



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

DCCA News Release

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INSURANCE COMMISSIONER APPROVES 19.3 PERCENT REDUCTION IN WORKERS COMPENSATION COSTS

HONOLULU – Hawai'i Insurance Commissioner J.P. Schmidt approved a 19.3 percent decrease in loss costs for Workers Compensation insurance based on a filing by the National Council on Compensation Insurance (NCCI). NCCI originally filed for a 16.8 percent decrease in loss costs. However, the Insurance Division's analysis of the filing determined that the facts justified additional savings for Hawai'i's businesses. After discussions and the receipt of additional information from NCCI, the Commissioner agreed to approve a reduction of 19.3 percent.

The "loss costs" are a significant part of the premiums charged by insurers, and represent the amounts paid for claims. Other components of the premium include production and general expenses, contingencies, profit, taxes, licenses and fees. If insurers adopt the NCCI loss cost filing, they will then calculate the additional components to construct the premiums for the Commissioner's approval. Once approved, the rates will be effective January 1, 2008.

"We are very careful when we review these filings, since they are so important to businesses in Hawai'i," said Commissioner Schmidt. "Additionally, the Department of Labor and Industrial Relations, Hawaii Occupational Safety and Health (HIOSH) Division has made great strides partnering with Hawai'i's employers and labor organizations in enforcing the state's workplace safety and health laws. This collaborative effort has led to exemplary safety and health programs that have directly resulted in less workers' compensation claims being filed thereby reducing costs."

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