

MINUTES OF MEETING  
OF THE INDUSTRIAL COMMISSION OF ARIZONA  
Held at 800 West Washington Street  
Phoenix, Arizona 85007  
Thursday, December 19, 2024 – 1:00 p.m.

Present:	Dennis P. Kavanaugh	Chairman
	Joseph M. Hennelly, Jr.	Vice Chair
	D. Alan Everett	Commissioner
	Maria Cecilia Valdez	Commissioner
	Orion J. Godfrey	Commissioner
	Gaetano J. Testini	Director
	Afshan Peimani	Chief Legal Counsel
	Charles Carpenter	Legislative Affairs Chief/Public Information Officer
	Renee Pastor	Self-Insurance
	Brian Hudson	ADOSH Director
	Victoria Medina	ADOSH Supervisor
	Tyler Ninnemann	ADOSH Compliance
	Mireya Gomez	ADOSH Compliance
	Heather Warnock	ADOSH Compliance
	LaTasha Thues	ADOSH Admin
	Kara Dimas	Commission Secretary

Chairman Kavanaugh convened the meeting at 1:00 p.m. In attendance, confirmed by roll call were Doreen Sutton, Court Reporter (Griffin Group International); Geneva Haber (Snell and Wilmer) and Briann Hudson. Also in attendance on the telephone, confirmed by roll call was Arvin Delrosario (AMI Risk Consultants, Inc.).

Public Hearing for Discussion and/or Action pursuant to A.A.C. R20-5-1534 to set Premium Calculation Rates and a schedule of Deviation Rates for Calendar Year 2025.

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Chairman Kavanaugh welcomed interested parties to the public hearing which gives stakeholders another opportunity to comment on staff proposals regarding the 2025 Self-Insurers Rate Development, which has been posted on the Commission's website. Ms. Pastor, the Self-Insurance Administrator provided a brief overview of the Staff Proposal. She reviewed the five scenarios in the staff proposal.

Chairman Kavanaugh asked Ms. Pastor if any comments were received prior to the hearing and none were received. There were no public comments addressed to the Commission during the Public Hearing.

Chairman Kavanaugh noted that the record is now closed and concluded the 2025 Self-Insurer Rate Development Hearing.

Vice Chair Hennelly moved to accept the recommendation of staff to adopt Scenario Five. Commissioner Valdez seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Commissioner Godfrey voted in favor of the motion. The motion passed.

A written transcript of the Public Hearing is attached hereto.

Approval of Minutes of December 12, 2024 Regular Meeting Minutes.

Commissioner Everett moved to approve the Minutes of the December 12, 2024 regular session meeting and Commissioner Godfrey seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Commissioner Godfrey voted in favor of the motion. The motion passed.

Consent Agenda:

All items following under this agenda item are consent matters and will be considered by a single motion with no discussion unless a Commissioner asks to remove an item on the consent agenda to be discussed and voted on separately. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session.

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- a. Approval of Arizona Division of Occupational Safety and Health Proposed Citations and Penalties Less Than \$15,000.
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1. CP-2024-ZP447-0015 Hello, LLC dba Hello Printing

Commissioner Valdez moved to approve the items on the Consent Agenda and Commissioner Everett seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Commissioner Godfrey voted in favor of the motion. The motion passed.

Discussion and Action of Arizona Division of Occupational Safety and Health Proposed Citations and Penalties.

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Chairman Kavanaugh discussed the purpose of and process for the Commission's consideration of ADOSH citations and proposed penalties.

AT&T Mobility Services LLC	Fatality/Catastrophe	
1231 West University Drive	Years in Business:	139
<u>Mesa, AZ 85201</u>	Empl. Covered by Inspection:	35
Site Location:	1231 West University Drive	
	Mesa, AZ 85201	
Inspection No:	FC-2024-ZP447-0021	
Inspection Date:	July 25, 2024	

NON-SERIOUS – Citation 1 - Item 1

- a) 1231 West University Drive, Mesa, AZ 85201: The employer did not update 300 logs following a fatality. 29 CFR1904.29(b)(3)

NON-SERIOUS – Citation 1 - Item 2

- a) 1231 West University Drive, Mesa, AZ 85201: ADOSH did not receive notification from the employer of the death of an employee within eight hours of the incident. 29 CFR1904.39(a)(1)

Div. Proposal - \$1,000.00	Formula Amt. - \$1,000.00
TOTAL PENALTY - \$1,000.00	TOTAL FORMULA AMT. - \$1,000.00

Mr. Hudson discussed ADOSH's inspection, summarized the citation and proposed penalty.

Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Mr. Hudson discussed the unique circumstances of the loose battery, and the lack of employer knowledge which would be necessary to support a citation for that issue; however, Mr. Hudson noted the violation is for not reporting the fatality.

Commissioner Valdez moved to approve the citation and proposed penalties as presented and Commissioner Godfrey seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Commissioner Godfrey voted in favor of the motion. The motion passed.

Handyman Maintenance, Inc.  
 dba H.M.I Commercial Landscape  
 4714 North 43rd Avenue  
 Phoenix, AZ 85031

Fatality/Catastrophe	
Years in Business:	30
Empl. Covered by Inspection:	5

Site Location:	10300 E Stagecoach Pass Scottsdale, AZ 85266
Inspection No:	FC-2024-NM858-0002
Inspection Date:	July 18, 2024

NON-SERIOUS – Citation 1 - Item 1

- a) 10300 E Stagecoach Pass, Scottsdale AZ 85262: One employee passed away on July 12, 2024, as a result of injuries after being pinned between a truck and a trailer when an unassociated vehicle impacted the back end of the trailer and ADOSH was not notified of the fatality within eight hours of the incident. ) 29 CFR1904.39(a)(1)

Div. Proposal - \$1,000.00	Formula Amt. - \$1,000.00
TOTAL PENALTY - \$1,000.00	TOTAL FORMULA AMT. - \$1,000.00

Mr. Hudson discussed ADOSH's inspection, summarized the citation and proposed penalty.

Vice Chair Hennelly asked about photograph #5 showing caution tape and sign and asked if that was adequate for this situation. Mr. Hudson responded and explained the incident area.

Commissioner Godfrey moved to approve the citation and proposed penalties as presented and Commissioner Everett seconded the motion. Chairman Kavanaugh, Vice Chair Hennelly, Commissioner Everett, Commissioner Valdez and Commissioner Godfrey voted in favor of the motion. The motion passed.

Poor Daddy's Landscaping LLC  
 9122 West Shamel Ash  
 Peoria, AZ 85383

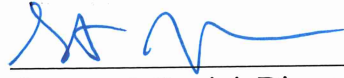
Fatality/Catastrophe	
Years in Business:	14
Empl. Covered by Inspection:	2

Site Location:	Park Corner at N 157th Drive and W Gelding Drive
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The meeting was adjourned at 1:45 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By  \_\_\_\_\_  
Gaetano J. Testini, Director

ATTEST:

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Kara Dimas, Commission Secretary

**In the Matter of:**

*Self-Insurance Rate Setting Hearing and Public Comment*

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*Reporter's Transcript of Proceedings*

*December 19, 2024*

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**G R I F F I N   G R O U P  
I N T E R N A T I O N A L**

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3200 East Camelback Road, Suite 177  
Phoenix, Arizona 85018

INDUSTRIAL COMMISSION OF ARIZONA

REPORTER'S TRANSCRIPT OF THE SELF-INSURER RATE  
DEVELOPMENT PUBLIC HEARING

December 19, 2024  
Phoenix, Arizona  
1:06 p.m.

Reported by:

DOREEN SUTTON, RDR, CSR, FAPR  
Certified Reporter  
Certificate No. 50076



Griffin Group International  
888.529.9990 | 602.264.2230

1 THE SELF-INSURER RATE DEVELOPMENT PUBLIC HEARING  
2 was reported by Doreen Sutton, RDR, CSR, FAPR, Arizona  
3 Certified Court Reporter No. 50076, in and for the County  
4 of Maricopa, State of Arizona.

