

To: TPAs

RE: Lump Sum Settlement Pilot Project

From: Jeff Redman

BWC's Canton and Cleveland Service Offices will be conducting an early Lump Sum Settlement (LSS) pilot project to more aggressively settle claims at an earlier point in the claim cycle; achieve final claims closure more quickly; and ultimately reduce workers' compensation system costs. The project will initially be performed from February 1, 2006 to March 31, 2006; the project is then planned to be expanded statewide throughout 2006.

This initiative will include sending injured workers who have returned to work within 30 days of their disability, a letter encouraging the injured workers to consider settlement. Other parties to the claim will be copied on the letter, as well. In addition, the settlement application will be included with the letter to the injured workers. Respective employers will also be sent an explanatory letter on LSS as a risk management strategy.

Some of the underlying benefits that employers and/or their injured workers will derive include: the reduction of overall base rate costs; reduced claim reserves for experience rated employers; increased employer eligibility for group rating; and a reduction of overall activity in the workers' compensation system for both injured workers and employers.

We appreciate your cooperation in this pilot project. If you have any questions pertaining to this initiative, please contact Fred Schnitzspahn, Manager, Canton Field Service Office at 330-471-0185. Thank you.