

## Seven Things

You Will Learn in This Issue  
of *CompNews*

Eighteenth century pirates developed one of the first workers' compensation systems. "Let's Take the Work out of Workers' Comp" **Cover story**

About 2,800 new policyholders earned a share of Texas Mutual's \$155 million 2011 dividend distribution. "Texas Mutual Wraps up \$155M Dividend Distribution" **page 1**

Anyone can access free workplace safety materials on our new website, [worksafetexas.com](http://worksafetexas.com). "Want to Control Workers' Comp Costs and Improve Productivity?" **page 3**

Tauber Oil Company has gone 17 years without a workplace injury. The company was one of nearly 300 policyholders that earned our annual safety award. "Web Extra" **page 3**

Texas Mutual has the financial strength to keep its promises to employers and their employees. "President's Message" **page 2**

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**Dividend recipient**  
Mark Nyquist, CEO/Chairman  
DynaTen Corporation



# Let's Take the Work out of Workers' Comp

By David Wylie, editorial coordinator

**T**exas Mutual Insurance Company is serious about workers' compensation insurance. It's all we do, and we do it better than anyone else.

Whether we're underwriting your policy, inspecting your workplace for hazards or making sure your injured workers get quality health care, we're passionate about our jobs.

We recognize, however, that curling up with the "Texas Workers' Compensation Manual" is probably not your idea of a good time. We also recognize you're not alone.

The workers' compensation system celebrated its first century in America this year. We're taking the opportunity to show you that our business can be mildly interesting, if not completely engaging. Here are some tidbits about workers' compensation we hope you enjoy.

