

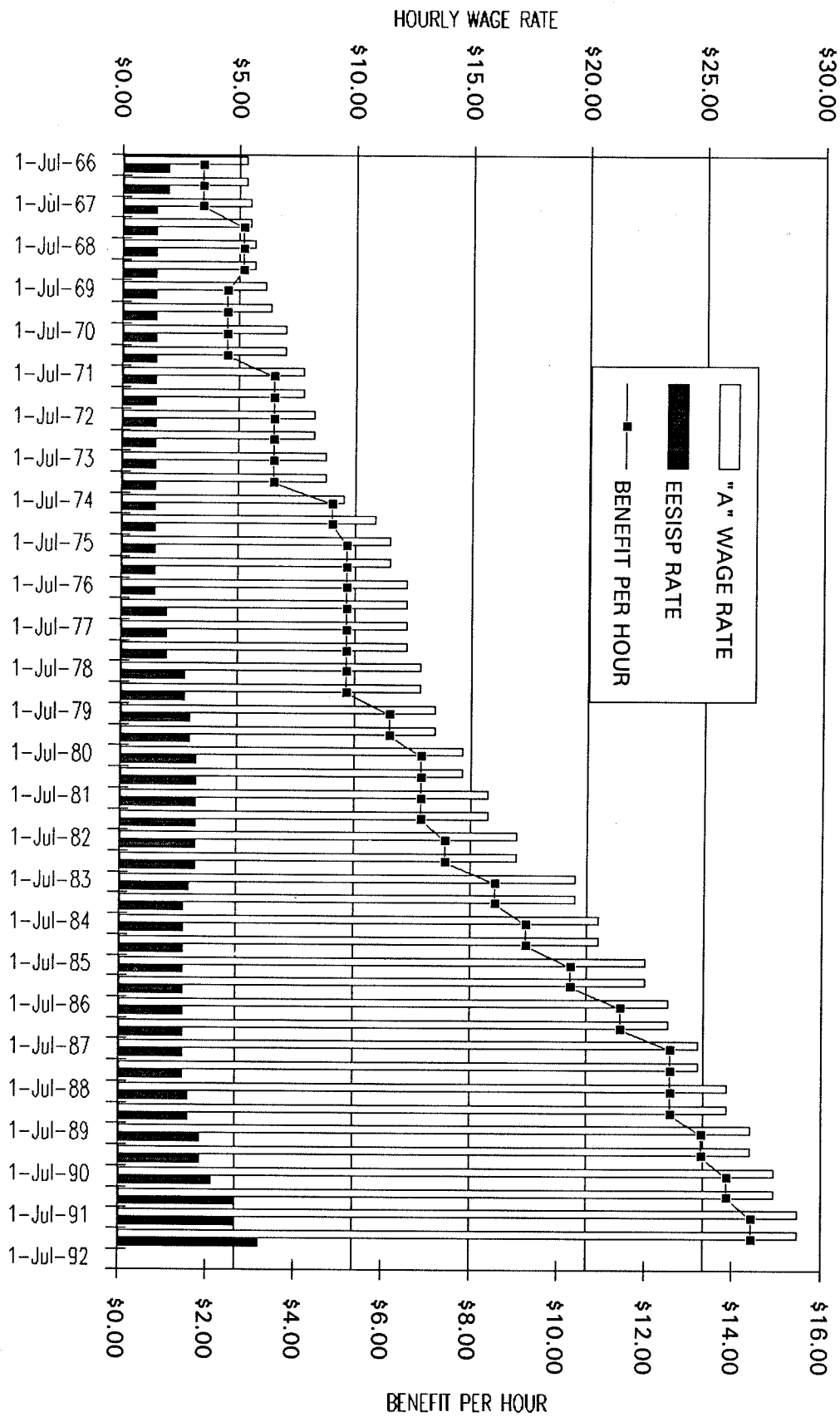
# **THE ACADEMY OF ELECTRICAL CONTRACTING**

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**Multi-Employer Group Self Insurance**

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# EESISIP RATE AND BENEFIT COMPARISON



## **Background**

Responsible leaders in the Electrical Industry in New York City had throughout the history of the industry been deeply concerned by the inadequacy of the worker's compensation benefit payments to workers injured on the job. In the early 1950s, the Joint Industry Board of the Electrical Industry formed a committee to study the various problems involved in an improved worker's compensation law, better working conditions for safety on the job and the possibility of establishing a group worker's compensation self insurance program for the electrical industry.

In 1954 the industry successfully established Safety Trade Group #462 with the State Insurance Fund with the objective of prevention of occupational accidents, the establishment of an industry-wide safety program, improvement of medical care of the injured workers and reduction of cost of compensation insurance for the group.

In the early 1960s, a labor management committee was formed to pursue an amendment to the law that would permit employers to obtain a license as a Group Self Insurer for worker's compensation. After several attempts the law was finally passed, and on January 1, 1967, the Electrical Employers Self Insurance Safety Plan (EESISP) commenced its operation as the first group self insurer. The Plan commenced operation with 400 employers covering 11,000 employees for worker's compensation insurance.

Initially, the Executive Committee directed that benefits would be paid at a statutory rate and the premium charge to participants would be 2 percent of the total gross labor payroll, except that for officers or corporate members and confidential employees, the rate would be \$20 per year for each person. In January 1968, the Plan, through collective bargaining, granted a 50 percent supplementary benefit to disabled workers, thereby raising the weekly maximum check to \$90.00. In 1969, these benefits were increased to \$110.00 a week, and the cost to employers was lowered another one-quarter percent. Subsequently there have been continuous periodic increases in the supplemental benefit rate to employees.

