



Dora
Department of Regulatory Agencies

Division of Insurance

October 27, 2011

FOR IMMEDIATE RELEASE

Contact: Marianne Goodland, Public Information Officer,
Colorado Division of Insurance, 303.894.2261
Jessica Roe, DORA Director of Communications, 303.894.2338

Workers' Compensation Loss Cost Rates to go up in 2012

Denver - Colorado employers will see a small increase in the premiums they pay for workers' compensation insurance in 2012. The Colorado Division of Insurance has announced that the "loss costs" component of workers' compensation premiums will go up 3.7 percent in 2012. The 2012 increase follows an increase of 3.4 percent in 2011 after nearly a decade of decreases in loss cost rates.

"This is the second consecutive increase in loss costs," said Jim Riesberg, Commissioner of Insurance. "While the number of claims has remained relatively flat over the last year, medical costs continue to increase, and this has led to the need for an increase. Part of the responsibilities of the Division of Insurance include ensuring rates are adequate to pay for future losses. Our analysis indicates a slight increase is required to ensure workers' compensation premiums remain adequate."

Loss costs are the average cost of lost wages and medical payments of workers injured during the course of their employment. Factors that may increase workers' compensation costs include: frequency (number of claims per number of workers), length of claim, number of treatments for each claim, severity of injury, increasing medical costs and overall costs to cover workers' compensation claims.

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. 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.

The projected loss cost figures for 2012 were presented by NCCI at a September 21 hearing at the Division of Insurance offices. Both the NCCI actuaries and the independent actuarial consultants contracted to assist the Division of Insurance reviewed the analysis for all of the industrial classes in Colorado. The NCCI filing, the actuarial analysis and public comments are used by the Commissioner of Insurance to establish the loss costs used for the premium rates for the following year.

To review the NCCI loss cost filing, go to

<http://www.dora.state.co.us/insurance/workcomp/2011/wrkrNCCI2011LossCostsOrderFINAL101311.pdf>

###

*The **Colorado Division of Insurance** regulates the insurance industry and assists consumers and other stakeholders with insurance issues.*

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.