



The Story Behind the Story If Commercial Workers' Compensation Rates are Dropping, Why isn't CFSA's?

A June 30th article in *The Sacramento Bee* reports that many California employers can expect double digit decreases in their 2005 workers' compensation pure premium rate. According to writer Gilbert Chan, rates have fallen almost 30 percent since January 1, 2004, due to cost-cutting laws passed during 2003 and 2004.

But if all this is true, then why did the '05 base rate for CFSA's workers' compensation pool go up 4.35 percent?*

The reason, says Rick Wood, CFSA's assistant director, finance, is in what this and related articles *don't* say: In recent years, commercial insurers have imposed a roller coaster ride of double digit cost increases to make up for years of under pricing policies for the purpose of building their market share. This, in turn, resulted in a shortage of funds to cover rising medical and claims handling related costs.

Today, as lawmakers scramble to pass laws to stabilize

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Florida's Recent E. Coli Outbreaks Prompt Safety and Liability Reminders from F&E and CFSA

In addition to entertaining guests, today's fairs also have the responsibility, as gracious hosts, to help their guests have a fun, safe time. And as the E. coli outbreaks at several Florida fairs have reminded us, one thing guests may not realize, especially those not used to being around farm animals, is the importance of washing their hands after visiting petting zoos and livestock barns.

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Changes in Fairs' Unemployment Insurance Reimbursement Percentages Approved for 2005 - 2006

Because California's fairs don't pay into the State's unemployment program and are responsible for paying their own unemployment claims, the Unemployment Reimbursement Program helps alleviate some of the load. On behalf of the Division of Fairs and Expositions (F&E), CFSA administers the program, reimbursing all fairs a percentage of their unemployment costs. This funding, up to \$950,000 annually, is appropriated by the Legislature.

CFSA receives, on average, \$1,500,000 in requests for reimbursement of unemployment insurance claims costs each year. Based on this average cost and the funding available, reimbursement percentages for July 2005 - June 2006, are: Class I and II fairs, 100 percent reimbursement; Class III and IV fairs, 75 percent reimbursement; and Classes V through VII, 50 percent reimbursement.

Did You Know?

Independent Animal Exhibitor Insurance is Available Through CFSA's Special Events Program

CFSA member fairs have the option of whether or not to require large- and small-animal exhibitors (independent, 4-H, Grange and FFA) to obtain general liability coverage.

If your fair chooses not to require this coverage and there's an incident involving an exhibitor's animal who causes bodily injury or property damage to a third party, CFSA's liability

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State Law Requires a Permit for Raffles

This just in from Alameda County Fair ... Did you know charitable nonprofit organizations need to register with the California Department of Justice at least 60 days before holding a raffle? Be sure organizations holding raffles on your fairgrounds are aware of this registration law that took effect in 2001 or they could be closed down.

PST Contributions are Due Monthly by the 5th

So that CFSA can meet IRS imposed deadlines, all fair PST (part-time, seasonal, temporary employee) Retirement Program contributions are due to CFSA by the 5th of the following month. For example, your fair's June contributions were due to CFSA by Tuesday, July 5th.

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Report Early, Report Often Need General Liability Accident Report Forms? Turn to Your **Red Book**

Rosalyn Johnson, CFSA's general liability guru, asks that when reporting an incident involving a fair patron or participant (anyone not employed by your fair) or their property, to use the "Accident Report (other than motor vehicle)" form. If you need forms, photocopy the version in your *Red Book's* "General Liability" section, under Tab 2.

In lieu of this form, Rosalyn will also accept police or security reports as long as they include information on who, what, when, where and why the incident took place, and phone numbers for all involved parties.

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"Horse sense is what keeps horses from betting on what people will do." ~ Unknown

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Let's hear from you!
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"Never stray from the path, never eat a windfall apple and never trust a man whose eyebrows meet in the middle."
~ Granny, *The Company of Wolves* (1984)

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Commercial Workers' Compensation, continued

market rates, CFSA's members continue to see the stable rates CFSA has always provided. As a not-for-profit JPA, CFSA sets the pool's base rate where it needs to be to sufficiently fund the pool, its reserves and its management, without any hidden agendas. This business strategy has enabled CFSA to absorb the lion's share of skyrocketing medical and excess insurance policy costs over the years, passing only modest, single digit increases on to pool members.

