



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

DCCA News Release

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HAWAII EMPLOYERS CONTINUE TO HELP BRING DOWN WORKERS' COMPENSATION INSURANCE RATES

HONOLULU -- The Department of Commerce and Consumer Affairs' (DCCA) Insurance Division announced that the National Council on Compensation Insurance (NCCI) has filed a request for a decrease of 16.8 percent in the workers' compensation loss costs for Hawai'i. The filing would affect premiums beginning January 1, 2008.

The reduction is based on a continuing reduction in the number of claims filed in 2005 (which is the last year complete data is available). Over the last two years Hawai'i Insurance Commissioner J.P. Schmidt has approved decreases of 18.2 percent and 12.3 percent in loss costs as evidence began showing a significant reduction in claims. A 3.9 percent increase was approved in 2006 due to increases in healthcare provider payments.

"Claim frequency has continued to drop due to the great efforts of Hawai'i's employers in providing a safer workplace for our workers," said Commissioner Schmidt. "We continue to make a concerted effort to encourage employers to implement workplace safety programs and thereby qualify for insurer's discounts."

Additionally, the Department of Labor and Industrial Relations' (DILR) Hawai'i Occupational Safety and Health Division has made great strides toward 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 a reduced number of workers' compensation claims.

"The DLIR continues to streamline and expedite the hearing process," said Schmidt. "Claims are continuing to be resolved in a timely manner. However, we still need to work with the Legislature to reduce the adversarial nature of the system and improve the quality of care to our injured workers, so that they can return to work promptly without the financial impact associated with an unnecessary prolonged absence from work."

NCCI collects and validates data on workers compensation premiums and loss experience. If the filing is approved, insurance companies can choose to adopt NCCI's loss costs and then file their own factor for covering the other components that finally make up the premium.

"Loss costs" are a significant component of premiums and represent the amounts paid for claims by insurers. The other components that make up the premium include production and general expenses, contingencies, profit, taxes, licenses and fees.

"We very carefully review each of these filings, because we understand the impact that these rates have on business and workers in Hawai'i," said Schmidt.

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