

Aptos, LO And SV May Join

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Local Fire Districts Looking At Being Self-Insured

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A fireman's job is one of the highest risk occupations in the U.S. and local fire districts are finding they can no longer afford to insure their firefighters for injuries on the job under state workmen's compensation.

Faced with huge increases in premium payments for workmen's compensation, Aptos, Live Oak and Scotts Valley fire districts have asked the county to look into the feasibility of pulling out of workmen's compensation and becoming self-insured.

Insurance rates jumped a whopping 52.9 per cent since last year, from \$9.24 to \$14.13 for every \$100 a fire district paid out in firemen's salaries, Tom Dewey, communications manager for the State Compensation Insurance Fund in

San Francisco, reported. These rates apply to all public safety officers, including policemen, he added.

This \$4.89 increase has caused Live Oak's premium payments to soar this year from \$42,505 to \$84,273, Assistant Chief Harry Rowe reported.

Chief Richard Chin of the Aptos Fire District reported that because of a change in payment schedule, the district made two premium payments last year totalling about \$61,800. This year's first payment alone was \$48,000, he said.

Chief Bill Scott of Scotts Valley Fire Protection District reported the district paid out \$16,000 last year for workman's compensation and paid \$25,416 this year.

Scott said the district felt a double bite this year because in

the past the premium has always been due at the end of the insurance period while this year, due to a change in policy, the district must pay at the beginning of the period.

Scotts Valley, therefore, is faced with two premium payments due at the same time this year.

The district has paid out about \$70,000 in premiums over the past five years and probably used about \$2,000 of that to pay for injuries, Scott said. The district's highest cost injuries in one year was \$277, he added.

Scott complained that the districts are having to support the larger districts in the state whose firemen suffer many injuries each year.

This is true said Dewey, who showed that "loss experience" or total payments for injuries throughout California causing

\$1.53 of the \$4.89 increase for every \$100 paid in salaries.

A California Court of Appeals decision in 1972 stated that a public safety servant (policeman or fireman) can indefinitely collect on his workmen's compensation after he has left the job for injuries related to his former occupation. This decision, known as the Sobey decision, created another \$1.59 increase.

The state legislature recently passed a bill, SB 839, which limits the amount of time a former employe can make a claim. The limit is three months for each full year of service not to exceed five years. The bill is awaiting Gov. Edmund G. Brown Jr.'s signature.

Dewey said that without the bill, the estimated liability that would be paid out to injured police and firemen would be

about \$80 million a year. With the five year limit, the cost is \$60 million a year, he added.

An increase in the medical fees schedule on May 1 caused the other \$1.77 of the increase. The change, at a minimum, increases by about 40 per cent the cost of medical procedures covered in the schedule, Dewey said.

Dewey stressed the State Compensation Insurance Fund was responsible only for setting the increased rate after the Sobey decision. The state insurance commissioner determined the rate hikes for the medical fee schedule and loss experience increases, he said.

There is hope in sight, however, for local fire districts. Luther Perry, analyst for the county administrative officer, said it is possible for the districts to pull out of workmen's compensation and become self-insured.

He said there is talk of setting the self-insurance up through the county, but the plan first needs approval from the board of supervisors.

Scott of Scotts Valley explained that fire districts will pay into the fund at about the same premium rate they are paying now until the fund gets up to a substantial amount.

"In about three years we'll be able to reduce funds based on losses and we'll be able to control our own rates, not the state," Scott said.

Perry added that the county is working through the fire chiefs association and any district in the county will be able to join. City fire departments in Santa Cruz and Watsonville are covered by city insurance programs, he explained.

Volunteer fire departments also are feeling the insurance bite. Departments must pay \$143 a year in workmen's com-

penation for every volunteer. Fire Chief J.G. McDonnell of the Felton Fire Department complained that his payments have nearly doubled from \$77 a man paid out two years ago.

The California Division of Forestry is sitting pretty with its premium payment of \$2.66 for every \$100 paid out in salary, compared with the \$14.13 paid by the districts.

The Division of Forestry, just like the districts' desire, is self-insured, although its program is administered by the State Compensation Insurance Fund, Jim Major, administrative officer at Felton, explained.

The Division is able to get by with low rates because it employs about 2,500 firefighters statewide, Major added.

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