

Conn. approves workers comp loss cost, rate changes

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HARTFORD — Following a Nov. 5 hearing, Connecticut Insurance Commissioner Susan Cogswell on Nov. 21 approved loss cost filings proposed by the National Council on Compensation Insurance that will lower many workers compensation charges.

Effective Jan. 1, 2004 the voluntary market pure premium will go down an average 3.5 percent from current figures. This is a base figure to which individual insurers will then add their own expenses and profit figures to calculate their rates.

The voluntary market loss cost changes vary by classification: an average -3.2% for manufacturing; -4.9% for contracting; -8.5% office and clerical; -6.5% miscellaneous and a slight 1.7% increase in the goods and services category.

For assigned risks, premium levels will be reduced on average 0.5 percent.

The changes in assigned risk rates also vary by classification: an average -0.2% for manufacturing; -1.9% for contracting; -5.7% office and clerical; -3.9% miscellaneous and a 4.9% increase in the goods and services category.

Also, the assessment paid by employers for funding the Workers Compensation Commission will be 1.5% of premium.

NCCI's proposed 25 percent differential to loss costs for the assigned risk rate level over the voluntary market loss was approved. Current rates reflect a 20% differential. Cogswell noted that the assigned risk plan has grown from 4.9% of premium in the state in 2001 to 8.5% in 2002. The differential is in addition to the Assigned Risk Adjustment Program (ARAP). Combined, the ARAP and the 25% differential produce an average price difference between assigned risks and voluntary risks of 34%.

The only factor in NCCI's proposal rejected by Cogswell was a 2.5% profit factor in assigned risk rates, which she called an "undue burden" for many employers.

NCCI analyzed experience from policy years 2000 and 2001 for its filing. The loss ratio has continued to improve largely due to a steady decrease in claim frequency.

Individual insurers now must file expense and profit multipliers which are then applied to whatever loss costs are approved to determine the insurer's rates. □