

Oregon Workers' Compensation Premium Rate Ranking

Comparison by state January 1, 2004

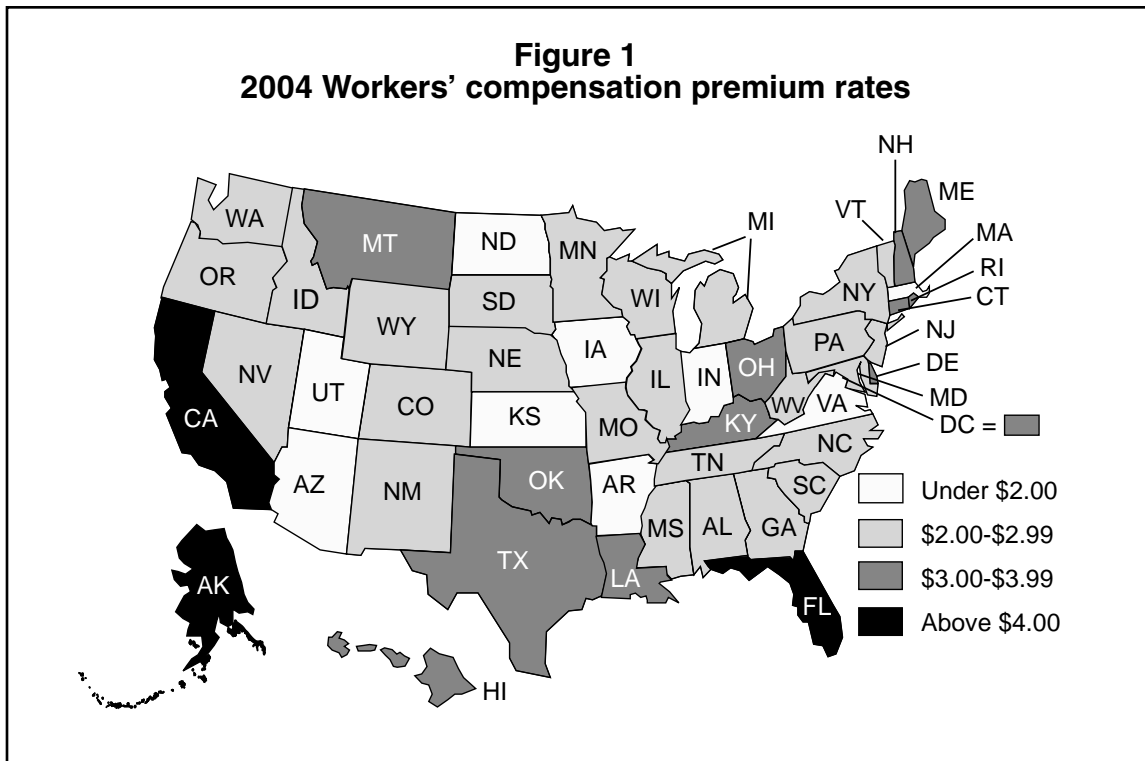
Introduction

The comparison of workers' compensation rates by state can be used as a factor in plant relocation, as an indicator of possible differences in benefit levels, and to track changes in workers' compensation premium rates among states over time. The Research & Analysis Section of the Oregon Department of Consumer & Business Services has used the same methodology (with minor enhancements) to examine rates on a biennial basis since 1986. This study updates the one done in 2002.

Findings

Oregon employers in the voluntary market pay, on average, the forty-second highest workers' compensation premium rates

in the nation. In this analysis, premium rates include assessments to cover workers' compensation regulatory costs. Due primarily to workers' compensation reforms enacted in 1987, 1990, and 1995 and to workplace safety initiatives, Oregon has experienced dramatic premium rate decreases over the course of this study's history. Rates were cut by double digits each year from 1991-1993, and again in 1997 and 1998. Overall pure premium rates have not been increased in Oregon for 14 years, as additional cuts were made each year from 1994-1996 and 1999-2002. Collectively, these cuts have contributed to Oregon reducing its premium rate ranking from eighth to forty-second highest in the nation between 1990 and 2004.



