

DENNIS HAYES CHIEF DEPUTY DIRECTOR

NYSIF[®]

NEW YORK STATE INSURANCE FUND

Workers' Comp.

ADVISOR

nysif.com

July, August, September 2011



**INTRODUCING
NYSIF SECURE eBUSINESS SUITE**

**Online Payroll
Reporting for
Workers'
Comp.
Policies**



The Fall and Rise of Andrew Lakeman

Dennis Hayes, NYSIF Chief Executive Deputy Director

NYSIF Chairman Robert H. Hurlbut announced the appointment of Dennis J. Hayes as chief executive deputy director of NYSIF, effective July 1, 2011.



Dennis J. Hayes

Governor Andrew M. Cuomo recommended Mr. Hayes for appointment to the Fund on June 10. NYSIF's Board of Commissioners unanimously approved the appointment at its regular board meeting, June 14.

Mr. Hayes has 29 years experience as an attorney specializing in insurance, reinsurance and receivership matters. He has been a senior executive at the New York Liquidation Bureau (NYLB) since 1996. He previously served as assistant special deputy superintendent of NYLB, where he oversaw the Reinsurance and Estate Management divisions since April 2007. He was named special deputy superintendent in September 2009.

"NYSIF welcomes Chief Executive Deputy Director Hayes to the Fund," Chairman Hurlbut said. "The Board of Commissioners, NYSIF's Executive staff and our management team look forward to working together with Mr. Hayes, whose knowledge of the insurance industry and extensive experience will be an asset to NYSIF."

Mr. Hayes started his career in the insurance industry in 1982 as an attorney for the New York Insurance Exchange. As an attorney in private practice from 1987 to 1996, he specialized in insurance, reinsurance and regulatory matters. From 2001 to 2003, Mr. Hayes was executive vice president and general counsel to Recovery National Corporation in Tarrytown, NY, a company specializing in identifying and recovering unrealized reinsurance.

In his previous NYLB position as executive director for Receivership Operations, Mr. Hayes had a key role in developing the final plan for the successful rehabilitation of Interboro Mutual Indemnity Insurance Company and its conversion to Interboro Insurance Company. He also managed the rehabilitation of Rochdale Insurance Company.

Mr. Hayes is a 1974 magna cum laude graduate of Saint Leo University and a 1981 graduate of St. John's University School of Law. He and his wife, Marianne, have two children.

Mr. Hayes succeeds NYSIF Chief Deputy Executive Director and Secretary to the Board of Commissioners Francine James. Ms. James will remain with the Fund and serve in her capacity as secretary to the board.



Water, Rest, Shade

OSHA's national [Heat Illness Campaign](#) web page has educational materials about heat-related illness for workers in English and Spanish, including a workplace training curriculum for employers and employees about the hazards of working outdoors in the heat.

Residential Construction Rule In Effect

Beginning June 16, residential construction employers had to provide workers with conventional fall protection required by the OSHA [construction fall protection standard](#), issued in 1994 (29 CFR 1926.501(b)(13)).

NYSIF Workers' Comp. Advisor
July/August/September 2011



This Issue Secure eBusiness Platform

NYSIF announced the launch of a new, Secure eBusiness Suite that will for the first time allow its qualify-

ing workers' comp. policyholders the ability to report payroll online for the purposes of determining premium. Online self-reporting is the first feature made possible by a new eBusiness platform that will lead to more online transactions for NYSIF customers.

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Workplace Violence

Safety Cop tackles a complex issue with common sense precautions to evaluate exposures, recognize threats and sources, and take protective steps to help safeguard your place of business against the potential for violence-related incidents.

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New Tool for Recordkeeping

The [OSHA Recordkeeping Advisor](#) is a new web tool to help employers understand their responsibilities to report and record work-related injuries and illnesses under Occupational Safety and Health Administration rules. A set of questions assists in determining quickly whether an injury or illness needs to be recorded and which provisions of the regulations apply.

More Reasons to Use NYSIF eFROI®

NYSIF's eFROI® web-based electronic claims reporting system is the fastest, most secure way to report workplace injuries to NYSIF, and reduces delays and errors in reporting.

The following are some additional benefits of NYSIF eFROI®:

- Provides an immediate loss record identification number (aka claim number).
- Allows immediate eC-2 loss record creation.
- Allows proactive accident investigation and claim management.
- Sends an eC-2 data file to the Workers' Comp. Board; creates copies of the eC-2 for both WCB and NYSIF loss records.

Visit [Online Services>Workers' Compensation>NYSIF eFROI®](#) to learn more.

