



News & Views

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Industry supported program offers reduced rates and hope for future relief

The *Los Angeles Times* reports that workers' compensation rates throughout California are up 69 percent since 2000 and, in some cases, up 200 percent. The Thoroughbred industry has seen that same increase. The CHSA (California Horsemen's Safety Alliance), which is owned jointly by the CTT (California Thoroughbred Trainers) and the TOC (Thoroughbred Owners of California), was formed last December to deal with the crisis, and it appears that the joint efforts of its sponsors, the CTT, the TOC and the racing associations, have been successful in obtaining rates that are substantially lower than the rates offered by the only alternative, State Compensation Insurance Fund.

The program has already saved trainers and owners large sums of money and it will save an additional \$2.5 million in the coming year. While all parties recognize that further reductions are necessary, it appears that it will take another year's worth of experience before the true benefits of this program can be seen. If the injury loss experienced during the first six months of the program continue for the coming year, it is expected that trainers and owners will see more substantial relief in future years. An additional benefit of the program is that CHSA owns the policy—all employer premiums not used for claims will eventually be returned to the program and can be used to lower future premiums.

The lower rates offered through the CHSA are made possible by a subsidy provided by the racing associations and by deductions from the purse pool. In December of 2002, \$2.6 million was put up as security (called "unfunded

liability") in case of excess losses. Because this security was in place, the base rate was reduced to \$39 per hundred dollars of payroll for the 2002-2003 policy year. An additional \$1,000,000 was paid to the insurance company AIG (American International Group) by the TOC and the racing associations, as a direct subsidy to reduce those base policy rates by an additional 18 percent.

The TOC and the racing associations will have to provide an additional \$4 million of "unfunded liability" to bring rates down in the 2003-2004 policy year. Although it is true that the dollars paid in by the TOC and the racing associations as "unfunded liability" may eventually be returned if not used to pay claims, it could be up to seven years before all available funds are returned.

Before rates can fall substantially in the future, three things must happen. Insurance providers such as AIG must be satisfied that employers are honestly reporting payrolls, a favorable history of injury losses must be established, and loss control programs must be in place.

AIG has indicated that by July 2004 these factors could cause a reduction in premiums and our recent claims history supports that belief. The CHSA and its administrator, Irene Stephenson, have taken on the job of verifying payrolls, reducing losses and, in cooperation with AIG, will be establishing loss control programs.

The Thoroughbred racing industry, just like most industries in this state, is a victim of faulty state laws and a bad workers' compensation system. Due to the high level of cooperation among trainers who have joined the program, the racing industry is one of the first industries in California to create a program that reduces premiums and allows its members to exercise control over their own fate.

Workers' Compensation Relief Tops Agenda

Unified local Thoroughbred retirement, rehabilitation, and adoption group proposed

The Kentucky-based accreditation organization of the Thoroughbred Adoption and Rehabilitation Association, known as TARA, has authorized the establishment of a

Western Division of TARA To Be Established

Western Division of TARA to be based in California. This division will be spearheaded by Grace Belcuore, a board member of TARA, and the founder of the California Equine Retirement Foundation (CERF). For more information, please call CERF at (909) 926-4190.

Meeting promises joint effort to reverse declines in income and attendance



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Barry Abrams

Effective this year, industry representatives from across the state met in a strategic planning session to discuss the future of horse racing. Thirty-two individuals representing every seg-

ment of the industry spent a full day defining problems and setting up a mechanism to seek solutions. The training community was well represented by Barry Abrams, Ed Halpern, Richard Mandella, and John Sadler. Also present were people representing all of the racing associations, the TOC, the CTBA, the California Horse Racing Board (CHRB), including two commissioners, Barretts Equine Ltd., veterinarians, racing secretaries, and numerous others.



John Sadler

The morning session was taken up by presentations from different segments of the industry. On behalf of the trainers, Ed Halpern gave a PowerPoint presentation depicting the true cost of training and racing horses and the

Industry Confab Looks For Solutions

effect that high costs have on the lack of profitability for most owners and trainers. Dr. Rick Arthur and Dr. Sue Stover offered information that helped to explain shrinking field size by showing statistics on injuries and shortened careers. Other speakers provided information on all aspects of racing.

The afternoon session was spent defining problems and solutions and the meeting closed with a list of objectives that were turned over to committees for further study.

These seven objectives were chosen for evaluation:

- Continuing attempts to reduce workers' compensation premiums
- Evaluate and improve track surfaces
- Enhance the image of racing, and prevent possible abuses of rules by implementing the recommendations of the National Medication and Drug Testing Consortium and the California Thoroughbred Trainers Racing Integrity Committee
- Form a California Thoroughbred Horseracing Association to include representation of all segments of the industry
- Find additional ways to mainstream racing to the public
- Review the adequacy and distribution of takeout
- Identify reasons for the decreasing number of starts per horse per year

Committees have been formed to study these subjects with additional meetings planned in the future.



Richard Mandella



Dr. Rick Arthur

Racing Medication and Testing Consortium to spend \$500,000 on drug and medication research

The Racing Medication and Testing Consortium has now been incorporated. This national organization has a board of directors governed by leading horse racing industry stakeholder groups and is charged with the mission of developing, promoting, and coordinating, at the national level, policies, research, and educational programs that seek to ensure the fairness and integrity of racing, the health and welfare of its racehorses and other participants, and the protection of the interests of the betting public.

National Group Continues Work On Medication Research And Uniform Rules

The CTT is one of the founding members of the organization and holds a seat on the Board of Directors. The group has dedicated \$500,000 to research grants in its first year. It is expected that a much larger amount will be available for grants in future years. These grants will be used to find ways to ensure that drugs and medications are not used to influence performance in racehorses.

The next meeting of the group is scheduled for later this year, at which time it is expected that various grant applications will be approved. Additional information about the consortium can be found at its web site, www.rmtcnet.com.