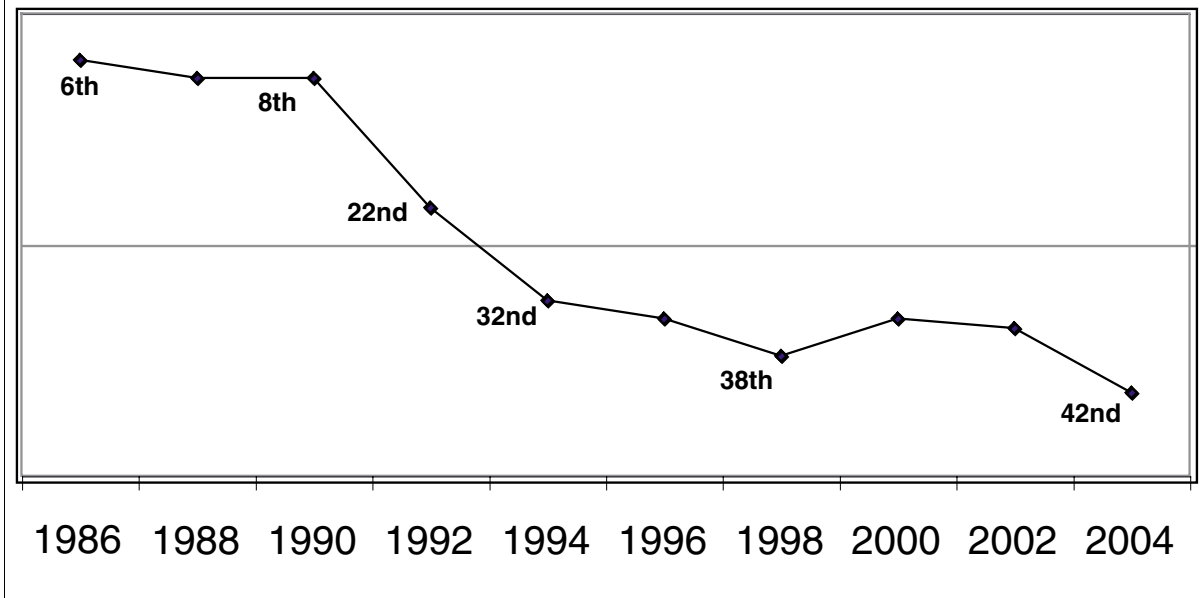
**Table 1
Workers' Compensation Premium Rate Ranking**

| 2004 ranking | 2002 ranking | State | Index rate | Percent of study median | Effective date |
|---------------------|---------------------|----------------------|-------------------|--------------------------------|-----------------------------------|
| 1 | 1 | California | 6.08 | 236% | January 1, 2004 |
| 2 | 15 | Alaska | 4.39 | 170% | January 1, 2004 |
| 3 | 2 | Florida | 4.20 | 163% | October 1, 2003 |
| 4 | 3 | Hawaii | 3.73 | 144% | January 1, 2004 |
| 5 | 14 | Ohio | 3.59 | 139% | July 1, 2003 |
| 6 | 16 | Kentucky | 3.48 | 135% | September 1, 2003 |
| 7 | 4 | Delaware | 3.44 | 133% | December 1, 2003 |
| 8 | 10 | Montana | 3.41 | 132% | July 1, 2003 |
| 9 | 7 | Louisiana | 3.37 | 131% | January 1, 2004 |
| 10 | 17 | District of Columbia | 3.26 | 126% | November 1, 2003 |
| 11 | 13 | Connecticut | 3.23 | 125% | January 1, 2004 |
| 12 | 18 | New Hampshire | 3.19 | 124% | January 1, 2004 |
| 13 | 8 | Maine | 3.08 | 119% | January 1, 2004 |
| 14 | 5 | Texas | 3.08 | 119% | January 1, 2003 |
| 15 | 19 | Oklahoma | 3.07 | 119% | 2/1/02 State Fund, 1/1/04 Private |
| 16 | 6 | Rhode Island | 3.01 | 117% | November 1, 1998 |
| 17 | 25 | Vermont | 2.99 | 116% | April 1, 2003 |
| 18 | 9 | New York | 2.97 | 115% | December 1, 2003 |
| 19 | 12 | Alabama | 2.88 | 112% | March 1, 2004 |
| 20 | 23 | Pennsylvania | 2.82 | 109% | April 1, 2003 |
| 21 | 22 | Minnesota | 2.74 | 106% | January 1, 2004 |
| 22 | 26 | Missouri | 2.67 | 103% | January 1, 2004 |
| 23 | 20 | Illinois | 2.65 | 103% | January 1, 2004 |
| 24 | 24 | West Virginia | 2.64 | 102% | July 1, 2003 |
| 25 | 29 | Tennessee | 2.62 | 102% | March 1, 2003 |
| 26 | 11 | Nevada | 2.58 | 100% | January 1, 2004 |
| 27 | 36 | New Mexico | 2.56 | 99% | January 1, 2004 |
| 28 | 38 | Wyoming | 2.43 | 94% | January 1, 2004 |
| 29 | 31 | New Jersey | 2.38 | 92% | January 1, 2004 |
| 30 | 30 | Michigan | 2.34 | 91% | January 1, 2004 |
| 31 | 21 | Colorado | 2.33 | 90% | January 1, 2004 |
| 32 | 34 | North Carolina | 2.32 | 90% | August 29, 2003 |
| 33 | 32 | Wisconsin | 2.27 | 88% | October 1, 2003 |
| 34 | 27 | Idaho | 2.25 | 87% | January 1, 2004 |
| 35 | 45 | Washington | 2.20 | 85% | January 1, 2004 |
| 36 | 33 | Mississippi | 2.19 | 85% | March 1, 2003 |
| 37 | 28 | Georgia | 2.14 | 83% | November 1, 2001 |
| 38 | 39 | Nebraska | 2.10 | 82% | February 1, 2003 |
| 39 | 42 | South Carolina | 2.08 | 81% | January 1, 2004 |
| 40 | 40 | Maryland | 2.06 | 80% | January 1, 2004 |
| 41 | 48 | South Dakota | 2.05 | 80% | July 1, 2003 |
| 42 | 35 | OREGON | 2.05 | 79% | January 1, 2004 |
| 43 | 43 | Iowa | 1.91 | 74% | January 1, 2004 |
| 44 | 41 | Kansas | 1.81 | 70% | January 1, 2004 |
| 45 | 37 | Massachusetts | 1.70 | 66% | September 1, 2003 |
| 46 | 44 | Utah | 1.63 | 63% | December 1, 2003 |
| 47 | 49 | Virginia | 1.57 | 61% | April 1, 2003 |
| 48 | 47 | Arkansas | 1.57 | 61% | July 1, 2001 |
| 49 | 46 | Arizona | 1.49 | 58% | October 1, 2003 |
| 50 | 50 | Indiana | 1.24 | 48% | January 1, 2004 |
| 51 | 51 | North Dakota | 1.06 | 41% | July 1, 2003 |

