KAISER ENGINEERS

INTER-OFFICE MEMORANDUM

TO Don Sahlberg
Oakland

DATE April 28, 1970

FROM D. J. Young

COPIES TO T. A. Bedford

AT Oakland

JOB NO.



SUBJECT Workmen's Compensation Insurance in Ohio

We have two companies in Ohio each of which has the following experience for workmen's compensation premium costs:

Kaiser Engineers, Inc.

Kaiser Engineers, Inc. has self insured workmen's compensation in Ohio since April of 1965. The self insurance program was initiated at the request of Armco who guaranteed to the Ohio Bureau of Workmen's Compensation that all benefits due employees of Kaiser Engineers, Inc. would be paid by Armco. This would be especially pertinent after the work for Armco in Ohio has been completed.

Kaiser Engineers, Inc.'s loss experience in Ohio has been extremely good. The following tabulation will indicate the premium cost savings under the self insurance program as compared to costs if we had paid premium to the Bureau at manual rates. I have also included payroll because a successful self insurance program requires a large payroll and should be utilized only under these circumstances:

Year	Payroll	Bureau Premium Costs	Self Insurance Costs	Savings
1965	$ 3,661,000	$ 57,400	$ 20,400	$ 37,000
1966	12,621,000	275,700	173,200	102,500
1967	18,823,000	387,000	268,000	119,000
1968	9,[illegible]4,000	176,000	105,500	71,100
1969	6,781,000	119,000	52,200	66,800
Total	$51,480,000	$1,015,700	$ 619,300	$ 396,400

Any activities of Kaiser Engineers, Inc. in Ohio must be under a self insurance program. This will require acceptance by a client and a commitment to pay all costs arising out of employee injuries.

Henry J. Kaiser Company

Henry J. Kaiser Company has maintained insurance with the Ohio Bureau of Workmen's Compensation. Commercial insurance arrangements are not permitted in Ohio - insurance must be obtained from this state fund. Each year an insured is "experience rated", and debited or credited according to its loss experience for the previous five years. With little payroll one or two bad losses can adverseley affect such experience rating and this is the situation Henry J. Kaiser Company is in during the current year ending July 1, 1970, for whom manual rates are

COPY

increased by 34%. This added cost for workmen's compensation insurance will apply to all work undertaken by Henry J. Kaiser Company in Ohio. While there will be a recalculation of the experience rating on July 1, 1970 I doubt that there will be much change since we have had very little recent payroll to offset two moderately severe losses. Experience will improve when payroll and premium increase and when the severe losses are no longer in the five year period used for the computation. As a matter of information, our experience for the past few years has been (year ending July 1):

1970	debit 34%
1969	credit 7%
1968	credit 7%
1967	manual rates

DJY:dr

KEN 010431

THE INDUSTRIAL COMMISSION OF OHIO
COLUMBUS, OHIO

Application by Employer for Authority to Pay Compensation, Etc., Direct

SI. DN 3534

The undersigned (hereinafter referred to as the applicant) hereby makes the following declarations for the purpose of enabling The Industrial Commission of Ohio to determine if the applicant possesses sufficient financial ability or credit to render certain the payment of compensation, and to furnish medical, surgical, nursing, hospital, medicines, funeral expenses, etc., to applicant's workmen and dependents of workmen for death, injuries or occupational disease, occasioned in the course of such workmen's employment, including medical, hospital, funeral or additional awards because of failure to comply with any specific requirement as provided by the Ohio Workmen's Compensation Law and Section 35, Article II, Constitution of Ohio, 110 O. L. 631. The applicant hereby agrees to abide by all of the provisions of said law including any amendments hereafter enacted, with reference to the payment or furnishing of such compensation, etc., and the rules and regulations with respect to the same, now and hereafter adopted by the Commission.

Applicant states that there has heretofore been filed with The Industrial Commission of Ohio an *"Application for Classification of Industry and for Premium"*, (or if such application has not heretofore been filed that the same is filed herewith).