In comparison to the State Compensation Insurance Fund (SCIF), which covers more than half of the employers in California, CFSA's base rate increased just 21 percent between January 1, 2002 and January 1, 2005, while SCIF's pure premium rates increased 61.8 percent. Even if SCIF's rates drop 20 percent, Rick emphasized, they are still 40 percent higher than they were in 2001. In May, the base rate quote CFSA gave to a Northern California fair interested in joining the Workers' Compensation Pool was 42.03 percent *less* than the rate SCIF quoted.

Questions about pool rates? Call Rick Wood at 916/263-6147.

*Individual fair rates may differ depending on loss histories.

Florida's Recent E. Coli Outbreaks, continued

In response to the outbreaks, Mike Treacy, director of the Division of Fairs and Expositions (F&E), sent out a reminder that "all California fairs must have hand-washing stations in both the petting zoo and animal exhibit/livestock areas."

Signage is available on F&E's Web site, www.cdfa.ca.gov/fe

Tom Allen, CFSA's safety manager, sent out a Loss Control Memo (for inclusion in your *Red Book*) with proactive information on ways to help prevent the transmission of diseases such as E. coli from animals to people. His memo includes diagrams of suggested locations for hand washing stations and signage.

Charlie Mitchell, CFSA's risk manager, also wants to remind liability pool members that they're required to have CFSA review all petting zoo insurance policies to ensure proper coverage limits and wording. (After Florida's incidents, some commercial liability insurance policies are being written with an exclusion eliminating coverage for petting zoo-related claims arising from E. coli and other infectious diseases.)

For more information on safety prevention or liability protection, talk to Tom, 916/263-6186 or Charlie, 916/263-6150.

Independent Animal Exhibitor Insurance, continued

program will respond on your behalf when no other coverage is available (i.e., the exhibitor's/guardian's farm owner's or home owner's insurance). As with any other liability claim handled by CFSA, your fair's fees will eventually be impacted by this loss history.

If your fair decides to require liability coverage, \$1,000,000 of liability protection can be obtained through CFSA's Special Events Program. Current fees are \$18 per exhibitor for small livestock classes, unlimited number

of entries (poultry and rabbit); and \$35 per exhibitor for large livestock, unlimited number of entries (cattle, goats, horses, sheep and swine). When a claim is handled under the Special Events Program, it won't affect your fair's individual loss history or liability fees. Families with more than one child exhibiting animals only need to pay one fee. If there's a combination of large and small animals, then only the \$35 for large livestock needs to be paid.

PST Contributions, con't.

Martha Manriquez, CFSA's PST Program administrator, also reminds fairs to include home addresses and dates of birth for all new employees participating in the program.

If you have any questions, please contact Martha at 916/263-6142.

General Liability Accident Reports, continued...

If the incident involves property damage, follow the procedure checklist in your *Red Book*, in the "General Liability" section, Tab 6.

Accidents involving motorized vehicles at DAA fairs fall under the jurisdiction of the Office of Risk Insurance and Management (ORIM) and are reported on form STD 270, available on ORIM's Web site: www.documents.dgs.ca.gov/orim/mvasop.doc

You can also call ORIM at 916/376-5302 for information. County fairs should follow their county's procedures.

CFSA has provided all General Liability Pool member fairs with a red, laminated information sheet outlining the steps to take in all of the instances mentioned here. If you need another copy or two, contact Rosalyn at 916/263-6171.

For now, exhibitor liability coverage isn't required by CFSA, but it is highly advised. One selling point to relay on to your exhibitors and/or their parents is that just as your fair wants to keep claims off its loss history, so do they when it comes to their personal farm or home owner's insurance. And CFSA's coverage is extremely affordable, too.

If you have any questions about this coverage, please contact Lianne Lewellen, CFSA's risk analyst, at 916/263-6145.