Ex-Jockey Rebuilds Life

Horse trainer Andrew Lakeman was working in the stables at Belmont Park on June 17, 2011, talking about his life and his horse, which is on the mend from a stress fracture to its front right leg. Mr. Lakeman's life is on the mend, too. A former jockey, Mr. Lakeman now works from a wheelchair. He is paralyzed from the chest down. On May 25, 2007, the native of South Hetton, in Sunderland, England, was injured in the fourth race at Belmont, becoming a NYSIF claimant in the New York State Jockey Fund insured by NYSIF.

The accident left him with a fractured neck, severed spinal cord, fractured sternum, punctured lungs and five broken ribs. It was a fall not many people would survive; much less try a return to work. He purchased his horse in August 2010. Of all the horses he saw, this was the only one not to shy away from the wheelchair. Mr. Lakeman named him Thisskysabeauty.

But beauty shows itself in many ways. Enter NYSIF Medical Care Rep. Linda Nielsen, the registered nurse and catastrophic claim expert who handled Mr. Lakeman's case from the beginning. Since falling from the ill-fated mount, a 78-1 shot, Mr. Lakeman says Ms. Nielsen helped him reconstruct his life. Those are roughly the same odds, by the way, of returning to a productive life following paralysis as severe as Mr. Lakeman's, doctors told him.

'One of My Angels'

"I'd call Linda all the time for authorizations for things I needed to stay alive," he said. "I would describe her as one of my angels. I was going through different stages; I was angry; I was in mourning, 'Why me?' She was there for me, just to listen and give me support."

Among other things, Ms. Nielsen helped arrange for Mr. Lakeman to equip his van with hand controls so he could drive again. One of her goals, she said, was to empower Mr. Lakeman with the knowledge he needed to handle his disability.

"I did this by having him help me with day-to-day issues that came up in his case," she said, teaming with NYSIF Case Manager James Crawford to coordinate Mr. Lakeman's care. "Under our watchful eye, for example, Andrew was the first claimant in our office to help gather vehicle modification quotes for his van."

Mr. Lakeman, 36, said he knew what he wanted when he was 12. "I wanted to be a jockey. I left school when I was 15." He made the decision to become a trainer "about three months after the accident. My family wanted to take me home; I wanted to stay and train."

He went back to school to become a trainer, took the test and got his license. He said he has "learned a tremendous amount" from Hall of Fame trainer Allen Jerkens. Thisskysabeauty came in third in his first and only race at Belmont this January.

Horse and Trainer Doing Well

Mr. Lakeman says there are trainers who run their business like a factory, and there are horsemen. He puts himself in the latter category. Mr. Lakeman has proceeded cautiously with his horse, having him undergo a procedure to insert a screw in his cannon bone, rather than just wrapping the injury and sending the horse back out on the track.

"I understand horses," he said. "I began riding when I was five. It's not just how he runs. I know how to pay attention to things other people would miss."

Horses he understands; workers' comp. is a different animal. "I was very confused," Mr. Lakeman said. "But every time I called Linda or Jim everything went so smoothly. Linda really respected me. She understood what I was going through."

The rookie trainer says his horse is growing much stronger and should run this summer at Belmont or Saratoga. Mr. Lakeman's life is back on track, too. "I'd like to get more horses so I won't have to rely on receiving benefits and can make my own money," he said. "I can't emphasize how much Linda Nielsen has changed so many things in my life. I don't know how to thank her. I think it might be by training and following through on the things I said I was going to do."

Don't bet against him.



NYSIF Medical Care Rep. Linda Nielsen attended a 2008 Disabled Jockey Fund fundraiser, where she met Andrew Lakeman

A New NYSIF eBusiness Platform

Online Suite Debuts Payroll Reporting for Workers' Comp. Policies

NYSIF announced the launch of a new, Secure eBusiness Suite that will for the first time allow its qualifying workers' comp. policyholders the ability to report payroll online for the purposes of determining premium.

NYSIF will notify policyholders who qualify for online payroll reporting (non-construction, low-risk policies with premium less than \$5,000 annually) by mail at the end of their policy period. Qualifying policyholders will receive a form (DP517) that they can fill out manually, or have the option to visit NYSIF's website at www.nysif.com to fill out their payroll report online.

"NYSIF is pleased to advance online payroll reporting for workers' compensation insurance policyholders," NYSIF said in a statement. "We are sure the online payroll reporting process will be a welcomed service enhancement for customers."

Phase one of the project will be restricted to the qualifying criteria outlined above and other limitations on specific policies. Eventually, NYSIF plans to expand the premium size for online self-reporting to include a broader base of policyholders.