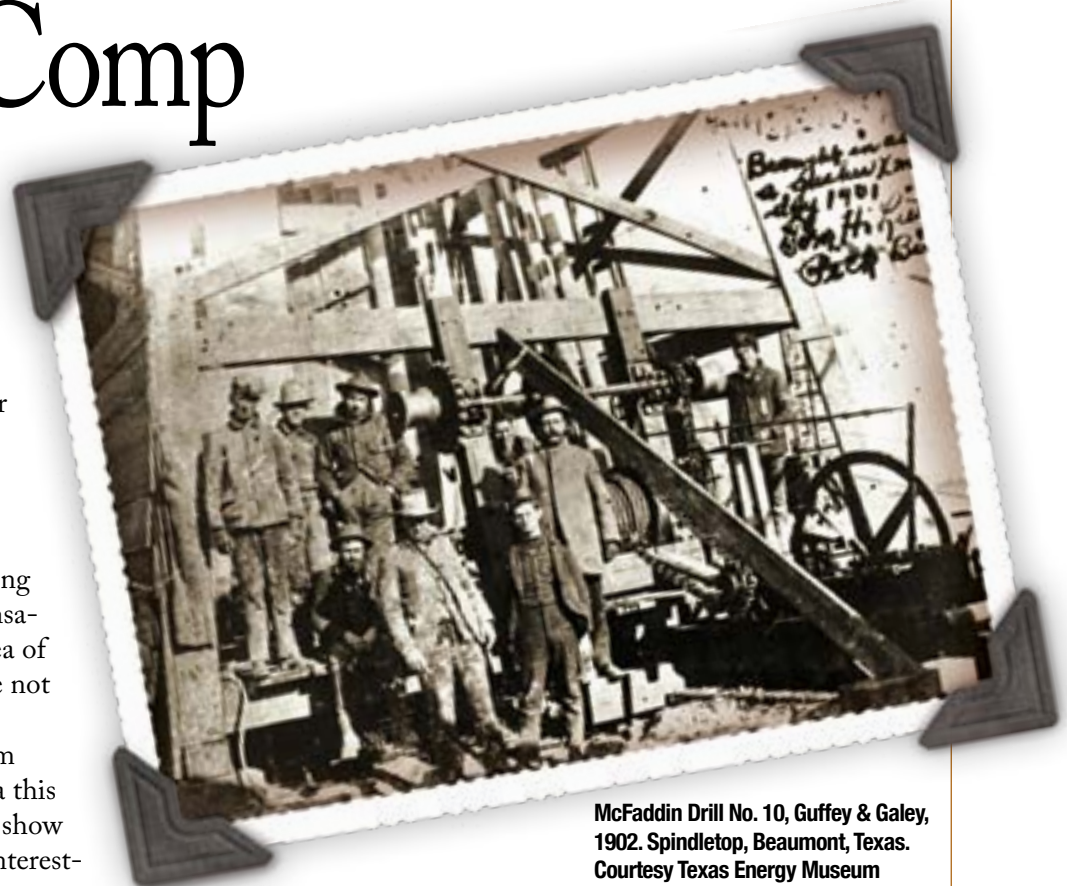
### Pirates gave as well as they took

Eighteenth century pirates earned a reputation as greedy, ruthless scoundrels. Within their ranks, however, they could be quite judicious. In fact, they developed a sophisticated system for divvying up their spoils.

First, the captain took his cut. Next in line was the ship's surgeon, who no doubt earned his keep. The rest of the treasure was divided among the crew, but not before injured members got compensated.

Loss of an eye entitled the worker to about 100 pieces of eight (Spanish dollars). Loss of a right leg was worth 500 pieces, which was 100 pieces more than loss of a left leg.

Some elements of this early workers' compensation system found their way into the 21<sup>st</sup> century. For example, injured pirates who could not perform their regular job duties —plundering, pillaging, etc.—scrubbed the deck and performed other modified-duty



McFaddin Drill No. 10, Guffey & Galey, 1902. Spindletop, Beaumont, Texas. Courtesy Texas Energy Museum

With the discovery of the Spindletop gusher, Texas, like other industrial states, needed a standard means of protecting workers from on-the-job injuries.

assignments. Sounds suspiciously like today's return-to-work process, doesn't it?

### You say you want a revolution?

Prior to the 19th century, America's economy was driven largely by agriculture and ranching. That changed when the Industrial Revolution landed on America's shores, bringing with it an increased risk of workplace accidents.

Recognizing the hazards of working around heavy, unforgiving machinery, New York passed a workers'

continued on back page >>

## Texas Mutual Wraps up \$155M Dividend Distribution

In November, Texas Mutual Insurance Company distributed \$1.5 million in early-qualifier dividends. Approximately 2,800 new policyholders earned a dividend.

Early-qualifier dividends reward new policyholders who demonstrate a commitment to preventing workplace accidents and helping injured workers return to the job.

With the early-qualifier dividends, Texas Mutual distributed about \$155 million in individual policyholder dividends in 2011.

"As a mutual insurance company, Texas Mutual is not publicly traded, and it does not answer to stockholders," said Bob Barnes, chairman of Texas Mutual's board of directors. "Our policyholders — the Texas entrepreneurs who put their trust in us every day — own the company. When Texas Mutual enjoys financial success, it has a solid history of sharing with those who have contributed to that success."

Barnes is referring to the more than \$1 billion in dividends Texas Mutual has distributed among qualifying policyholders since 2000.

DynaTen Corp. in Fort Worth earned its sixth consecutive individual policyholder dividend this year. The company provides mechanical contracting and engineering services to the likes of Texas Health

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## President's Message



### Here for Texas. Here to Stay.

Texas Mutual Insurance Company is proud of the partnerships it has forged with our state's entrepreneurs. We have a permanent interest in your success. We understand the unique challenges you face in today's economy, and we are here to help.

Your *Texas Mutual*<sup>®</sup> coverage comes with services that help you prevent workplace accidents, manage claims effectively and control your workers' compensation costs over the long term.

Promoting safe workplaces is one of the most important things we do at Texas Mutual. On page 3, you will read about the free safety training resources available to you. Our safety resource center is home to thousands of easily accessible materials. You also have access to our team of workplace safety professionals. They are on the job to help you prevent workplace accidents, as well as their human and monetary costs.

If one of your employees does get injured on the job, our claim professionals will work hard to get them well and back on the team. If you are enrolled in our

workers' compensation health care network, you benefit from additional return-to-work services. The doctors who participate in our network have unique experience in treating and managing on-the-job injuries.

Policyholders who prevent workplace accidents and focus on return-to-work improve their chances of qualifying for dividends. This year, we were pleased to dis-

**Texas Mutual exists to provide a stable, competitively priced source of workers' compensation insurance for Texans, regardless of market or economic conditions.**

tribute \$155 million in individual policyholder dividends. Many policyholders who qualified for individual dividends also received safety group dividends.

