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## **OREGON WORKERS' COMPENSATION COSTS TO REMAIN STABLE IN 2003**

(Salem) Most Oregon employers can expect to pay about the same amount of money for workers' compensation insurance in 2003 as they paid this year. State officials today announced that the workers' compensation "pure" premium rate for next year will not change from the 2002 rate. Two state assessments that support workers' compensation and workplace safety programs will also remain unchanged.

- The workers' compensation "pure" premium rate is the average rate employers pay to their insurance company for workers' compensation coverage. It is the base premium, reflecting the actual cost of workplace injury and illness claims, before insurer administrative expenses and profit are added. The unchanged rate for 2003 follows twelve consecutive years of rate reductions in Oregon, from 1991 to 2002. The cumulative cut in workers' compensation insurance costs since 1990 totals 57.4 percent. Although the state sets the pure premium rate, premiums do not fund state programs or services. The unchanged pure premium rate for 2003 represents an average across all types of businesses. Rates for specific businesses and industry groups may be higher or lower depending on group and individual claims experience.
- The Workers' Benefit Fund assessment rate for 2003 will remain at 3.6 cents. This applies to each hour or partial hour worked by each paid employee covered by an employer's workers' compensation policy. This continues a rate decrease put into effect two years ago. Formerly known as the "cents-per-hour" assessment, the assessment supports certain direct benefits to injured workers. Employers pay at least one-half the assessment and deduct no more than one-half from their employees' wages. Most employers must then submit the complete amount to the state on a quarterly basis. Employers who fail to provide workers' compensation coverage required by law are still subject to the assessment, which is collected retroactively along with other penalties.
- State analysts have recommended that the workers' compensation premium assessment rate also remain unchanged at 8.0 percent for 2003. Employers pay the assessment based on the total premium charged to them by their insurer. The premium assessment is dedicated to the state's administration of the workers' compensation system, plus workplace safety and health programs. Insurers collect the assessment and then transfer it to the state. Self-insured employers will pay 8.2 percent. *The Department of Consumer & Business Services will hold a hearing to invite public comment on the recommendation on October 9 at 2 p.m. in conference room 260 of the Labor and Industries Building, 350 Winter Street NE in Salem.* The department's director will consider any comments submitted before making a final rate decision.

The combined effect of these rates is that, on average, employers' workers' compensation costs for the year will remain flat. Cumulative premium savings to employers since 1990, however, amount to approximately \$7.5 billion as a result of the prior twelve consecutive rate cuts.

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Oregon's national ranking in workers' compensation costs moved from sixth most expensive in the nation in 1986 to 34th by 2000. At the same time, maximum benefits for permanently disabled workers in Oregon have been increased to a compensation level close to the national median.

Workplace injury and illness rates in Oregon have declined by over 43 percent in the private sector and by 33 percent in the public sector since 1988. This includes all work-related injuries and illnesses recordable under OSHA standards, regardless of whether they later resulted in accepted claims for workers' compensation benefits. During the same period, the total number of employees subject to workers' compensation coverage has increased substantially.

The new rates – for pure premiums, the Workers' Benefit Fund assessment, and the premium assessment – will go into effect January 1, 2003. A notice describing the rates will be mailed before the end of October to employers who are required to carry workers' compensation insurance.

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