Authentication Process

Components of NYSIF's eBusiness Suite include secure e-authentication, secure e-signature and secure e-forms. An essential step in online payroll reporting is the identification and authentication of the preparer. NYSIF is making use of the New York State Department of Motor Vehicles (DMV) authentication service

to facilitate this process. To participate, the policyholder or policyholder designee must have a valid NYS driver's license or ID card.

"DMV authentication provides an important level of secure validation of the preparer," NYSIF stated. "This was an ideal opportunity to utilize existing technology and services across New York State agencies."

Developed internally during 2010-2011, NYSIF's eBusiness Suite is a collaboration of NYSIF's Information Technology and Policyholder Services departments.

NYSIF Chief Information Officer Linda Zafonte said the eBusiness platform for online submission of workers' compensation payroll reporting information is "a very important milestone for leveraging secure, authenticated, electronic online transactions with NYSIF."

Long Term: More Online Transactions

"The long term goal of this project is to make doing business with NYSIF easier," Ms. Zafonte said. "Online payroll reporting is the first feature."

Director of Business Operations John Massetti called the new feature one of NYSIF's highest priorities from a systems perspective, adding that the new eBusiness platform will allow NYSIF keep pace with evolving technology in the insurance market. "Improving our technology and offering more web-based

Online Payroll Reporting with Secure eBusiness Suite - Getting Started

The screenshot shows the 'Policy Information' page of the NYSIF eReport system. At the top, there is a navigation bar with tabs for 'Policy Info', 'Business Info', 'Payroll Info', 'Review Info', 'Verify Identity', 'Signing Ceremony', and 'Report Filed'. The 'Policy Info' tab is active. Below the navigation bar, there are two input fields: '*Policy Number' and '*Document Number'. A note below these fields states: 'NOTE: The submission of this electronic document is voluntary. To submit this document online, instead of by mail, you must have a valid NY driver's license or NYS ID Card. If you do not possess these items please submit your form by mail.' There is a checkbox for 'I agree to the New York State Insurance Fund User Agreement and Privacy Policy.' and a 'Continue' button. At the bottom, there is a table with four columns: 'WORKERS' COMPENSATION', 'DISABILITY BENEFITS', 'SAFETY & RISK MANAGEMENT', and 'ABOUT NYSIF'. Each column contains links to various resources.

Policy Information Page - The policyholder or designee must enter the policy number and the unique document number from the form mailed by NYSIF.

Preparer Authorization - Preparer acknowledges the business relationship and authorization to complete the document electronically.

The screenshot shows the 'Employer Information' page of the NYSIF eReport system. It features a navigation bar similar to the previous page. Below the navigation bar, there are several input fields for 'Name', 'Address', 'City', 'State', and 'Zip'. There is a dropdown menu for '* Relationship To The Organization' with the option '-Select A Relationship-'. A checkbox below the dropdown states: 'By checking this box you attest that you are authorized to complete this document electronically on behalf of the employer.' At the bottom, there is a section for 'Business Information' with a text area for '*Please provide a detailed description of your nature of business'.

This gives policyholders more time to run their business.

services benefits all our stakeholders and assures that NYSIF will continue to be the leader in workers' compensation in New York State," he said.

Director of Underwriting Sherwin Taylor noted that online payroll reporting brings a degree of automation to the workers' compensation premium calculation. The system has built in checks and balances, including an editing function that will automatically reject information deemed faulty, he said. There are several conditions restricting the system's use, including for employers with multiple entities, multiple locations and multiple certificates of insurance.

Fastest Way to Report Payroll

For qualified policyholders, online payroll reporting advances NYSIF customer service, adding a breakthrough convenience that saves time and expense for policyholders.

"The main thing is this gives policyholders more time to run their businesses by making it more convenient to report payroll," Mr. Taylor said. "This is the fastest way to report payroll. The report is authenticated and it goes directly into our system.

"Online payroll reporting reduces human error and cuts operating costs all around. There is no need to fill out a paper form, get a stamp, get an envelope, and drop it in the mail; maybe it gets lost in the mail, or maybe the handwriting isn't clear. Online reporting does away with all that. It makes it easier for customers to do business."

New Home Page

NYSIF rolled out a new home page in April 2011, designed with fewer items to streamline usability, including: **Frequently-used services** (top left) **Stakeholders panel** (middle left), and **NYSIF Newsroom** (right). Visit www.nysif.com to see the new home page.

Payroll Information - The preparer must enter and certify as accurate all required business and payroll information in the electronic form. A subsequent screen allows for review, changes and recertification of the data.