Since 2000, Texas Mutual has distributed more than \$1 billion in dividends. Our dividend track record is a testament to our financial strength. Despite a competitive workers' compensation market and a challenging economy, we had a strong 2011.

Profits, however, do not drive our operations. Texas Mutual exists to provide a stable, competitively priced source of workers' compensation insurance for Texans, regardless of market or economic conditions. If national carriers leave Texas, we will still be here for you and your employees. We have the financial strength to keep that promise.

Thank you for your trust in Texas Mutual. We appreciate your partnership, and we look forward to serving you and your employees long into the future.

Ron Wright  
President

## You Need to Know



By Jo Betsy Norton  
Vice President of Public Affairs

"You Need to Know" provides a high-level overview of legislative and regulatory initiatives that could affect workers' compensation system stakeholders.

### Speaker Straus releases interim committee charges

Speaker Joe Straus has released the interim committee charges for the Texas House of Representatives. The committees were asked to study and make recommendations regarding several important state priorities, including:

- Strengthening the state's economy
- Reviewing transportation infrastructure
- Addressing water challenges
- Improving wildfire responses
- Finding innovative ways to improve public and higher education

In other interim committee news, Speaker Straus asked the House Insurance Committee to:

- Study the viability of allowing purchases of health insurance coverage across state lines
- Examine the handling of third-party claims by automobile insurers
- Monitor implementation of the federal Patient Protection and Affordable Care Act

The House Ways and Means Committee was tasked with evaluating the state's tax structure and determining its impact on the competitiveness of the Texas business climate. The committee will also study the impact of the state's major taxes, including the sales tax and franchise tax, as well as tax exemptions, exclusions and credits, on economic growth, capital investment and job creation.

Interim charges for all House committees are available at [www.house.state.tx.us/members/speaker/#interim-charges](http://www.house.state.tx.us/members/speaker/#interim-charges).

### Bookmark new workers' comp websites

The Texas Department of Insurance (TDI) has moved its website from [www.tdi.state.tx.us](http://www.tdi.state.tx.us) to [www.tdi.texas.gov](http://www.tdi.texas.gov).

Other workers' comp-related website moves include TDI's Division of Workers' Compensation at [www.tdi.texas.gov/wc/index.html](http://www.tdi.texas.gov/wc/index.html) and the Occupational Safety & Health Consultation Program at [www.tdi.texas.gov/oshcon/index.html](http://www.tdi.texas.gov/oshcon/index.html).

The state is in the process of moving all of its agency websites to the [texas.gov](http://texas.gov) format.

### Don't pay for required posters

The Texas Workforce Commission (TWC) reminds employers that state-required workplace posters are free at [www.twc.state.tx.us/ui/lablaw/posters.html](http://www.twc.state.tx.us/ui/lablaw/posters.html). The site includes workers' compensation posters.

The TWC has received reports of vendors posing as state contractors and offering to sell required posters to employers.

### Transportation incidents cause 43 percent of fatalities

Texas recorded 456 work-related fatalities in 2010, compared to 482 fatalities in 2009. Transportation incidents caused 43 percent of the fatalities, according to a report issued by the Texas Department of Insurance, Division of Workers' Compensation (DWC).

Transportation incidents are consistently the leading causes of workplace fatalities not only in Texas but also across the nation. See "Stay safe on the road," page 3, to learn how to keep your employees safe. ★

## Fraud-Fighting Corner



By Tim Riley  
Vice President of Special Investigations

Fraud costs the workers' compensation system \$7.2 billion a year, according to the National Insurance Crime Bureau. Texas Mutual is doing its part to protect your premium dollars.

Last year, our investigators saved, identified or recovered \$5.5 million through our zero tolerance for fraud program.

### Six claimants sentenced on fraud charges

Travis County courts sentenced six claimants, in separate cases, on workers' compensation fraud-related charges. Each case involved a scam that investigators call "double-dipping."

Double-dipping happens when claimants collect benefits for being too injured to work when they are, in fact, gainfully employed. Texas law requires

claimants to contact their workers' comp carrier when they return to work.

Left unchecked, double-dipping and other workers' comp fraud can lead to higher premiums for all Texas employers. Here are the claimants and their sentences.

**SENTENCED** – Roberto Espericueta of McAllen. Serve one year of probation, pay \$3,500 in restitution to Texas Mutual.

**SENTENCED** – Carlos J. Macias-Arango (aka Carlos J. Macias) of El Paso. Serve two days in the Travis County jail, pay \$3,000 in restitution to Texas Mutual.

