



**The Pennsylvania Municipal League**  
*President – William Peduto, Mayor, City of Pittsburgh*



**The Pennsylvania State Association of Township Commissioners**  
*President – Anthony Taliani, Commissioner, East Deer Township*

**Testimony of the**  
**PA Municipal League**  
**and**  
**PA State Association of Township Commissioners**  
**Regarding SWIF and Volunteer Fire Fighter Workers' Compensation**  
**before the**  
**Senate Veterans Affairs and Emergency Preparedness Committee**  
**and**  
**Senate Labor and Industry Committee**  
**March 29, 2017**

Chairman Vulakovich, Chairwoman Ward, members of the Senate Veterans Affairs and Emergency Preparedness and Senate Labor and Industry Committees, thank you for the opportunity to provide testimony regarding the State Workers' Insurance Fund or SWIF and volunteer fire fighter workers' compensation coverage.

I am Amy Sturges, the Director of Governmental Affairs for the PA Municipal League and PA State Association of Township Commissioners. Together the two associations represent over 150 full-service municipalities across Pennsylvania.

As you may know, under the PA Workers' Compensation Law, volunteer fire fighters are considered employees of the municipality for which they provide volunteer service. Therefore, the municipality is, in most cases, responsible for providing workers' compensation coverage.

The passage of Act 46 of 2011 changed the landscape for volunteer fire personnel and their employers in terms of this coverage. Prior to Act 46, there was a market for workers' compensation insurance. It was available through pooled insurance trusts and private companies. The significant exposure created by Act 46, caused the private insurers and trusts to cease offering workers' compensation coverage. With the market shift, the only option available to municipalities then and now is SWIF. SWIF is considered an insurer of last resort. It operates for those entities – both public and private – that cannot purchase or cannot afford to purchase insurance on the open market.

Municipalities with volunteer fire fighters were able to separate the fire fighter class and move them to SWIF. Career fire fighters, on the other hand, could not be separated and have remained with their employing municipality and continue to receive coverage through a private insurer. Only when a city has an all-volunteer force or has moved its entire employee complement, do we see a city utilizing SWIF. Therefore, my testimony predominately relates to townships and boroughs with volunteer fire.

My discussions with member municipalities regarding their experience with SWIF ran the gamut from having no problems to great difficulty navigating the system. Once a claim is successfully filed, which I am told, is a lengthy process in and of itself, the majority of complaints centered on very poor customer service: lack of communication, unresponsiveness, lengthy hold times, unreturned phone calls, and the inability to speak with a real person. SWIF's unresponsiveness puts the municipality in a difficult situation because it is now serving as the "middleman" for the fire fighters who are looking for answers on their claims.

In addition to customer service complaints, the cost of premiums is a top concern. Most complain of premiums that have doubled or tripled. Unfortunately, high premiums are being driven by the enormous risk exposure created by Act 46. Pennsylvania has the most liberal fire fighter cancer presumption law in the country. All cancers are covered and presumed to be caused by fire fighting. This presumption is not limited by age or life style factors, such as smoking. The risk of exposure is increased further by the fact that the length of time a person

has to file a claim was doubled under Act 46 to 600 weeks or 11 1/2 years after his or her last exposure. These risk factors leave a municipality with the potential for a single claim to cost upwards of \$2.5 million. This is what ultimately pushed the private insurance industry out of the business. Any insurer – private or public – must cover its risk by collecting enough in premiums to cover the actuarially determined estimate of future costs. Therefore, while SWIF's premiums are high, premiums through private carriers would be even higher, because there is less ability to spread the risk.

Although there have been over 300 cancer claims in Pennsylvania since the passage of Act 46, my work to prepare for this hearing did not yield much information from our municipal members regarding cancer presumption claims specifically. Perhaps five years is too soon to have a good picture of how SWIF has handled cancer presumption claims because of the 600 week look back. Claims of exposure reaching back before the effective date of Act 46 would be adjusted through the prior, private insurance carrier covering the fire fighter at the time of exposure, rather than SWIF.

To conclude, Pennsylvania's volunteer fire fighters are receiving workers' compensation coverage through SWIF because of Act 46. Neither SWIF, nor the volunteers or municipalities asked for this change in coverage. It is an unfortunate consequence of a very expensive mandate on local government that ultimately Pennsylvania's taxpayers are funding. Both PML and PSATC are happy to be part of any discussions should there be an interest in the General Assembly of making changes to Act 46 to reduce the exposure and reduce the cost. Thank you again for the opportunity to testify.