Appendix A includes the revised OIICS, SOC, and NAICS codes that have been implemented in the Bureau of Labor Statistics database. Appendix B reflects the revised OIICS, SOC, and NAICS codes that have been implemented for the fatal statistics beginning in 2011.

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

TRC: Total Recordable Cases per 100 Employees



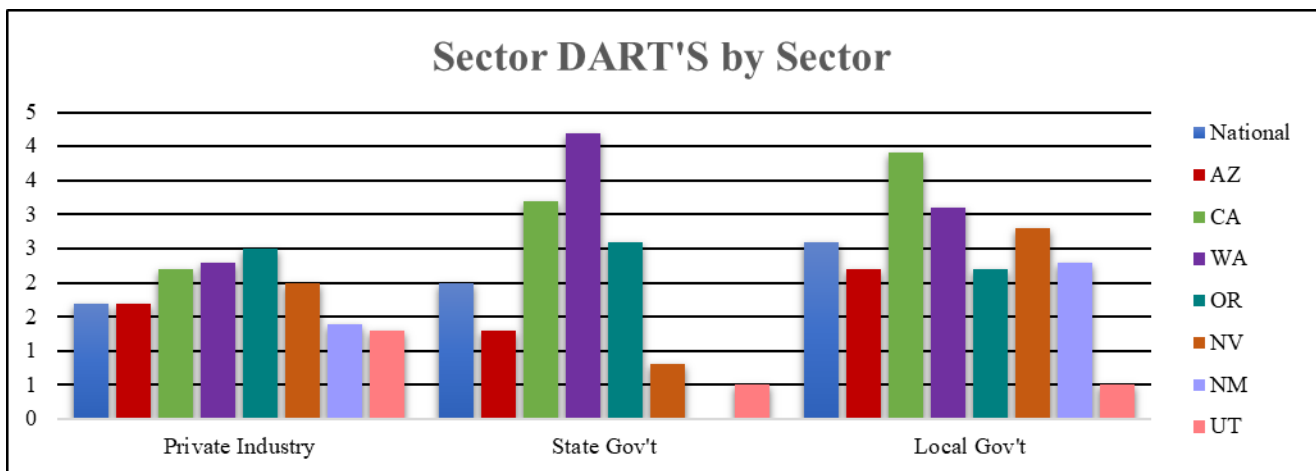
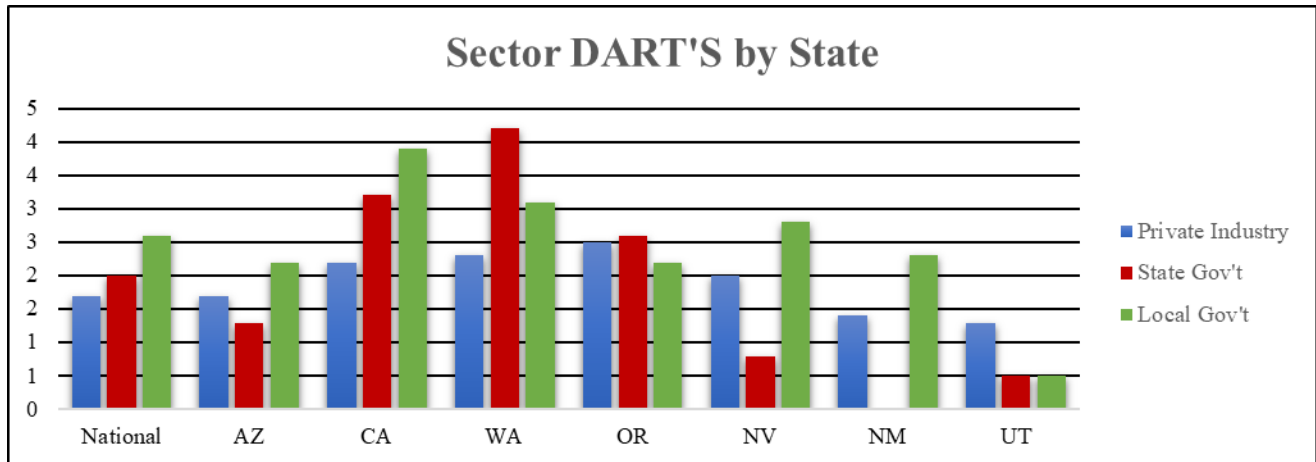
	Private Industry	State Gov't	Local Gov't
National	2.7	3.2	5.0
AZ	2.8	1.9	5.1
CA	3.2	5.9	6.5
WA	3.5	5.2	5.6
OR	3.8	3.3	3.7
NV	3.3	1.8	5.0
NM	2.8	0.0	5.2

* Source: Incident Rates from Table 8, Nonfatal Occupational Injuries and Illnesses by Industry, 2021, Bureau of Labor Statistics.

UT	2.6	2.7	1.2
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**Bureau of Labor Statistics Survey of Occupational
Injury and Illness Incident Rates ***

DART: Cases with days away from work/Restricted time per 100 Employees



	Private Industry	State Gov't	Local Gov't
National	1.7	2.0	2.6
AZ	1.7	1.3	2.2
CA	2.2	3.2	3.9
WA	2.3	4.2	3.1
OR	2.6	2.6	2.2
NV	2.0	0.8	2.8
NM	1.4	0.0	2.3

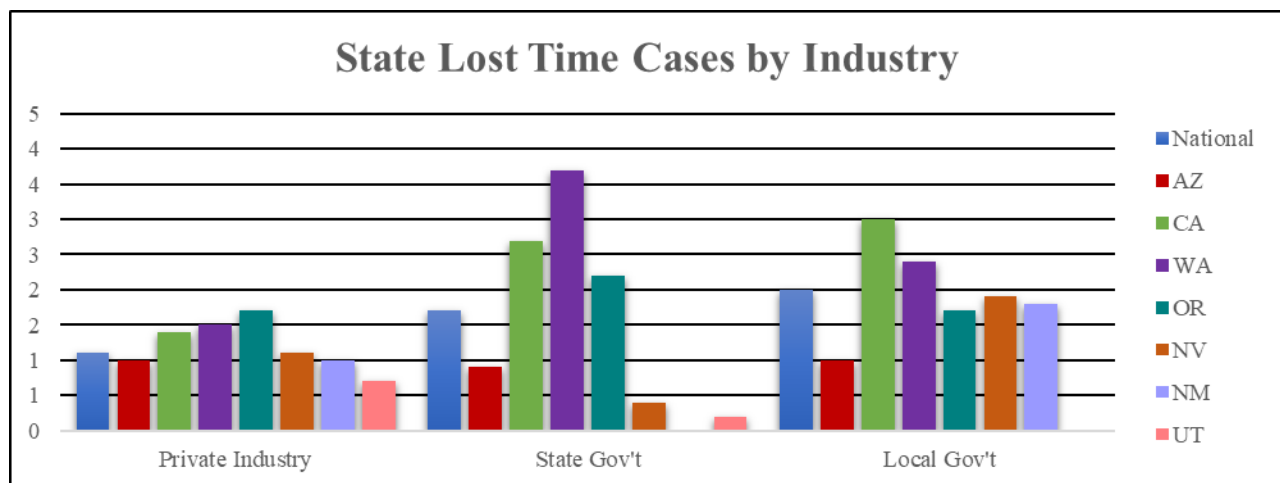
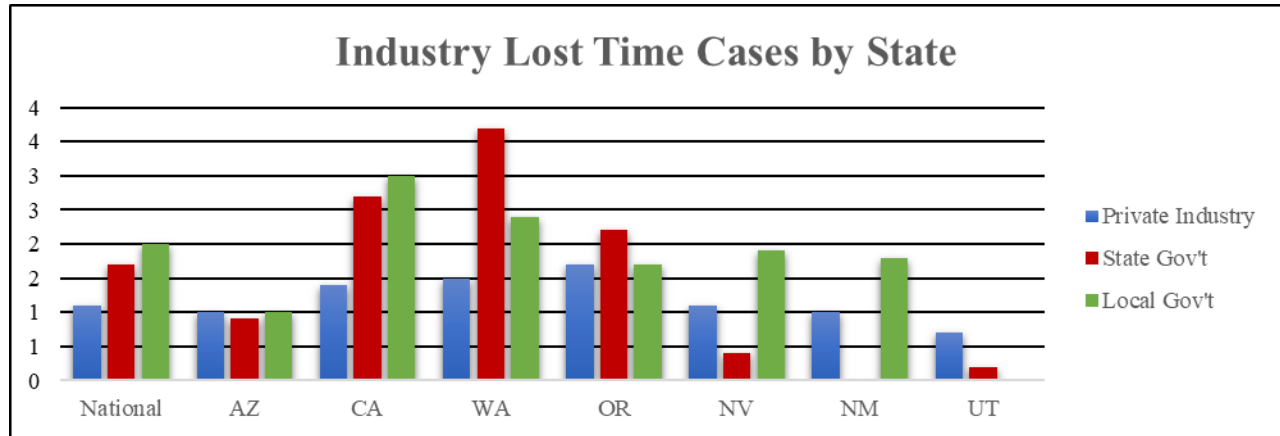
* Source: Incident Rates from Table 8, Nonfatal Occupational Injuries and Illnesses by Industry, 2021, Bureau of Labor Statistics.

UT	1.3	0.5	0.5
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* Source: Incident Rates from Table 8, Nonfatal Occupational Injuries and Illnesses by Industry, 2021, Bureau of Labor Statistics.

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

Lost Time Rate: Cases with days away from work per 100 Employees

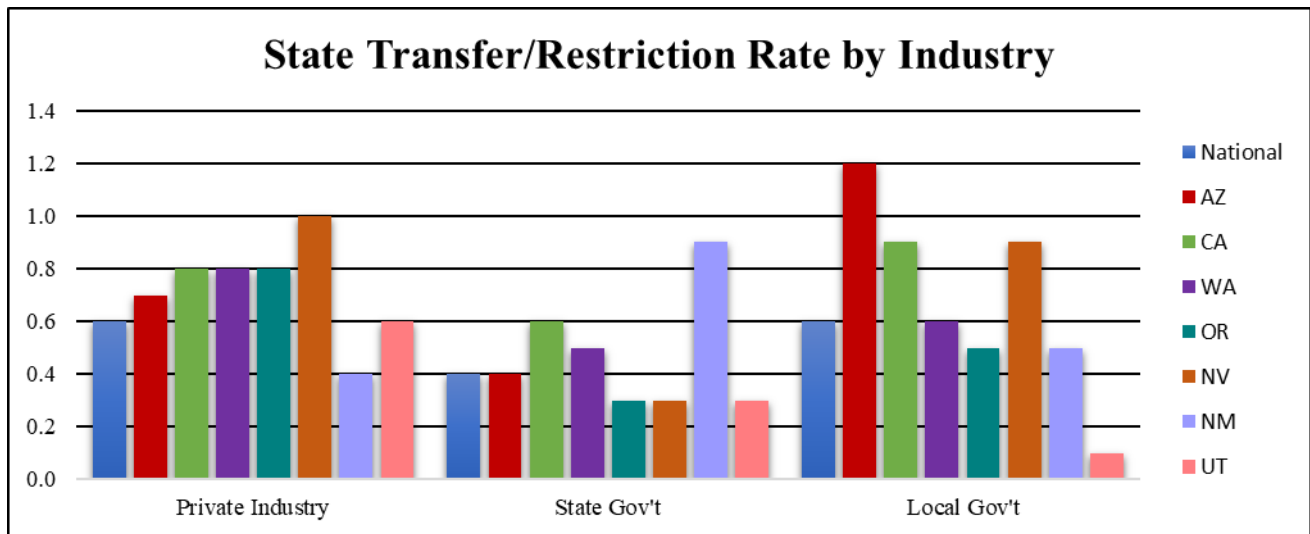
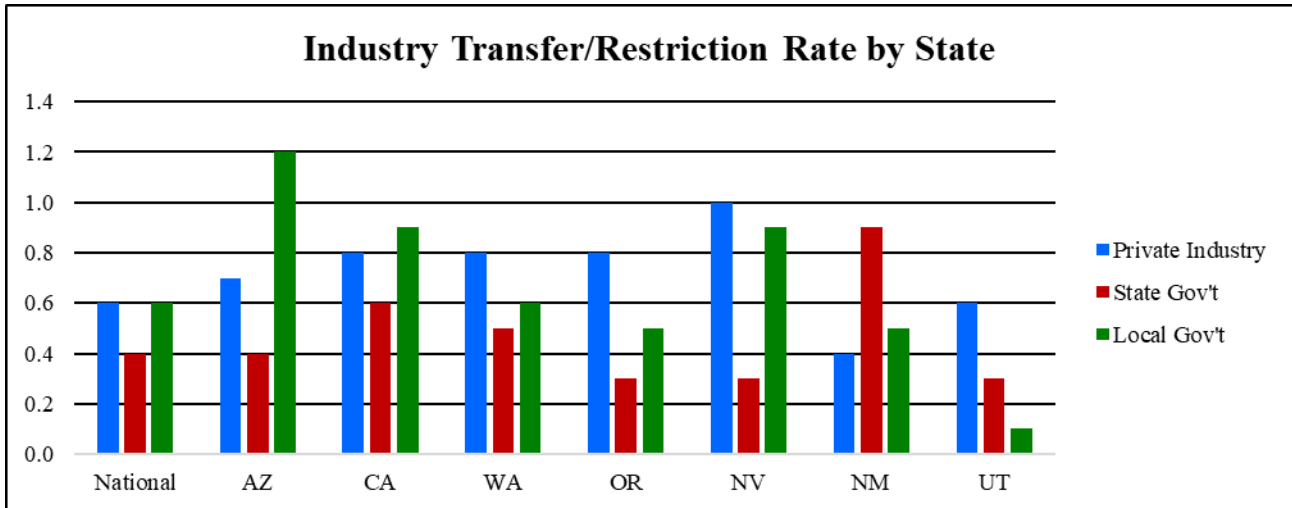


	Private Industry	State Gov't	Local Gov't
National	1.1	1.7	2.0
AZ	1.0	0.9	1.0
CA	1.4	2.7	3.0
WA	1.5	3.7	2.4
OR	1.7	2.2	1.7
NV	1.1	0.4	1.9
NM	1.0	0.0	1.8
UT	0.7	0.2	0.0

* Source: Incident Rates from Table 8, Nonfatal Occupational Injuries and Illnesses by Industry, 2021, Bureau of Labor Statistics.

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

Restricted Rate: Cases with transfer or restriction per 100 Employees



	Private Industry	State Gov't	Local Gov't
National	0.6	0.4	0.6
AZ	0.7	0.4	1.2
CA	0.8	0.6	0.9
WA	0.8	0.5	0.6
OR	0.8	0.3	0.5
NV	1.0	0.8	0.9
NM	0.4	0.9	0.5
UT	0.6	0.3	0.1

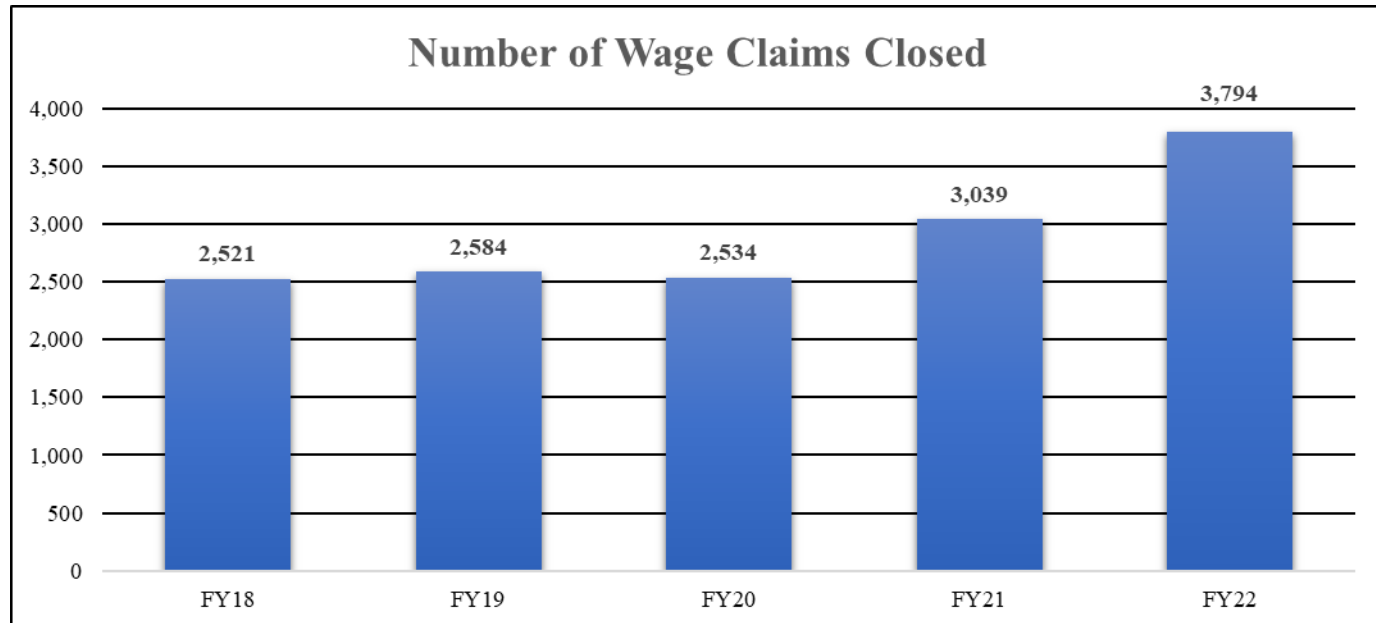
* Source: Incident Rates from Table 8, Nonfatal Occupational Injuries, and Illnesses by Industry, 2021, Bureau of Labor Statistics.