**SENTENCED** – Sergio Garcia of El Paso. Serve two years' deferred adjudication, perform 50 hours of community service, pay \$1,800 in restitution to Texas Mutual.

**SENTENCED** – Thomas Mikulenska of League City. Serve three years' deferred adjudication, perform 100 hours of community service, pay \$7,221 in restitution to Texas Mutual.

**SENTENCED** – Clifford K. Franklin of Village Mills. Serve 180 days in jail, pay court costs.

**SENTENCED** – Derrick F. Crockrom of Houston. Serve 15 days in jail and two years' deferred adjudication, complete 50 hours of community service.

### Company ordered to pay \$300K to Texas Mutual

A Travis County district court ordered Bar H Concrete, Inc. of Sulphur Springs to pay \$300,000 to Texas Mutual.

Bar H Concrete, owned by Charles Rick Henderson and John Herbert Heilman of Sulphur Springs, obtained workers' compensation coverage through Texas Mutual from Jan. 11, 2005, to Jan. 11, 2009.

During that time, Bar H Concrete concealed payroll through a related company that was not disclosed to Texas Mutual.

Because workers' compensation insurance premium is based, in part, on payroll, this type of scheme results in an employer being charged a lower premium than it actually owes. By hiding payroll, an employer can gain an unfair advantage over competitors.

### In other fraud-fighting news

**SENTENCED** – Ellynn A. Ogilvie of Houston. Ogilvie, who owned United Crane, Inc. and multiple related companies, was indicted in March 2009 for her role in concealing payroll and employees from Texas Mutual from Aug. 16, 2001, to Oct. 11, 2004. In 2011, Ogilvie was sentenced to five years of probation and

450 hours of community service. She was also ordered to pay a \$2,000 fine.

**INDICTED** – Premrock Commercial Drywall Ltd. Co., Timothy Castonguay of Arlington and Carlos Aguilar of Fort Worth. The indictments allege that the individuals intentionally misrepresented the payroll of Premrock Commercial Drywall Ltd. Co. between Dec. 26, 2006, and May 14, 2007. The misrepresentation allowed the company to fraudulently obtain lower premiums from Texas Mutual.

**INDICTED** – Johnny Elroy Revia Jr. of Vidor, Johnnie Mozelle Mundell of Beaumont and Ramco Group, LLC. The indictments allege that between March 23, 2006, and June 24, 2007, Ramco Group, LLC intentionally misrepresented operations and payroll.

*Note: A grand jury indictment is a formal accusation, not a conviction, of criminal conduct.*

### Fraud-fighting resources on the Web

Visit the Fighting Fraud section at [texasmutual.com](http://texasmutual.com) to read our fraud-fighting success stories, report suspected fraud and get a *Fraud Stopper*<sup>SM</sup> poster for your workplace. ★

# Want to Control Workers' Comp Costs and Improve Productivity?

For every dollar you invest in workplace safety, you could reap a \$4 to \$6 return, according to the Occupational Safety and Health Administration. Given the potential rewards, it makes sense to commit to workplace safety, especially when it costs you nothing but a little time.

If you're ready to reap the benefits of a safe workplace, Texas Mutual encourages you to take advantage of the free resources we offer.

## Ease into safety at [worksafetexas.com](http://worksafetexas.com)

Texas Mutual policyholders have free access to thousands of online videos, DVDs and other workplace safety materials in the safety resource center.

If you have visited the safety resource center and gotten overwhelmed by all the options, we recommend you try our new safety website: [worksafetexas.com](http://worksafetexas.com).

The site provides easy access to safety resource center tools any employer will benefit from, regardless of industry. Topics include distracted driving, Spanish-speaking workers, ergonomic injuries, return-to-work, and slips, trips and falls.

Anyone can download free safety materials at [worksafetexas.com](http://worksafetexas.com), even if they do not have a Texas Mutual® policy. If you have peers who want to keep their employees safe and on the job, we encourage you to tell them about the new website.

## Online safety resources even easier to use

If you visited [worksafetexas.com](http://worksafetexas.com) and you're ready for more, log into the safety resource center at [texasmutual.com](http://texasmutual.com). In response to user feedback, we recently made the resource center even easier to use.