Note: Although some states may appear to have the same index rate, the ranking and percent of median calculations were based on indices prior to rounding to two decimal places.

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (5/2005)

Figure 2
Oregon's Rate Ranking Among 51 Jurisdictions, 1986-2004



Oregon has moved down seven positions in the ranking, from 35th in 2002 (see Table 1).

Premium rate indices (per \$100 of payroll) range from \$1.06 in North Dakota to \$6.08 in California. Oregon's index is \$2.05. Three

jurisdictions have an index rating above \$4; 13 are in the \$3.00-\$3.99 range; 26 are in the \$2.00-\$2.99 range; and nine have indices under \$2.00. Indices are based on data from 51 jurisdictions, for rates in effect as of January 1, 2004.

Table 2
Oregon's ranking in the top 10 of 50 occupational classes

| Occupation | Oregon payroll (policy years 1998-2000) | Oregon ranking |
|--|--|-----------------------|
| Clerical Office Employees NOC | 25,011,281,427 | 46 |
| Salespersons - Outside | 7,056,699,870 | 47 |
| College: Professional Employees and Clerical | 6,723,435,171 | 44 |
| Physician and Clerical | 3,281,630,866 | 31 |
| Restaurant NOC* and Drivers | 2,948,848,008 | 37 |
| Store: Retail, NOC | 1,763,045,779 | 43 |
| Hospital: Professional Employees | 1,602,947,529 | 29 |
| Trucking: Local & Long Haul - all employees and drivers* | 1,292,992,978 | 25 |
| Television/Radio/Telephone/Telecommunication Device | 870,048,886 | 45 |
| Electrical Wiring - Within buildings & Drivers | 827,312,263 | 47 |

Note: To more closely approximate the typical state's coding methodology, State special code 9079 (Restaurant NOC & Drivers) was split into four codes for the survey: 9058 (Hotel: Restaurant Employees), 9082 (Restaurant NOC), 9083 (Restaurant: Fast Food), and 9084 (Bar, Discotheque, Lounge, Night Club or Tavern). State special code 7219 (Trucking: Local & Long haul - all employees & drivers) was split into two codes for the survey, 7228 (Trucking: Local hauling - all employees & drivers) and 7229 (Trucking: Long distance hauling - all employees & drivers).

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (5/2005)

Oregon's ranking in the 50 occupational classes used in this study ranged from 13th highest for class 5445, "Wallboard Installation" and class 5645, "Carpentry – Detached Dwellings" to 49th for class 0005, "Farm: Nursery." Table 2 illustrates Oregon's ranking in the 10 largest (by payroll) of the 50 classes used in this study.

