

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



Brandolyn Thomas Pinkston, Administrator

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FOR IMMEDIATE RELEASE

JUDGE ISSUES ORDER ON REQUEST FOR INSURANCE RATE INCREASE

Columbia, SC... ...Brandolyn Thomas Pinkston, Administrator of the South Carolina Department of Consumer Affairs, and Consumer Advocate Elliott Elam today announced that the Department is pleased with the order issued yesterday by Chief Administrative Law Judge Marvin Kittrell ruling on the filing by the National Council for Compensation Insurance (NCCI) for an increase in workers' compensation insurance rates. In that order, the court found that the loss cost component of workers' compensation insurance rates would be allowed to increase by 18.4%. NCCI had requested a 32.9% increase.

NCCI is not an insurance company itself, but it does collect and analyze data on insurance claims. NCCI uses that data to file rate cases on behalf of the insurance industry on the loss cost portion of rates. Individual insurance companies add to the loss costs their own expenses, such as profit provisions, commissions, office expenses, etc. to arrive at the premiums they charge customers. Virtually all workers' compensation insurance companies in South Carolina base their rates on NCCI data. The current filing proposed to increase loss costs by a state-wide average of 32.9%, which would have amount to at least \$181 million in additional annual premiums charged to South Carolina businesses for workers' compensation insurance premiums. The result of Monday's decision is that businesses that pay for workers' compensation insurance will save roughly \$80 million per year over the proposed rates.

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.sconsumer.gov.

When the rate request was filed by NCCI in July 2005, the Department immediately requested a hearing from the Administrative Law Court, citing concerns about the impact of the filing on South Carolina businesses and economic development in the State. “We are pleased with the Court’s order and believe that it found a reasonable balance between the parties’ positions in the case,” Elam stated. “Hopefully now we can begin to address some of the problems with the workers’ compensation system that the Court noted in the Order.”

For more information, contact the Public Information and Education Division at 803.734.4190, toll-free at 1.800.922.1594 or online at www.sccoconsumer.gov.

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