Applicant hereby certifies to all of the statements made in the Application for Classification of Industry and for Premium as if the same were rewritten herein, and all subsequent statements in letters, reports, etc., pertaining to classification of industry, and hereby makes each of said statements a part hereof, and sets forth the following additional facts:—

1. Name of applicant Kaiser Engineers, Inc.

   Address 300 Lakeside Drive, Oakland, California 94604
   (Street No., City, Zone, State, Etc., Where Principal Office Located)

2. Applicant's financial statement as of date of December 31,

   19 64, is filed herewith, (Form AC-7B).

   Total Assets $ 1,292,515.81 Liabilities $ 1,292,515.81

   Reserves $ None Capital Stock and Surplus $ 503,634.16

Form AC-7A

KEN 010432

3. Applicant does not desire, and recognizes that the law does not permit an employer, to insure the payment, or to indemnify itself against loss sustained by the direct payment of benefits provided for by the Ohio Workmen's Compensation Law and Section 35, Article II, Constitution of Ohio, 110 O. L. 631, except as provided in Section 4123.82, Paragraph B.

4. Applicant shall answer the following questions with complete explanation, viz.:

a. Do you maintain a hospital or hospitals in connection with your works or plant? No, but a First Aid Station will be maintained.

If so, give description of each A First Aid Station with a registered nurse will be maintained under Armco's Medical Director, Dr. Hughes.

b. Do you have in your employ one or more individuals whose regular duty it is to make daily inspection of your plant or works for the purpose of securing compliance with statutes or general orders of the Industrial Commission of Ohio relative to safety and sanitation? We will have in our employee by

If so, give name and address of such person or persons April 1, 1965 a Safety Engineer who will perform these duties. You will be advised of his name and address when he is employed.

c. In the past fiscal year have you made any changes in your operations which (in your opinion) should carry a classification or classifications different from your present assignment? See comment, below

If so, advise any such changes Our initial activity at Middletown, Ohio, was engineering and designing steel plant facilities. In addition we are commencing the construction of such facilities.

d. Are any changes contemplated in the nature of your operations during the next fiscal year which may require a revision of your classification assignment? No

If so, advise any such changes. The applicable classifications are set forth in your letter of January 27, 1965 relative to Risk No. 388152.

KEN 010433

5. a. Applicant offers to file a bond conditioned in accordance with the rules of the Commission, with The Federal Insurance Company Surety Company, of New York, New York (San Francisco Office) as surety thereon, for such amount, not less than $25,000.00, as the Commission may prescribe.

b. Applicant offers to deposit with the Treasurer of State, negotiable bonds of the United States, as follows, viz.:

Not applicable

In Witness Whereof I (I or We) have hereunto subscribed My (My or Our) name and caused our official seal to be affixed this 12th day of March, 19 65

Witness: H. O. Tracy

Kaiser Engineers, Inc.
(Name of Employer)

K. V. Sampson, Vice President

(CORPORATE SEAL)

State of California, County of Alameda ss:

On this 5th day of March, 19 65, before me, a Notary Public, State of California in and for said county, appeared personally K. V. Sampson (Name) Vice President (Title) and H. O. Tracy (Name) Assistant Secretary (Title), who, being first duly sworn, declared that the facts set forth in the foregoing application are true.

B. J. GRUVER

(NOTARY SEAL)

(My commission expires My Commission Expires May 18, 1967)

(If employer is a corporation, signature should be made by an official duly authorized by said corporation, and seal used according to the laws of Ohio, and the official taking this acknowledgment is cautioned to see that it is properly taken. Do not omit official titles of affiants if corporation.)

KEN 010434

THE INDUSTRIAL COMMISSION OF OHIO
COLUMBUS, OHIO

Application by Employer for Authority to Pay Compensation, Etc., Direct

SI. Dn-3534

The undersigned (hereinafter referred to as the applicant) hereby makes the following declarations for the purpose of enabling The Industrial Commission of Ohio to determine if the applicant possesses sufficient financial ability or credit to render certain the payment of compensation, and to furnish medical, surgical, nursing, hospital, medicines, funeral expenses, etc., to applicant's workmen and dependents of workmen for death, injuries or occupational disease, occasioned in the course of such workmen's employment, including medical, hospital, funeral or additional awards because of failure to comply with any specific requirement as provided by the Ohio Workmen's Compensation Law and Section 35, Article II, Constitution of Ohio, 110 O. L. 631. The applicant hereby agrees to abide by all of the provisions of said law including any amendments hereafter enacted, with reference to the payment or furnishing of such compensation, etc., and the rules and regulations with respect to the same, now and hereafter adopted by the Commission.