Methodology

The National Council on Compensation Insurance (NCCI) classification codes were used in this study. (Codes of those states that do not use the NCCI classification system were converted by having the state select analogous classes.) Of the approximately 450 active classes in Oregon, 50 were selected based on relative importance as measured by share of losses in Oregon. These 50 represent 68.4 percent of 1998-2000 Oregon payroll, and 60.9 percent of 1998-2000 Oregon losses, as reported by NCCI on a policy year basis. Appendix 1 lists occupational classes, payroll, and loss information used in this study.

For comparison of average manual rates among states, it was necessary to derive manual rates for those states that only had pure premium, or advisory loss cost rates available. Pure premium is the amount of premium necessary to pay for workers' compensation claims, excluding all loss adjustment or claim management expenses, other operating expenses, assessments, taxes, and profit allowance. The ratemaking organization for each state develops pure premium rates for each occupational class on the basis of aggregate loss information submitted by workers' compensation carriers. NCCI is the ratemaking organization for 33 states and the District of Columbia and provides advisory ratemaking services to the local rating organization in several other states (see Table 3).

Expense loading factors, or loss cost multipliers, are the factors by which pure premium rates are multiplied to account for the insurer's expenses, taxes, and profit. A loss cost multiplier or expense load factor was used to modify each competitive state's rates unless they provided manual rates. For Oregon, the average expense loading factor of 28.7 percent was computed based on the loading factors in effect during 2004, for each of the top 30 private insurers and the State Accident Insurance Fund (SAIF Corp.), weighted by 2003 direct earned premiums. This average is 8.7 percent higher than the same figure for Oregon in 2002. See Table 4 for load factors by state. Many states witnessed substantial increases in expense loading factors over the two-year period. Ten jurisdictions reported load factor increases up to 10 percent, eleven reported increases between 10 and 20 percent, and nine reported increases of more than 20 percent.

In states with competitive rating laws, each carrier determines its own loading factor (subject to insurance commissioner's approval, in Oregon). Pure premium increased by the expense loading factor represents an equivalent manual rate per \$100 of earnings for each employee. However, the insurance premium paid by an employer is not just a direct product of manual rate times payroll. Other factors, such as discounts for quantity purchases, experience modification factors, premium reductions on policies carrying deductible features, retrospective rating plans, and dividends, affect the rate an employer pays. Because of the additional time and resources required to quantify such factors, they are not accounted for in this study.

States differ substantially in the way in which they set and apply their manual rates. **Monopolistic states** have a state-operated workers' compensation system and set their own manual rates. States with an

**Table 3
States by Workers' Compensation Rating Organization**

| NCCI rating/advisory organization | | Independent rating bureau | Monopolistic state funds |
|-----------------------------------|-----------------------------|-----------------------------|--------------------------|
| Alabama ¹ | Maryland ¹ | California ¹ | North Dakota |
| Alaska ¹ | Mississippi ¹ | Delaware ¹ | Ohio |
| Arizona | Missouri ¹ | Indiana ¹ | Washington |
| Arkansas ¹ | Montana ¹ | Massachusetts | West Virginia |
| Colorado ¹ | Nebraska ¹ | Michigan ¹ | Wyoming |
| Connecticut ¹ | Nevada | Minnesota ¹ | |
| District of Columbia ¹ | New Hampshire ¹ | New Jersey | |
| Florida | New Mexico ¹ | New York | |
| Georgia ¹ | Oklahoma ¹ | North Carolina ¹ | |
| Hawaii ¹ | OREGON ¹ | Pennsylvania ¹ | |
| Idaho | Rhode Island ¹ | Texas ¹ | |
| Illinois ¹ | South Carolina ¹ | Wisconsin | |
| Iowa | South Dakota ¹ | | |
| Kansas ¹ | Tennessee ¹ | | |
| Kentucky ¹ | Utah ¹ | | |
| Louisiana ¹ | Vermont ¹ | | |
| Maine ¹ | Virginia ¹ | | |