Preparer Authentication - Preparer must authenticate using DMV authentication process to continue.

Affix eSignature - Preparer must affix eSignature, which NYSIF maintains in its database, to finish the report. NYSIF does not store DMV id numbers.



Workplace Violence

Recognize Threats, Sources

Thousands of incidents of workplace violence occur annually, perpetrated by co-workers, clients and strangers.



According to the Census of Fatal Occupational Injuries, in 2009 there were 788 deadly workplace assaults and violent acts in the U.S.; workplace violence ranked just behind transportation as the leading cause of on-the-job deaths. No one, it seems, is immune from the threat of workplace violence. The Workplace Violence Research Institute defines it as “physical or verbal assaults, threats, coercion, intimidation and all forms of harassment.”

Although news reports often focus on co-worker or employer/employee conflict, most murders in the workplace result from robberies. Workers most vulnerable include those employed in retail, overnight shifts and high-risk cash operations like gas stations, small groceries and liquor stores. Staff who work with hostile clients, or in health care and custodial care facilities, also are at risk. Businesses need to examine the facts behind the headlines to evaluate their exposures and take appropriate precautions.

WORKPLACE VIOLENCE: FOUR TYPES

Type 1: Acts by criminals who have no connection with the workplace other than to commit robbery or other crimes.

Type 2: Acts by customers, clients, patients, students, inmates or others for whom an organization provides service.

Type 3: Acts against co-workers, supervisors or managers by a present or former employee.

Type 4: Acts by outsiders who have personal relationships with employees – a spouse or domestic partner.

Effective prevention programs distinguish crime-related risks from sources of internal conflict. Each requires different strategies.

COMMON VIOLENCE

According to the FBI, businesses mostly are confronted with lesser cases of assault, domestic violence, stalking, threats, and physical and/or emotional abuse that don't make headlines.

These types of workplace episodes pose a threat to all businesses. Establish and strictly enforce a zero-tolerance policy for violent behavior, threats or abuse of any kind. Define acceptable behavior, the consequences for non-compliance, and follow through on disciplinary procedures for infractions. Additionally:

- Evaluate exposure to strangers, customers and employees.
- Make appropriate recommendations and changes to procedures.
- Tighten hiring practices; verify all references.
- Above all, treat all threats, no matter what the context, very seriously.

A blend of sensitivity and precaution is prudent during emotionally charged times (layoffs, firings). Train all staff to recognize potentially violent situa-

tions or signs exhibited by troubled or disgruntled employees. Supervisors, workers and security personnel must be alert to behavior changes that often precede violent incidents.

Always screen new hires: investigate references, pay careful attention to gaps in employment, check for criminal history.

Since violence is a continual threat, take all possible proactive measures, stay alert to situations that may trigger outbursts and have a response plan in place.

CRIME PREVENTION

Heightened awareness and security can thwart crime-related violence. Common-sense precautions:

- Instruct staff to report all suspicious or dangerous incidents.
- Install surveillance cameras and an alarm system.
- Avoid single-employee shifts.
- Keep all areas well lit, especially entrances and parking areas. (Customers may not shop where they don't feel safe.)
- Control access by keeping track of keys. Consider using locks with keys that have restricted duplication.
- Use approved panic exit devices on fire exits. Some come with audible alarms to deter theft.
- If store personnel can't open a safe, or if it has a time-delay, state this with highly-visible, multilingual signs in languages appropriate for your location.
- Instruct staff to cooperate during a robbery.



Expert Advice

A recent workplace violence seminar hosted by Medaille College, AlliedBarton and the Greater Buffalo Building Owners and Managers Association stressed preparation and swift response in dealing with potential threats in the workplace. ■ Experts including NFTA Police Chief George Gast, an FBI and Homeland Security veteran, told employers to heed warning signs, treat all potential problems seriously and have a response plan, the *Buffalo News* reported. He endorsed stringent hiring screening, background checks, and a system for recognizing and reporting signs of potentially violent behavior. “This is huge,” he was quoted.

Monthly Safety Topics Find safety topics at nysif.com>Safety & Risk Management>Small Business

July Prevent heat exposure / **August** Workplace safety checklist: restaurants / **September** Electrical safety (GFCI)

STRAIGHT TALK ABOUT WORKERS' COMP. FRAUD

It seems the number of expert advice columns and risk management blogs touting anti-fraud programs as a key component in bringing workers' compensation costs under control have lately been picking up steam like a fully-loaded freight train.

