

## **Demand Your New York State Senators, “Stop Blaming The Victims!”**

By clicking on the [Government Resources](#) page of our website, and then clicking on the [Congress.org](#) link, you have immediate access to all of your New York State representatives. As workers' compensation is a strictly a New York State issue, contacting federal or local representatives shall have absolutely no impact whatsoever. You need to direct your concerns immediately to your New York State Senator. Tell your New York State Senator you are tired of the insurance companies blaming injured workers for the ridiculous requests for premium increases made by insurance carriers while simultaneously requesting a reduction in the benefits of injured workers.

Earlier this year, insurance carriers requested a double-digit increase in workers' compensation insurance rates at an estimated cost of \$500 million to New York employers. Not surprisingly, the request sparked discussion about the “high cost of doing business” in New York and, in particular, about the role of workers' compensation insurance in these costs.

Thankfully, the New York State Department of Financial Services rejected the rate increase and actually cut employer costs. But, this was the third year in a row that insurers had requested a double-digit increase, and employers in the state began to question the carriers' rationale for the increases. As it turns out, insurers base their requests on projected future cost increases, but they are not required to verify any of these costs. They simply submit the supposed costs to the New York Compensation Insurance Review Board, an insurance industry group, which then submits the costs, unaudited, to the DFS.

As you can imagine, it is a remarkably sweet deal for insurance carriers, but one that has cost New York businesses an estimated \$1 billion over the past three years based on previous unjustified rate increases. There is a great irony here, because at the same time that insurance interests request unnecessary rate increases, they claim that workers' compensation is a “high cost” to New York employers because of claims by injured workers.

This is simply, and demonstrably, not true. Workers' compensation costs in New York have declined dramatically in the past two decades, and workers' compensation is a declining portion of employer costs. Trends in the law have reduced worker access to benefits and have reduced claim costs across the board.

According to the National Council on Compensation Insurance, in 2001 workers' compensation was 1.6 percent of all employer costs; by 2011 it had declined to 1.5 percent. Meanwhile, New York Compensation Insurance Rating Board data shows that workers' compensation costs for employers were cut in half between 1995 and 2008. Even after slight increases from 2009 to 2011 — in part prompted by a long-overdue increase in New York's lagging benefit rate — employer costs today are still a third lower than 18 years ago.

As the facts become clear, it is becoming increasingly difficult to avoid the conclusion that if anything is driving up the cost of doing business in New York, it is insurance company profits. Since insurer profits are a percentage of premiums, insurers have every incentive to keep rates high and claim that that benefits to injured workers are the cause for the problem.

Stronger supervision and regulation is needed. In fact, the only part of the successful 2007 workers' compensation reforms that has yet to be implemented is a provision to replace NYCIRB with a transparent, accountable entity to set workers' compensation insurance rates. This is the only way that we will achieve reliable data and accountability, protecting employers and injured workers alike.