Source: NCCI Annual Statistical Bulletin, 2004 Edition

¹ States with Competitive Rating Laws and effective dates: Arkansas (6/17/81), Oregon (7/1/82), Kentucky (7/15/82), Illinois (8/18/82), Rhode Island (9/1/82), Michigan (1/1/83), Georgia (1/1/84), Minnesota (1/1/84), Vermont (7/1/84), New Mexico (10/1/87), Maryland (1/1/88), Louisiana (9/1/88), Indiana (9/1/89), Connecticut (10/1/89), Hawaii (6/25/90), South Carolina (7/1/90), District of Columbia (1/1/91), Colorado (3/1/91), Alabama (11/1/91), Texas (3/1/92), Utah (5/20/92), Maine (1/1/93), South Dakota (7/1/93), Nebraska (9/1/93), Pennsylvania (12/1/93), Kansas (1/1/94), Missouri (1/1/94), New Hampshire (1/1/94), Oklahoma (1/1/94), Virginia (1/1/94), Delaware (8/1/94), California (1/1/95), North Carolina (7/28/95), Montana (10/1/95), Mississippi (1/1/96), Tennessee (1/1/97), Alaska (1/1/98)

independent rating bureau fall into two categories, those that use NCCI to prepare their manual rates and those that use their own rating bureau, independent of NCCI.

Competitive states are those that allow insurers to compete for business by setting their own expense loading factors, which are applied to pure premium rates to produce manual rates. (See Table 3 for states by workers' compensation rating organization.)

Premium rates for the 50 selected classes were obtained directly from the states via letter, fax, or telephone call, or from the NCCI *All States Basic Manual for Workers' Compensation and Employers' Liability Insurance*. Rates for each state were weighted by 1998-2000 Oregon payroll to obtain an average manual rate for that state. If a state did not have rates for all 50 classes, its average rate was adjusted

by the ratio of Oregon's average rate for the 50 classes to Oregon's average rate for the limited classification set.

Twenty states have contracting classes premium adjustment programs: Alaska, Connecticut, Delaware, Florida, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Virginia, and Wisconsin.

To compensate for these programs, each state's contracting classes were divided by a state-specific average-discount offset (offset information was provided by NCCI for most states).

To compensate for any impact the residual market may have on the voluntary market, a residual market adjustment was applied to all states. This adjustment was calculated

by subtracting the state's voluntary-market expense load factor from the countrywide residual market load factor. If a state did not employ an expense load factor, the study's median expense load factor was used. This number was multiplied by the state's residual market share and subtracted from one to derive the residual market adjustment. If the state's residual market share was not available, an estimate of countrywide residual market share (provided by NCCI) was used. This residual market adjustment was multiplied by the state's index rate to calculate the final index rate. (See Appendix 2 for a comparison of assigned risk by state.)

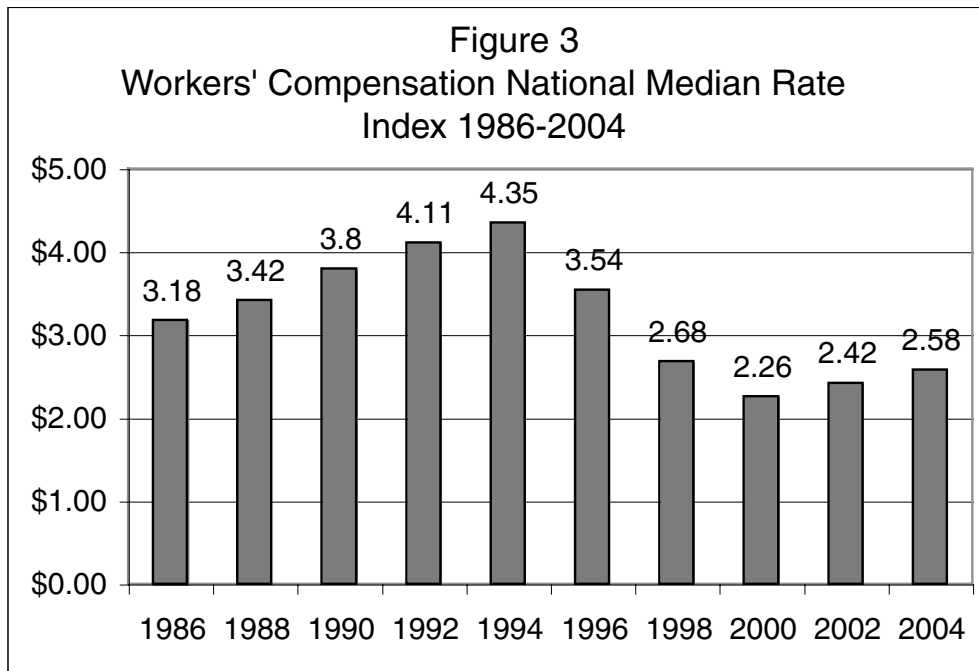
Time series

The 2004 study marks the tenth biennial study using the same basic methodology, which provides a data series useful for describing rate trends. Figure 2 shows Oregon's rate rankings over the history of these studies. However, the study methodology does impose some limitations on its use as a time series. The set of surveyed

