



DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

News Release

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**WORKERS' COMPENSATION PREMIUMS DROP TO LOWEST LEVEL SINCE
2003 AS HAWAII MOVES FROM 3RD HIGHEST IN THE NATION TO 15TH**

Lower Premiums at Hawaii's Largest Workers' Compensation Carrier
Reflect Positive Changes at Department of Labor and Industrial Relations

HONOLULU - The Department of Labor and Industrial Relations (DLIR) announced today that Hawaii has dropped from third highest in the nation in the cost of workers' compensation premiums to fifteenth. Additionally, workers' compensation premiums have dropped to their lowest prices since 2003 for employers insured through Hawaii Employer Mutual Insurance Company (HEMIC), the state's largest workers' compensation carrier.

In a ranking compiled by the State of Oregon's Department of Consumer & Business Services on how the nation's 50 states compare in terms of employer spending on workers' compensation premiums, Hawaii dropped from third highest in 2002 to 15th highest in 2006.

This trend correlates with data provided by HEMIC at its annual governance meeting. In 2003, Hawaii businesses insured by HEMIC on average paid \$5.36 for every \$100 dollars of payroll for workers' compensation. In 2006, on average those businesses are now paying \$4.49 for every \$100 of payroll.

"This trend is a direct result of the decrease in injuries filed and the internal changes initiated by the Department of Labor and Industrial Relations," said Bob Dove, HEMIC president and CEO. "Many of those initiatives we have experienced are an improved administrative process, a level playing field when dealing with employees and employers, unbiased decision-making, and prompt hearings and resolution of claims that are heard at DLIR."

Since 2002, workers compensation claims have steadily decreased. In 2003, Hawaii employees filed 28,668 claims, a reduction of 1,089 from 29,757 in 2002. In 2004, 26,321 claims were filed, a reduction of 2,347 or 8.19 percent from the previous year. In 2005, there was a slight increase in injuries as 28,018 claims were filed. However, it should be noted that since December 2002, over 60,000 new jobs have been added to the economy, with a large portion of those jobs in the construction industry.

Additionally, since 2003, DLIR has made reform of the workers' compensation system a priority and dealt with it in a three-pronged approach: (1) identifying the cost drivers and areas for improvement, (2) improving DLIR's internal operations, and (3) recommending legislative proposals to reform Hawaii's workers' compensation law.

While the Legislature has blocked all legislative attempts to reform the system, DLIR made meaningful improvements to how the law is administered by streamlining and improving the hearings process to adjudicate claims faster. Further, DLIR implemented fundamental changes to its Hawaii Occupational Safety and Health (HIOSH) division, which promotes initiatives to work more collaboratively with businesses to improve workplace safety and health and reduce workplace injuries.

Finally, DLIR has approved an Alternative Workers' Compensation System between the International Brotherhood of Electrical Workers and the Electrical Contractors Association of Hawaii that utilizes alternative dispute resolution, a network of approved physicians, utilization of medical treatment guidelines, and involvement of employers and employees at each step of the decision-making process.

“This drop in premium rates is good news for Hawaii employees and employers,” said DLIR Director Nelson B. Befitel. “However, our job is not done. We will continue to improve Hawaii’s workers’ compensation system to ensure prompt, quality medical care and a fair and efficient resolution process.”

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