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APPEARANCES

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COMMISSIONERS: Chairman Dennis P. Kavanaugh  
Vice Chairman Joseph M. Hennelly Jr.  
Commissioner D. Alan Everett  
Commissioner Orion J. Godfrey  
Commissioner Maria Cecelia Valdez

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STAFF: Gaetano Testini, Director  
Afshan Peimani, Chief Counsel  
Kara Dimas, Commission Secretary  
Renee Pastor, Self-Insurance

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SPEAKERS :	PAGE
RENEE PASTOR	4



1 Phoenix, Arizona  
2 December 19, 2024  
3 1:06 p.m.

4 PROCEEDINGS

5 CHAIRMAN KAVANAUGH: We're going to go ahead and  
6 call our meeting to order for the Industrial Commission  
7 of Arizona for December 19, 2024. We begin our meeting  
8 with the Pledge of Allegiance, followed by a moment of  
9 silence. Please stand with me for the pledge.

10 (Pledge of Allegiance and moment of silence.)

11 CHAIRMAN KAVANAUGH: I'm Dennis Kavanaugh, chair  
12 of the Commission. To my right is Vice Chair Joe  
13 Hennelly. To my left is Commissioner Alan Everett. To  
14 my far left is Commissioner Cecelia Valdez and to my far  
15 right is Commissioner Orion Godfrey.

16 To his right is our director, Gaetano Testini.  
17 At the extreme left is Afshan Peimani, our chief legal  
18 counsel. In the audience is Renee Pastor and Brian  
19 Hudson is here.

20 We have a court reporter here for our public  
21 hearing, it's Doreen Sutton from the Griffin Group  
22 International.

23 CHAIRMAN KAVANAUGH: Thank you so much.

24 The first item we have on our agenda today is,  
25 actually, we have a public hearing on our self-insurer



1 rate developments for the self-insurance rates to go into  
2 effect at the beginning of January.

3 Our public hearing today is being held to give  
4 members of the public and commission stakeholders an  
5 opportunity to comment on the staff proposals regarding  
6 the 2025 self-insurer rate development. The staff  
7 proposal has been posted on the Commission's website and  
8 Renee Pastor, our self-insurance administrator, will  
9 provide a brief overview of the staff proposal.

10 Renee.

11 MS. PASTOR: All right, no one throw anything at  
12 the back of my heed.

13 CHAIRMAN KAVANAUGH: I've got a gavel.

14 MS. PASTOR: Not at the front either.

15 To go over a little history, just because we  
16 have some new commissioners, in the past the State  
17 Compensation Fund and the ICA were one agency --

18 CHAIRMAN KAVANAUGH: And go a little slower,  
19 because we have a court reporter today.

20 MS. PASTOR: Sorry. And at that time -- hang  
21 on, my computer just blanked out -- at that time State  
22 Comp Fund used to, you know, process the self-insured  
23 taxes. Well, once State Comp Fund broke away from the  
24 ICA, they continued to process the self-insurer taxes  
25 until about 1994.



1           At that time, the ICA started calculating its  
2 own taxes, basically, its own premiums to calculate a  
3 tax, because what we do is we assess a premium for the  
4 self-insurers so we can get the tax that is owed, so  
5 that's our only, only thing that we do, is get a -- they  
6 don't pay the premium, we calculate the premium so we can  
7 assess the tax.

8           Moving forward, we had three articles -- 2, 7,  
9 and 11 -- and we changed those; they have been deleted,  
10 and that was as of October 3rd, 2022. As of January 1,  
11 2023, we started using rates that we developed for the  
12 self-insurance community. At that time, there were a few  
13 rates that we implemented and they were 7228 -- hang on a  
14 second -- and 7229, which were -- 7228 and 7229 are  
15 short-distance and long-distance hauling, because FMCSA  
16 designates the separate risks with short-haul and  
17 long-haul; NCCI just has 7219. And the reason for that  
18 is that they have a smaller population for that, for  
19 truckers. We have the largest population in our  
20 self-insured program.

21           And then we also implemented 7380, because for  
22 some reason, NCCI never wanted to use 7380, which is  
23 delivery drivers, and many of our self-insureds always  
24 want to utilize that code, so we implemented it at that  
25 time.



1           And then we brought back 8829, which is  
2 convalescent homes that are used in the state of Arizona,  
3 because we have a large group of medical in our  
4 self-insurance program.