Applicant states that there has heretofore been filed with The Industrial Commission of Ohio an *"Application for Classification of Industry and for Premium"*, (or if such application has not heretofore been filed that the same is filed herewith).

Applicant hereby certifies to all of the statements made in the Application for Classification of Industry and for Premium as if the same were rewritten herein, and all subsequent statements in letters, reports, etc., pertaining to classification of industry, and hereby makes each of said statements a part hereof, and sets forth the following additional facts:—

1. Name of applicant Kaiser Engineers Inc

   Address 300 Lakeside Drive Oakland California 94604
   (Street No., City, Zone, State, Etc., Where Principal Office Located)

2. Applicant's financial statement as of date of December 31,

   19 67, is filed herewith, (Form AC-7B).

   Total Assets $ 1,292,515.81 Liabilities $ 1,292,515.81

   Reserves $ None Capital Stock and Surplus $ 503,634.16

Form AC-7A

KEN 010435

3. Applicant does not desire, and recognizes that the law does not permit an employer, to insure the payment, or to indemnify itself against loss sustained by the direct payment of benefits provided for by the Ohio Workmen's Compensation Law and Section 35, Article II, Constitution of Ohio, 110 O. L. 631, except as provided in Section 4123.82, Paragraph B.

4. Applicant shall answer the following questions with complete explanation, viz.:

a. Do you maintain a hospital or hospitals in connection with your works or plant? No, but a first aid station will be maintained ~~but we could maintain a first aid station with a Registered Nurse on duty~~

If so, give description of each. A First Aid station with a registered nurse will be maintained under Armco's Medical Director, Dr. Hughes.

b. Do you have in your employ one or more individuals whose regular duty it is to make daily inspection of your plant or works for the purpose of securing compliance with statutes or general orders of the Industrial Commission of Ohio relative to safety and sanitation? We will have an employee by

If so, give name and address of such person or persons. April 1, 1965 a Safety Engineer who will perform these duties. You will be advised of his name and address when he is employed.

c. In the past fiscal year have you made any changes in your operations which (in your opinion) should carry a classification or classifications different from your present assignment? See comment below.

If so, advise any such changes. Our initial activity at Middletown, Ohio, was engineering & designing steel plant facilities. In addition we are commencing the construction of such facilities.

d. Are any changes contemplated in the nature of your operations during the next fiscal year which may require a revision of your classification assignment? No

If so, advise any such changes. The applicable classifications are set forth in your letter of January 27, 1965 relative to Risk No. 388152.

KEN 010436

5. a. Applicant offers to file a bond conditioned in accordance with the rules of the Commission, with The Federal Insurance Company Surety Company, of New York, New York (San Francisco Office) as surety thereon, for such amount, not less than $25,000.00, as the Commission may prescribe.

b. Applicant offers to deposit with the Treasurer of State, negotiable bonds of the United States, as follows, viz.:

not applicable

In Witness Whereof I (I or We) have hereunto subscribed my (My or Our) name and caused our official seal to be affixed this 5th day of March, 1965

Witness: _____ Karen Engineering, Inc (Name of Employer)

_____ _____

(CORPORATE SEAL)

State of California, County of Alameda ss:

On this 5th day of March, 1965, before me, a _____ in and for said county, appeared personally _____ (Name) (Title) and _____ (Name) (Title), who, being first duly sworn, declared that the facts set forth in the foregoing application are true.

_____

(NOTARY SEAL)

(My commission expires _____)

(If employer is a corporation, signature should be made by an official duly authorized by said corporation, and seal used according to the laws of Ohio, and the official taking this acknowledgment is cautioned to see that it is properly taken. Do not omit official titles of affiants if corporation.)

