

## IWIF reduces rates as claims frequency falls

A CONTINUED DECLINE of claims frequency has led the board of directors for IWIF Workers' Compensation Insurance to approve a 5% overall reduction in base rates.

The reductions are predicated on an annual rate analysis performed by Deloitte and Touche, an independent consulting actuary.

Furthermore, 16 industries will receive "dramatic rate cuts" on Jan. 1, according to the Towson, Md.-based company. The rate changes are based on IWIF's historical data and actuarial principles.

As reported by IWIF, these reductions are driven largely by a continued decline in claims frequency that has dropped approximately 10% over the past two years. IWIF claims the primary driver has been

its persistent focus on fostering a safety culture in the workplace. IWIF said it has successfully introduced safety programs, and policyholders have adopted them and other initiatives that have yielded safer working conditions for employees.

"As the market leader in workers' compensation insurance in Maryland, I believe these rate changes are appropriate and will benefit our customers as well as strengthen the business economy in the state," said Tom Phelan, president and CEO.

Rial Simons, IWIF's chief actuary, said that these pricing initiatives will allow IWIF to continue to generate revenue and keep workers' compensation insurance equitable. IFA

## LegalEye By Patricia McHugh Lambert

### Important legal issues to consider for 2008



America is a country of lists. We make a list of everything from the best dressed (courtesy of Mr. Blackwell), the richest people (courtesy of Forbes) and, of course, the nightly Top 10 list (courtesy of David Letterman). As this year ticks down to New

Year's Eve, it seemed only appropriate that this column provides its own list. And since this is a legal column, the list is about legal trends facing Maryland businesses, including insurance agencies.

With the hope of raising awareness, here is a list of six types of legal issues every business must consider in the upcoming year:

**Privacy Issues**—Every business should understand the risk it runs if it does not protect privacy of information. Those who do not have formal privacy practices manuals run the risk of losing significant business assets. Where customer information is mishandled, a business can face criminal fines and civil penalties. Insurance agencies and most other businesses, unfortunately, are not being aggressive enough to protect privacy.

**Intellectual Property Issues**—There are so many businesses that neglect to protect their trade names, their trademarks and their patentable ideas. Unprotected ideas, names and marks are vulnerable to theft and dilution. Nevertheless, many businesses do not have a plan as to how to safeguard these valuable business assets.

**Classification Issues**—Business relationships used to be relatively simple. Anyone working for a business was an employee. Now with subcontractors, casual workers, and temporary workers, it is hard for a business to know when they must provide workers' compensation and other benefits. Nor is it always easy for an employer to determine whether an employee is a professional who can be paid a salary or a clerical employee who must be paid on an hourly basis. It is this confusion that has caused increasing litigation involving wage/hour issues. Businesses relying on old, unreviewed classifications run the risk of fines and penalties.

**Immigration Issues**—Both nationally and locally, the immigrant population is

increasing. Of course, this trend raises significant legal issues for businesses. With increasing opportunities to those businesses reaching out to the immigrant community, businesses are hiring immigrants and those with connections to the immigrant community at an unprecedented pace. Because of the complexity of immigration regulations and the expected changes in these regulations, immigration legal issues are likely to abound in the future.

**Environmental Issues**—With concerns about global warming, businesses will be facing increased scrutiny over carbon footprints. Businesses will be asked to replace traditional lighting with more bio-friendly products, to buy green vehicles for their work force, and to use recycled products. Businesses can expect that sometime in the future they will be required to report on their carbon reduction activities.

**The "Ordinary" Issue**—The preceding five legal issues are more exceptional than ordinary. While they are important to consider, business can never forget the ordinary. From corporate formation issues to succession planning, from traditional contract issues to traditional risk management issues, from tax issues to compliance issues, these ordinary issues are likely to take more of a business owner's time and energy than the more exceptional issues.

**One last issue** that agency and other business owners need to consider and act upon next year: too many business owners do not have a will and do not have an up-to-date medical directive. If there is a single New Year resolution that a businessman should make, it is to take care of this important piece of business. IFA

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