



Vote YES on Initiative 1082

Stop L&I Tax Increases and Save Our Jobs!

NEWS RELEASE

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More Evidence Competition Reduces Workers' Compensation Costs

West Virginia rates 44 percent lower since privatization

OLYMPIA—In another blow to the credibility of the No on I-1082 campaign, financed exclusively by trial lawyers and organized labor, an announcement today by the West Virginia Insurance Commissioner demonstrates that a competitive workers' compensation insurance market reduces costs for small business.

West Virginia, which in 2006 made the switch from a state-run workers' comp monopoly to a system that allows private insurers to compete in a regulated competitive market, has announced that employers' rates will decrease an average of 2.9 percent, effective November 1. That amounts to a \$12 million savings to West Virginia employers. This is on top of last year's 6 percent decrease, which translated into a \$30 million annual savings for employers in that state.

"The evidence keeps mounting that creating a regulated, competitive market for workers' comp and forcing the state to compete with private insurers will save Washington employers money and help injured workers get back on the job faster than a state-run monopoly does, just like it has in nearly every other state in the nation," said Patrick Connor, NFIB/Washington State Director, a key supporter of I-1082.

Since West Virginia privatized four years ago, rates have decreased an average of nearly 44 percent. That is a stark contrast to Washington State, where workers' compensation taxes have *increased* an average of nearly 54 percent over the past ten years, including a rate hike in 2010 that cost employers in Washington an additional \$117 million. And another increase is likely for 2011.

Meanwhile, the No on 1082 is trying to make political hay with the provision of 1082 that eliminates the employee-paid share of workers' compensation costs, arguing employers will pay more by picking up the workers' share of the tab.

(more)



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So what of the argument proposed by I-1082 opponents that the measure will increase costs for employers by eliminating the portion of workers' comp now paid by employees? West Virginia employers also pay the full freight of workers' comp—but the 68% drop in contested claims and significant reduction in administrative costs since privatization have reduced premiums and saved employers more than \$150 million. Similarly, Oregon's competitive system requires employers to pay the full cost of workers' comp coverage for their employees, and employers there have enjoyed decreases year after year.

In fact, Washington is the only state where employees pay a portion of the workers' compensation tax.

“It's a surprising about-face for the same union bosses who have long opposed employees paying anything into the workers' compensation system, and demanded L&I's tax hikes only apply to employers, to suddenly claim concern about small businesses' bottom line,” said Connor. “If the union bosses and trial lawyers were really concerned about saving small businesses money, helping us create jobs and getting injured workers the help they need to return to work, they'd be supporting 1082 instead of spinning fantastic tales of doom and gloom.”

“There is a reason why 46 other states have embraced regulated, competitive workers' comp markets, and why every major business organization, along with hundreds of small business owners, support I-1082,” said Connor. “Competition works, West Virginia is just the latest example to prove it.”

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The Save Our Jobs WA / Yes on I-1082 campaign is composed of the state's leading business organizations and supported by hundreds of small businesses across the state. For more information, visit www.SaveOurJobsWA.com.