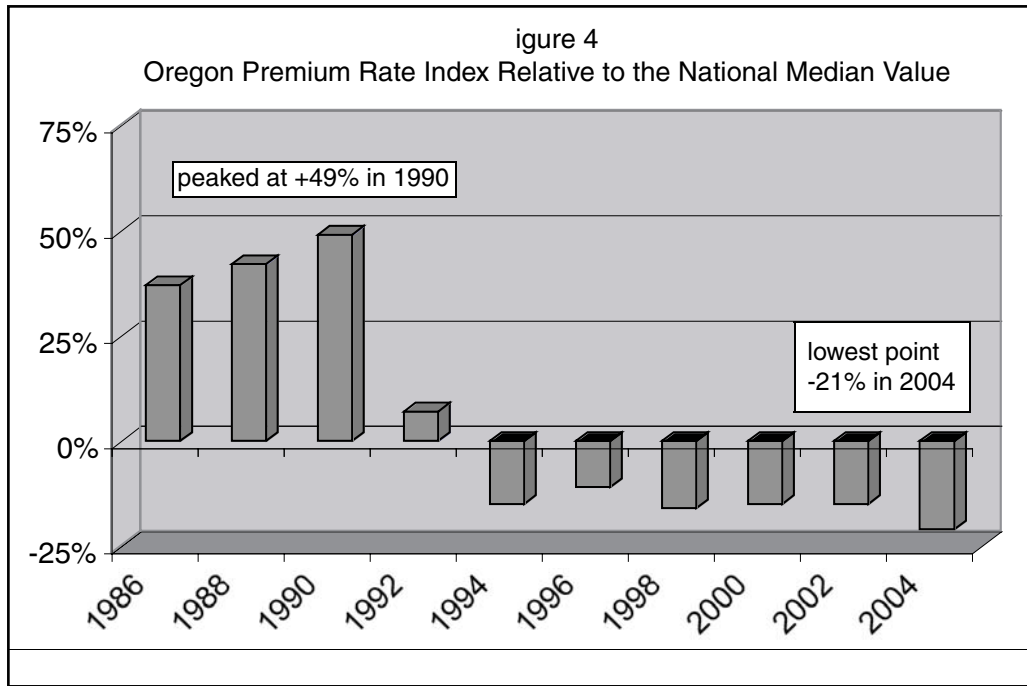
classes and associated payroll weights both change over time; thus, index values are not strictly comparable across studies. Changes in a state's index values from one study to the next are less meaningful than changes in its placement relative to other states. To overcome this problem, we used the median rate index for each study as a benchmark, creating a data series of states' rates as a percentage of the median rate index for each study, shown in Table 1. Use of the median also curtails the influence of outliers at the ends of the scale.

As can be seen from Figure 3, national median rates began to drop in the mid 1990s, and reached their lowest point in 2000, before rising in 2002 and 2004. This trend has also been observed in other national data series on workers' compensation costs, such as those published by the U.S. Bureau of Labor Statistics¹ and the National Academy of Social Insurance².

Oregon's rates with respect to the median are shown in Figure 4. This measure shows



1. BLS Employer Costs for Employee Compensation (ECEC) <http://www.bls.gov/ncs/ect/#data>
 2. National Academy of Social Insurance Workers' Compensation: Benefits, Coverage, and Costs, 2002 , http://www.nasi.org/usr_doc/Workers_Comp_2002.pdf



a somewhat different trend than the rate ranking, particularly during the early years of the study. While Oregon's ranking dropped from sixth in the initial study to eighth in 1988 and 1990, the index was increasing as a percentage of the median, peaking at 49 percent above the median in 1990. Oregon's post-1990 rate reductions occurred when rates were increasing nationally, and the drop in the following two studies was dramatic. By 1994, Oregon's rate index had declined to about 15 percent below the median. This relationship was fairly stable until 2004, when Oregon's index rate dropped further, to 21 percent below the median.

Additional historical comparison

As Appendix 3 illustrates, there have been many changes in workers' compensation premium rates among the various states throughout the past five years. Over half of the states that report premium level changes to the NCCI had a net rate increase over the five-year period from 2000 to 2004. Roughly two-thirds of the states have experienced rate increases since our 2002 study. Table 5 compares premium rate changes in Oregon

with premium rate changes nationwide, excluding states with monopolistic state funds, for years 1994 through 2004.