The enhancements make the search and media type buttons more visible. We also added "type ahead" capability. As you begin to enter something in the search box, the system suggests terms you might be interested in.

"It works similar to Google's search suggestions," said Stacy Rose, the Texas Mutual loss prevention analyst who worked closely with our programmers to design the enhancements. "It's especially useful if you don't know the exact title of the resource you're looking for."



Rose reminds policyholders they can use the free safety resource center to watch online safety videos, evaluate their safety programs, download safety programs and find out how much money accidents cost their businesses.

## Stay safe on the road

In her "You Need to Know" column on page 2, Jo Betsy Norton tells you about a workplace fatality report released by the state. Transportation incidents caused 43 percent of Texas' workplace fatalities in 2010.

Your Texas Mutual loss prevention department is working hard to make Texas' roadways safer. The following free materials are available in our safety resource center at [texasmutual.com](http://texasmutual.com). We encourage you to share them with your employees. ★

**Title:** Distracted Driving Brochure  
**Media type:** Handout  
**Languages:** English and Spanish

**Title:** Auto Safety Windshield Stickers  
**Media type:** Poster  
**Language:** English and Spanish

**Title:** 3 Point Contact Decal  
**Media type:** Poster  
**Languages:** English and Spanish

**Title:** Decision Driving Series  
**Media type:** Online video  
**Language:** English

**Title:** Distracted Driving Policy  
**Media type:** Sample program  
**Language:** English

## Dividends

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Resources, Baylor Health Care System and the George W. Bush Presidential Library.

Mark Nyquist, DynaTen CEO, understands the connection between safety and dividends.

"Texas Mutual's dividend program is a real incentive for policyholders," said Nyquist. "The better you execute your loss prevention program, the better your dividend potential. Texas Mutual's premiums are competitive, but the dividend program pays off over the long term. They reward good performers who have long-term relationships with them."

DynaTen has earned additional dividends as a member of the CompGroup AGC safety group. Safety group dividends are based largely on each group's overall loss history. Group members have access to industry-specific workplace safety resources to help them prevent accidents.

**"Texas Mutual's dividend program is a real incentive for policyholders. The better you execute your loss prevention program, the better your dividend potential."**

— Mark Nyquist  
CEO/Chairman, DynaTen Corporation

Nyquist and his team have taken advantage of the streaming videos available in the safety resource center at [texasmutual.com](http://texasmutual.com). Many of the videos are available in English and Spanish.

Ron Wright, president of Texas Mutual, said the company is proud to partner with employers who share its vision of a safer, more productive state.

"Our policyholders have invested in their safety programs and supported injured workers during their recoveries," said Wright. "I hope this return on their investments will keep their businesses strong far into the future."

Some policyholders put their dividends back into their businesses. Others use the money to offset their premiums. DynaTen shares its dividends with employees.

"We have eight divisions in our company," said Nyquist. "When we get that dividend, we allocate it to each of those divisions. So, every division has an incentive to perform well and generate as much of a return of premium as possible."

To get more information about dividends and review your dividend history, visit the Quick Links section at [texasmutual.com](http://texasmutual.com). ★

## Take Advantage of Free Accident Prevention Services

Texas Mutual Insurance Company is required to provide Texas workers' compensation policyholders with certain accident prevention services at no additional charge as required by the Texas Labor Code Section 411.066 and Rule §166.4(c)(2)(E) of the Texas Workers' Compensation Act. This information is being provided to you for your comments to determine your need for these services.

Accident prevention services include loss control surveys, accident prevention training programs and literature, consultations, analyses of accident causes, and industrial hygiene and health services. In addition, Texas Mutual can provide return-to-work coordination services. These services will be provided to you at your request.

To take full advantage of the free resources made available to your business, go to [texasmutual.com](http://texasmutual.com), and visit the Safety Resource Center. Taking the self-guided Safety Assessment will help you quickly identify valuable safety materials and videos that match your operations and accident history. If you have any questions about this information, please contact:

Texas Mutual Insurance Company  
Loss Prevention Services  
(800) 859-5995  
[safety@texasmutual.com](http://safety@texasmutual.com)

*Dividends are based on performance and are not guaranteed. The Texas Department of Insurance must approve all dividends.*

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Is there a subject you would like to see covered in *CompNews*? If so, please direct your suggestions to David Wylie at [dwylie@texasmutual.com](mailto:dwylie@texasmutual.com).