B. LABOR PROGRAMS

The Industrial Commission of Arizona Labor Department (the “Department”) is responsible for the enforcement of Arizona’s payment of wage, minimum wage, earned paid sick time, and youth labor laws. *See* A.R.S. Title 23, Chapter 2, Article 3 (Youth Employment), Article 7 (Payment of Wages), Article 8 (Minimum Wage and Employee Benefits), and Article 8.1 (Earned Paid Sick Time).

1. Payment of Wage Enforcement

In accordance with A.R.S. Title 23, Chapter 2, Article 7 and Title 20, Chapter 5, Article 10 of the Arizona Administrative Code, the Department is required to investigate employee complaints for wages due up to \$5,000.00, and to make an administrative determination without a hearing as to the amount due, if any, up to \$5,000.00. An employee has the option of filing a wage claim with the Department or may sue directly in Superior Court for any amount due. Wage claim determinations are based on the information discovered during the investigation. At the conclusion of an investigation, the Department issues a written determination, which can be appealed to the Superior Court for de novo review. If the Department determines that wages are owed and the employer does not comply with the Department’s order within ten days after the order becomes final, the employer is required to pay the employee treble the amount of the unpaid wages. In cases in which the Department is unable to render a determination, the employee is permitted to file a civil action.

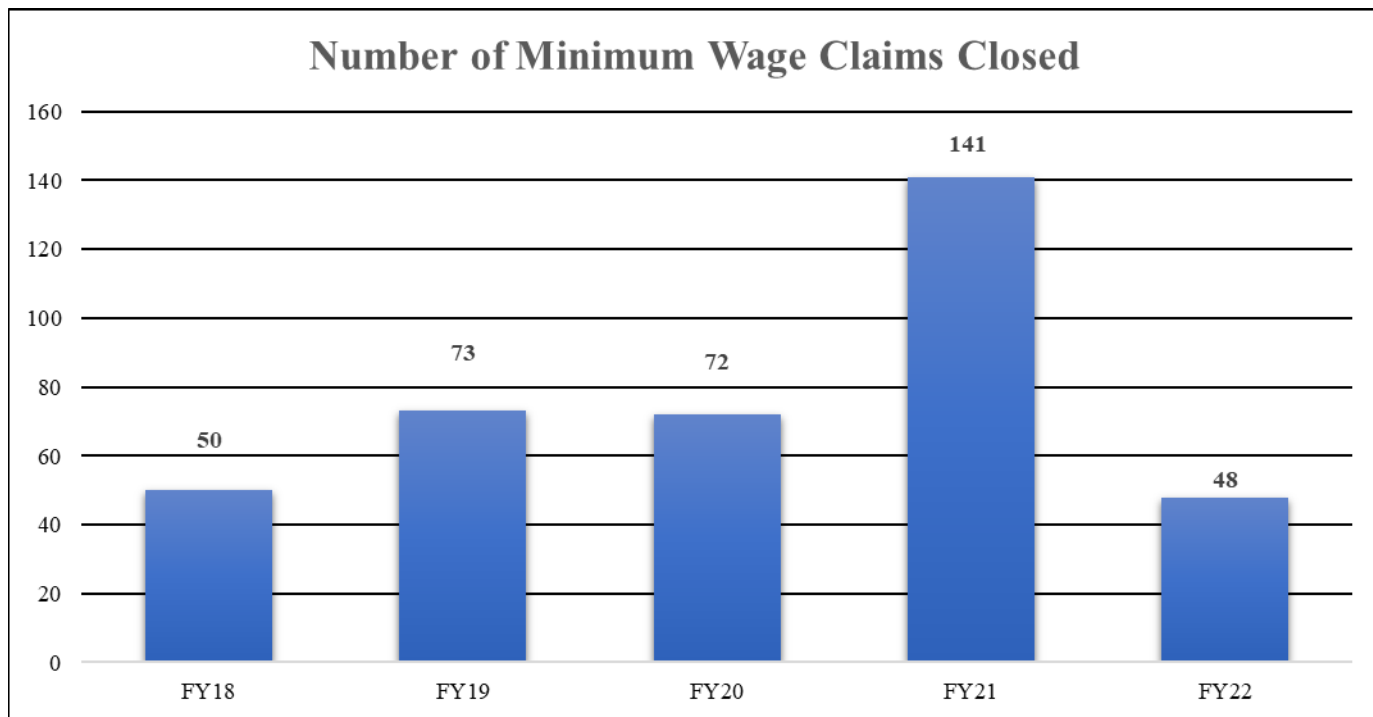


2. Minimum Wage Enforcement

On November 7, 2006, Arizona voters approved Proposition 202, referred to as the “Raise the Arizona Minimum Wage for Working Arizonans Act.” Under the Act, which became effective January 1, 2007, the Commission was given the authority to enforce and implement Arizona minimum wage.

laws. In November 2016, Arizona voters passed Proposition 206, the “Fair Wages and Healthy Families Act,” which increased the minimum wage hourly rate through 2020, with annual raises thereafter based on changes in the cost of living. The Fair Wages and Healthy Families Act continues to grant the Commission authority to enforce Arizona minimum wage laws.

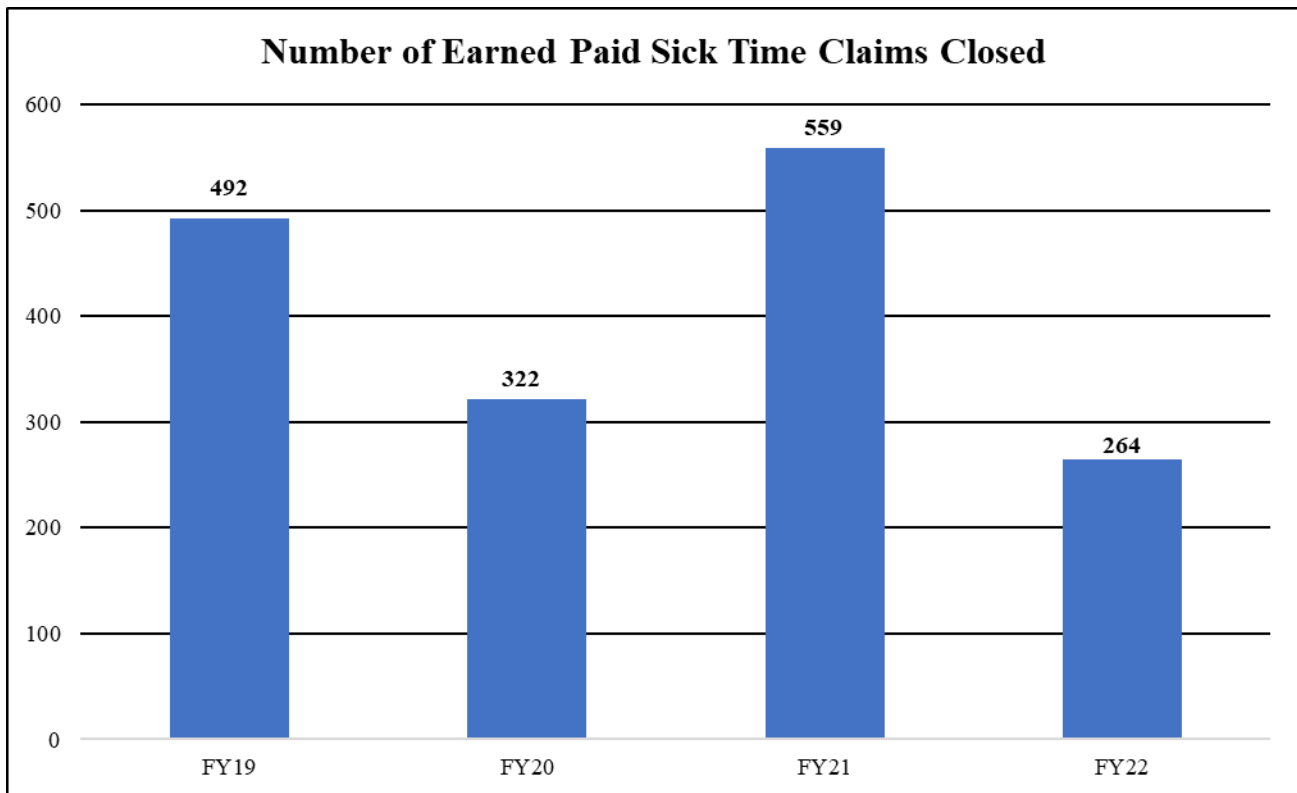
In accordance with A.R.S. Title 23, Chapter 2, Articles 8 & 8.1, and Title 20, Chapter 5, Article 12 of Arizona Administrative Code, any person, or organization alleging a minimum wage violation may file a complaint with the Department or may file a civil lawsuit. Complaints filed with the Department must be filed within one year from the date of the violation. After receiving or initiating a complaint, the Department will review and investigate the complaint and issue a findings and order setting forth its determination based on the information and arguments received during the investigation. Except in cases where the Department finds that no violation has occurred, any party aggrieved by the Department’s findings and order may file a request for hearing within 30 days after the findings and order is served upon the party. The ICA Administrative Law Judge Division will set the matter for hearing and, if the parties do not resolve the matter, hold a hearing, and issue a written decision. Any party may request review of the ALJ’s decision after the decision is mailed or served on the parties. The decision or decision upon review is final 35 days after it is mailed or served upon the party affected unless the party appeals the ALJ’s decision or decision upon review to the Superior Court. In cases where the Department finds that no violation of the Act has occurred, a complainant is permitted to file a civil action in Superior Court.



3. Earned Paid Sick Time Enforcement

The Fair Wages and Healthy Families Act established new state law regarding earned paid sick time. Earned paid sick time is leave time that is compensated at the same hourly rate (but not less than minimum wage) and with the same benefits, including health care benefits, that an employee would have received for the work hours during which earned paid sick time is used. Generally, employees may use earned paid sick time in the following circumstances: (1) medical care or mental or physical illness, injury, or health condition of the employee or any of the employee's family members; (2) a public health emergency affecting the employee or a family member of the employee; and (3) an absence due to domestic violence, sexual violence, abuse, or stalking involving the employee or any of the employee's family members. For employers with 15 or more employees, employees are entitled to accrue a minimum of one hour of earned paid sick time for every 30 hours worked, but employees are not entitled to accrue or use more than 40 hours of earned paid sick time per year, unless the employer sets a higher limit. For employers with fewer than 15 employees, employees are entitled to accrue a minimum of one hour of earned paid sick time for every 30 hours worked, but they are not entitled to accrue or use more than 24 hours of earned paid sick time per year, unless the employer sets a higher limit.

In accordance with A.R.S. Title 23, Chapter 2, Articles 8 & 8.1, and Title 20, Chapter 5, Article 12 of Arizona Administrative Code, any person, or organization alleging an earned paid sick time violation may file a complaint with the Department or may file a civil lawsuit. Complaints filed with the Department must be filed within one year from the date of the violation. After receiving or initiating a complaint, the Department will review and investigate the complaint and issue a findings and order setting forth its determination based on the information received during the investigation. Except in cases where the Department finds that no violation has occurred, any party aggrieved by the Department's findings and order may file a request for hearing within 30 days after the findings and order is served upon the party. The ICA Administrative Law Judge Division will set the matter for hearing and, if the parties do not resolve the matter, hold a hearing, and issue a written decision. Any party may request review of the ALJ's decision after the decision is mailed or served on the parties. The decision or decision upon review is final 35 days after it is mailed or served upon the party affected unless the party appeals the ALJ's decision or decision upon review to the Superior Court. In cases where the Department finds that no violation of the Act has occurred, the complainant is permitted to file a civil action in Superior Court.



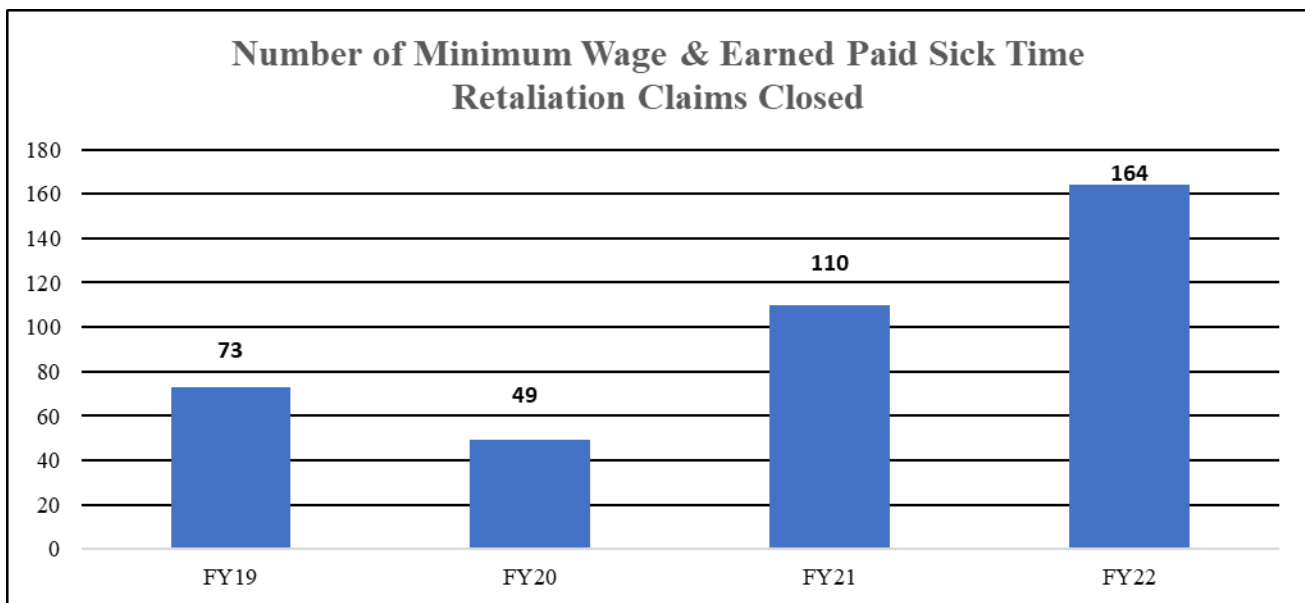
4. Minimum Wage and Earned Paid Sick Time Retaliation Enforcement

The Fair Wages and Healthy Families Act also prohibits an employer from retaliating or discriminating against an employee or former employee for exercising earned paid sick time or minimum wage rights. Protected rights include, but are not limited to: (1) requesting or using earned paid sick time; (2) filing a complaint with the ICA or Arizona courts; (3) informing any person about an employer’s alleged earned paid sick time or minimum wage violation; (4) participating in an investigation, hearing or proceeding, or cooperating with or assisting the Commission in an investigation of alleged violations; and (5) informing any person of earned paid sick time or minimum wage rights under Arizona law. Retaliation is defined broadly in the Act as a “denial of any right guaranteed under [Title 23, Chapter 2, Articles 8 and 8.1] and any threat, discharge, suspension, demotion, reduction of hours, or any other adverse action against an employee for the exercise of any right guaranteed [in Articles 8 and 8.1] including any sanctions against an employee who is the recipient of public benefits for rights guaranteed [in Articles 8 and 8.1].” An adverse action taken within ninety days of a person’s engaging in a protected activity raises a presumption that the action was retaliatory, which may only be rebutted by clear and convincing evidence that the action was taken for other permissible reasons. Damages for retaliation must be “sufficient to compensate the employee and deter future violations, but [may] not be less than one hundred fifty dollars for each day that [a] violation continued or until legal judgment is final.”

