



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

**DCCA News Release**

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**WORKPLACE SAFETY HELPS LOWER WORKERS COMP COSTS**

(Honolulu)- In an effort to help stem the impact of high workers compensation costs, Insurance Commissioner J.P. Schmidt announced today that he has approved a filing by the National Council on Compensation Insurance (NCCI) that will result in a 3 per cent decrease in the average loss costs paid by employers in the State for workers' compensation insurance. This is the claims portion of the rates. Hawaii insurance companies will base their rates on these lower loss costs beginning on January 1, 2005.

"A major reason for the decrease," said Schmidt "is a direct result of lower workplace accident frequencies in Hawaii. Employers are paying more attention to workplace safety, and it is paying off in lower costs." In 2003 there were 1,089 fewer workers compensation claims than there were in the previous year.

Commissioner Schmidt cautioned that the approval does not mean that everyone's work comp premium will decrease by 3%. The Loss Cost is only one factor, although a significant factor, in the construction of a rate. A particular company's rate will also include that company's loss history, work classification and other underwriting criteria.

The decrease is good news as it indicates a stabilization of the Hawaii market. However, workers comp premiums are still high in Hawaii, higher than almost any other state in the nation.

"It is critical that we reform the workers comp system to take better care of our workers and provide relief for our employers. Worker's claims take too long to resolve, too often requiring hearings and other costly processes. Our workers deserve to have their claims handled quickly and efficiently, so they can receive the care they need for rehabilitation and to return to work," Schmidt said.

Delays in processing claims, failure to investigate alleged fraud cases, workers taking longer to return to work, and the lack of an effective system to discourage and monitor absence have resulted in Hawaii receiving an F grade from a national work comp evaluation organization.

“We will continue to do everything we can to make improvements in this important area for Hawaii’s employees and employers,” Schmidt promised.

For more information, call the Insurance Division at 586-2799.

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