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Another Exec Out At Comp Insurer

State Fund's top attorney
is reassigned as fraud
probes continue.

By MARC LIFSHER

Times Staff Writer Another exec out at comp insurer

A third top executive at California's government-controlled workers' compensation insurance company has been dismissed amid a continuing probe into allegations of conflicts of interest and fraud involving as much as \$1 billion.

Charles Savage, a vice president and general counsel to the board of directors, was relieved of his duties at the State Compensation Insurance Fund late Tuesday.

The company, known commonly as State Fund, insures 230,000 California employers against claims from workers who are injured on the job.

The extent of possible fraud and misappropriation of money at the quasi-public fund is still under investigation. But people familiar with the inquiry said

investigators were looking at reported payments — approved by State Fund's key executives — made to firms connected with two former board members who resigned last year.

The amount involved in the alleged fraud is expected to be at least \$600 million and could run as high as \$1 billion, said Jennifer Kerns, a spokeswoman for California Insurance Commissioner Steve Poizner.

A spokeswoman for San Francisco-based State Fund did not link Savage's dismissal directly to the investigation. "The board of directors has decided to retain new general counsel and therefore has asked Charles Savage to step down from that position at this time," Julie Jenkinson said.

Savage lost his position two months after the company's board suddenly removed President James Tudor and Vice President Renee Koren after an internal review of accounts and operations.

Jenkinson said Savage, a 29-year company veteran, continued to enjoy state civil service privileges and had been reassigned to the corporate legal counsel's office. His pay has been reduced to \$120,516 a year from \$138,024, she said.

Savage did not return a telephone call to his office.

Poizner said he was pleased to see the change in senior management at State Fund. However, he stressed that his department was pushing ahead with a full audit of the company.