5           And so moving onto 2024, those rates were  
6 approved in December 2024, and at that time, we  
7 implemented seven new rates. 8411 was what was used  
8 across the board for volunteers. And NCCI only processed  
9 a rate for that code, so I'm not sure why, when 23-901  
10 designates there are many other volunteer types that  
11 should be treated as employees.

12           So what we did is we developed 8412, which is  
13 certified ambulance drivers and attendants; 8413,  
14 certified volunteer police officer and sheriff reserve;  
15 8414 is DES OJT and TANF; and 8415 is volunteer workers  
16 of a licensed healthcare institution; 8416 is volunteer  
17 search and rescue; and 8417, we developed as a general  
18 volunteer, because a lot of -- a lot of our self-insurers  
19 are municipal and medical that just use general  
20 volunteers and wanted to cover them under our  
21 self-insured program, so we wanted to give them the --  
22 give them that option and also, so we can calculate a  
23 better premium. Because you can't have -- you can't  
24 calculate a rate and a premium if you don't have a  
25 payroll amount for that class code, so we need both



1 offsetting sides and we were getting injuries for these  
2 general volunteers, but no payroll.

3           And then 8418, which is Arizona Game and Fish  
4 reserve.

5           This is really hard to do without a mouse;  
6 should have brought my mouse.

7           Moving into 2025, we further developed all the  
8 rates I just mentioned in addition to all the other class  
9 codes that we used for the self-insurance program. And  
10 as part of that, AMI came up with a few scenarios for us.

11           Option one, the rates are capped at 25 percent,  
12 so that means, like, all of your really high-index rates,  
13 like police and fire, which are public safety, and those  
14 are the ones that have the highest incident rate, are  
15 capped at 25 percent. And then with -- those are  
16 actually the ones that are undervalued by NCCI, and then  
17 the excess is distributed to the remaining classification  
18 codes.

19           Option two -- I'm sorry, let me go back to  
20 option one. This option also has a ten percent average  
21 rate increase over the prior year.

22           Option two, the rates are capped at 25 percent  
23 for those class codes that are undervalued by NCCI and  
24 the excess was not distributed to their remaining payroll  
25 classification codes. This option has a 9.4 average rate



1 increase from the prior year.

2           And then option three, the rate increases were  
3 capped again at 25 percent for those payroll  
4 classification codes that were undervalued by NCCI and  
5 then the full excess was not distributed to the remaining  
6 payroll classification codes -- sorry, let me correct  
7 that; five percent of the excess was distributed to the  
8 remaining payroll classification codes. And that rate  
9 also had a 9.4 percent increase over the prior year.

10           And then option four, rates were capped at ten  
11 percent for those payroll classification codes that were  
12 undervalued by NCCI, with five percent of the excess  
13 distributed to the remaining payroll classification  
14 codes; and that option has a 5.1 average rate increase  
15 from the prior year.

16           So part of what I did, before I speak about  
17 option five, was I went and I combed through almost all  
18 the injuries. I had to re-class many injuries that were  
19 classed wrong, and we are going to have validation put in  
20 for the 2025, starting for 2024, so when we collect the  
21 data we won't have just arbitrary classification codes  
22 and there won't be that much where we have to fix the  
23 data. But the good thing about it is that when I did  
24 this, one of the things I did is that I figured out which  
25 class codes we have a higher population of in our



1 self-insureds program and what NCCI does.

2           So those class codes where we have a higher  
3 population are 2063, which are creameries and dairy  
4 products, manufacturing; 5508, streets and road  
5 construction; and as I said 7228, long-haul -- sorry,  
6 7228, short-haul drivers and 7229, long-distance drivers;  
7 7380, parcel and package delivery and distribution  
8 drivers; 8229, convalescent homes and hospitals, all  
9 employees.

10           And then all our volunteers class employees,  
11 which is 8411, which is volunteer firefighters, not  
12 everything, like NCCI is collecting; 8412, certified  
13 ambulance drivers and attendants; 8413, certified  
14 volunteer police officer and sheriff reserve; 8414, DES  
15 OJT and TANF; 8415, volunteer workers of a licensed  
16 healthcare institution; 8416, volunteer search and  
17 rescue; 8417, volunteer, just a general, like,  
18 administrative; 8418, Arizona Game and Fish reserve.

