

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

July 15, 2005

Release #05-038

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SCDCA REQUESTS WORKERS' COMPENSATION INSURANCE RATE HEARING

Columbia, SC -- Brandolyn Thomas Pinkston, Administrator of the South Carolina Department of Consumer Affairs, today announced that the Department has requested the South Carolina Department of Insurance to initiate a public hearing before the Administrative Law Court. The hearing request is in response to a filing by the National Council for Compensation Insurance (NCCI) for an increase in workers' compensation insurance rates. NCCI is not an insurance company itself, but it does collect and analyze data on insurance claims, which individual insurance companies use to set their own rates. The current filing concerns the so-called "loss costs" portion of workers' compensation rates. Individual insurance companies add to the loss costs their own expenses, such as profit provisions, commissions, office expenses, etc. Virtually all workers' compensation insurance companies in South Carolina base their rates on NCCI data. The current filing proposes to increase loss costs by a state-wide average of 32.9%, which would amount to at least \$130 million in additional annual premiums charged to South Carolina businesses for workers' compensation insurance premiums. That figure is before the individual insurers add their own expenses, which may be increasing as well.

According to the NCCI filing, the following minimum and maximum increases would apply by industry groups:

- Manufacturing: minimum increase +11%
maximum increase +61%
- Contracting: minimum decrease -1%
maximum increase +49%

(continued)

About the South Carolina Department of Consumer Affairs:

Established by the Consumer Protection code in 1974, The South Carolina Department of Consumer Affairs represents the interests of South Carolina Consumers.

Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement and education.

For more information, visit www.sccconsumer.gov.

- Office and clerical: minimum increase +21%
 maximum increase +71%
- Goods and services: minimum increase +5%
 maximum increase +55%
- Miscellaneous: minimum increase +14%
 maximum increase +64%

The Department of Consumer Affairs is extremely concerned about the impact of the filing on South Carolina businesses and economic development in the State. Consumer Advocate Elliott Elam stated that the Department has retained an expert to closely analyze the filing, and will be requesting additional material necessary to analyze the request. Last year, NCCI requested an average increase in loss costs of 17.6%, but as a result of negotiations with the Consumer Advocate, NCCI amended the filing to an average increase of 11.4%.

“It is hard to understand what could have happened in South Carolina workplaces in the past year that could justify the increase requested by NCCI in this filing,” Elam stated. Elam added that he expects the hearing will occur some time this Fall before the Administrative Law Court.

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