In accordance with A.R.S. Title 23, Chapter 2, Articles 8 & 8.1, and Title 20, Chapter 5, Article 12

of Arizona Administrative Code, any person, or organization alleging a minimum wage or earned paid

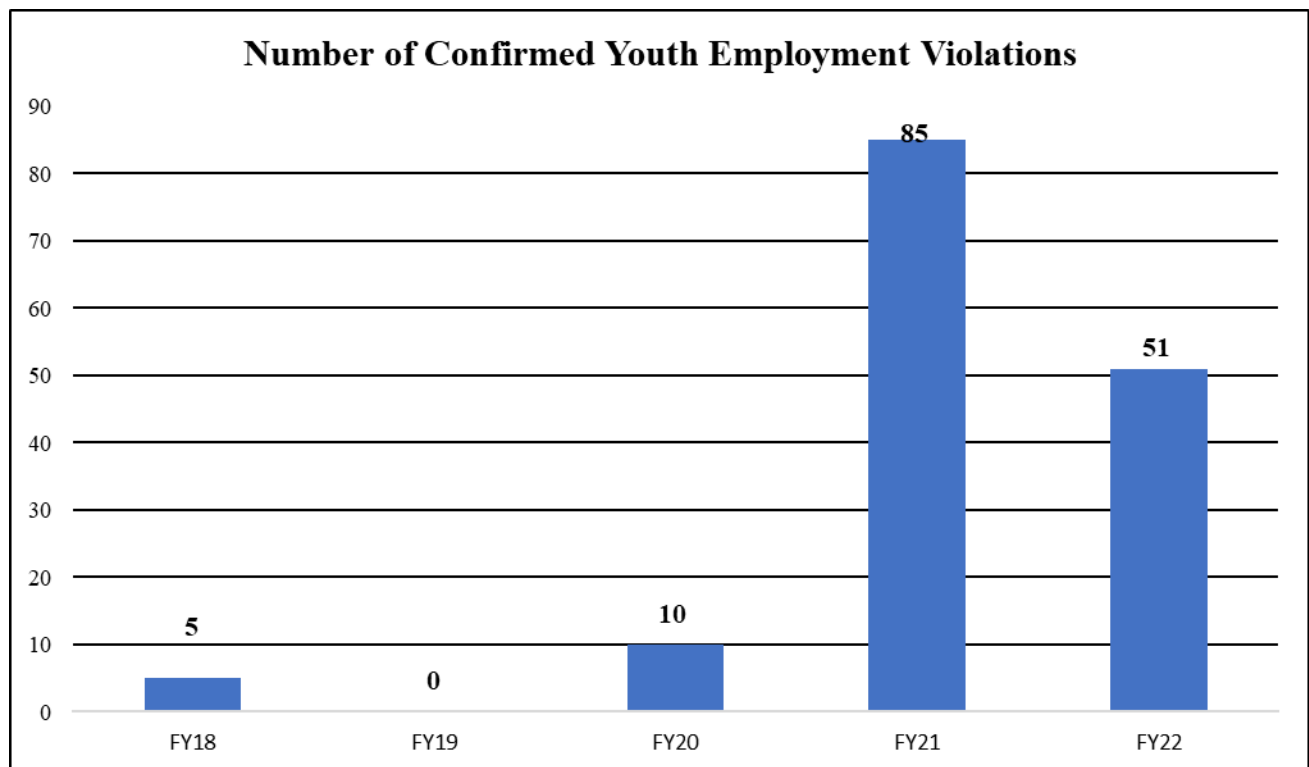
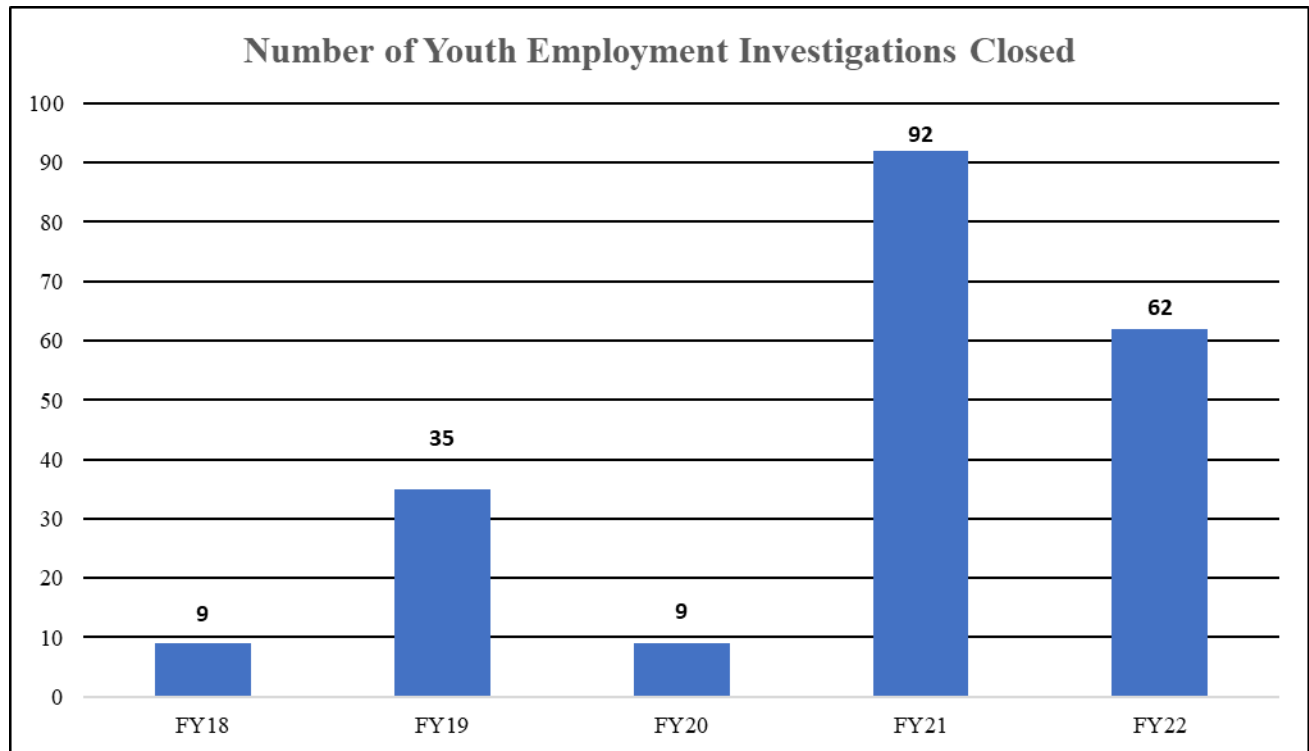
sick time retaliation violation may file a complaint with the Department or may file a civil lawsuit. Complaints filed with the Department must be filed within one year from “when the employee knew or should have known of the alleged violation.” After receiving or initiating a complaint, the Department will review and investigate the complaint and issue a findings and order setting forth its determination based on the information received during the investigation. Except in cases where the Department finds that no violation has occurred, any party aggrieved by the Department’s findings and order may file a request for hearing within 30 days after the findings and order is served upon the party. The ICA Administrative Law Judge Division will set the matter for hearing and, if the parties do not resolve the matter, hold a hearing, and issue a written decision. Any party may request review of the ALJ’s decision after the decision is mailed or served on the parties. The decision or decision upon review is final 35 days after it is mailed or served upon the party affected unless the party appeals the ALJ’s decision or decision upon review to the Superior Court. In cases where the Department finds that no violation of the Act has occurred, a complainant is permitted to file a civil action in Superior Court.



5. Youth Employment Enforcement

In accordance with A.R.S. Title 23, Chapter 2, Article 3, the Department enforces laws prohibiting youth under the ages of 16 or 18 from employment in specified industries or areas of employment. Permissible hours of work for youth are also set by statute. The Department is authorized to issue administrative cease-and-desist orders to persons or entities reasonably believed to be violating applicable employment laws or regulations. The Department is authorized to seek injunctive relief in Superior Court in cases of a failure or refusal to comply with a final cease and desist order. A cease-and-desist order is final unless the party requests a hearing by an ALJ within 20 days of the issuance of the cease-and-desist order. After a hearing, an ALJ can affirm, modify, or vacate the cease-and-desist order. Judicial review of an ALJ cease-and-desist order is provided by statutory certiorari if the appeal is filed in the Court of Appeals within 30 days after mailing of the order. The scope of review in the Court of Appeals is whether the Department acted within its authority or whether the ALJ’s

decision is supported by the evidence or both.



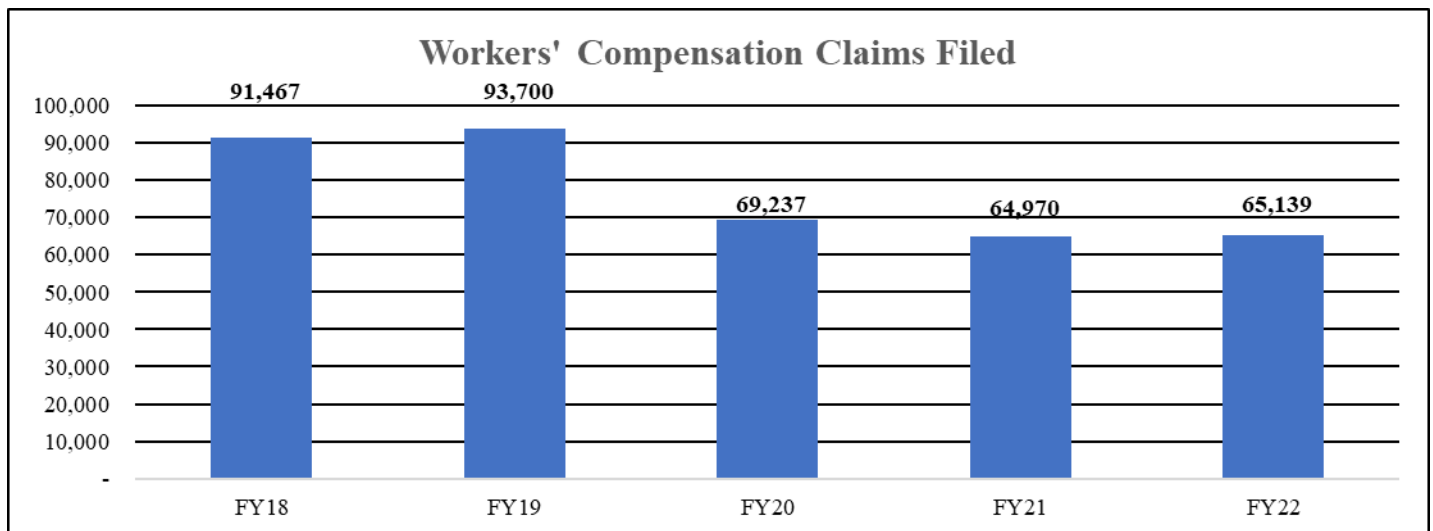
C. ARIZONA WORKERS' COMPENSATION

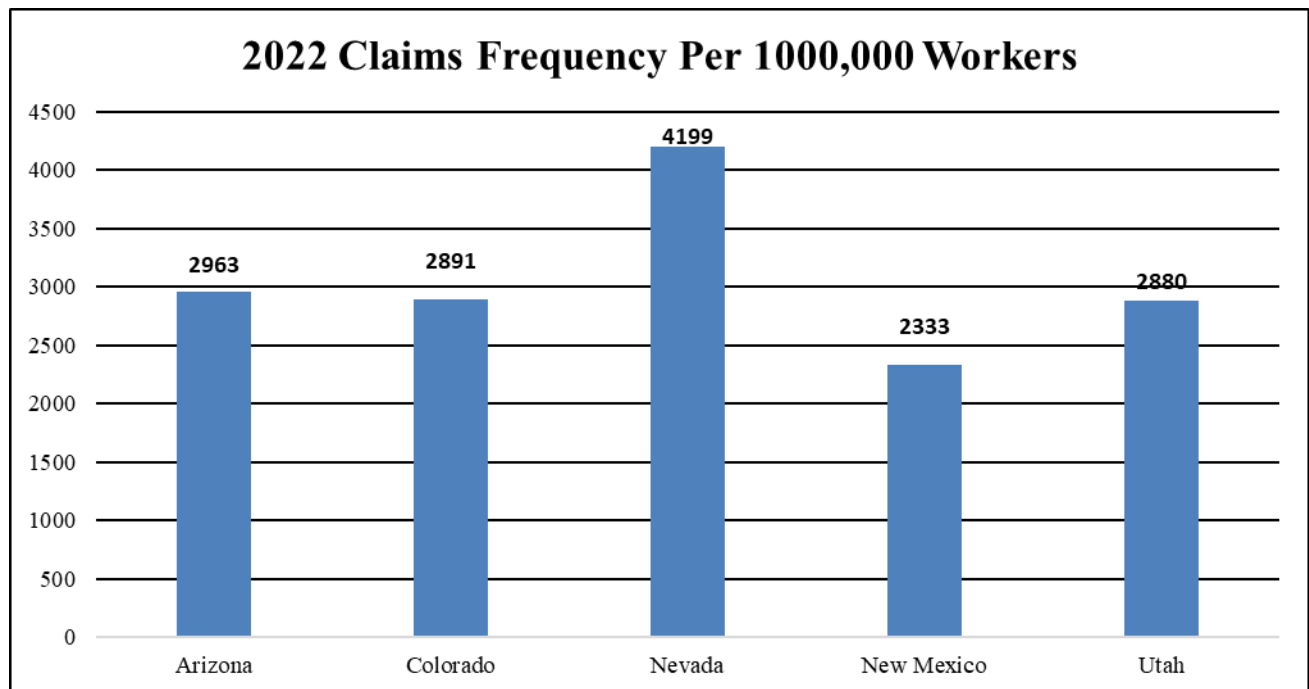
Since 1925, the Industrial Commission of Arizona has been the file of record for all Arizona workers' compensation claims. To date, the Commission maintains records for over 6 million workers' compensation claims files, which translates to over 40 million documents being stored on the Commission's imaging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

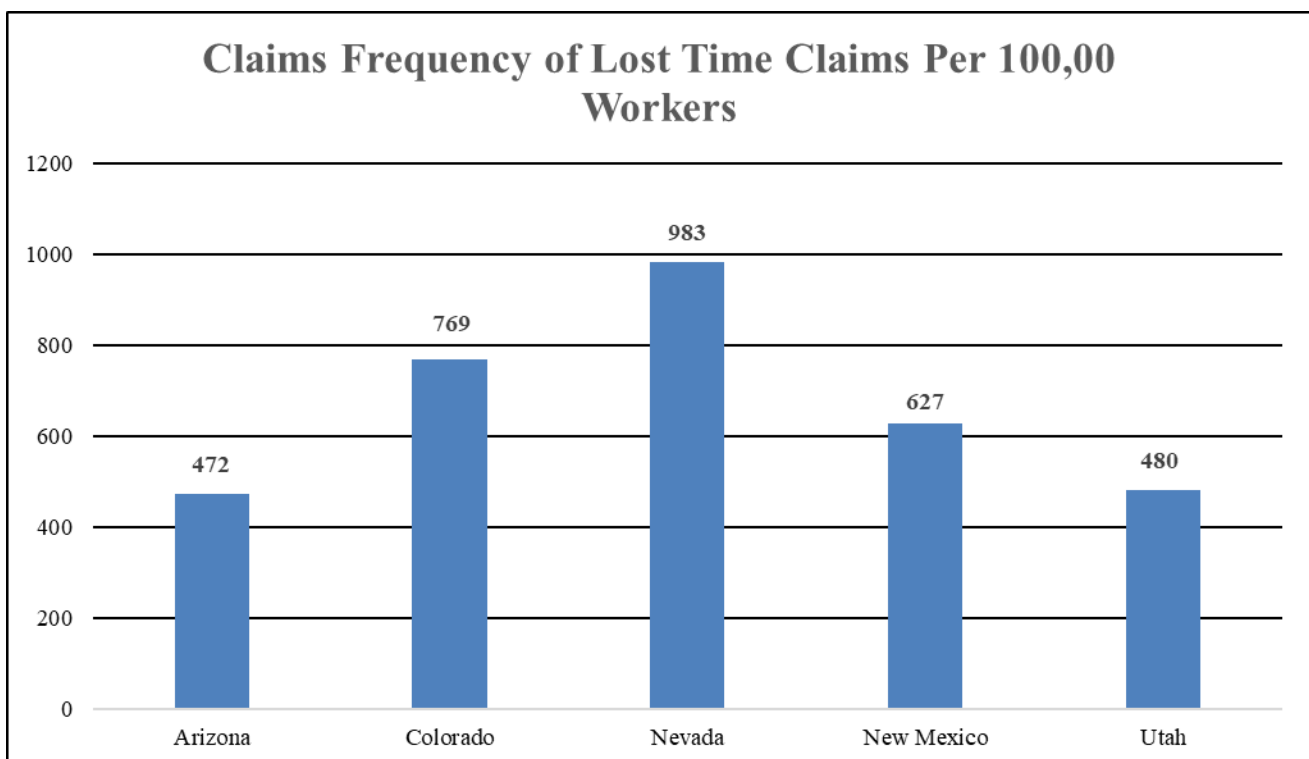
Through its Ombudsman's Office and Claims Division staff, the Commission answers approximately 150,000 telephone/web inquiries per year. Though not providing legal advice, the Ombudsman's Office is available to provide assistance to claimants to ensure they understand the Arizona workers' compensation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

1. Claims Statistics



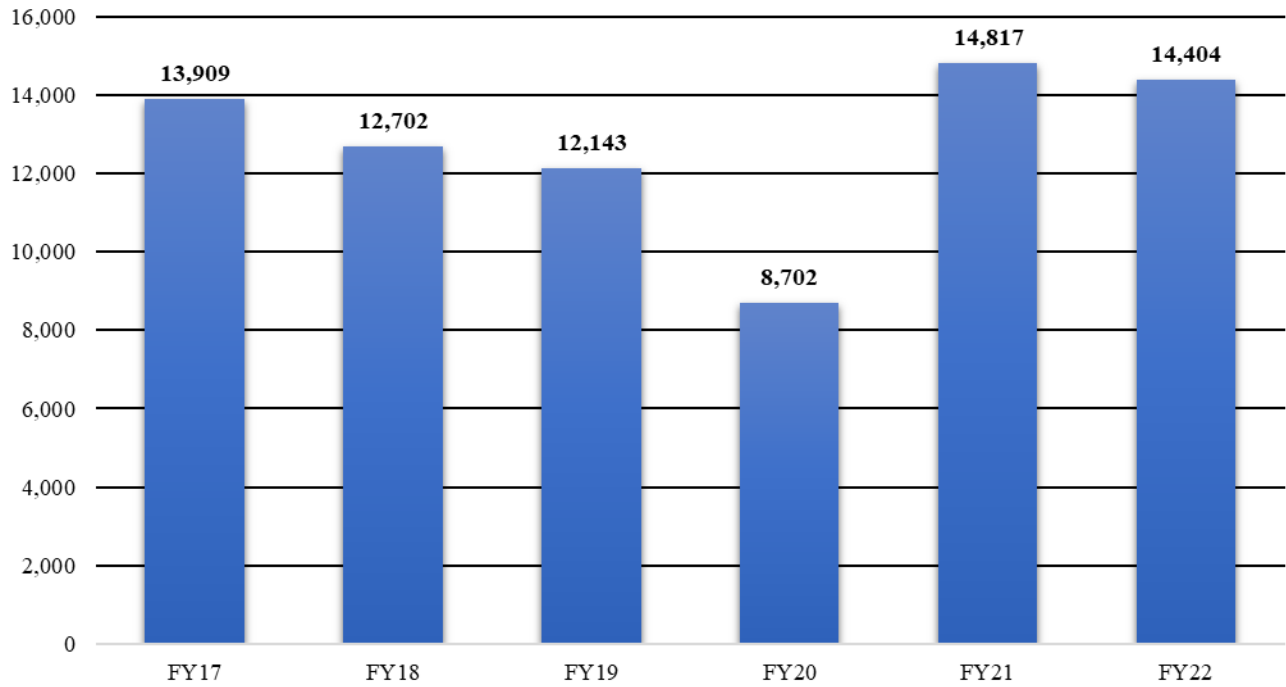


Source: National Council on Compensation Insurance, Statistical Plan data for policies ending in 2022.

