



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

News Release

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HAWAII WORKERS' COMPENSATION INSURANCE RATES DOWN 61 PERCENT OVER FOUR YEARS

HONOLULU -- The Department of Commerce and Consumer Affairs' (DCCA) Insurance Division announced today that the National Council on Compensation Insurance (NCCI) has filed a request for a decrease of 11.6 percent in the workers' compensation loss costs. The filing would affect premiums beginning January 1, 2009.

The reduction is based on a continuing decrease in the number of claims filed in 2006 (which is the last year complete data is available). Over the last three years the Hawai'i insurance commissioner has approved decreases of 19.3 percent, 18.2 percent and 12.3 percent in loss costs as evidence began showing a significant reduction in claims.

This latest reduction brings the total decrease in workers' compensation loss costs to 61.4 percent over the past four years.

"This is one of the largest declines in workers' compensation insurance rates of any state in the nation," stated Insurance Commissioner J.P. Schmidt. "These lower rates show that the great efforts of Hawai'i's employers and our employees have been effective in providing a safer work place for our workforce. The lower workers' compensation loss cost rates will help Hawai'i employers offset some of the other rising costs they are facing."

Additionally, the Department of Labor and Industrial Relations' (DLIR) Hawai'i Occupational Safety and Health (HIOSH) division has made great strides toward working with Hawai'i's employers and labor organizations in creating safer and healthier workplaces. These efforts, coupled with strong, effective and fair enforcement of the state's workplace safety and health laws, has directly resulted in less workers' compensation claims being filed. However, more can still be done, especially in the area of workers' compensation.

"The DLIR has made marked improvements in streamlining and expediting 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 work comp 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.

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