



OFFICE OF THE GOVERNOR
PAT QUINN

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Contact

Press Line: (312) 814-3158

Grant Klinzman Grant.Klinzman@illinois.gov

Dave Blanchette Dave.Blanchette@illinois.gov

Governor Quinn Announces Historic Workers' Compensation Rate Reductions

*Savings from 2011 Reforms Expected to Save \$450 Million for
Businesses Across Illinois*

CHICAGO – Governor Pat Quinn today announced that the National Council on Compensation Insurance (NCCI) has filed a request for lower workers compensation rates, recommending a 5.5 percent drop in the advisory rate for 2015. This decrease will bring the total rate reduction since historic reforms championed by the Governor were enacted in 2011 to more than 18 percent, saving Illinois' employers more than \$450 million.

Today's announcement is part of Governor Quinn's agenda to strengthen Illinois' business climate, drive economic growth and ensure that all workers are treated fairly and receive the compensation they deserve.

"We've been getting the job done on workers' compensation reform and now that reform is generating hundreds of millions of dollars in dividends for Illinois businesses and workers," Governor Quinn said. "Illinois is making a comeback and historic reforms like these will keep it going strong, driving our economy forward and creating jobs in every corner of our state."

State officials at the Illinois Department of Insurance (DOI) estimate the latest proposed reduction in workers' compensation advisory and loss cost rates could result in overall reduction in premiums of up to \$143 million in 2015, with the total savings since the reforms were enacted of \$458 million. This estimate is based on the credit rating organization A.M. Best's calculations as they reviewed 2011 premiums. Individual rates for businesses may vary based on claims experience, payroll and other factors.

The NCCI advisory rates determine the premiums businesses pay for workers' compensation insurance. DOI actuaries must confirm the calculations submitted by NCCI, a process that typically takes about 60 days.

“We’re pleased that the NCCI has proposed a rate reduction in Illinois for the third straight year,” DOI Director Andrew Boron said. “The lower rate will deliver significant savings for Illinois employers. This rate review process will ensure the state has a responsible advisory rate that supports business growth and protects workers.”

Upon taking office in 2009, Governor Quinn made it a priority to reform workers’ compensation and to work with business owners and legislators on legislation to make it easier to do business in Illinois. He launched a working group on the issue, proposed legislation and worked with the General Assembly to enact historic reform that is allowing businesses to save hundreds of millions of dollars, driving economic growth throughout the state.

A steady and significant decline in the advisory rate for workers compensation insurance in Illinois shows that these reforms are working. The advisory rate dropped 3.8 percent in 2013, 4.5 percent in 2014 and will have dropped an additional 5.5 percent for 2015. The downward trend reflects actuaries’ observations that the reform of workers’ compensation in Illinois reduced costs.

“NCCI’s reduction of its advisory rates for Illinois workers’ compensation provides objective proof that demonstrates that workers compensation costs have been reduced in Illinois,” Illinois Workers’ Compensation Commission Chairman Michael Latz said. “Actuaries are very careful – and before they recommend that insurance companies reduce their rates – they must first have confirmed data showing reduced costs.”

With the implementation of the proposed rate reduction, the advisory rate level will have dropped 18.1 percent below the advisory rate level prior to the 2011 workers’ compensation reform legislation. This will be the fourth rate reduction in five years since the reforms were enacted. Individual companies may experience rate changes at different levels.

If DOI accepts the filing, to be effective Jan. 1, 2015, employers should contact their insurance agent prior to their 2015 renewal date to determine the impact on their premium.

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