19           And then we also have 5506, street or road  
20 construction, paving or repaving and drivers; 6204,  
21 drilling not otherwise classed and drivers; 6217, airport  
22 construction, grading and drivers; and then 7580,  
23 distribution -- sorry, distributing companies and  
24 drivers; 7710, firefighters; 7720, police officers; 8835,  
25 hospitals, professional employees; 8868, college





1 professional employees and clerical; 9016, amusement park  
2 or exhibition operation and drivers, so that's a little  
3 precarious, we didn't have a higher class there.

4           As you can see with a lot of these class codes,  
5 we have municipals, which we have almost every municipal  
6 and school, school district in our self-insureds program,  
7 with the exception of probably about 50 fire districts  
8 and three small cities and towns and some charter  
9 schools. And then we also have the largest medical  
10 operation and trucking population, so that's why those  
11 class codes, we separated those out.

12           So, therefore, staff is recommending the  
13 adoption of option five, as the option using the blended  
14 method accurately reflects the experience of the  
15 self-insurers, which will provide an accurate experience  
16 modification rate and premium amount.

17           And, in addition, we would like to go back and  
18 use a blended expected loss rate table for '23 and '24,  
19 with the same payroll classification codes cited. That's  
20 it.

21           CHAIRMAN KAVANAUGH: Pursuant to the public  
22 hearing, would this be the time when the commissioners  
23 would ask questions or not, we'd hold that until the  
24 public hearing is closed? I just don't know.

25           MS. PEIMANI: I'm not sure. I think you could



1 ask questions.

2 CHAIRMAN KAVANAUGH: I'll just see.

3 Do any commissioners have questions from the  
4 presentation?

5 Okay, I do have one question.

6 This was posted on the website. Have you  
7 received any comments with regard to the report and  
8 proposal?

9 MS. PASTOR: I've not received any comments.

10 Kara, have we received any comments?

11 MS. DIMAS: No.

12 CHAIRMAN KAVANAUGH: Thank you.

13 MS. PASTOR: Welcome.

14 CHAIRMAN KAVANAUGH: All right. In case anyone  
15 magically shows up online or in person, we'd like to  
16 welcome them to present oral comments and recommendations  
17 regarding the 2025 self-insurer rate development.

18 And if we had a list of people who already have  
19 requested to speak, this is the time we would have them  
20 speak. And then at the conclusion of that, we would have  
21 asked any person present who signed in to come and speak.  
22 And so I'm not going to read the rest of the information,  
23 since we have no one that has requested to speak.

24 So I will now declare the public hearing record  
25 closed, and this will conclude the 2025 Self-Insurer Rate



1 Development Hearing.

2 (The Self-Insured Rate Development Public  
3 Hearing concluded at 1:21 p.m.)

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1 STATE OF ARIZONA )  
 ) ss.  
 2 COUNTY OF MARICOPA )

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4 BE IT KNOWN that the foregoing proceedings were  
 taken before me; that the foregoing pages are a full,  
 5 true, and accurate record of the proceedings, all done to  
 the best of my skill and ability; that the proceedings  
 6 were taken down by me in shorthand and thereafter reduced  
 to print under my direction.

7

8 I CERTIFY that I am in no way related to any of  
 the parties hereto, nor am I in any way interested in the  
 outcome hereof.

9

10 I CERTIFY that I have complied with the ethical  
 obligations set forth in ACJA 7-206(F)(3) and ACJA 7-206  
 11 J(1)(g)(1) and (2).

12 Dated at Scottsdale, Arizona, this 2nd day of  
 January, 2025.

13

14 /s/ Doreen Sutton  
 DOREEN SUTTON, RDR, CSR, FAPR  
 15 Certified Reporter  
 Arizona CR No. 50076

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17 \* \* \* \* \*

18

19 I CERTIFY that GRIFFIN & ASSOCIATES, LLC, has  
 complied with the ethical obligations set forth in ACJA  
 7-206 (J)(1)(g)(1) through (6).

20

21 /s/ Pamela A. Griffin  
 GRIFFIN & ASSOCIATES, LLC  
 22 Registered Reporting Firm  
 Arizona RRF No. R1005

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