



**HOUSE LEGISLATIVE OVERSIGHT COMMITTEE**

**2022 STUDY OF THE  
STATE ACCIDENT FUND**

*Effects applied to an original photograph courtesy of Sam Holland Photography—Sam Holland, Photographer*

COMMITTEE OVERVIEW

*Oversight Purpose and Methods*

**PURPOSE**

To determine if agency laws and programs:

- ➡ are being implemented and carried out in accordance with the intent of the General Assembly; and
- ➡ should be continued, curtailed, or eliminated.

**METHODS**

The Committee and Subcommittee evaluate:

- ➡ the application, administration, execution, and effectiveness of the agency’s laws and programs;
- ➡ the organization and operation of the agency; and
- ➡ any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

S.C. Code Ann. § 2-2-20(B) and (C)

*Study Process*



*Public Input*

- 16** Responses to an online public survey
- 1** Constituent testifies

*Subcommittee Membership*

**HEALTHCARE AND REGULATORY SUBCOMMITTEE**

The Honorable John Taliaferro “Jay” West, IV (chair)  
 The Honorable Rosalyn D. Henderson-Myers

The Honorable Timothy A. “Tim” McGinnis  
 The Honorable Gil Gatch

*Study Milestones*

**MEETINGS**

<b>Full Committee</b>	12.09.2019
	04.09.2021
	08.09.2022
<b>Subcommittee</b>	10.14.2021
	11.17.2021
	3.31.2022
	5.11.2022

**AGENCY REPORTS**

March 2015	Seven-Year Plan Report
March 2020	Program Evaluation Report
September 2020	FY 2019-20 Accountability Report
September 2021	FY 2020-21 Accountability Report

## FINDING

The House Legislative Oversight Committee's (Committee) reviewed the State Accident Fund (agency or SAF) and makes **one finding** pertaining to insurance regulations.

Findings note information a member of the public or General Assembly may seek to know or about which they may desire to act.

### *Insurance Regulation*

1. State Accident Fund employees are not regulated by the Department of Insurance (DOI). While State Accident Fund employees do not offer workers' compensation insurance in the private marketplace, they are statutorily required to offer insurance to state and local government entities. Additionally, SAF local counterparts (i.e., South Carolina Association of Counties; Municipal Association of South Carolina; and South Carolina School Board Insurance Trust), who also sell workers' compensation insurance to local government entities, are also exempt from DOI licensure and regulatory requirements.

## RECOMMENDATIONS

The Committee makes **20 recommendations** to various entities. The Committee recognizes these recommendations will not satisfy everyone nor address every issue or potential area of improvement at the agency.

### *Recommendations*

#### *General Assembly*

1. Grant agency leadership flexibility to allocate funds to pay adjuster license fees for employees.

#### *State Accident Fund*

##### *Accountability*

2. Develop and post online a quarterly report, with requisite metrics and performance indicators, to verify the parameters set forth in S.C. Code Section §42-7-20 (administration of SAF by director) are being met.
3. Aggregate all exit interview data into a database to track trends and make internal changes to improve employee retention and morale. Share with agency staff any revisions, arising from information received through the exit interview process, to internal agency policies, procedures, or processes.
4. Create formal policies and procedures regarding the agency's internal and external response to cyber-attacks (e.g., ransomware, etc.). Address in these formal policies and procedures the crisis strategy, including communication with policyholders, the agency director's appointing authority, and the state legislature.

5. Establish internal processes and procedures to confirm the accuracy of insurance quotes, credit factors, rates, and other associated communications to ensure current and prospective policyholders receive accurate information.

### *Effectiveness*

6. Determine if the current set of performance measures assist agency leaders in evaluating whether the agency is accomplishing its mission. Consider using resources available from the Department of Administration's Executive Budget Office (EBO), including but not limited to consulting with EBO's performance and accountability manager. Review and update performance measures for the fiscal year 2021-22 accountability report.
7. Create a strategic plan designed to increase policyholder utilization of safety and loss prevention services provided by the agency. Include in the plan the development of online modules to increase accessibility to training material and a target rate for policyholder participation.
8. Implement new policies and procedures to ensure meaningful and timely performance reviews for all employees, and institute incentive programs designed to drive performance and desired behaviors. Include in the policies and procedures training requirements for leaders with supervisory responsibility, identification of agency staff responsible for verifying completeness of annual evaluations, and requirements for receipt of performance bonuses.
9. Establish an internal process to ensure injured workers are connected to state and community services (e.g., transportation, SC Housing rental assistance program, etc.), which may expedite the injured worker's return to work.
10. Revise policyholder survey to improve the quality and type of information received by adding questions related to technology, customer retention, and services.
11. Conduct a market analysis to determine the total number of eligible county or municipal agencies in the state, which are permitted to secure workers' compensation services per the provisions in S.C. Code Section 42-7-50.
12. Collaborate with the Department of Administration to continue to improve workforce planning and organizational development. The State Accident Fund and the Department of Administration's Division of State Human Resources should update the Committee on their progress within six months of publication of the Committee's report.
13. Utilize management training offered by the Department of Administration, such as the Certified Public Manager Program, for executive leadership.

### *Efficiency*

14. Develop a plan to incorporate LinkedIn learning, a learning platform available at no cost to the agency through the Department of Administration, to enhance training offerings provided to agency staff.
15. Evaluate the efficacy of a monetary incentive bonus structure for employees with metric driven performance goals (e.g., claims teams, etc.) to improve overall agency performance, customer satisfaction, build employee morale, and recruit and retain employees. Report findings within six months of publication of the Committee's report.

16. Conduct an internal study to evaluate the efficacy of remote work options by utilizing the Department of Administration’s Division of Human Resources telecommuting toolkit.
17. Conduct a study to evaluate the efficacy of online payments (e.g., Automatic Clearing House), Electronic Funds Transfer, etc.) for premium payments and claims payments and the impact of delaying implementation of these services (e.g., reduced productivity, agency/policyholder costs, customer satisfaction, business sector competition, etc.). Report findings within six months of publication of the Committee’s report.

### *Transparency*

18. Post agency process flow charts (e.g., appeals, etc.) online.
19. List names and contact information for senior leaders and department heads on agency website. Include a statement from the agency director on the agency website.
20. Post contact information for the South Carolina Office of Inspector General, conspicuously on the agency’s website, to provide a way for the public to report fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing specific to State Accident Fund.

## FULL REPORT

The full report is available on the House Legislative Oversight Committee’s webpage.



### Legislative Oversight Committee

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