Notes about using the rankings

Users of this premium rate ranking study should be aware of some of the issues in comparing premium rates among states. There are many factors that cannot be separately measured in each state, but that contribute to overall rate level and individual class rates. All of these factors vary from state to state, and it is very difficult to arrive at a totally reliable basis for comparison. Some issues that the users of this report should consider:

1. Because not all premium classes were included in the study, the actual average premium rate for a state may differ from the weighted premium rate index, which is based on Oregon's economy.
2. If different classes had been selected or payroll from a state other than Oregon had been used to weight the rates by class, the results might be substantially different.

**Table 4
Load Factors Used for Competitive States**

| State | 2002 Load Factor | 2004 Load Factor | % change 2002 to 2004 |
|--------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| Alabama | 10.7% | 38.2% | 24.8% |
| Alaska | 39.6% | 62.7% | 16.5% |
| Arizona | 26.0% | Fully developed rates used | NA |
| Arkansas | 17.3% | 52.5% | 30.0% |
| California | 17.0% | 32.0% | 12.8% |
| Colorado | 17.0% | 22.8% | 5.0% |
| Connecticut | 25.0% | 54.3% | 23.4% |
| Delaware | 35.0% | 50.2% | 11.3% |
| District of Columbia | 45.0% | 70.9% | 17.9% |
| Georgia | 35.0% | 35.0% | 0.0% |
| Hawaii | 52.0% | 65.3% | 8.8% |
| Illinois | NCCI advisory rates used | NCCI advisory rates used | NA |
| Indiana | Fully developed rates used | Fully developed rates used | NA |
| Kansas | 36.0% | 44.9% | 6.5% |
| Kentucky | 51.3% | 57.0% | 3.8% |
| Louisiana | 32.5% | 61.2% | 21.7% |
| Maine | 35.7% | 41.1% | 4.0% |
| Maryland | 25.0% | 69.4% | 35.5% |
| Michigan | Average manual rates used | Average manual rates used | NA |
| Minnesota | 75.6% | 87.6% | 6.8% |
| Mississippi ¹ | 23.0% | 37.6% | 11.9% |
| Missouri ² | Avg. manual rate for top insurers | Avg. manual rate for top insurers | NA |
| Montana | Average manual rates used | Average manual rates used | NA |
| Nebraska | 29.2% | 39.3% | 7.8% |
| New Hampshire | 20.0% | 37.2% | 14.3% |
| New Mexico | 63.4% | 84.1% | 12.7% |
| North Carolina | 21.8% | 40.1% | 15.0% |
| Oklahoma | 31.8% | 55.5% | 18.0% |
| Oregon | 18.4% | 28.7% | 8.7% |
| Pennsylvania | 21.6% | 46.9% | 20.8% |
| Rhode Island | 60.5% | 57.7% | 1.7% |
| South Carolina | 54.0% | 67.0% | 8.4% |
| South Dakota | 24.5% | 65.0% | 32.5% |
| Tennessee | 19.0% | 46.0% | 22.7% |
| Texas | Average manual rates used | Average manual rates used | NA |
| Utah | 23.4% | 41.8% | 4.9% |
| Vermont | 25.0% | 52.6% | 22.1% |
| Virginia | 29.8% | 49.9% | 15.5% |

¹ Mississippi insurers can choose to use loss costs rates from each of the past six years modified by a loss cost multiplier. The multipliers shown here are the premium weighted average applied to the sets of loss costs.

² The Missouri Insurance Dept. maintains a Web site that gives the average manual rate for any valid class code entered.

Source: Research & Analysis Section, Information Management Division, Oregon Department of Consumer & Business Services (5/2005)

Table 5
Effect of approved rate changes on premium level in Oregon and countrywide

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------------------------------|-------|-------|-------|--------|--------|-------|-------|-------|-------|------|------|
| Oregon | -4.3% | -3.2% | -1.8% | -10.5% | -15.6% | -4.8% | -2.2% | -3.7% | -0.1% | 0.0% | 0.0% |
| Avg countrywide ¹ | -6.4% | -3.2% | -6.0% | -8.0% | -5.4% | -2.6% | 3.5% | 1.2% | 4.9% | 6.6% | NA |

Source: NCCI Annual Statistical Bulletin, 2004 Edition

Note: Oregon 2002 change reflects net effect of 9/1/01 increase of 2.1% and 1/1/2002 decrease of 2.2%.

