



## **NEWS RELEASE**

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Contact: Cameron Lewis, Colorado Division of Insurance, 303.894.2261  
Chris Lines, DORA Public Information Officer, 303.894.7873

### **DORA's Division of Insurance Orders 16% Decrease in Workers Compensation Loss Costs**

DENVER - Colorado employers may see some financial relief next year by paying lower premiums for workers compensation insurance due to the announcement that a significant component of workers compensation premiums, known as loss costs, will drop 16 percent. Loss costs are the average cost of lost wages and medical payments of workers injured during the course of their employment.

"The drop in loss costs will push many workers compensation premiums down," said Colorado Insurance Commissioner Marcy Morrison. "If every insurer implemented the decrease without other adjustments, the overall savings to Colorado consumers would be as much as \$152 million."

It is expected that the ultimate savings to consumers will be significant, but smaller than the maximum projection because rate filings will be made by individual insurers before the loss cost reduction goes into effect on Jan. 1, 2009. However, many employers will realize a savings in their workers compensation premiums compared to last year.

The loss cost reduction is based on a continuing decrease in the number of claims filed in 2007.

"Workers compensation insurance rates have declined 43.4 percent since 2000," Commissioner Morrison said, pointing out this year's reduction is not a fluke, but part of a continuing trend. "I'm pleased to announce this is the seventh decrease during the past eight years. This is good news on several fronts. It means that workers are having fewer injuries and fewer claims are being filed, which can be attributed to a safer work environment and the efforts of employers to provide safe working conditions. It also shows that the Colorado market is stable."

The National Council on Compensation Insurance (NCCI), a rating and advisory organization, collects annual data on workers compensation claims for the insurance industry, and publishes loss costs that form the basis for all workers compensation premium determinations. NCCI provides this information for approximately 38 of the states. All insurers in Colorado use the NCCI loss costs as a base. Each insurer's own

expenses are added to the NCCI's loss costs to arrive at the rates charged to employers.

Loss costs are a significant factor, although not the only factor, used in establishing each employer's actual workers compensation premium. Each employer's deductible selection and actual loss experience can also have an impact on worker's compensation premium.

The projected loss cost figures for 2009 were presented by the NCCI at a hearing on September 11 at the Division of Insurance offices. Analysis by both the NCCI actuaries and the actuarial consultants was reviewed for all of the industrial classes in Colorado. These classes include manufacturing, office and clerical, contracting, and goods and services.

Although workers compensation claims are regulated by the Division of Workers' Compensation in the Colorado Department of Labor and Employment, rates for workers compensation premiums are reviewed and regulated by the Colorado Division of Insurance in the Department of Regulatory Agencies (DORA).

The NCCI filing, the actuarial reviews and public comments are used by the Commissioner of Insurance to make a recommendation to insurance carriers for the premium rates for the following year.

There are more than 200 companies currently licensed to sell workers compensation insurance in Colorado. The largest, Pinnacol Assurance, accounts for nearly 50 percent of the market.



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and is committed to promoting a fair and competitive business environment in Colorado.  
Consumer protection is our mission.*

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