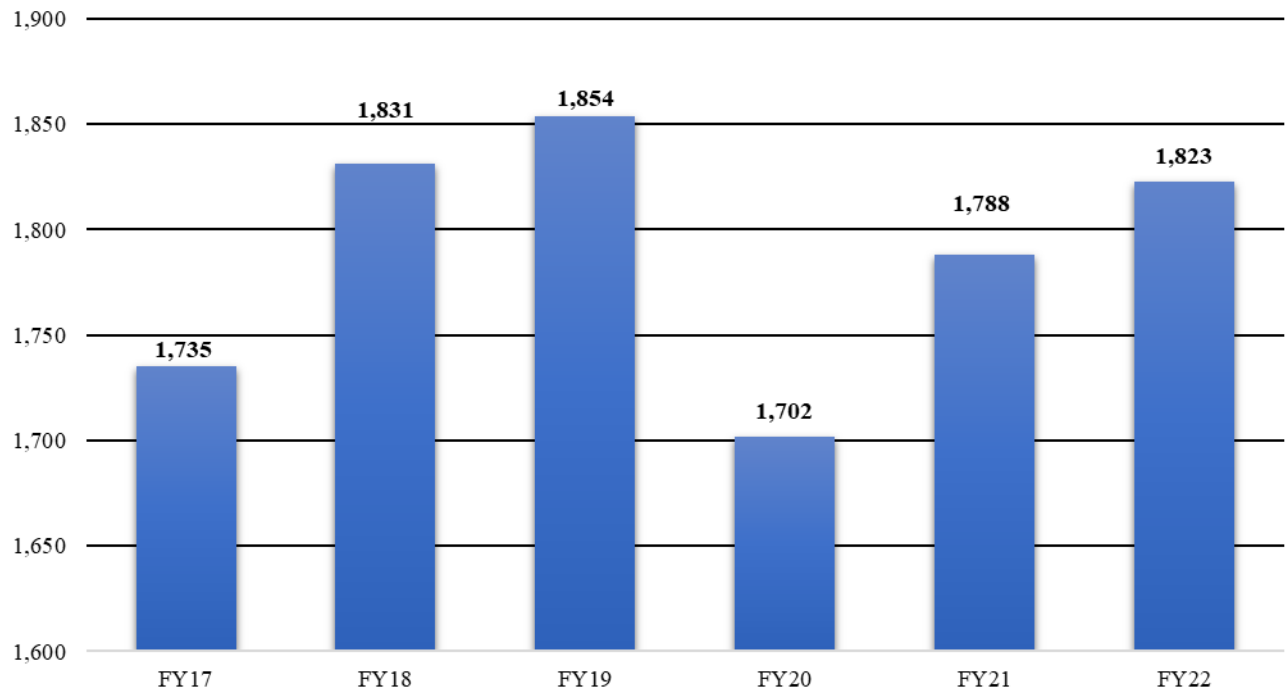


Source: National Council on Compensation Insurance, Statistical Plan data for policies ending in 2022.

Number of Average Monthly Awards Issued



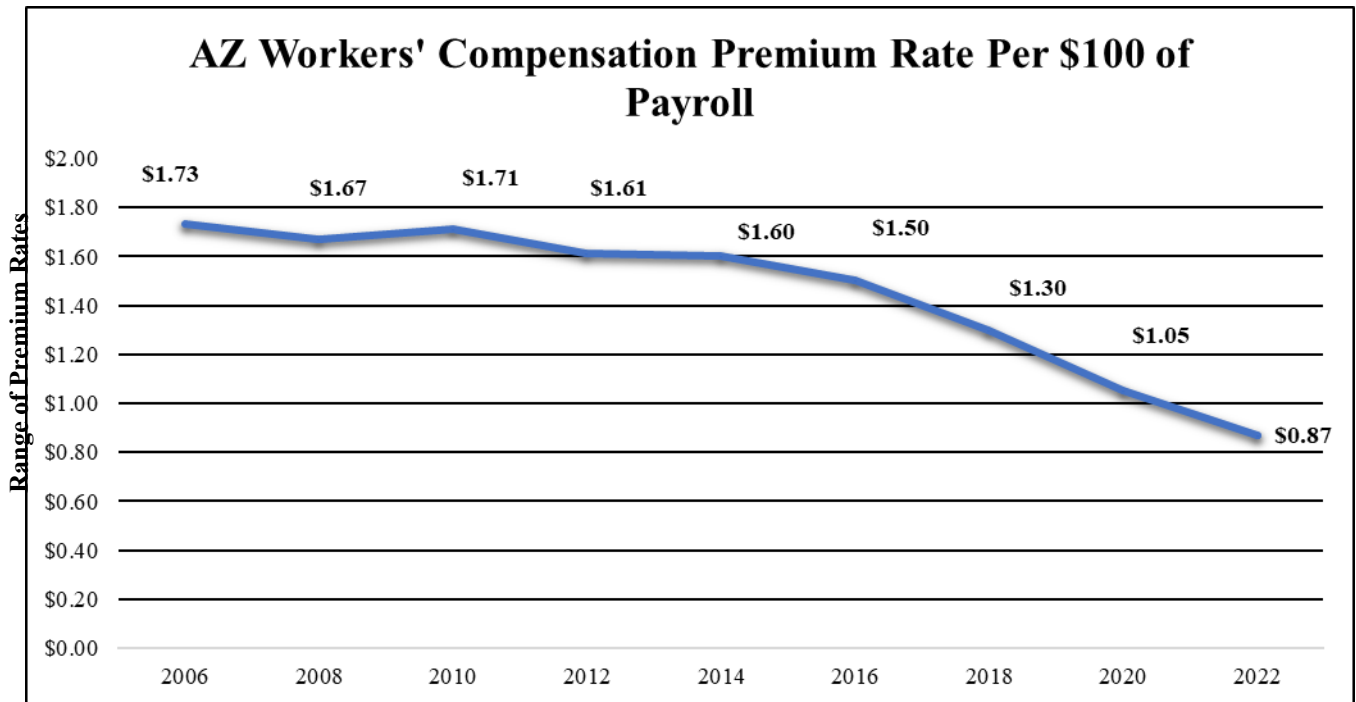
Number of Loss of Earning Capacity Awards Issued



2. Rates, Premiums, and Losses

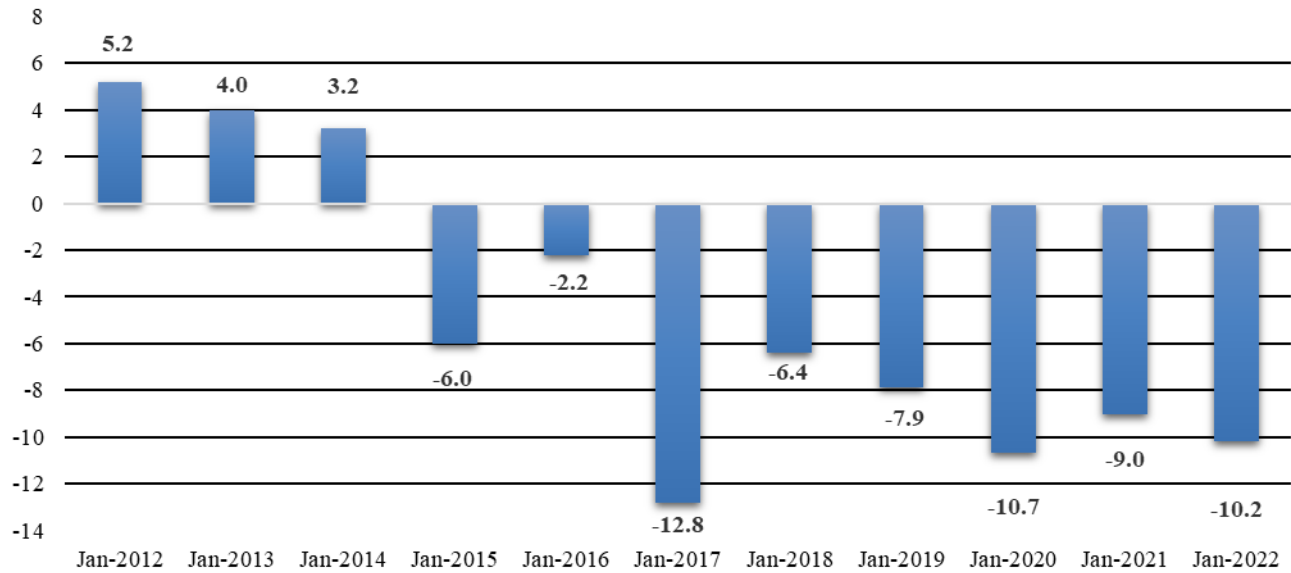
Rate, premium, and loss breakdown:

- Arizona Premium Rate Index per \$100 of Payroll: \$0.87 (eff. 1/01/2022)
- 2022 Ranking: 44 (8th lowest in 51 jurisdictions)
- Percent of National Median (\$.87): 69%



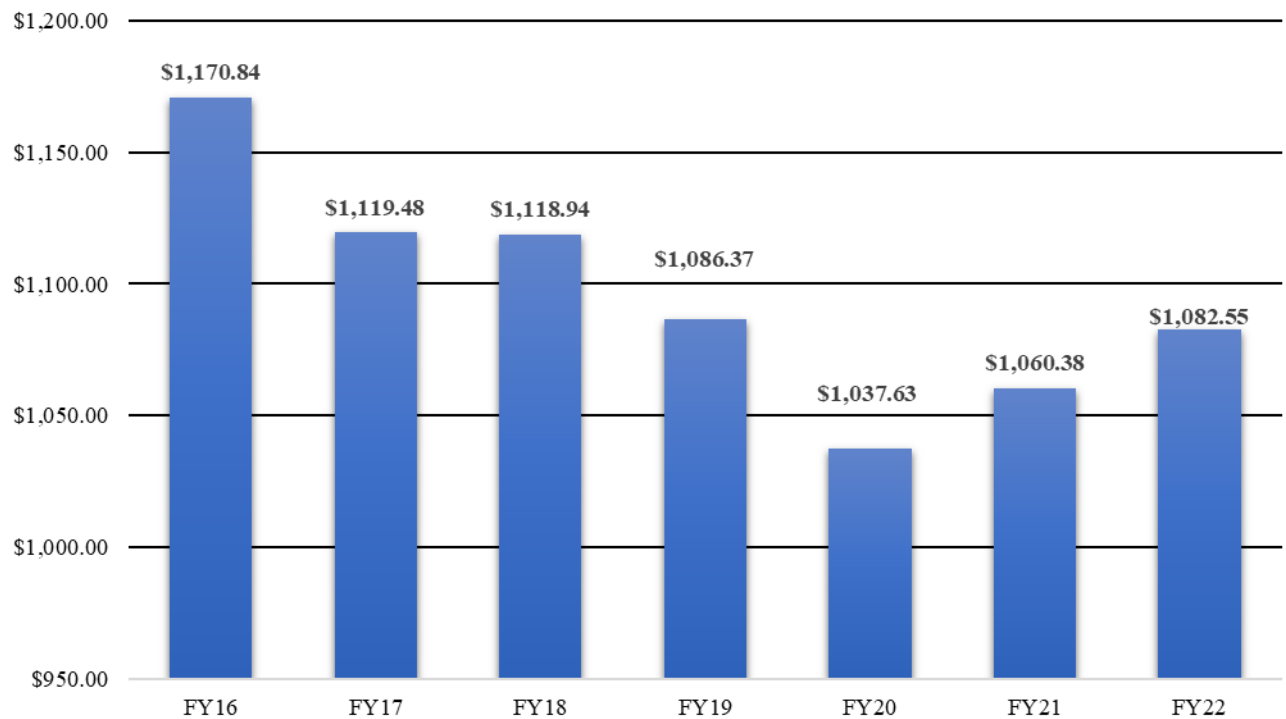
Source: *Oregon Workers' Compensation Premium Rate Ranking Summary Reports*, Oregon Department of Consumer & Business.

Rate Changes in Arizona

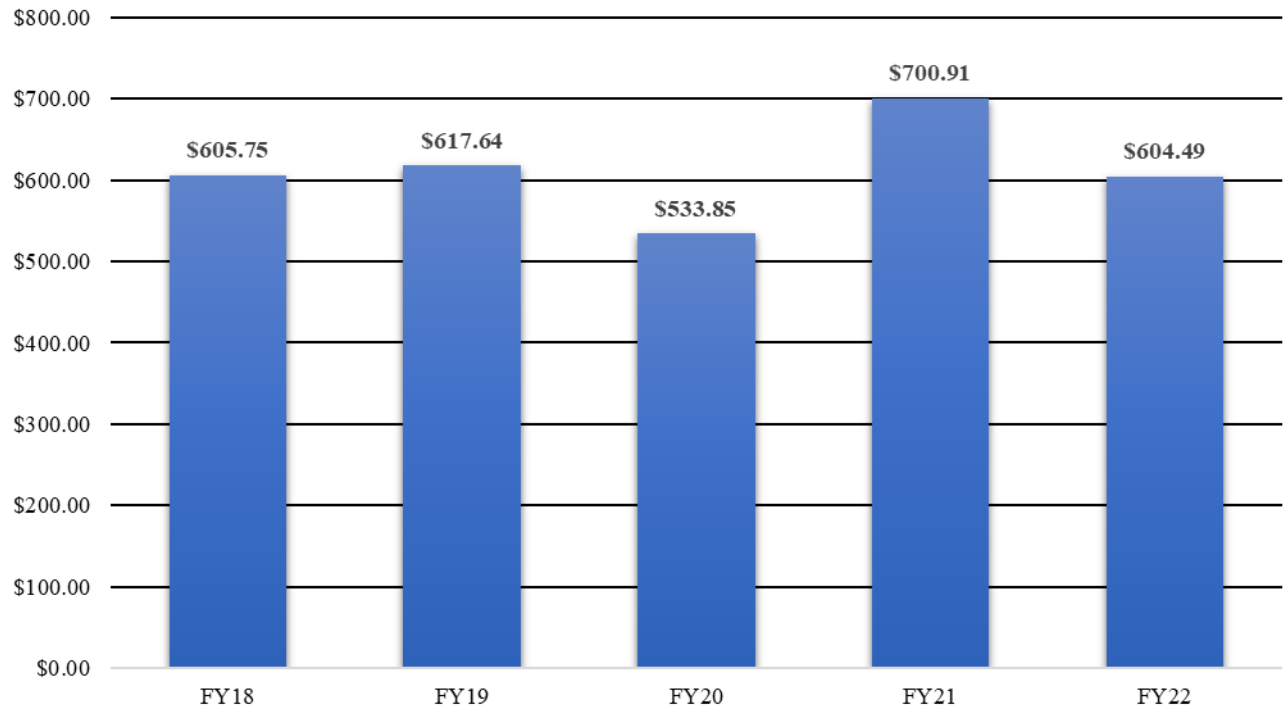


Source: National Council on Compensation Insurance

FY Total Taxable Premium Written In Millions



FY Total Workers' Compensation Claim Liabilities in Millions



3. Special Fund Activity

Serving as the “safety net” for the Arizona Workers’ compensation system, the Special Fund (Fund) was created in 1969 for the express purpose of providing workers’ compensation benefits in the following circumstances:

- Providing benefits for uninsured claimants
- Continuing workers’ compensation benefits for claimants of insolvent carriers (prior to July 1, 2015) and bankrupt and inoperative 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 an 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%. The assessment rate for the Special Fund is 0.00% for the 2022 calendar year. This rate includes the 0.00% assessment authorized under A.R.S. §23-1065(A) and 0.00% assessment authorized under A.R.S. §23-1065(F). Revenue generated for CY 2021: \$18,158,633.74.
- Historical Perspective of Special Fund Rates:

1993 to 2003:	0.00%	2018:	0.00%
2005 to 2007:	2.50%	2019:	0.00%
2008 and 2009:	1.50%	2020:	0.00%
2010 to 2012:	2.50%	2021:	0.00%
2013:	2.25%	2022:	0.00%
2014:	1.75%		
2015:	0.75%		
2016:	0.00%		
2017:	0.00%		

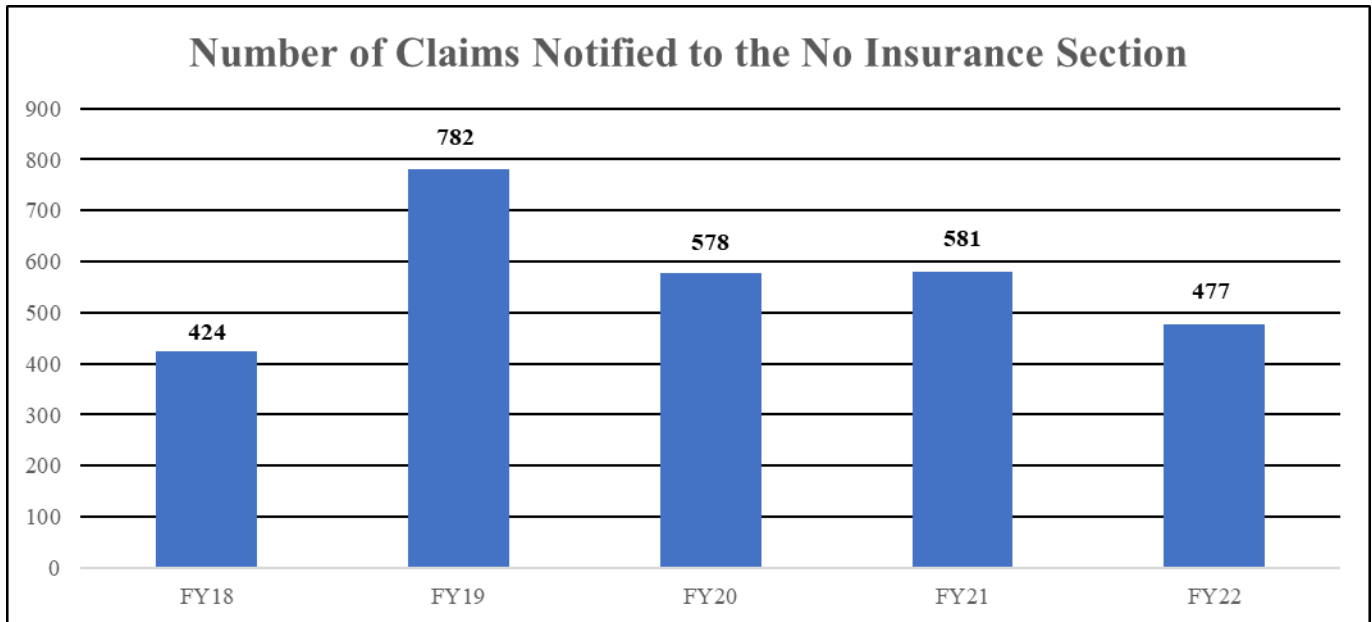
b. Special Fund Actuarial Picture

- Total liabilities estimated as of 6-30-22: \$218.8 million.
- Special Fund total assets as of 6-30-22: \$348.4 million.

