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Missouri Insurance Department urges decrease in 2010 workers' comp rates

Jefferson City, Mo. – After reviewing statewide data for insurance claims paid by employers for injured workers in 2009, the Missouri Department of Insurance is recommending an overall decrease in workers' compensation loss costs by 8.1 percent for 2010.

Each year, the National Council on Compensation Insurance (NCCI) files "loss-costs" with the Department of Insurance for its review. These loss costs are used by insurance companies in setting their rates in the coming year and generally reflect the average costs of lost wages and medical payments of workers injured on the job. The department also makes [its own recommendation](#) for loss costs, after reviewing the NCCI filing as well as the underlying claim and payroll data.

Under Missouri law, insurers and self-insurers are allowed to set their rates based either on the recommendations of the NCCI or of the department. Both the NCCI and department make recommendations for general loss costs, as well as for specific industry groups.

Effective Jan. 1, 2010, the NCCI proposes an overall decrease of 1.9 percent from its 2009 loss costs. The department proposes the larger decrease of 8.1 percent. This marks the fourth consecutive year the NCCI and department have recommended loss cost decreases.

"If insurers implement our recommended decrease, Missouri employers could see as much as \$80 million in reduced premiums in the coming year," said John M. Huff, director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP). "In today's challenging economy, it's important that state government be a strong and effective partner with Missouri businesses to keep costs down."

Huff says workers' comp insurance market is increasingly competitive in Missouri, with 25 new insurers entering the market since 2008. 256 companies are actively writing workers' comp policies in Missouri. Huff says competitive prices are largely due to continued improvements in workplace safety, resulting in fewer workers' compensation claims. The frequency of on-the-job injuries is down 60 percent over the past 15 years.

The NCCI's proposed change in loss costs by industry group is shown below:

NCCI 1/1/2010 advisory loss costs

Industry group	Largest Decrease	Largest increase	Average change
Manufacturing	-20%	+20%	0.0%
Goods & services	-20%	+20%	0.0%
Contracting	-25%	+15%	-5.4%
Office & clerical	-25%	+15%	-5.1%
Miscellaneous	-19%	+21%	+0.5%
Total	-25%	+21%	-1.9%

After a thorough review of the loss costs by the contracted actuarial firm, the department recommends that the voluntary loss costs be lower than the NCCI's advisory loss costs by an additional 6.2 percent- in the following areas:

Indemnity and medical trend	-1.3 %
Additional impact from SB 1 and 130	-3.4 %
Use of voluntary market data	0.1 %
Claim expense costs	-1.6 %
Total indicated change to NCCI's proposed 2010 loss costs	-6.2 %

Workers' compensation claims are regulated by the Division of Workers' Compensation in the Missouri Department of Labor and Industrial Relations, and rates are reviewed by the state Department of Insurance.

The DIFP's independent review of loss-cost data is available on the department's [Web site](#).

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