



Connecticut AFL-CIO

FACT SHEET #3

For Further Information: (860) 571.6191

John Olsen, President Ext. 223

Lori Pelletier, Secretary-Treasurer Ext. 231

Tom Carusello, COPE Director Ext. 232

H.B. 5690 AAC Workers' Compensation Non-Profit Mutual Fund

Connecticut's workers were done a grave injustice during the so-called reforms in 1993. Now with more than 10 years of experience, the results are that worker compensation protections are woefully inadequate, employer premiums continue to escalate and insurance company profits on workers' compensation policies are continually rising.

In 1993 BIG business and insurance industries promised lower costs for all employers in return for dramatic benefit cuts to injured workers. These promises have fallen horribly short. Many small business owners have faced double and even triple digit rate increases every year since.

Since these devastating cuts to injured workers, insurers have realized huge profit margins on Workers' Compensation insurance coverage. **In 2003 many insurers experienced over 30% profit margins** while small employers, injured workers, local and state governments fell victim to the empty promises of reduced costs.

When Connecticut legislators chose to cut worker benefits in 1993 other states took a different approach to trimming

workers' compensation costs. **Rhode Island created a non-profit mutual insurance fund which in 1993** offered coverage to all employers at rates similar to "for profit" insurers of \$3.93/ \$100 of payroll. Today these rates are at \$1.71/ \$100 of payroll. **In 2005, the Rhode Island System returned \$20M to the business community and lowered rates by 28%.**

By rolling the profits made on the insurance coverage back into the fund we will be **reducing costs** for small business owners, large corporations and local and state governments. At the same time, we will be **protecting benefits** for injured workers. Additionally, we can continue to maintain our current system of Commissioners while creating a win-win for all parties.

Bringing this legislation forward will expose the fraudulent behavior of those who promise reduce costs but deliver just the opposite. Its no picnic getting hurt on the job, and unscrupulous insurers must be stopped from getting rich off the back of the injured worker, small employers and government agencies.

Special points of interest:

- In 2005, the Rhode Island System returned \$20M to the business community and lowered rates by 28%.
- In 2003 many insurers experienced over 30% profit margins.
- This bill is a win-win for all. Costs will be reduced for small businesses, large corporations and government all while protecting injured worker benefits.