


IDAHO WORKERS' COMP RATE DECREASES

For the last year, insurance rates have been going up across the nation.

Insurance companies from home to auto have had to deal with vastly increased replacement costs as a result of inflation. There have also been several natural disasters like hurricanes and flooding that have increased the number of claims being made. Put those two things together and insurance companies are paying out on average \$1.02 for every dollar they bring in.




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While Idaho hasn't been affected as significantly as other states, you probably have still felt the impact on your house and auto insurance. In the auto insurance field, there have been back-to-back years of double-digit increases in average rates nationally.

The one insurance that has been decreasing consistently for years? Workers' compensation.

The National Council on Compensation Insurance (NCCI), the licensed rating, advisory, and statistical organization for workers' compensation, recommended in their Voluntary Rate Filing **a 6.7% reduction in workers' compensation rates in Idaho.** The Idaho Department of Insurance (DOI) has accepted that rate filing, which takes effect on January 1, 2025. While this is great news, it's not that unusual for workers' comp insurance in Idaho, where rates have decreased for 10 out of the past 11 years.



Idaho's workers' comp rates have decreased for 10 out of the past 11 years.

So how are workers' comp rates calculated and why do we have such great rates specifically in Idaho?

How Rate Changes Are Calculated

NCCI analyzes a number of factors, both nationwide and state specific to calculate a proposed rate filing each year for each state.

Nationally, NCCI reported that the workers' comp system is generally healthy and profitable, with workers' comp insurers paying out on average 86 cents for every dollar they bring in.

Reduced Claim Frequency

As employers focus on worker safety and bring more technological advancements into workplaces, the frequency of claims is trending down long-term. This is both great news for workers and employers, and signals to NCCI that rates should decrease.

Claim Severity

Another consideration is how much individual claims cost, which has been increasing at a slower rate than both medical and general inflation.

Economic Conditions

The labor market is settling after the chaos that unfolded during the pandemic and the resultant reshuffling of jobs. The Idaho market continues to be strong with projected nonfarm job growth still over 2.5%; this is significantly lower than the 4-6% seen in the most recent years.

And NCCI reports that while inflation has been elevated over the past few years, it hasn't resulted in higher workers' comp medical costs or benefit costs.

Idaho's Rate Decrease

While NCCI hasn't completed all rate filings yet, only 12 states have a bigger decrease than Idaho.

NCCI stated in their Voluntary Rate Filing that, *"The economic situation in Idaho has remained positive, with strong wage growth and steady unemployment rates remaining below the national average."* Idaho's current unemployment rate is 3.3%, below the national average of 3.7%.

NCCI also pointed to the *"trend of improving loss experience in Idaho, driven in part by a reduction in claim frequency."*

"40% of SIF's workers' compensation claims happen within the first year of employment. As hiring rates return to normal, we expect to see a continued decline in claim frequency helping to drive rates lower."

Katie Farrell,
Chief Actuary &
Policyholder Services
Director

While there are over 400 private insurance companies authorized to provide property and casualty insurance in Idaho, only 89 write workers' compensation and only 7 of those have more than \$10M in premium. SIF provides just under 50% of the workers' compensation in Idaho based on direct premiums written. The next largest insurance company has 8%. As a result, the work that SIF does to keep claims down has an outsized impact on the stability of workers' comp in Idaho.

SIF Makes a Difference: Safety and rethinking the claims process

Rick Ferguson, CEO of SIF, talked about a number of initiatives that SIF has taken recently which have a large impact on the areas NCCI reviews when determining rates.

Safety Services supports reduced claim frequency

SIF's Safety Services run no-cost OSHA 10-hour trainings for policyholders. Over 900 Idahoans have made the most of these services in the last 2 years. SIF also creates customized trainings and does walk throughs at work sites to help policyholders create safer practices for employees on the job and reduce the chances of accidents.

Successful claims management - better outcomes for all parties

SIF has heavily invested in catastrophic claim management. As a rural state, the most appropriate care in severe cases of worker injury is often not the closest available medical facility and may not even be in Idaho. SIF works with Paradigm on these catastrophic cases, to make sure workers have access to the best medical care from the start. Paradigm knows this type of care results in 32% lower lifetime medical costs in catastrophic cases and a nearly 6x higher return to gainful employment.

And while this is all great news for individual employers and workers, SIF uses best practices of ultimate reserving to assess claims as a whole which helps stabilize the market, a factor that impacts NCCI assessment of rates.

In addition to catastrophic incident support, SIF also has nurses on staff to support employers as they consider return to work policies and light duties. In a period where staff retention can be difficult, these supports can help employers keep valued workers as well as limit medical and wage costs.

“Safety training is so important in all sizes of industries, but particularly in construction. Our Safety Services team collaborates with employers and works hard to help keep Idaho workers safe. In turn, that keeps the frequency of claims down.”

Rick Ferguson,
CEO

Good news for employers: what you can do to keep your costs as low as possible

While the specific premiums offered to employers will differ based on claim history, industry, and other specific factors, SIF is delighted to work with policyholders to keep their workers as safe as possible and keep claims costs manageable.

Here are some tips SIF policyholders can take today to work toward reduced premiums:

- **Work with Safety Services.** We can look at your current data and processes and help you develop a plan to improve safety at your workplace, including training in key areas of exposure.
- **Report claims quickly.** The faster we respond to claims, the quicker we can get the best care for the injured worker and get them back to work, reducing overall costs.
- **Implement a Return-to-Work program.** Light duty for someone not quite ready for fulltime hours helps an employee feel engaged and motivated to heal and return full time.
- **Implement a Drug-Free Workplace policy.** Idaho offers a 5% discount for any policyholder with this policy, you can ask your Agent or Business Development Executive for this simple form.

We want to work with you to keep your premiums as low as possible.

When our policyholders as a whole have a better year, this feeds into the data NCCI will use for the next possible rate change in 2025.

If you aren't currently a SIF policyholder but are interested in learning more, contact your agent or our Customer Relations Team (CRT@idahosif.org).