

For Immediate Release: Nov. 21, 2007

## **BWC Board of Directors Lowers Group-Rating Discount to 85 Percent**

### **Reduction is First Step in Restoring Fairness and Equity to Program**

COLUMBUS – The Ohio Bureau of Workers' Compensation (BWC) Board of Directors today voted to reduce the group-rating discount from 90 percent to 85 percent effective July 1, 2008. The reduction will create greater equity between the premiums paid by group-sponsored employers and non-group employers, and reduce Ohio's overall workers' compensation base rates. The board's unanimous decision came after a lengthy discussion on the importance of stabilizing many aspects of Ohio's workers' compensation system.

"The Board of Directors recognizes its role to ensure Ohio's workers' compensation system is fair and equitable to employers and injured workers," said Chairman Bill Lhota. "We know that there is a great deal of work to be done, and we are committed to examining each piece of the puzzle to accomplish a strong and stable system."

In addition to gradually reducing the maximum group-rating discount, the Board of Directors voted to require BWC to provide it with a plan to address rules relating to the composition of groups and the continuity of groups, to make their rate discounts more actuarially sound.

BWC must also provide information to the board on its plans to adopt the National Council on Compensation Insurance's nationally tested experience-rating system. BWC must present these materials to the Board of Directors on or before June 30, 2008. Additionally, BWC is in the process of transitioning to a new reserving system that will provide greater accuracy in rate making and improved transparency for customers.

"Reducing the group discount is one of several important reforms the BWC is undertaking to establish greater fairness and stability for our customers and improved economic success for Ohio," said BWC Administrator Marsha Ryan. "Today's decision to reduce the group discount is an important step forward in creating a system based on equity and stability. This reduction in Ohio's group discount is expected to close the gap on the subsidies paid by non group-rated employers by approximately \$50 million and will reduce Ohio's premium base rate by approximately 2.5 percent."

The BWC Board of Directors acted upon the recommendation of Administrator Ryan to reduce the maximum group discount from 90 percent to no less than 80 percent for the upcoming policy year. Last week, the board's actuary committee approved a recommendation to reduce the group discount from 90 percent to 87 percent. The board amended that recommendation to 85 percent following further discussion and analysis.

Ohio's group-rating program allows similar businesses to band together to potentially achieve lower premium rates than they could individually. An independent organization sponsors each group and administers group participation. Group-rated employers getting the maximum discount can expect to see increases, while non group employers will see rate relief in the February 2009 payment period.

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