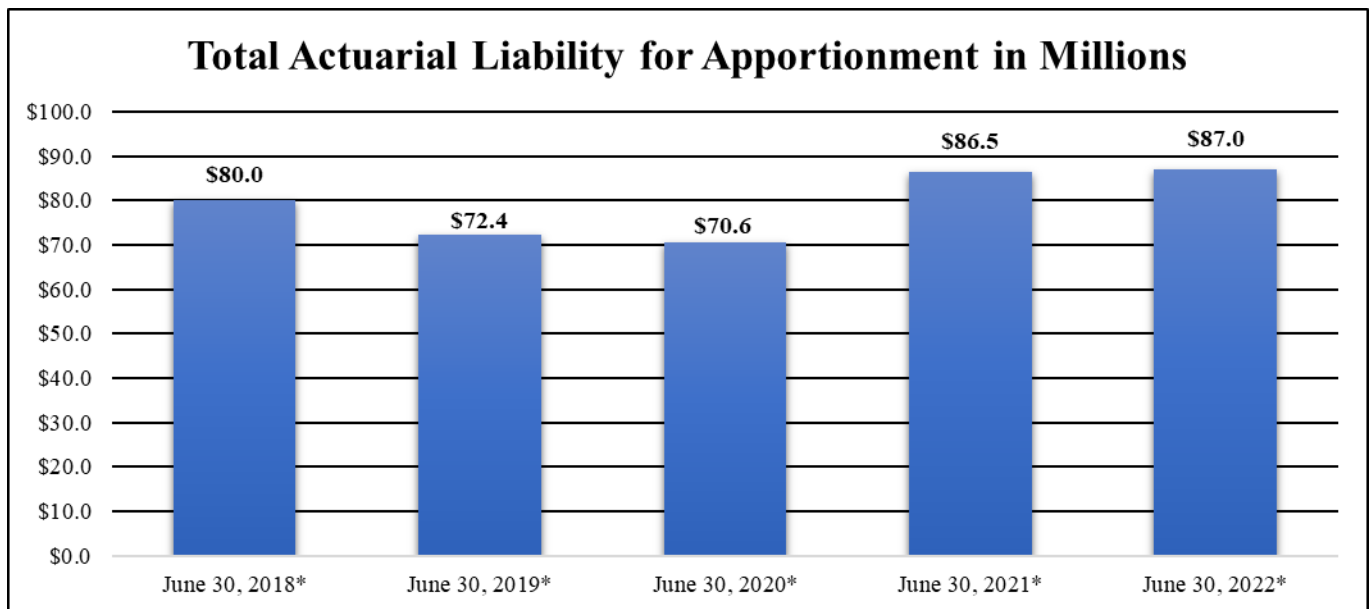
- Actuarial surplus estimated as \$129.6 million with an 80% confidence level.

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."



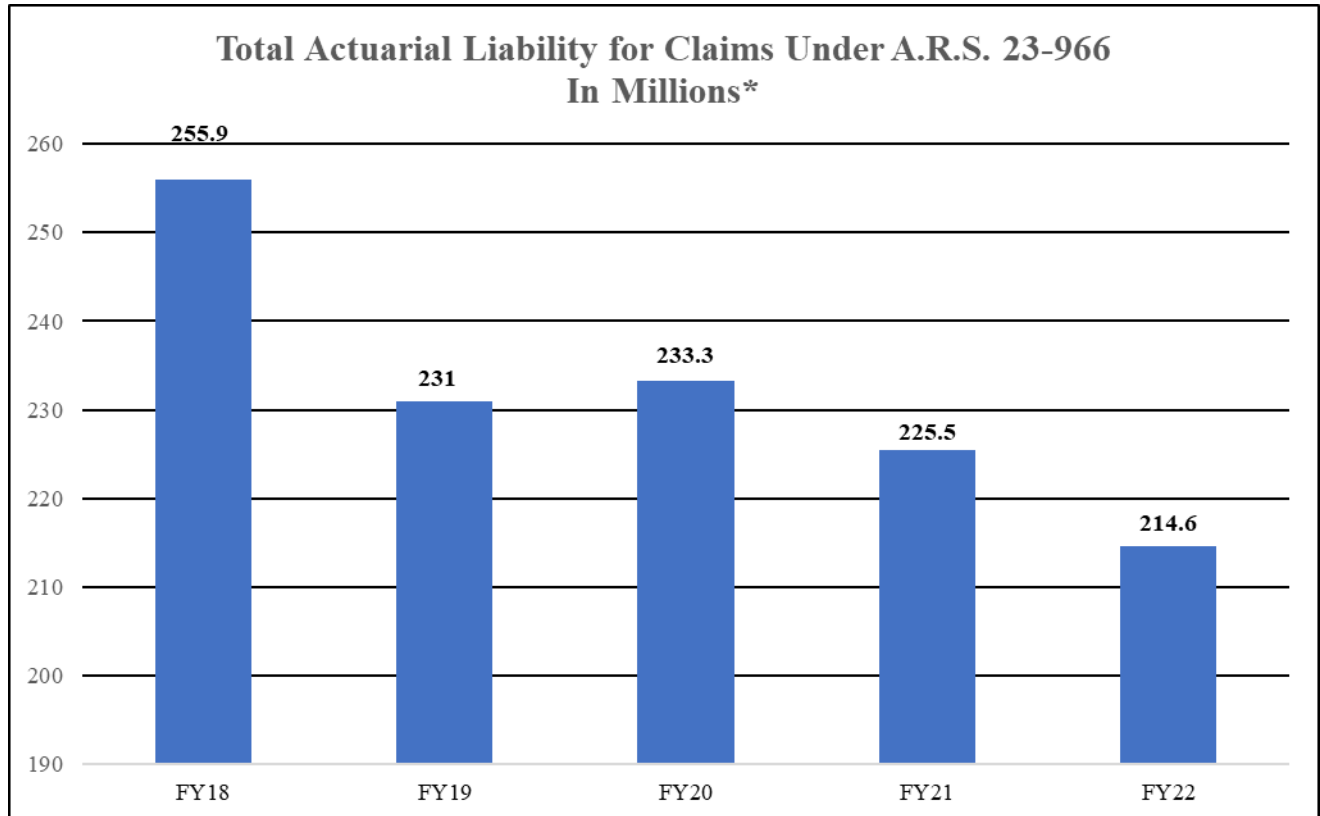
d. Liability for Apportionment Under A.R.S. §23-1065(F)



* 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 bankrupt self-insured employers. The estimated reserves as of June 30, 2022, were \$3.7 million. The Special Fund remains liable for the administration and payment of the bankrupt self-insured employer claims.

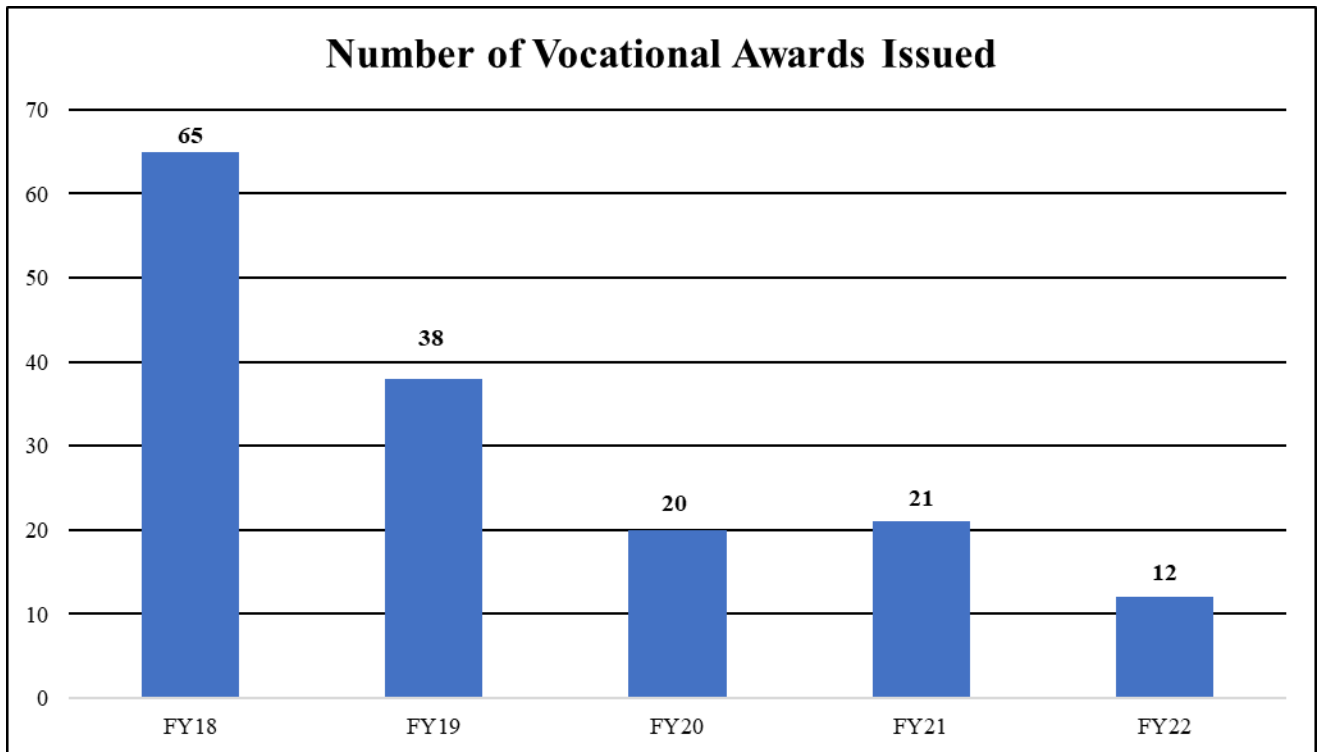


* Includes reimbursement owed for that current fiscal year under A.R.S. §23-966.

