



## **Bullet Background Paper on: Exempting Athletes engaged in Contact Sports from the Workers Compensation Act**

The Billings Outlaws organization is requesting our players be exempted from traditional worker's compensation insurance in favor of providing health insurance and disability insurance.

Football is a collision sport and the reality is players will suffer injuries. Most injuries are minor, but some can be more serious and involve surgery. The Outlaws organization was notified for the 2007 playing season we would have a Worker's Compensation Insurance rate of \$2.82 amounting to \$182,584 of premium in a payroll of \$61,509.

In short, Our organization cannot survive with this level of expense and the future of professional contact sports in Montana will be cast into doubt. .

### **Background**

- The Billings Outlaws are a professional indoor football team who play at Metrapark Arena, in Billings
- The Outlaws were formed in 2001 in the National Indoor Football League (NIFL) under different ownership
- In 2005 the team played under new ownership as the Billings Mavericks due to a trademark dispute.
- In 2006 the organization reformed under new ownership and reacquired the Federally Registered Trademark Billings Outlaws.
  - The Outlaws were 16-1 in 2006 and won the League Championship, Indoor Bowl VI, in front of a sell-out crowd of 8500 fans at Metrapark arena.
- For 2007 the Outlaws moved to the United Indoor Football Association (UIF)
- UIF is an owner owned league with stable, professional organizations.
- Indoor Football can be played in most arenas that can accommodate Hockey
- Indoor/Arena Football is second only to NASCAR as the fastest growing spectator sport in America
- Television ratings indicate, more people watch Arena/Indoor Football than NHL Hockey

### **Purpose for Request of Exemption**

- Indoor Football does not fit WC model: Very low wages relatively high risk
- Outlaws are only member of class; no spreading of risk or claim history over a group
- Team carries 25 players on roster, 21 dress for games, paid \$200 game if they dress
- Players are essentially part-time and most have other jobs
- Due to claims history and Outlaws being only member of class, WC premium for 2007, on \$61,000 of payroll, is projected at \$140,000 - \$180,000
  - Winning another championship (3 games) would add over \$42,000 in premium
- 2005 (WC) claims abnormally high resulting in high mod rate
- 2006, new ownership increased emphasis on safety and claims management.
  - New, highest quality indoor turf available
  - Player screening
  - Improved equipment and mandatory procedures
- 2006 Claims expense projected to drop 40% from 2005 total
- Payroll, Payroll taxes, WC equal sixty percent of gross revenue potential
- Billings Outlaws WC premium is 550% higher than UIF league average
- Outlaws unlikely to survive beyond the 2007 playing season
- No other professional contact sports will be attracted to Montana

### **Economic Impact**

- Estimate for direct impact on the Billings area is \$3.5 million annually.
- Metrapark Arena receives over \$250,000 per year from Outlaw games and activities.
  - Attendance averages 4000 per game. 5500 for playoffs
- Outlaws annual operation budget for payroll, goods and services exceeds \$500,000
- Outlaws constructing a \$3.5 million sports training center
  - Commercial access multi-use facility in Billings
  - Unique facility for year round outdoor sport training indoors
  - Football, Soccer, Volleyball, Baseball, Sports Camps
- Potential for expansion teams in cities capable of hosting indoor football.
- Without this legislation, improbable any new expansion teams/leagues will look favorably on Montana as a place to do business.
  - Potential for substantial lost opportunities for Montana's larger markets

### **Action**

- 2007 Improvements to further increase player safety
  - Active oversight by team medical provider: The Billings Clinic
  - Members of UIF; Better organizations, facilities, and equipment
  - Completion of the new Outlaws Training Facility
    - New Turf, Physical Training room, whirlpool, Chill Tub
    - Newly hired team Trainer with NFL experience
    - Direct access to Billings Clinic Sports medicine and sports rehab
- Outlaws will procure Health Insurance Coverage for players
  - Coverage will include payment of co-pays and deductibles for players

- Additional Coverage will include disability/supplemental insurance
- Initial estimated quotes indicate substantial savings over WC
- Outlaws continue and increase efforts to reduce injuries player downtime

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