## **Organization**

EESISP, as the Plan is known, was the first self-insured group of employers organized in New York State. The Plan commenced operations on January 1, 1967. The New York Worker's Compensation Law had been amended during the 1966 legislative session permitting group self-insurance. The law formerly permitted only a single employer to self-insure. During that period, successful self-insurers were limited to such large corporations as Eastman Kodak, General Motors and a few utilities throughout the State.

The Plan, as it is presently constituted, is governed by an Executive Committee that consists of 19 employer members who are elected by the respective Associations for a

term of one year. A full-time administrator is hired to oversee the operation of the fund and carry out the policy and directives of the Executive Committee. The fund employs a Safety Director whose duties are to supervise and carry out the safety programs, educational programs, and statistical information necessary to monitor safety performance.

The primary purpose and policy of EESISP's Constitution is to reduce the costs of insurance to the employers and to provide increased benefits to the injured electrical workers.

The Plan does not experience rate the individual firm, but the incurred losses are spread throughout the entire group. There are no advance or deposit premiums applied to the contractor. The EESISP premium is payable at the conclusion of the pay week and remitted to our Joint Industry Board with the other employee benefit contributions. In this manner, the Plan has lessened the effect of the premium costs on the contractor's cash flow.

## **Benefits**

The original concept in New York State was to pay the injured worker two-thirds of his wage during a period of disability. For decades this statutory benefit rate was less than one-third of a journeyman electrician's wage. One of the major purposes of the establishment of the Plan was to remedy this situation through the negotiated supplemental benefit.

Beginning in January 1968 additional supplements were paid during the disability period of an on-the-job related injury. Through the years this supplemental benefit was increased. Presently, the maximum statutory benefit is \$350.00 weekly, but the injured electrical workers covered by the Plan receive a maximum of \$505.00 weekly. In the case of those workers who are disabled because of illness or accidents off the job, the maximum payment of the Plan is over 100 percent greater than the statutory benefit rate prescribed in New York's Disability Law. The statutory benefit is \$170.00 weekly, but the maximum benefit that was negotiated is \$350.00 weekly. (See chart outlining comparison of wages and benefits for the period July 1966 to January 1992.)

## **Safety Program**

A Worker's Compensation Insurance Plan must seek to provide more than the payment of benefits or the collection of premiums. To be successful as a self-insurer and reduce the cost of insurance, it is essential that the Plan incorporate an effective accident prevention program.

The constitution of EESISP states as one of its purposes, "To improve safe working conditions and to promote a safety program dedicated to the prevention of accidents and disease." To this end, the Plan employs a full-time Safety Director who, pursuant to this directive, has established an effective accident prevention program. To

further this purpose, the Executive Committee maintains a permanent standing Sub-Committee designated as the Safety Advisory Committee. This Committee works closely with the Safety Director and supervises all aspects of the industry's safety program.

This safety program includes such activities as:

1. Accident investigations
2. Assisting contractors with on-site safety programs
3. OSHA compliance training course for supervisory personnel
4. High voltage training for all journeymen
5. Hazard communication program
6. Assured Equipment Grounding program
7. Material handling and rigging course for journeymen
8. Asbestos training and licensing course for journeymen
9. Safety training coordination with the Joint Apprentice Committee
10. Medical emergency training, i.e., C.P.R. and First Responder course.

#### **Disability Insurance**

The very rapid success of the EESISIP program led the Joint Industry Board to request that EESISIP take over the Disability Benefit Plan and its administration. Effective January 1, 1972, EESISIP became the self-insurer and the administrator for all disability benefits for the Electrical Industry. This resulted in better coordinated efforts to control the claims of injured workers whether on or off the jobsite.

#### **Financing the Program**

The Executive Committee has established two Sub-committees with specific responsibilities relating to the financial stability of the Plan.

The Accounting and Rate Committee meets periodically with the Director and reviews in detail the income and expenses of the Plan. It is this Committee's primary responsibility, with the approval of the Executive Committee, to determine and set the Plan's premium rate schedule.

The Finance Committee has the responsibility to determine the policy and guidelines that will govern the activities of the Investment Manager. All funds, securities and investments are kept with a fiduciary bank independently of the investment manager, and the committee is furnished with daily transaction advice and monthly schedules of the account. A separate investment analyst is engaged to monitor the performance of the investment manager, and the committee receives a quarterly report on performance compared to other managers in the same category. The committee meets with the investment managers on a quarterly basis to review performance and set guidelines.

Both Sub-Committees report on a regular basis to the full Executive Committee, allowing every Trustee to be fully informed of the Plan's financial condition.

#### **Conclusion**

In reviewing EESISIP, it is evident that this self-insurance system expresses its concern for humanity by its straightforward attitude on the elimination of accidents and the rehabilitation and financial protection of injured workmen. The plan confirms the belief that moral values can be built into social and economic institutions and that labor and management together can merge as an individual, enlightened group to promote the general welfare of all.

This concept has saved lives and protected financial resources while providing injured workers with monetary aid consistent with today's ever changing economy. The plan is unique in that it encompasses an entire, yet diversified, industry with complete and modern coverage for its workers. Management has been able to save substantial costs for insurance premiums while at the same time providing superior benefits to its employees.

A copy of the 25 year report recently issued by EESISIP is attached for your information. The five and ten year reports are available to interested parties upon request from the Electrical Employers Self Insurance Safety Plan.

*Felix Hirsch has been affiliated with NECA since 1960 when he was President of Hirsch Electric in Brooklyn, N.Y. Felix has served the New York City Chapter as President and governor in the past and is part of the Council of Industrial Relations. He was elected to the Academy in 1985 and has had perfect attendance at annual meetings. He continues as President of Hirsch Electric.*