** Total actuarial liability updated from prior Annual Reports.

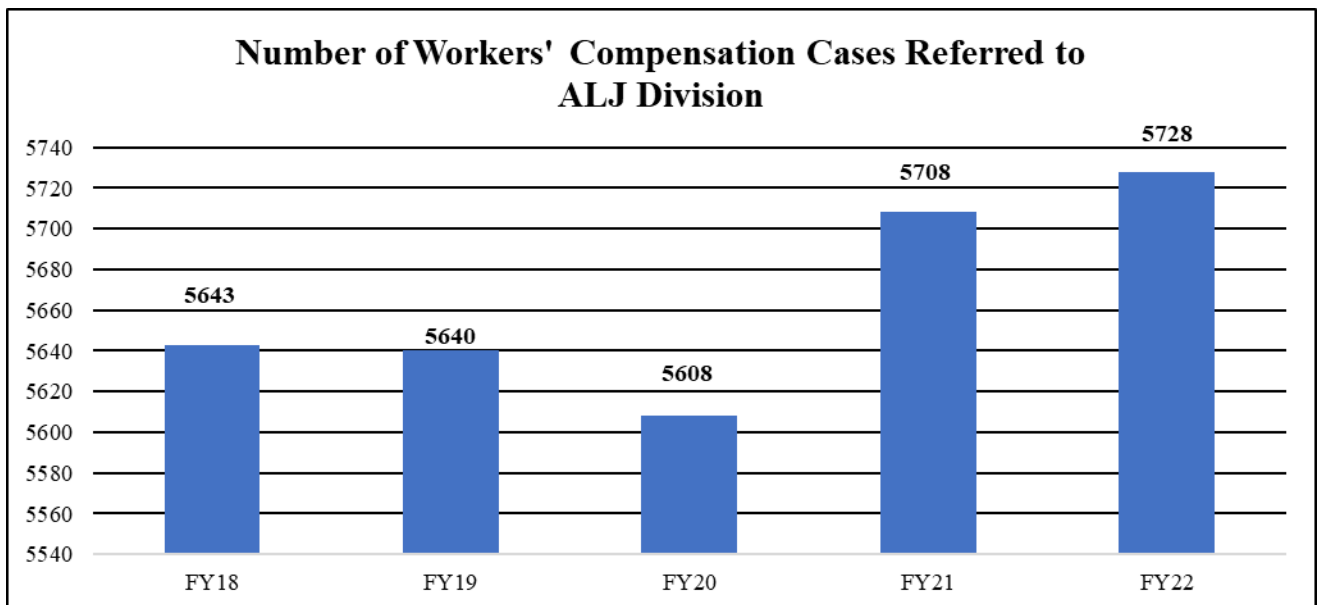
f. Vocational Rehabilitation

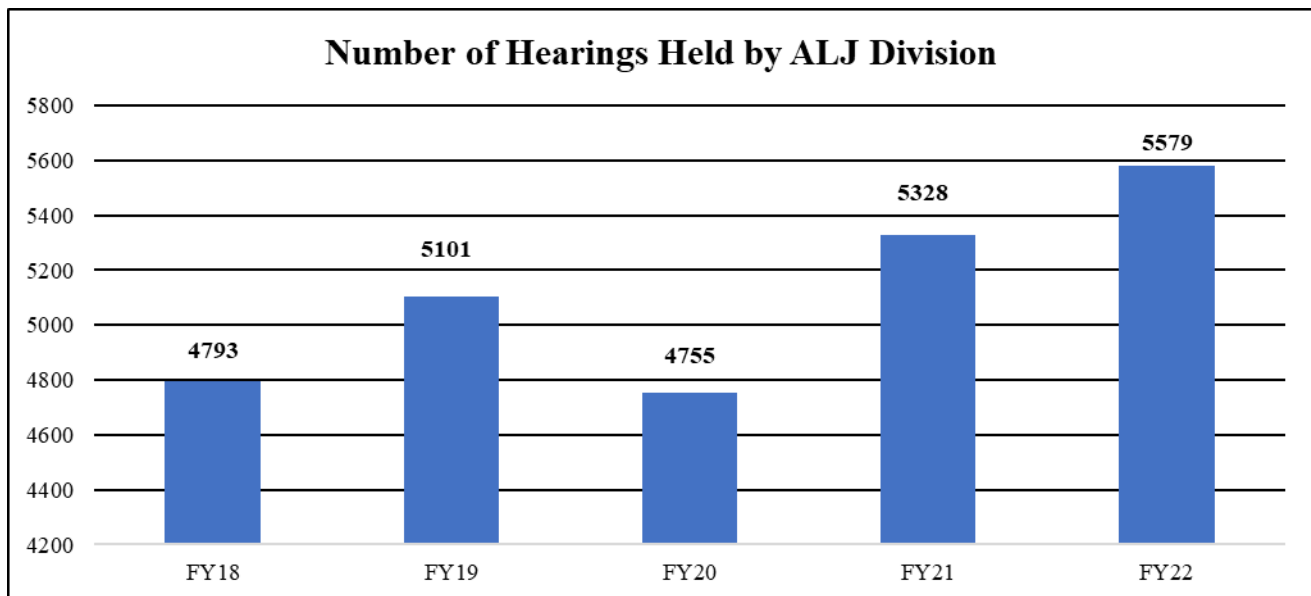
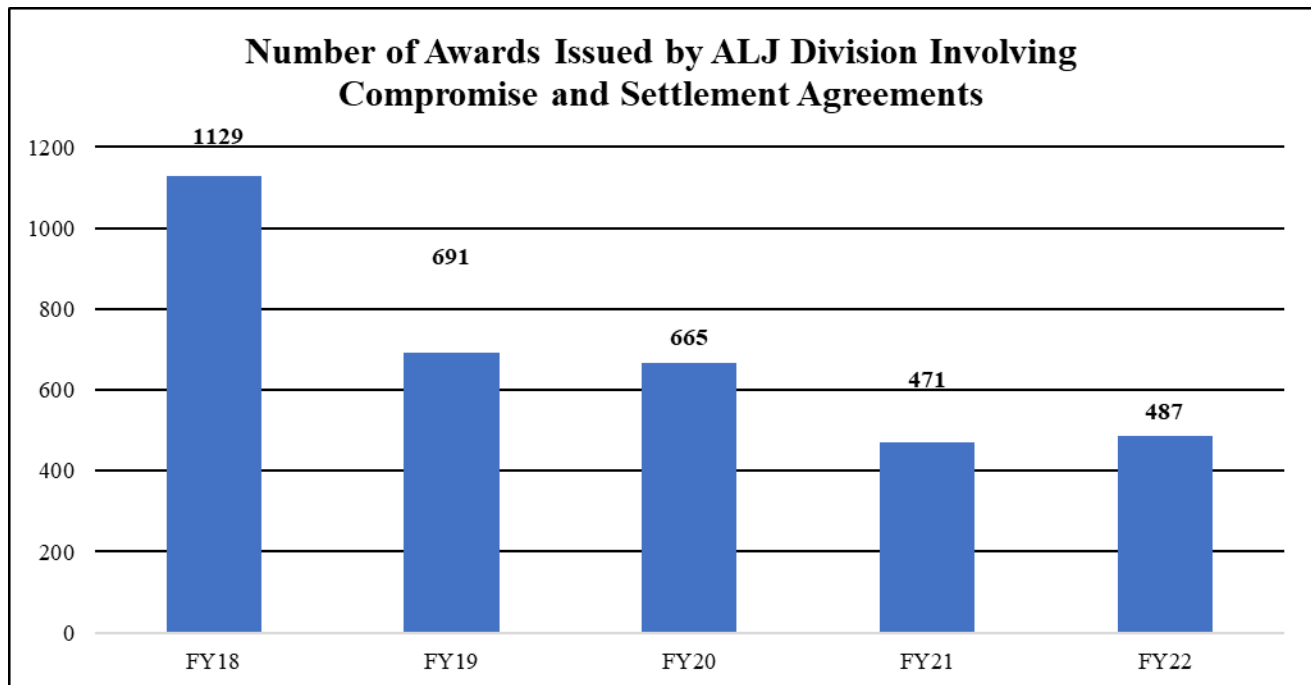
If certain criteria are met, a workers' compensation claimant may be eligible for vocational rehabilitation benefits. This rehabilitation program is focused on providing vocational training that will result in meaningful employment. This training may include a variety of college courses to supplement 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).



4. 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 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.

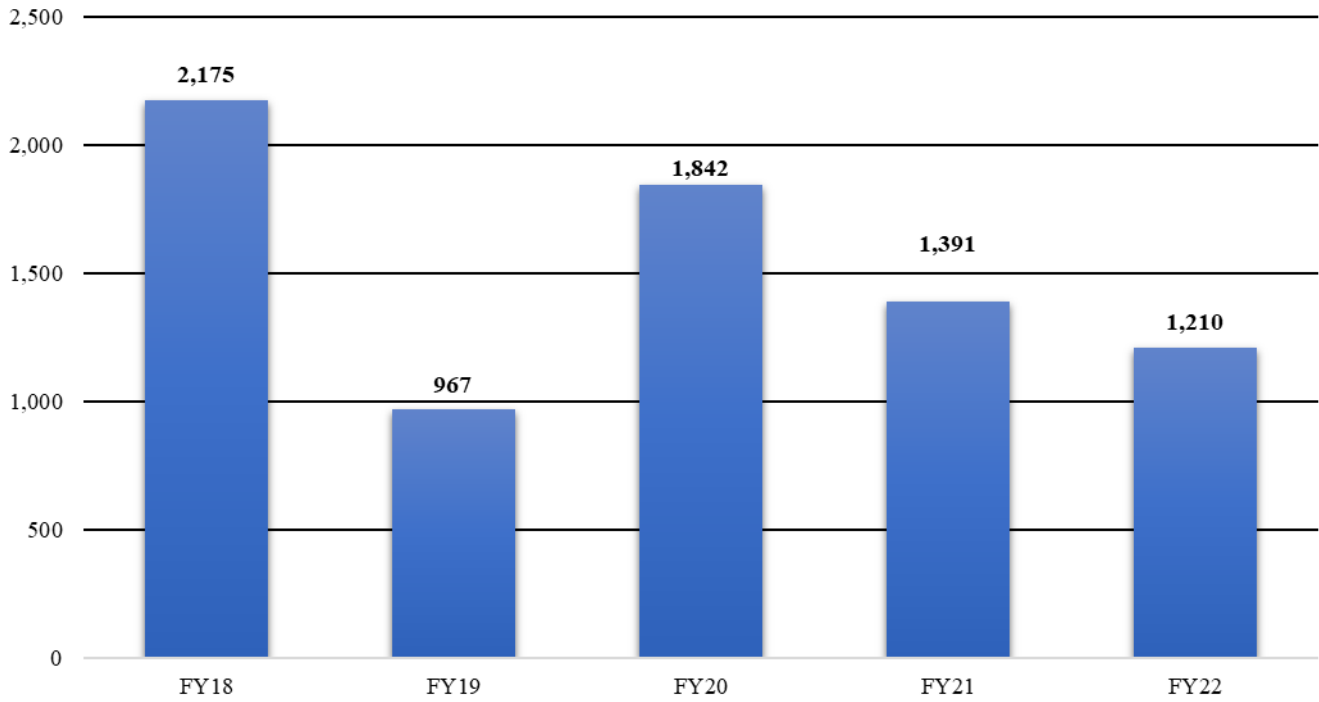




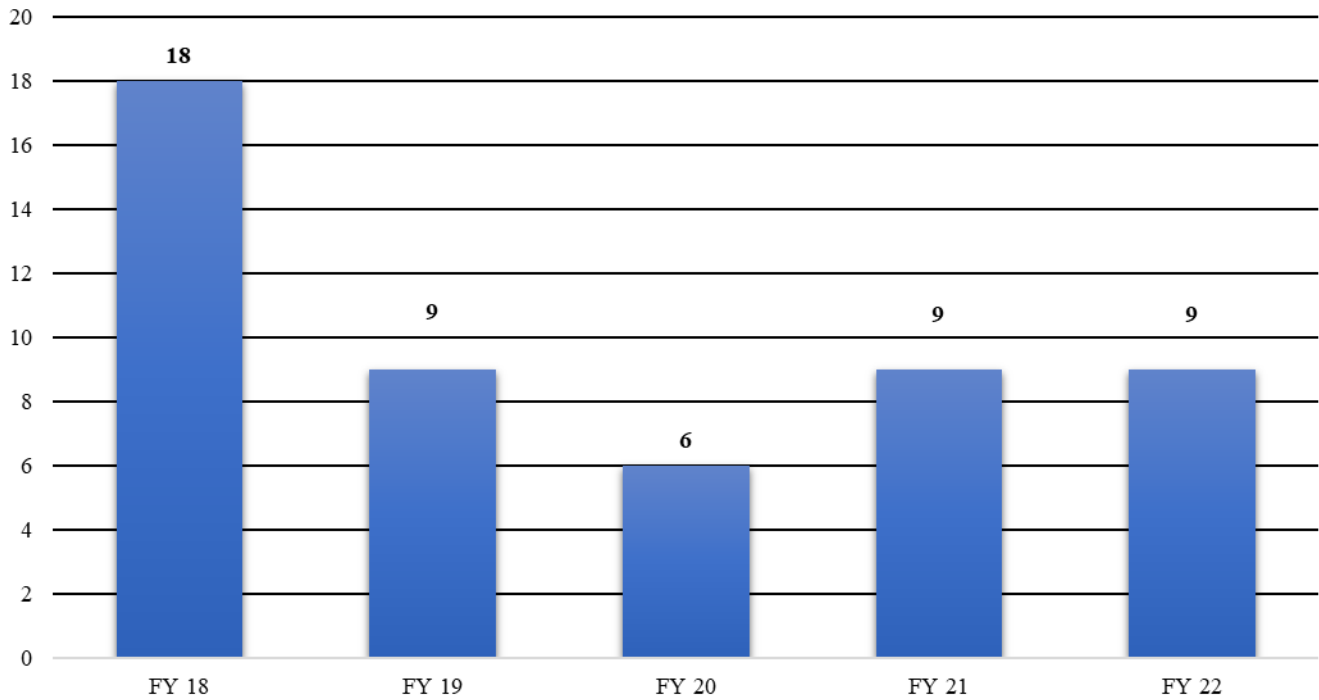
5. Compliance with Workers' Compensation Insurance Laws

The Commission has authority to enforce the law requiring employers to provide workers' compensation insurance to their employees. A referral occurs when the commission is notified 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, and initiates civil penalties against employers when necessary and, as a last resort, pursues enforcement actions in Superior Court that may result in the Superior Court issuing an injunction.

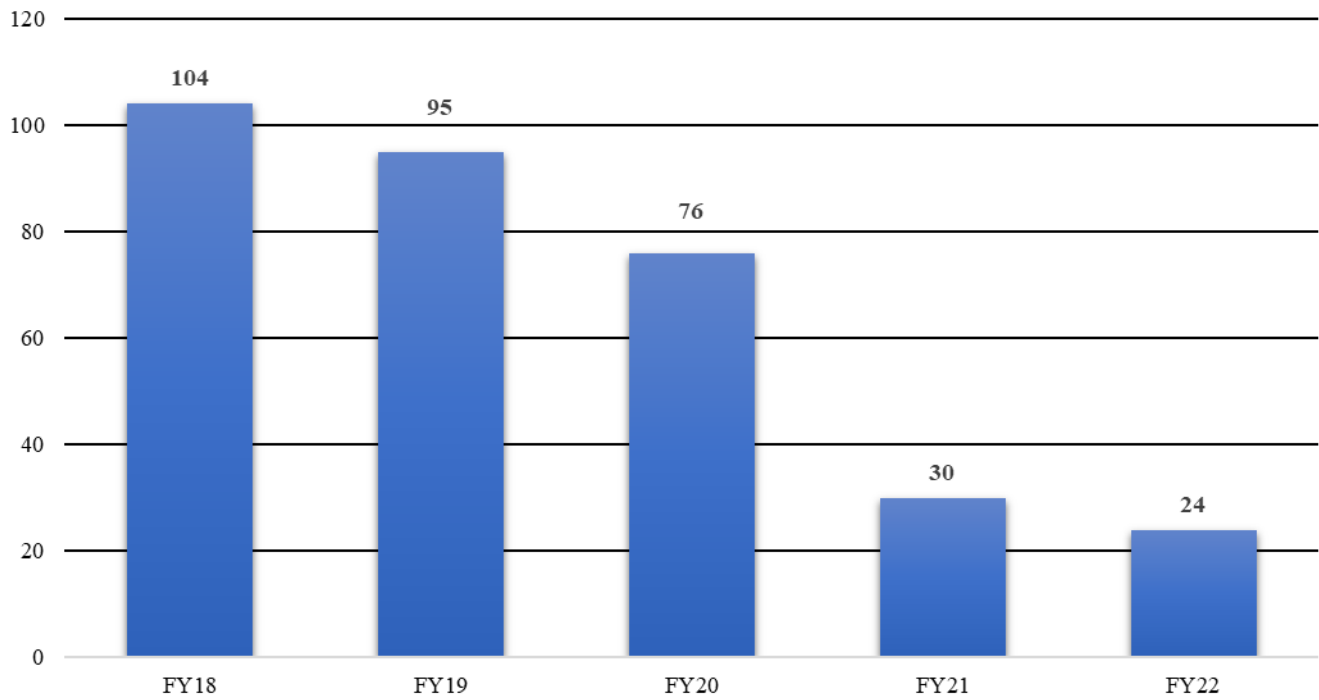
Number of Coverage Referrals



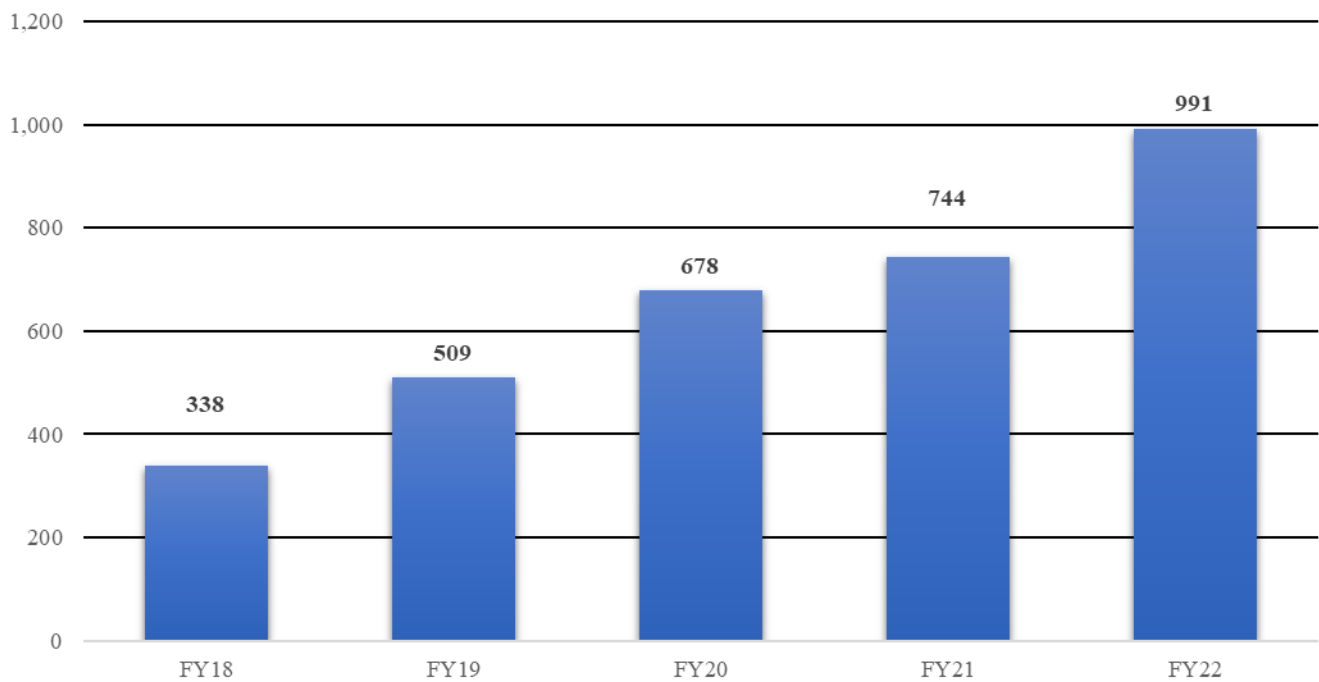
Number of Injunction Proceedings Initiated



Number of Civil Penalties Issued



Number of Employers Insured Through Compliance Efforts



IV. State of the Commission

The Commission is a self-supporting, non-general fund agency whose operations and other statutorily mandated functions are funded through an annual assessment 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 described in Section IV (C) (4) of this Report.