1. The average countrywide values have been recalculated by NCCI to reflect additional states.

3. Several states use classification systems other than NCCI, and the conversion is not perfect. Rates for similar classes were used wherever possible.
4. Many states have unique classes within the NCCI system or do not have rates for all of the classes. The data were adjusted to account for the classes without rates. When a state had more than one class included in a single NCCI class, the rates were averaged.
5. The premium rate listed for a class in any state may not be the rate that an employer in that state would pay. Premium rates for an employer are adjusted based on the employer's experience rating, premium discounts, premium reductions associated with deductibles, retrospective rating, insurer deviations, schedule rating plans, and other modification plans.
6. In the competitive rating states, individual insurers may apply different load factors to the pure premium rate. This results in a range of premium rates which are available to an employer.
7. The premium rates do not reflect any dividends paid to employers.
8. This study is based on payroll rates.
 - For Washington, hourly rates had to be converted to payroll rates. The Washington payroll data included overtime pay that may overstate the average wage for purposes of premium computation, thus understating the effective average payroll rate.
9. The payroll basis may differ by state.
 - In North Dakota, workers' compensation premium is based on the first \$18,500 of payroll per employee, per year. Anything over \$18,500 is exempt. In order to permit a comparison of North Dakota's index rate with those of other states lacking a payroll limitation, North Dakota's rates were adjusted according to the proportion of its payroll in each classification that was subject to a premium computation during fiscal year 2003.
 - Nevada also has a payroll cap: \$36,000 of reportable payroll per employee, per employer, per year. However, no adjustment was made to Nevada's rates to compensate for its payroll limitation on workers' compensation premium.
 - Payroll base exclusions (e.g., exclusion of vacation pay) exist in Oregon and South Dakota. Manual rates in these states have been reduced to reflect NCCI's estimate of the effect of these payroll exclusions on premium rates. Additionally, some states assess overtime at the full overtime wage, but most states use the normal hourly wage as the payroll basis for overtime hours. This study does not account for these differences in treatment of overtime.

10. The premium rates may include more than loss experience and insurer overhead. In some states, assessments are included in the rates, to fund state workers' compensation agencies or special funds. For states in which some employer assessment liability exists outside workers' compensation manual rates, assessments are factored into the rates for the purposes of this study, if possible. For example, the Oregon Workers' Compensation Division premium assessment is billed separately to Oregon employers, and is collected by carriers on behalf of the Department of Consumer & Business Services. This assessment is accounted for in Oregon's rate index, but its Workers' Benefit Fund (cents-per-hour assessment) is not. Assessments were also factored into the rates for the following states: California, Connecticut, Georgia, Kentucky, Maine, Massachusetts, Minnesota, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, and Vermont.
11. The data exclude self-insurers' experience.
12. The rates in a state are influenced by the types of employers and employees subject to the law, benefit levels, statutes of limitation, waiting periods, administration of the law, collective bargaining agreements, attorney activity, characteristics of the labor force, wage levels, medical fees, frequency of claims, loss control programs, and other factors.
13. States with state funds may operate in one of three ways. In North Dakota and Wyoming, workers' compensation is handled exclusively through a monopoly state fund. Ohio, Washington, and West Virginia allow workers' compensation insurance to be provided either by the state fund or through self-insurance. Competitive state fund states allow employers to choose between private insurers, the state fund, or self-insurance. In some competitive state fund states (Arizona, California, Colorado, Hawaii, Idaho, Minnesota, Missouri, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Texas, and Utah), the funds use the same rates or loss costs used by other insurers. Kentucky, Louisiana, Maine, Maryland, Montana, Oklahoma, and South Carolina allow their state funds to set their own rates separate from those used by the private insurers in the state. Kentucky, Louisiana, Montana, and Oklahoma provided rates and market share information so that the private market and state fund rates could be weighted to derive manual rates. No state fund adjustment was performed for the remaining three states.
14. Data used for calculating the rate index for California, Delaware, Indiana, Massachusetts, Michigan, Minnesota, New Jersey, New York, Pennsylvania, and Wisconsin were gathered from independent rating bureaus and similar contacts rather than state officials.

Appendices

Note: To more closely approximate the typical state's coding methodology, State special code 9079 (Restaurant NOC & Drivers) was split into four codes for the survey: 9058 (Hotel: Restaurant Employees), 9082 (Restaurant NOC), 9083 (Restaurant: Fast Food), and 9084 (Bar, Discotheque, Lounge, Night Club or Tavern). State special code 7219 (Trucking: Local & Long haul - all employees & drivers) was split into two codes for the survey, 7228 (Trucking: Local hauling - all employees & drivers) and 7229 (Trucking: Long distance hauling - all employees & drivers).

Source: Research and Analysis Section, Oregon Department of Consumer and Business Services (5/2005)