KEN 010437

350,000,000 Total [illegible]
120,000,000 Total [illegible]

February 11, 1965

MIDDLETOWN WORKS EXPANSION PROGRAM

Estimated Construction Labor Cost (Wages) by Crafts

	Subcontractor	Kaiser Engineers	Total Project
Carpenters	$ 730,000	$7,310,000	$ 8,040,000
Cement Masons	-0-	670,000	670,000
Laborers	2,125,000	10,520,000	12,645,000
Operating Engineers	1,465,000	2,560,000	4,025,000
Ironworkers	6,680,000	3,545,000	10,225,000
Millwrights	395,000	3,585,000	3,980,000
Pipefitters and Plumbers	1,570,000	6,300,000	7,870,000
Sheetmetal Workers	1,795,000	360,000	2,155,000
Boilermakers	2,335,000	-0-	2,335,000
Bricklayers	1,130,000	-0-	1,130,000
Electricians	12,005,000	-0-	12,005,000
Asbestos Workers	380,000	-0-	380,000
Painters	1,285,000	-0-	1,285,000
Teamsters	275,000	1,640,000	1,915,000
Others	1,540,000	-0-	1,540,000
Total	$33,710,000	$36,490,000	$70,200,000

Notes:

1. Amounts shown are wages received by the workers and do not include payroll burden.

2. The tabulation is based on the latest Middletown facility estimate, dated January 4, 1965.

3. The breakdown of labor dollars between KE and subcontractors is not intended to mean that all such work items will be subcontracted but only that the work items could be subcontracted if advantageous to the job as a whole. A determination will be made at the time each such work item is required as to the advisability of doing the work by subcontract.

PACIFIC INDEMNITY COMPANY

CERTIFICATE OF INSURANCE

D.S.Y.

KAISER ENGINEERS INC.
228 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60601

ATTENTION MR. H. M. KIMBALL

THIS IS TO CERTIFY as to the existence as of this date of the below described insurance with the Pacific Indemnity Company. Should any change occur in this insurance, the undersigned will endeavor to give written notice to the holder of this certificate, but failure to give such notice shall impose no obligation or liability upon the company or the undersigned.

Name of Insured: WOODWARD, CLYDE, SHERARD AND ASSOCIATES, A CORPORATION and WOODWARD, CLYDE, SHERARD AND ASSOCIATES, A PARTNERSHIP

Address of Insured: 2811 ADELINE STREET, OAKLAND, CALIFORNIA

Location of Risk: PROJECT 6476-01 WAREHOUSE AND OFFICE AREA ARMCO STEEL CORP. KANSAS CITY, MO.

Description of Risk: All operations of the Named Insured in North America INCLUDING LIABILITY ARISING OUT OF OPERATIONS PERFORMED BY SUBCONTRACTORS OF NAMED INSURED. FURTHER, LIABILITY ASSUMED BY THE INSURED IN WRITING UNDER CONTRACTS, LEASES OR AGREEMENTS USUAL AND INCIDENTAL TO THE BUSINESS OF THE INSURED IS INSURED

Workmen's Compensation: Policy No. EC 335449 PEC 46757 Term: from December 1, 1964 December 1, 1964 to December 1, 1965 December 1, 1965

Comprehensive Liability: Policy No. LAC 146941 Term: from December 1, 1962 to December 1, 1965

Bodily Injury Liability	$50,000	each person.	$100,000	each occurrence.	$100,000 aggregate.
Property Damage Liability—Automobile			$ 25,000	each occurrence.	
Property Damage Liability—Except Automobile			$ 25,000	each occurrence.	$100,000 aggregate.

Automobiles Covered: All automobiles owned, leased, hired or used by the Named Insured.

Owners', Landlords' and Tenants' Liability: ☐		Policy No.			
Manufacturers' and Contractors' Liability: ☐		Term: from		to	
Bodily Injury Liability $	each person.	$	each accident.	$	aggregate.
Property Damage Liability		$	each accident.	$	aggregate.

Policy No. Term: from to

REMARKS:

It is agreed that _____ Ten (10) days' prior written notice shall be given to the Certificate holder in the event of cancellation or of a material change affecting this Certificate. C/O Insurance Department of Kaiser Engineers Inc. 228 North La Salle Street, Chicago, Illinois 60601

KEN 010439

Certified this 22 day of January 19 65

SAN FRANCISCO, CALIFORNIA

By _____

Form M0058a 350M 862