The following provides a brief overview of the operations of the Commission:

A. Appropriated Budget FY 21: \$22.0 million

B. Administrative Fund Assessment Rate and Revenue:

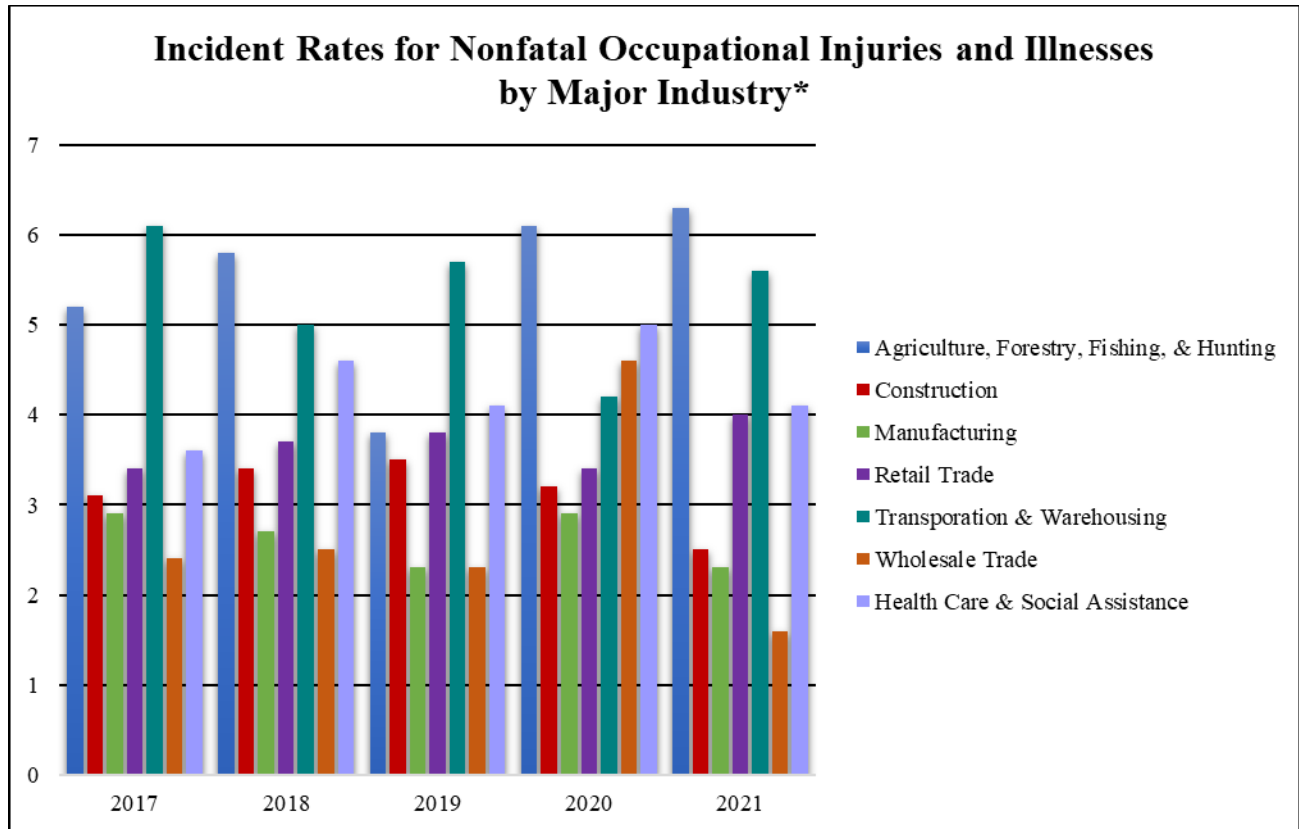
- Currently set below the 3.0% maximum allowed under A.R.S. § 23-961, the assessment rate for the Administrative Fund was 1.75% for calendar year 2022 and 2% for 2023.
- Historical Perspective of Rates and Revenues:

Calendar Year	Admin. Rate	Total Assessment	Revenue in Millions	% Change from Prior Year
2022	2.0%	2.0%	\$18.94	+2.09
2021	1.75%	1.75%	\$18.56	2.9%
2020	1.75%	1.75%	\$18.16	-4.49%
2019	1.75%	1.75%	\$19.01	-2.91%
2018	1.75%	1.75%	\$19.58	-25.59%
2017	2.25%	2.25%	\$26.32	+49.52%
2016	1.50%	1.50%	\$17.60	+4.14%
2015	1.50%	2.25%	\$16.90	-14.65%
2014	1.75%	3.50%	\$19.80	-32.08%
2013	2.75%	5.00%	\$29.10	+4.97%

C. Full Time Employees FY 22: 216, FTEs, including 63.5 federally funded FTEs.

Appendix A

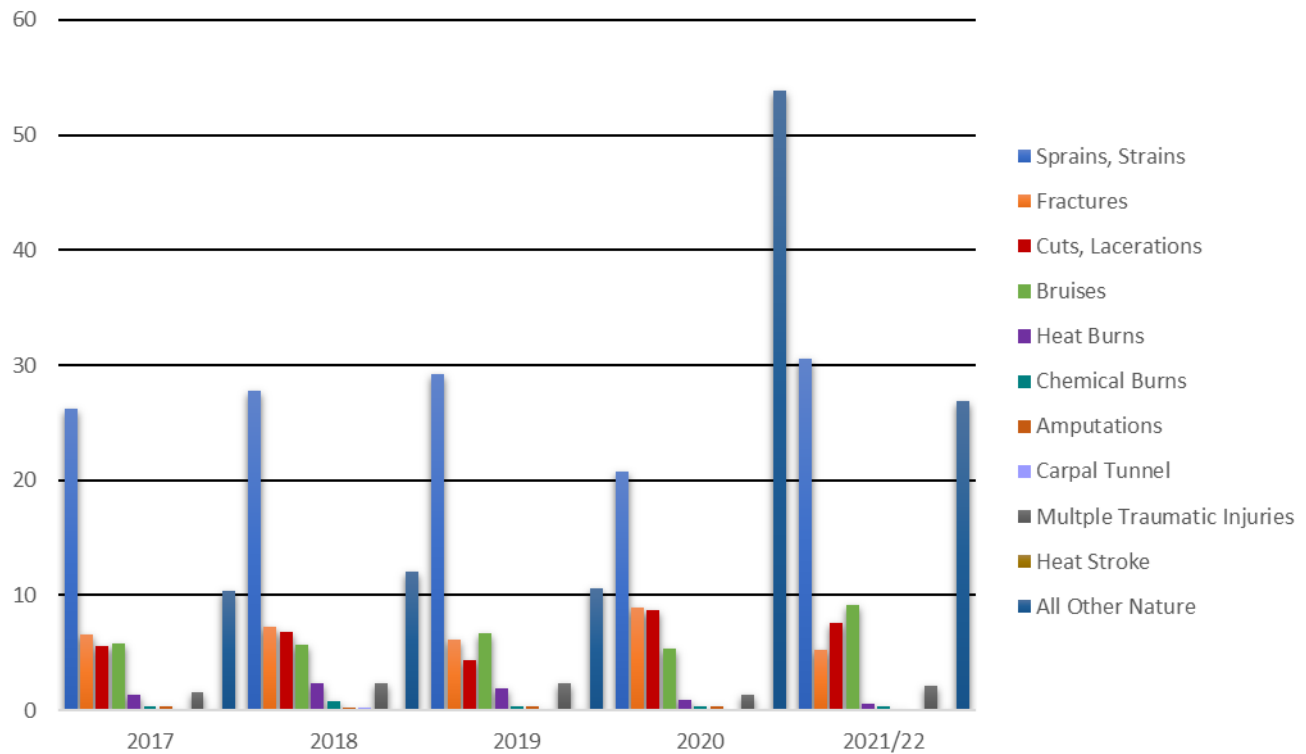
Arizona Lost Time Occupational Injuries & Illnesses



Industry	2017	2018	2019	2020	2021
Agriculture, Forestry, Fishing, & Hunting	5.2	5.8	3.8	6.1	6.3
Construction	3.1	3.4	3.5	3.2	2.5
Manufacturing	2.9	2.7	2.3	2.9	2.3
Retail Trade	3.4	3.7	3.8	3.4	4.0
Transportation & Warehousing	3.1	5.0	5.7	4.2	5.6
Wholesale Trade	2.4	2.5	2.3	4.6	1.6
Health Care & Social Assistance	3.6	4.6	4.1	5.0	4.1

* Numbers from Table 2, Nonfatal Occupational Injuries and Illnesses by Industry, 2021, Bureau of Labor Statistics.

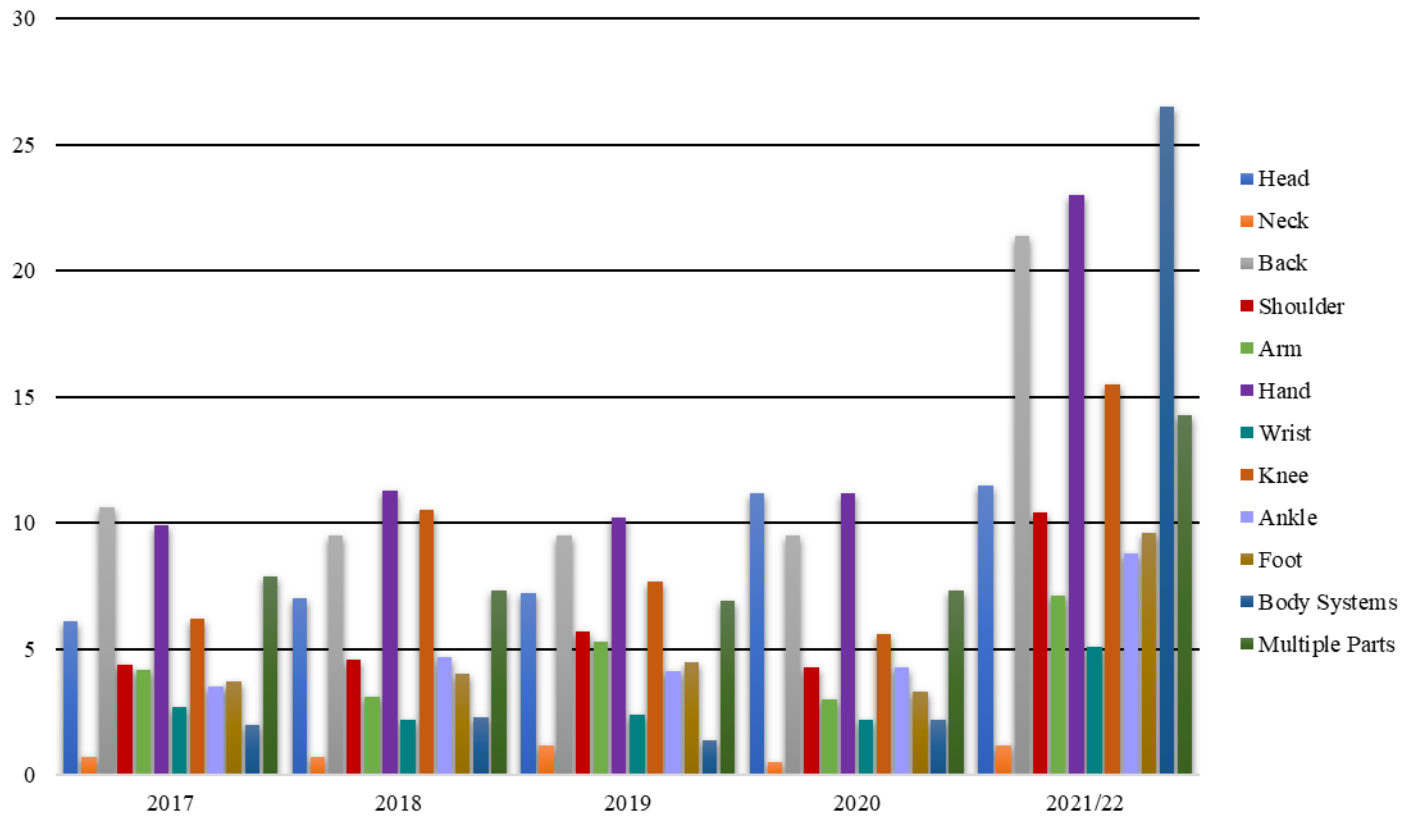
Incident Rates for Nonfatal Occupational Injuries and Illnesses by Nature*



Nat ure	2017	2018	2019	2020	2021/22
Sprains, Strains	30.6	26.2	27.8	29.2	20.7
Fractures	6.1	6.6	7.3	6.2	8.9
Cuts, Lacerations	5.9	5.6	6.8	4.4	8.7
Bruises	7.2	5.8	5.7	6.7	5.4
Heat Burns	0.7	1.3	2.4	1.9	0.9
Chemical Burns	0.4	0.3	0.8	0.4	0.4
Amputations	0.5	0.3	0.2	0.3	0.3
Carpal Tunnel	0.2	0.1	0.2	0.1	
Multiple Traumatic Injuries	3.4	1.6	2.3	2.3	1.3
Heat Stroke					
All Other Nature	11.9	10.4	12.0	10.6	53.9

* Incident Rates from Table 16, Nonfatal Occupational Injuries and Illnesses by Industry, 2021/22, Bureau of Labor Statistics.

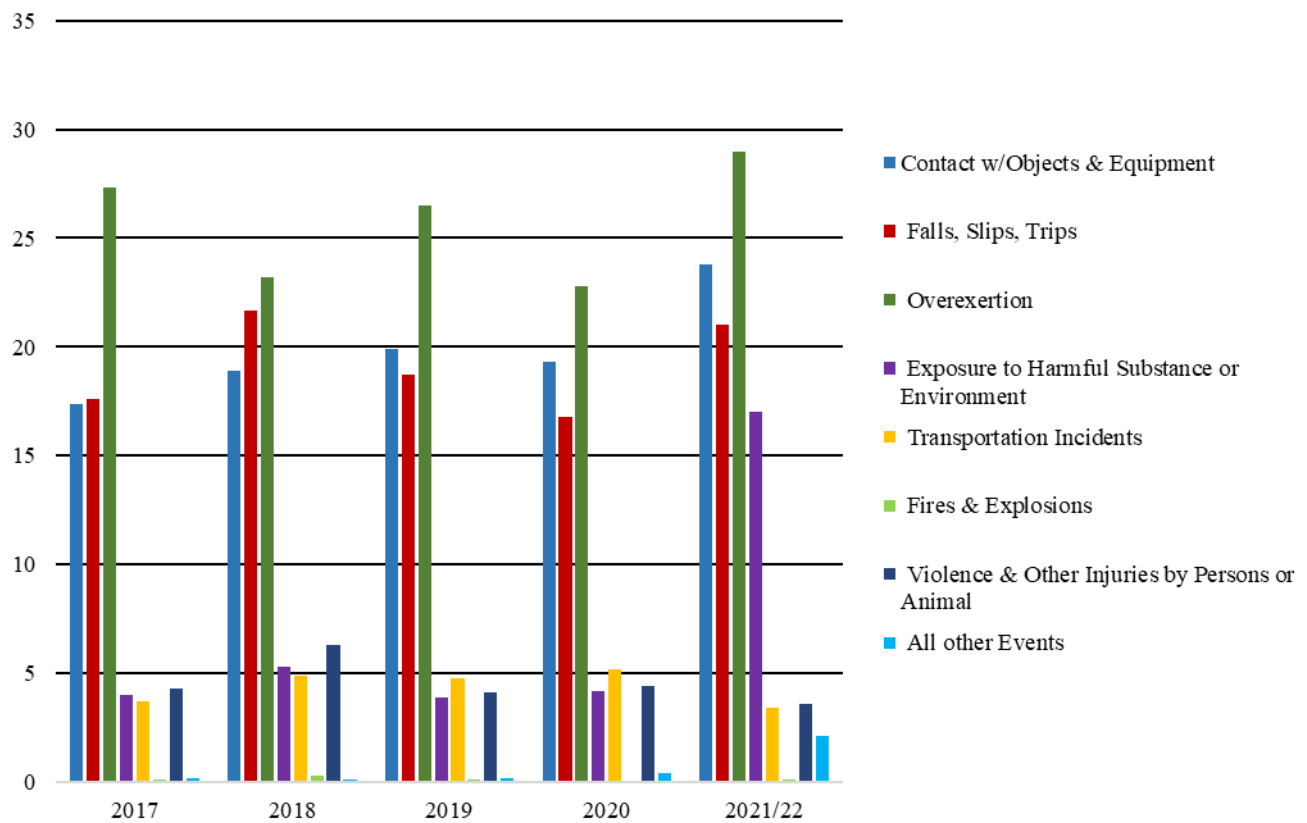
Incident Rates for Nonfatal Occupational Injuries and Illnesses by Body Part*



Part	2017	2018	2019	2020	2021/22
Head	6.1	7	7.2	11.2	11.5
Neck	0.7	0.7	1.2	0.5	1.2
Back	13.2	10.6	11.7	9.5	21.4
Shoulder	4.4	4.6	5.7	4.3	10.4
Arm	4.2	3.1	5.3	3.2	7.1
Hand	9.9	11.3	10.2	11.2	23.0
Wrist	2.7	2.2	2.4	2.2	5.1
Knee	6.2	10.5	7.7	5.6	15.5
Ankle	3.5	4.7	4.1	4.3	8.8
Foot	3.7	4	4.5	3.3	9.6
Body Systems	2.0	2.3	1.4	2.2	26.5
Multiple Parts	7.9	7.3	6.9	7.3	14.3

* Incident Rates from Table 15, Nonfatal Occupational Injuries and Illnesses by Industry, 2021/22, Bureau of Labor Statistics.

