

Businesses to Save \$100 Million From Lower Workers' Comp Rates
*Reforms Enacted in 90s, Better Case Management Resulting
In Continuing Reduction in Claims, Medical Costs*

By John Heher

Employers in Pennsylvania will see savings of \$100 million in the next 12 months from lower rates for Workers' Compensation insurance, the third year in four where loss experiences in reported by state businesses were reduced. It is a trend that likely will continue for years.

Just as important, renewing policies under the lower rate structure after April 1 should motivate business owners to take a hard look at their policies with their insurance agency and look for more ways to reduce premiums. We have seen examples of even lower premiums, including one customer who saw a 33 percent reduction.

"We are now seeing the impact of legislative reforms in the program that were instituted in 1993 and 1996 that led to realistic caps on claims, processes for better case management," said John Heher, President of Liberty Insurance.

"The saving from lower premiums in three of the last four years, gives business owners an opportunity to invest that money in ways that improve efficiency and fund growth."

Heher noted that lower premiums

Heher credits Act 44, passed in 1993, and Act 57, passed in 1996 for starting the process of reducing the loss experience by instituting caps on claims as well as aggressive claims management by insurance companies and employers.

Added to those initiatives is the Work Safe PA program that rewards companies who set up Certified Workplace Safety Committees with a five percent reduction in insurance rates.

With more and more businesses utilizing the safety program and lower insurance rates, the base is being established for fewer and fewer on-the-job on the job accidents.

"While the state average reduction in insurance premiums is 8.58 percent, industry segments vary and include:

- Manufacturing -7.95%
- Contracting -7.37%
- All others -7.69%

Despite the positive record of the past few years, "everyone's goal should be to double that amount in the coming years. Continued lower workers compensation rates will free up tens of millions of capital for more positive uses," Heher said.

“While workers compensation insurance provides a valuable service, continued vigilance in enforcing safety regulations, reducing claims and assuring that only valid claims are recognized will pay benefits to businesses and, ultimately, their employees.”

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