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Texas Mutual Insurance Company supports drug-free workplaces. They are safer for employees and more productive for employers. We use random drug testing of all Texas Mutual employees who regularly travel on company business. Although this process may cause occasional scheduling conflicts, we hope you will support our efforts to keep Texas Mutual Insurance Company a safe and drug-free workplace.

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## Web Extra: Texas Mutual Recognizes Top Safety Programs

Texas Mutual Insurance Company is on a mission to prevent workplace accidents and their associated costs. Our annual workplace safety award program recognizes policyholders who share our commitment.

This fall, nearly 300 policyholders earned a safety award based on their loss ratios, premium sizes and hazard classes.

Texas Mutual thanks each award winner for dedicating the time and resources to keeping their employees safe and on the job. A handful of them have been doing it for a long, long time.

Tauber Oil Company has gone 17 years without a workplace injury. Cooper Supply Inc. and Walter Oil and Gas Corporation have gone 16 years. Santa Fe East Cattle Co. LP, Bake & O'Brien Inc. and Easter Seal Rehabilitation Center have gone 12 years, and Chem-Trey Service LLC has gone 10 years.

For a complete list of winners, visit [texasmutual.com/news/safetyawards.shtm](http://texasmutual.com/news/safetyawards.shtm). ★

## Workers' Comp

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compensation law in early 1910. The law required employers to provide coverage to their employees. On March 23, 1911, however, a court declared mandatory workers' compensation unconstitutional.

The next day, 146 people perished when a fire broke out at the Triangle Shirtwaist Factory in New York City. Some were consumed by smoke or fire. Others leaped to their deaths from the building's upper floors.

Victims sought compensation through the courts. The company's owners were tried and acquitted on manslaughter charges. Ultimately, 23 families were awarded \$75 each in a civil suit.

One hundred years later, the Triangle Shirtwaist Factory fire holds its dubious position as New York City's deadliest industrial accident.

### Sorry, elephants, gnus and tigers

Cheese, bratwurst and the Green Bay Packers are synonymous with Wisconsin. But did you know that in 1911, America's Dairyland became the first state to pass a workers' compensation law that survived court scrutiny?

A group of Central Wisconsin businessmen responded by forming the country's first workers' compensation insurance provider.

The *Eau Claire Leader* reported in 1912 that Ringling Brothers Circus was one of the first employers to purchase a workers' compensation policy.

"...all employees of the big show will be provided for when injured in the course of their duty. When it is remembered that circus employees practically are on duty every hour of the 24 while on the road, the protection afforded by the brothers'

election may be appreciated. (No, Myrtle, the elephants, gnus and tigers are not subject to the provisions of the law. They get their reward in hay and the hereafter.)"

### Texas follows suit

In 1901, geologist Anthony Lucas had a vision. Lucas was convinced that oil existed in the salt domes of the Texas Gulf Coast. Undeterred by years of dry drilling, Lucas dug deeper.

On January 10, 1901, Lucas' efforts paid dividends when Spindletop erupted, turning Beaumont into one of the country's first oil boomtowns.

Most oilfields produced around 50,000 barrels a day. Spindletop yielded as much as 100,000 barrels.

Encouraged by Lucas' fortune, investors flocked to the Lone Star State looking for the next gusher. The ensuing oil boom transformed Texas into a player in the global economy. It also presented a quandary for the Legislature.

Oil and gas jobs are among the most hazardous in the nation. With Lucas' discovery, Texas, like other industrial states, needed a standard means of protecting workers from on-the-job injuries. The Legislature responded by creating our first workers' compensation system in 1913.

The system underwent major revisions in 1991 and 2005, but one thing has remained constant: Most employers have the right to opt out of the system. Texas is still the only state where workers' compensation is not mandatory for most employers.

Texas Mutual thanks the 50,000 policyholders who have chosen to partner with us. By purchasing a workers' compensation policy, you are protecting your business and your employees from the consequences of workplace accidents. We appreciate your business, and we look forward to many more years of mutual success. ★



To encourage investors, oil was allowed to flow openly. Spindletop, Beaumont, Texas. Courtesy Texas Energy Museum

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**CompNews**  
The Newsletter for Policyholders

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