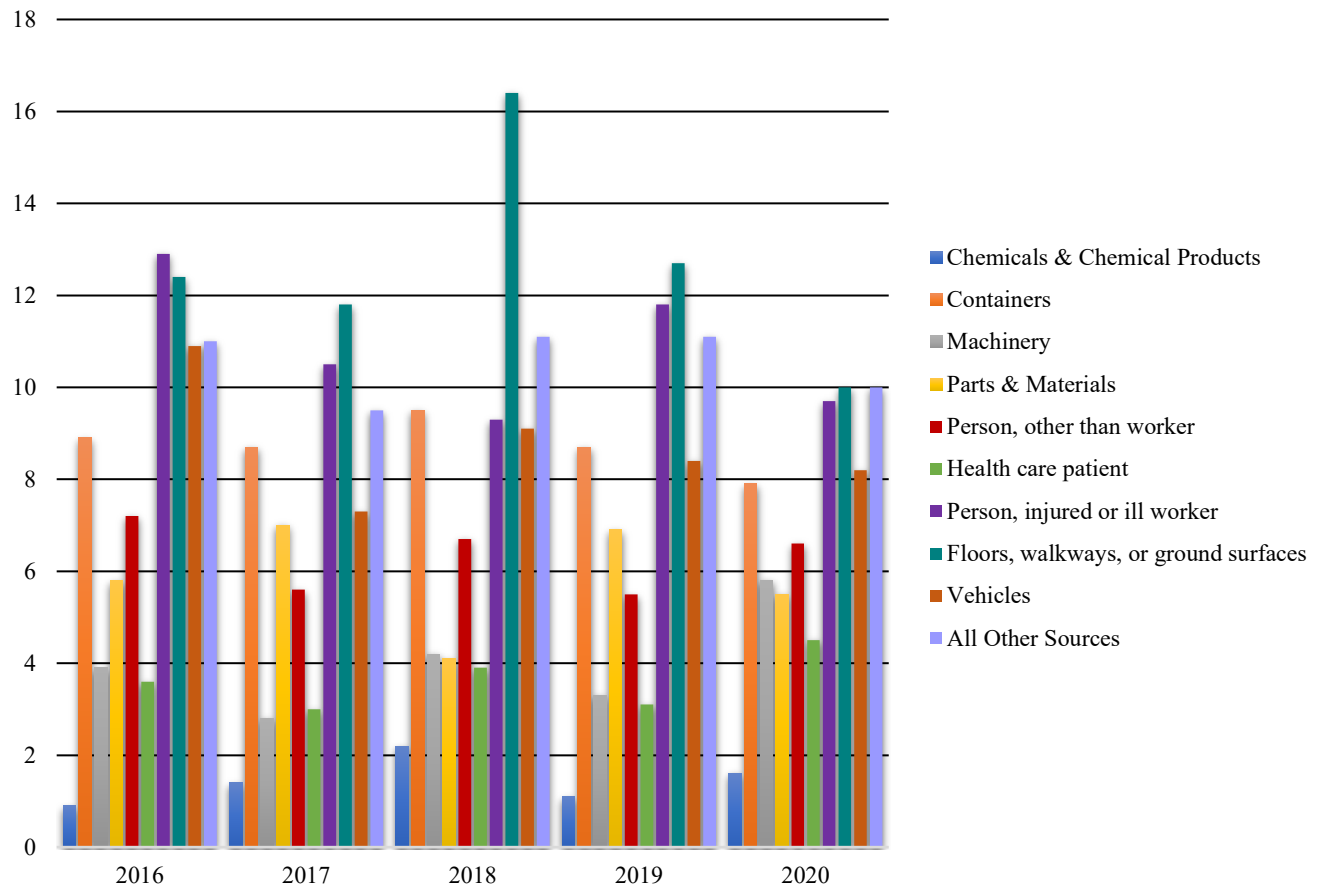
Incident Rates for Nonfatal Occupational Injuries and Illnesses by Event or Exposure



Event	2017	2018	2019	2020	2021/22
Contact w/Objects & Equipment	17.4	18.9	19.9	19.3	23.8
Falls, Slips, Trips	17.6	21.7	18.7	16.8	21.0
Overexertion	27.3	23.2	26.5	22.8	29.0
Exposure to Harmful Substance or Environment	4.0	5.3	3.9	4.2	17.0
Transportation Incidents	3.7	4.9	4.8	5.2	3.4
Fires & Explosions	0.1	0.3	0.1	0.0	0.1
Violence & Other Injuries by Persons or Animal	4.3	6.3	4.1	4.4	3.6
All Other Events	0.2	0.1	0.2	0.6	2.1

* Incident Rates from Table 18, Nonfatal Occupational Injuries and Illnesses by Industry, 2021/22, Bureau of Labor Statistics.

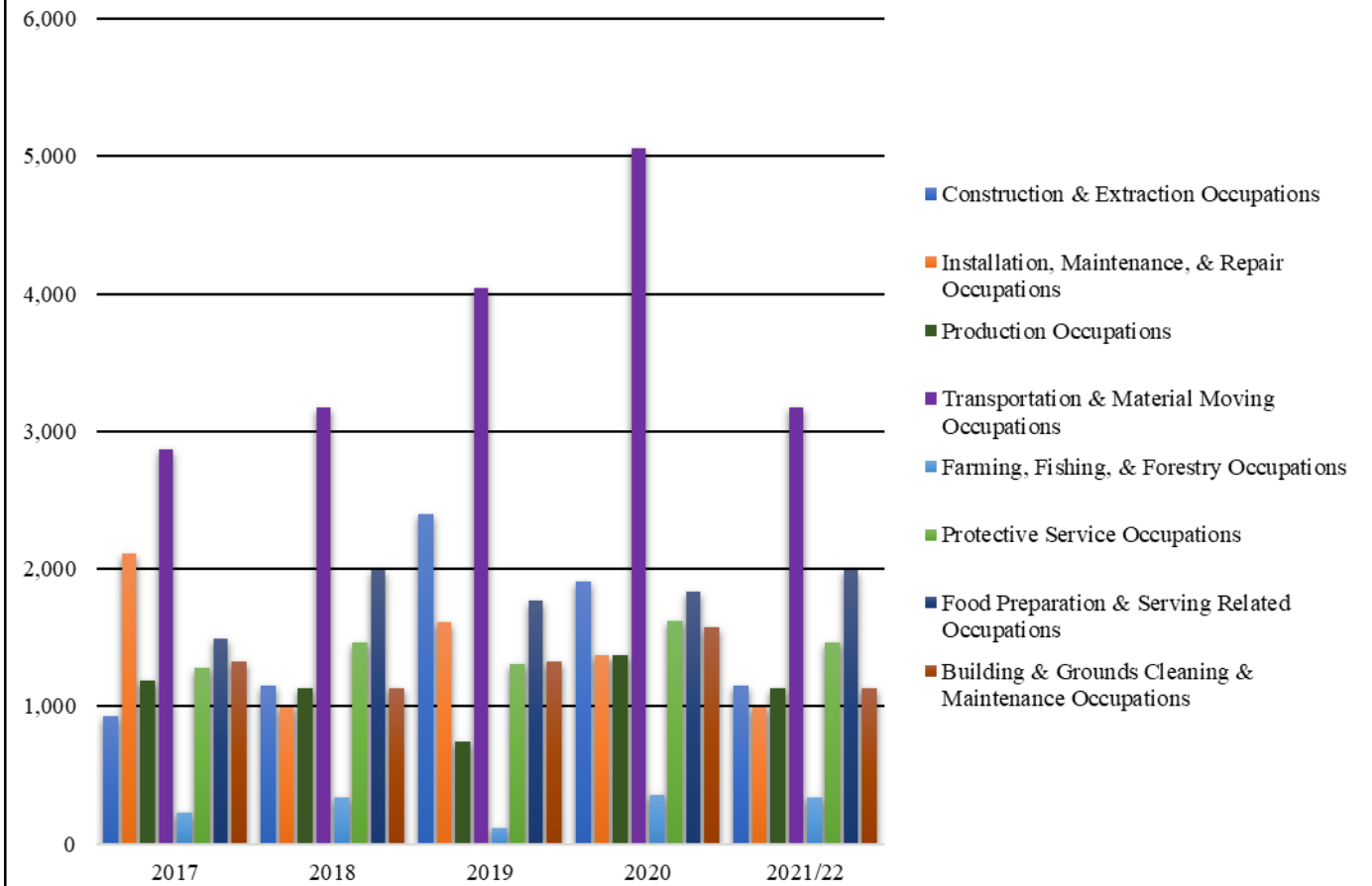
Incident Rates for Nonfatal Occupational Injuries and Illnesses by Source*



Source	2017	2018	2019	2020	2021/22
Chemicals & Chemical Products	1.4	2.2	1.1	1.6	1.7
Containers	8.7	9.5	8.7	7.9	23.5
Machinery	2.8	4.2	3.3	5.8	6.0
Parts & Materials	7.0	4.1	6.9	5.5	11.4
Person, other than worker	5.6	6.7	5.5	6.6	10.6
Health care patient	3.0	3.9	3.1	4.5	6.5
Person, injured or ill worker	10.5	9.3	11.8	9.7	24.5
Floors, walkways, or ground surfaces	11.8	16.4	12.7	10.0	23.0
Vehicles	7.3	9.1	8.4	8.2	14.4
All Other Sources	9.5	11.1	11.1	10.0	46.9

* Incident Rates from Table 17, Nonfatal Occupational Injuries and Illnesses by Industry, 2021/22, Bureau of Labor Statistics.

Lost Workday Claims by Occupation*



Occupations	2016	2017	2018	2019	2021/22
Construction & Extraction Occupations	930	1,150	2,400	1,910	2,100
Installation, Maintenance, & Repair Occupations	2,110	990	1,610	1,370	3,070
Production Occupations	1,190	1,130	740	1,370	2,650
Transportation & Material Moving Occupations	2,870	3,170	4,040	5,060	11,170
Farming, Fishing, & Forestry Occupations	230	340	120	360	550
Protective Service Occupations	1,280	1,460	1,310	1,620	2,740
Food Preparation & Serving Related Occupations	1,490	1,990	1,770	1,830	4,090
Building & Grounds Cleaning & Maintenance Occupations	1,330	1,130	1,330	1,580	2,720

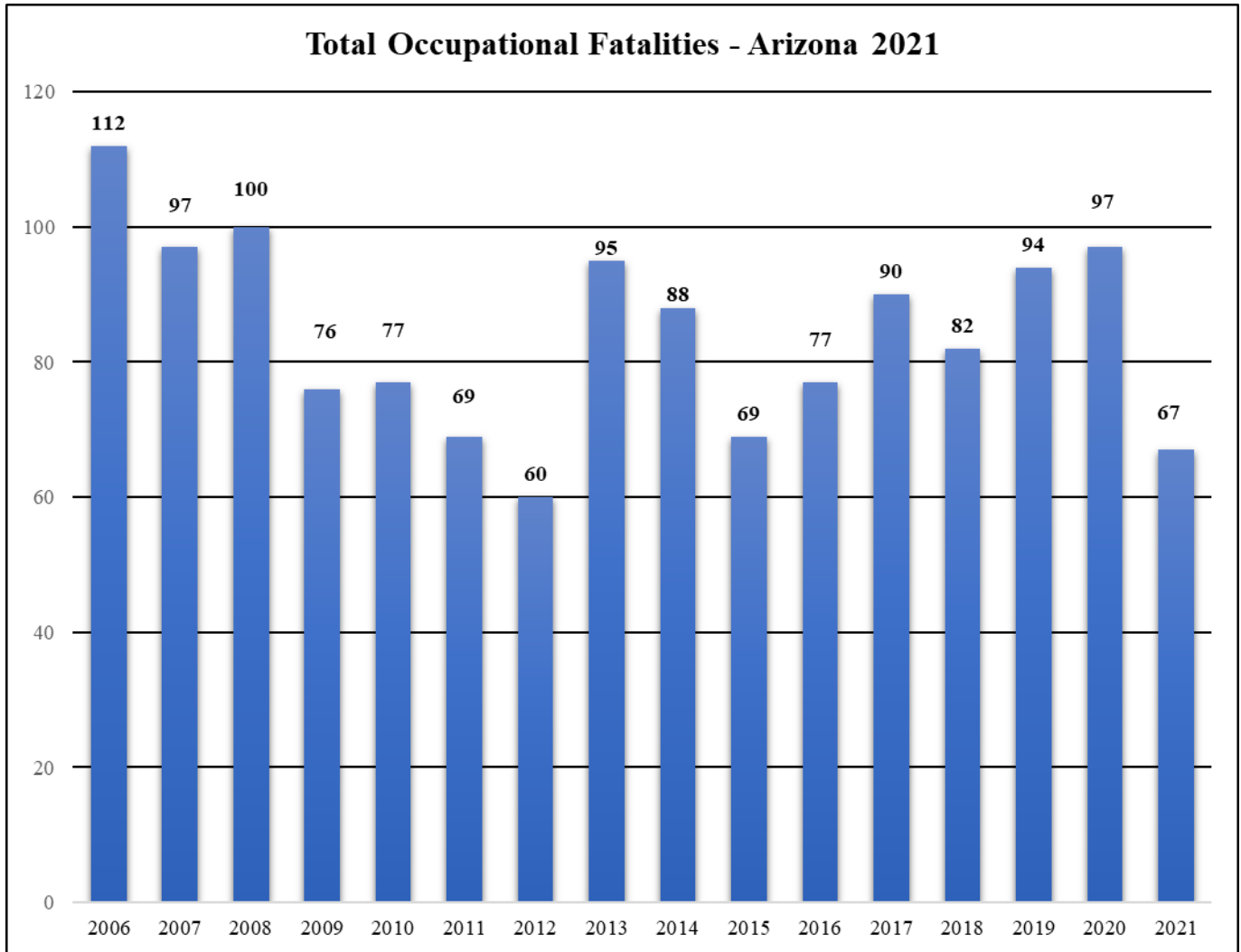
Note: Incident Rates and Number of Nonfatal Occupational Injuries and Illnesses equates to more than one lost work day.

Note: The incident rates represent the number of injuries and illnesses per 100 full-time equivalent workers and were calculated as: $(N/EH) \times 200,000$, where N = number of injuries and illnesses, EH = total hours worked by all employees during the calendar year, 200,000 = base for 100 full-time equivalent workers (working 40 hours per week, 50 weeks per year).

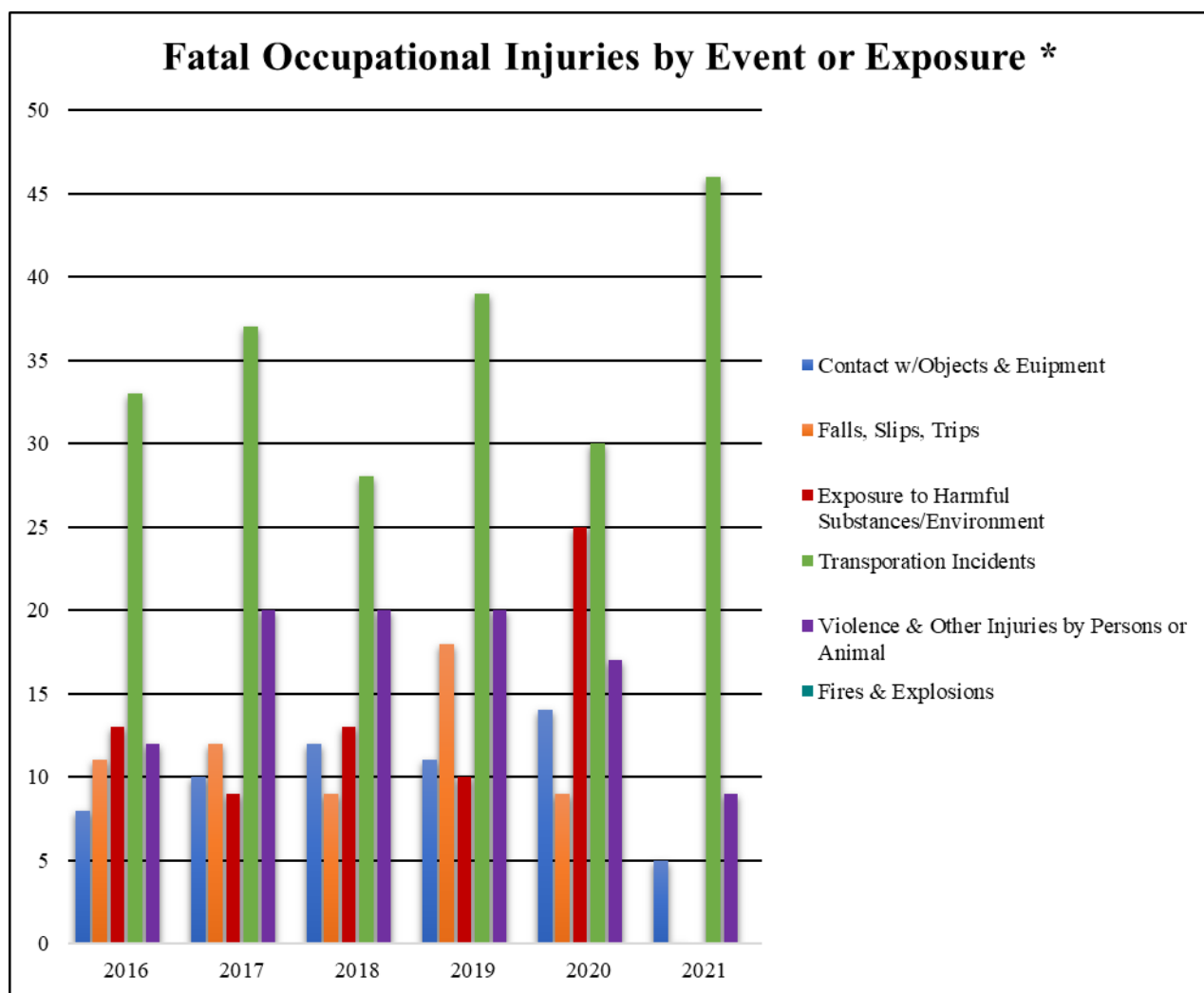
* Source: Incident Rates from Table 3, Nonfatal Occupational Injuries and Illnesses by Industry, 2021/22, Bureau of Labor Statistics.

Appendix B

Bureau of Labor Statistics Census of Fatal Occupational Injuries



Source: Census of Fatal Occupational Injuries 2021, Industrial Commission of Arizona.



Event	2016	2017	2018	2019	2020	2021
Contact w/Objects & Equipment	8	10	12	11	14	5
Falls, Slips, Trips	11	12	9	18	9	0
Exposure to Harmful Substances/Environment	13	9	13	10	25	0
Transportation Incidents	33	37	28	39	30	46
Violence & Other Injuries by Persons or Animals	12	20	20	14	17	9
Fires & Explosions	8	10	12	11	14	0

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

CFOI fatal injury counts exclude illness-related deaths unless precipitated by an injury event. Data for all years are 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."

* Source: U.S. Department of Labor, Bureau of Labor Statistics, 2021, Census of Fatal Occupational Injuries.