

# COMPENSATION NEWS

MONTHLY REPORT

## PSYCHIATRIC INJURED MUST BE BASED ON EVENTS OF EMPLOYMENT

### **The applicant alleged a psychiatric injury based on the firms downsizing among other reasons**

The applicant alleged that the company's stock declined in value causing the applicant stress. It was also alleged that the firm was going to eliminate a significant number of positions that created stress for the applicant. Lastly, the applicant alleged stress from the job itself, including listening to abusive comments from customers.

Pacific Gas and Electric V.  
WCAB ..... 1

The Workers' Compensation Judge (WCJ) ruled the applicant did not suffer a psychiatric injury because work stress was not the predominant cause of the psychiatric injury within the meaning of Labor Code section 3208.3, subdivision (b) (1). The Workers' Compensation Appeals Board (WCAB) overruled the WCJ and found the applicant suffered a psychiatric injury.

The appellate court reviewed the legislative history of section 3208.3. It indicated that you must look at actual events of employment. It stated that an event must be "something that takes place". The event must be something that arises out of the employee's working relationship with his or her employer.

They indicated that the public policy to "limit" claims for psychiatric injury should be considered when making an award for the applicant.

They ruled corporate downsizing, without more, cannot support an award for benefits. They also ruled that stock losses are not an event of employment. Work related stress may qualify, but it needs to be more than 50 percent of a psychiatric disability.

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