To this we say, "Welcome aboard, but what kept you?" We understand why there is more attention to slowing down the cost-driving engine of workers' compensation fraud, however, now that claims frequency has begun to spike and the upside potential/downside risk of a sustained soft market is beginning to shake out.

Long ago the New York State Insurance Fund decided the cost/benefit analysis of fighting fraud was well worth the return on investment – and not in just dollars and cents. Of course, when it comes to fraud, everyone looks at the numbers. So, let's look at what NYSIF has done. Since 1995, NYSIF's anti-fraud program has accounted for over 7,000 investigations, 1,500 arrests and nearly \$200 million in estimated savings. No one comes close in New York State. Few, if any, have a similar record nationwide. In 2010, NYSIF cases led to 107 arrests, including the largest workers' compensation fraud case ever in New York, a \$25 million premium fraud. Most advice columns take a track that bypasses a discussion of fraud committed by policyholders, the most costly type of workers' compensation fraud. At NYSIF the discussion is simple: we follow the fraud trail where it goes.

More importantly, the true value of an aggressive anti-fraud campaign may lie in the number of frauds that never occur because of the aggressor's track record. That is the number of individuals or businesses who might be inclined to commit fraud, but think better of it because of the good possibility that our program will weed them out. This is the deterrent factor of fighting fraud, an immeasurable number that is nonetheless real. It is why we publicize our fraud cases, why we print the names of defendants. We call ourselves the leader in fighting workers' compensation fraud not just because it's true, but also because we want everyone to know it.

Among law enforcement authorities nationwide, NYSIF has earned a reputation as a leader in fighting fraud due to our Division of Confidential Investigations (DCI), a small group of investigators who are themselves former members of law enforcement and are responsible in no small part for preparing rock-solid cases for prosecutors. They are assisted in large measure by a NYSIF work force continually trained to be the "eyes and ears" of an organization-wide effort to identify and report potential fraud. DCI works with prosecuting bureaus across the country, and hand-in-hand with our counterparts in the New York State Insurance Department Frauds Bureau and the Workers' Compensation Board Fraud Inspector General's Office.

No one has to advise us about the value of an anti-fraud program that helps control costs for all businesses, consumers and taxpayers, promotes level competition among employers who insure with us, leads to millions in restitution, and millions in savings by allowing NYSIF to take down reserves on illegitimate claims.

One only hopes other insurance companies have finally come around to understanding this. Perhaps recent estimates that workers' comp. fraud costs employers and insurers \$6 billion a year is enough to move others to action.* Maybe they can absorb that number by passing on the cost, or under-funding their reserves, or seeking relief from insolvency funds. Ultimately, however, that's a cost borne by the entire economy and an awful lot of freight to carry around.



*Savings, Service,
Stability, Safety*

**THE WORKERS'
COMP. & DISABILITY
BENEFITS SPECIALIST
SINCE 1914**

**Report fraud against NYSIF
in confidentiality at
212-312-9701 or nysif.com**

*As reported by National Underwriter, May 2011

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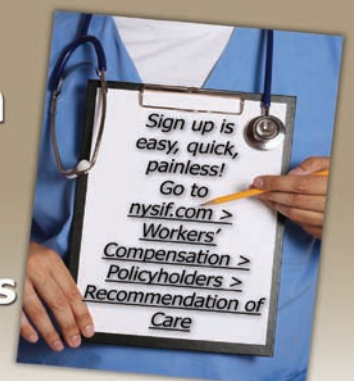
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A NYSIF 'U' REFRESHER

A NYSIF education series providing information to address your workers' comp. and disability benefits needs.



**NYSIF's
Recommendation
of Care Program**
**Could Save You 15%
on Medical Claims Costs**



A voluntary program to help reduce claims medical fees - a primary driver of workers' compensation costs. Potential savings up to 15% through use of a medical provider network.

New York State Insurance Fund

NYSIF's **Recommendation of Care (ROC) program** can save up to 15% on medical claim costs. **Enroll in ROC before claims occur:** e-mail a signed Acknowledgement Form to Roc@nysif.com, or fax to **212-312-7120**, or mail the signed original to NYSIF, 199 Church Street, Attn: ROC, 4th fl. Claims Administration, NY, NY, 10007.

Let employees know you participate in ROC. Clearly indicate that injured workers retain the right to be treated by any provider authorized by the Workers' Comp. Board, and that use of the ROC medical provider network, administered by MetraComp, is strictly voluntary. Locate ROC network providers at www.talispoint.com/cvty/wcnyc or request a list of network providers at **1-800-842-2917**.

[If you have a question for NYSIF 'U' e-mail jmesa@nysif.com]